

REPORT OF THE COMMITTEE ON MINES AND ENERGY
ON THE TREATY OF THE WEST AFRICAN GAS
PIPELINE PROJECT BETWEEN THE REPUBLIC OF
BENIN, THE REPUBLIC OF GHANA, THE REPUBLIC OF
NIGERIA AND THE TOGOLESE REPUBLIC.

1.0 INTRODUCTION

The treaty was laid before the House by the Hon. Minister of Energy, Dr. Kwesi Ndoum on 11th March 2004 and was subsequently referred to the Committee on Mines and Energy for consideration and report in Accordance with the 1992 Constitution of the Republic of Ghana and the Standing Orders No 187 of the House.

2.0 BACKGROUND INFORMATION

The West African Gas Pipeline Project (WAGP) involves the development and operation of a natural gas pipeline system to transport gas from the Republic of Nigeria through Benin and Togo to the Republic of Ghana.

The Project started with the signing of Agreement for the supply and transmission of natural gas signed by the State Parties on September 5, 1995. This was followed by a memorandum of understanding on the West African Gas Pipeline signed on August 11th, 1999 by State Parties on one hand and Chevron Nigeria Limited, Ghana National Petroleum Corporation (replaced by VRA), Shell Development

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Corporation of Nigeria, Societe Beninoise de Gas S.A and Societē Togolese de Gas S.A on the other hand.

The Republic of Ghana currently holds 16.3% interest in the project. The equity interest translates into the equivalent of between US \$80-90 million based on the present estimated cost of the project.

3.0 DELIBERATIONS

The Committee met from Friday 11th to Sunday 13th June 2004 at Dodowa to consider the treaty. The Committee was briefed by technical officers from the Ministry of Energy under the leadership of the Deputy Minister, Hon. E. K. T. Hammond. Members of the select Committee on Constitutional, Legal and Parliamentary affairs participated in the deliberations.

4.0 PURPOSE OF THE TREATY

The treaty seeks the ratification of the House to enable State Parties adopt a harmonized and uniform legislation for the effective implementation of the project.

5.0 OBSERVATIONS

The Committee observed that the head of states of all the four participating Countries have signed the treaty.

The Committee further observed that the treaty seeks, among other things, to establish the West African Gas Pipeline Authority, the

apportionment of the tax revenue among the states and the establishment of a Fiscal Review Board to oversee the implementation of the Agreed Fiscal Regime in the International Project Agreement (IPA).

Furthermore, the Committee observed that the treaty seeks to establish a dispute resolution mechanism for the settlement of disputes relating to the WAGP.

Also the IPA, which is a schedule to the treaty, defines and harmonizes fiscal regimes, the tariff methodology and the rate of returns to be paid to investors.

The Committee was informed that the Environmental Impact Assessment (EIA) on the project has been concluded and the final draft report on the EIA submitted to the Environmental Protection Agency of Ghana. The EIA was conducted in accordance with World Bank Standards as the bank is expected to be the major sponsor of the project.

The Committee was again informed that packages for compensations on settlements are also calculated according to World Bank requirements.

The Committee observed that Ghana stands to benefit immensely from the WAGP projects and must therefore play a leading role in speeding up with the harmonization process to ensure the effective implementations of the project.


Finally the committee was informed that discussions are under way with development partners for the mobilization of the 16.3% equity interest of Ghana, which should be realized by July 30th 2004 for the take off of the project.


The Committee therefore wishes to recommend to the Ministers of Finance and Energy to speed up the negotiation process so as to enable Ghana pay its equity interest of about US \$ 80-90 before the deadline.

6.0 CONCLUSION

Considering the contribution of the Gas Pipeline Project to solving the energy problems of Ghana, the committee wishes to recommend to the House to adopt its report for the ratification of the treaty.

Respectfully submitted.


HON. A.B. BOADI-MENSAH
CHAIRMAN,
(COMMITTEE ON MINES & ENERGY)


INUSAH MOHAMMED
CLERK
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