

 Early Warning System

WB-P152670

Ghana Sankofa Gas Project



Quick Facts

Countries	Ghana
Financial Institutions	World Bank (WB)
Status	Active
Bank Risk Rating	A
Voting Date	2015-07-30
Borrower	Republic of Ghana
Sectors	Energy
Potential Rights Impacts	Healthy Environment, Housing & Property, Labor & Livelihood, Right to Water
Investment Type(s)	Guarantee
Investment Amount (USD)	\$ 700.00 million
Project Cost (USD)	\$ 700.00 million



Project Description

The project's stated objective is to increase the availability of natural gas for clean power generation by leveraging private capital investment. The project is designed to substitute expensive, imported, liquid fuel used by the power sector of Ghana with domestic, natural gas, as well as enable new gas-fired power generation capacity to be constructed. The project supports the development of the gas reserves of the Offshore Cape Three Points (OCTP) block, which includes the non-associated gas fields Sankofa and Gye Nyame ("Sankofa Gas Field") as well as the Sankofa East oil field. The technical development of the different fields (oil and gas) is slightly sequenced and for this reason the joint development of both OCTP components is referred to as Phase 1 (oil) and Phase 2 (natural gas). The proposed World Bank support will only apply to the OCTP's Phase 2 (gas) development and related commercial agreements. The OCTP project will be developed by a joint venture composed of Eni Ghana Exploration and Production Limited, Vitol Upstream Ghana Limited and Ghana National Petroleum Corporation (GNPC).

Location: The Sankofa Gas Field is in the Gulf of Guinea, approximately 60 km south of the village of Sanzule on the Western Ghanaian coast. Gas will be transmitted from the floating production, storage and offloading unit via a 63-km undersea pipeline that makes its landfall slightly to the west of the community of Sanzule, in the Western Region of Ghana. From the landing point, a pipeline of approximately 800 m will convey the gas to the Onshore Receiving Facility (ORF) for compression. A short pipeline will carry the compressed gas to the GNPC pipeline, adjacent to the Onshore Receiving Facility site to the north.

Resources needed: Approximately 96 hectares of land for the Onshore Receiving Facility.



Early Warning System Project Analysis

Risk Assessment: Category A.

The World Bank classifies proposed projects based on the type, location, sensitivity, and scale of the project and the nature and severity of its potential environmental impacts. Category A is assigned to a project only if it is likely to have “significant adverse environmental impacts that are sensitive, diverse or unprecedented.”

APPLICABLE SOCIAL & ENVIRONMENTAL STANDARDS

According to the World Bank, the following World Bank Performance Standards are triggered by this project. The World Bank Performance Standards apply to projects that are being implemented by the private sector, or (private sector activities).

PS 1. Assessment and Management of Environmental and Social Risks and Impacts- this safeguard is triggered because project operations may affect the marine and coastal environments due to crude oil spill from the floating production, storage and offloading unit (FPSO) which handles oil and associated gas from the oil field development as well as non-associated gas from the gas field development. Accidental events assessed involve a blowout from an oil well or a gas well, gas leaks, fire or explosion at the FPSO or the ORF or its pipelines.

PS 2. Labor and Working Conditions- this safeguard is triggered because the project will employ many people that will require attention to their working conditions. During the construction phase the peak of total workforce for onshore construction will be approximately 400-600 people, while for offshore activities about 300 workers will be employed for drilling activities, 210 for floating production, storage and offloading unit (FPSO) mooring and 200 for gas export pipeline laying. A temporary accommodation camp will be constructed at the Onshore Receiving Facility (ORF) site. During operations, permanent employees on the FPSO will be approximately 65, while 45 people will be employed at the ORF where there will be permanent accommodation facilities.

PS 3. Resource Efficiency and Pollution Prevention- this safeguard is triggered because during development and production operations, the project activities will emit varying amounts of airborne emissions, including carbon monoxide (CO), oxides of nitrogen (NOx), oxides of sulfur (SOx), volatile organic compounds (VOCs), and particulate matter. Fugitive emissions of natural gas, which mainly consists of methane (CH₄), will be generated from various equipment and components, including seals, valves, flanges, gas turbines, and storage tanks. During development and construction, emissions will be produced offshore and onshore by equipment and vessels from combustion engines, and dust will be generated onshore from earth movement activities and traffic.

PS 4. Community Health, Safety and Security- this safeguard is triggered because the community of Sanzule, where the onshore component of the project will be located has a population of approximately 1,600 that is likely to be affected by project-related health and safety concerns. These include accidents and leakage, socio-cultural and health impacts due to in migration of people in search of economic opportunities and conflicts with enforcement agents and project security in the FPSO and Right of Way exclusion zones.

PS 5. Land Acquisition and Involuntary Resettlement- this safeguard is triggered because there are currently 336 small farm plots or fishponds on the land acquired, affecting 238 individual farmers. Of the affected farmers 199 are eligible for compensation while the remaining 39 established their farms or fishponds after the cut-off date. Approximately half of the affected farmers claimed to own their farmland based on the customary system, while most of the others rented the land in exchange for a percentage of the harvest. Also half of the farmers indicated that farming is their main occupation while the other half use the land to supplement their livelihood.

PS 6. Biodiversity Conservation and Sustainable Management of Living Natural Resources- this safeguard is triggered because numbers of sensitive fish species are present offshore Ghana. including whales. sea turtles. two species of sawfish. two species



People Affected By This Project

OUR RISK ASSESSMENT

Based on Bank documents, we believe the project may have impacts on the following rights:

Right to Adequate Housing & Property

According to project documents, the project area consists of farmland used by community members for crop growing, fish farming, firewood gathering and other resources. Project affected persons are also likely to lose their right to land in the project area as a large proportion claimed to own it based on the customary system, while others rented the land in exchange for a part of the harvest. Specifically, bank documents indicate that there are currently 336 small farm plots or fishponds on the land acquired, affecting 238 individual farmers. Of the affected farmers 199 are eligible for compensation while the remaining 39 established their farms or fishponds after the cut-off date.

Right to Livelihoods

As noted above, the acquisition of land by the project is likely to affect their livelihood as most of them indicated that farming is their main occupation while others use the land to undertake activities that supplement their incomes.

Right to Healthy Environment

Increased atmospheric pollutant concentrations mainly due to continuous exhaust emissions from hydrostatic testing and by the ORF facilities including vehicles, engine-driven machinery and power generators. As noted above, during development and production operations, the project activities will emit varying amounts of airborne emissions, including carbon monoxide (CO), oxides of nitrogen (NO_x), oxides of sulfur (SO_x), volatile organic compounds (VOCs), and particulate matter. Fugitive emissions of natural gas, which mainly consists of methane (CH₄), will be generated from various equipment and components, including seals, valves, flanges, gas turbines, and storage tanks. Project operations are also likely to increase dust emissions from earth movement, excavation works, stockpiles and vehicle movement on unpaved surfaces. Activities will affect breeding and nesting patterns and may result in direct disturbance to local fauna due to dust, light, noise and vibration from construction and production operation activities.

Right to Water

The project is likely to cause degradation of surface and groundwater water quality due to increased sediment load, potential contamination from improper handling of waste and spillages of the fuels and chemicals. The project may lead to reduction in groundwater resources due to water consumption, surface sealing and infilling leading to lowering of groundwater levels.

Labor Rights

As noted above, the construction phase will entail the peak of total workforce for onshore construction [which] will be approximately 400-600 people, while for offshore activities about 300 workers will be employed for drilling activities, 210 for floating production, storage and offloading unit (FPSO) mooring and 200 for gas export pipeline laying. A temporary accommodation camp will be constructed at the Onshore Receiving site.



Investment Description

- World Bank (WB)

Bank financing: World Bank. The Sankofa Gas Project is also being developed by the Ghana National Petroleum Corporation and private financiers, Eni and Vitol.

Eni S.p.A. is an Italian multinational oil and gas company listed on the Milan and New York stock exchanges owned at 30 percent by the Italian government. Eni Ghana Exploration and Production Ltd is the operator of the Sankofa project and holds a 44.4 percent stake in the Project.

The Vitol Group is a privately held company founded in Rotterdam in 1966 with its largest operations in Geneva, Houston, London, and Singapore. Vitol will hold a 35.6 percent in the project. As Eni is designated as the operator of the project, a Joint Operating Agreement establishes the rights and obligations of each of the parties.

Borrower: Republic of Ghana

Amount of bank loan or investment: \$500 million

Total project cost: \$7.9 billion



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CONSULTATIONS

Project documents indicate that consultations were conducted in the project affected communities of the Sanzule, Krisan, Eikwe Bakanta, Atuabo and Asemda-Suazo in Ellembelle District. The primary objective of stakeholder engagement was to provide sufficient opportunity to stakeholders to voice their opinions and concerns, and to ensure that these concerns influence project decisions. Engagements included face to face meeting, community/group meetings and focus group discussions for special interest groups with particular concerns such as fishing groups and land users.

According to bank documents, stakeholders indicated that the proposed Project area is currently used for fishing, farming and grazing and expressed concern regarding the loss of livelihoods stressing the need for compensation of any lost livelihood. They expressed concern that there would be in-migration of people (especially job-seekers) into the area resulting in impacts to the socio-economic structure, traditional values, demographics and cultural heritage. They also identified those cultural resources in the area including cemeteries and potential archaeological resources currently located within the Project area that need to be preserved.

PROJECT-LEVEL GRIEVANCE MECHANISMS

The project team will appoint a Grievance Officer (GO) to assist the Community Liaison Officer. The Grievance Officer will be responsible for collecting, logging and prioritizing grievances. All grievances shall be logged using a Grievance Form. Eni will log, document and track all grievances within a grievance register to be managed and updated by the Grievance Officer with oversight from the Project CLO. Eni will assess each type of grievance for an understanding of the types of response required and to assign responsibility of the appropriate individual to manage the response. Eni will investigate fully all grievances submitted, and where necessary, will involve other departments, contractors and senior management in the process in order



Bank Documents

- [Ghana - Sankofa Gas Field Project \(English\)](#) [Original Source]
- [Ghana - Sankofa Gas Field Project \(English\)](#) [Original Source]
- [Ghana - Sankofa Gas Field Project \(English\)](#) [Original Source]
- [Ghana - Sankofa Gas Field Project : environmental assessment \(Vol. 2\) : Final environmental impact s](#) [Original Source]
- [Ghana - Sankofa Gas Field Project : environmental assessment \(Vol. 3\) : Stakeholder engagement plan](#) [Original Source]
- [Ghana - Sankofa Gas Field Project : environmental assessment : Environmental and social review summa](#) [Original Source]
- [Ghana - Sankofa Gas Project \(English\)](#) [Original Source]
- [Ghana - Sankofa Gas Project \(English\)](#) [Original Source]
- [Ghana - Sankofa Gas Project : chair summary \(English\)](#) [Original Source]
- [Official Documents- Agreement for Advance Q970-GH \(English\)](#) [Original Source]
- [Official Documents- Disbursement Letter for Advance Q970-GH \(English\)](#) [Original Source]
- [Official Documents- Indemnity Agreement, G-2370-GH \(Closing Package\) \(English\)](#) [Original Source]
- [Official Documents- Statutory Committee Report, G-2370-GH \(Closing Package\) \(English\)](#) [Original Source]