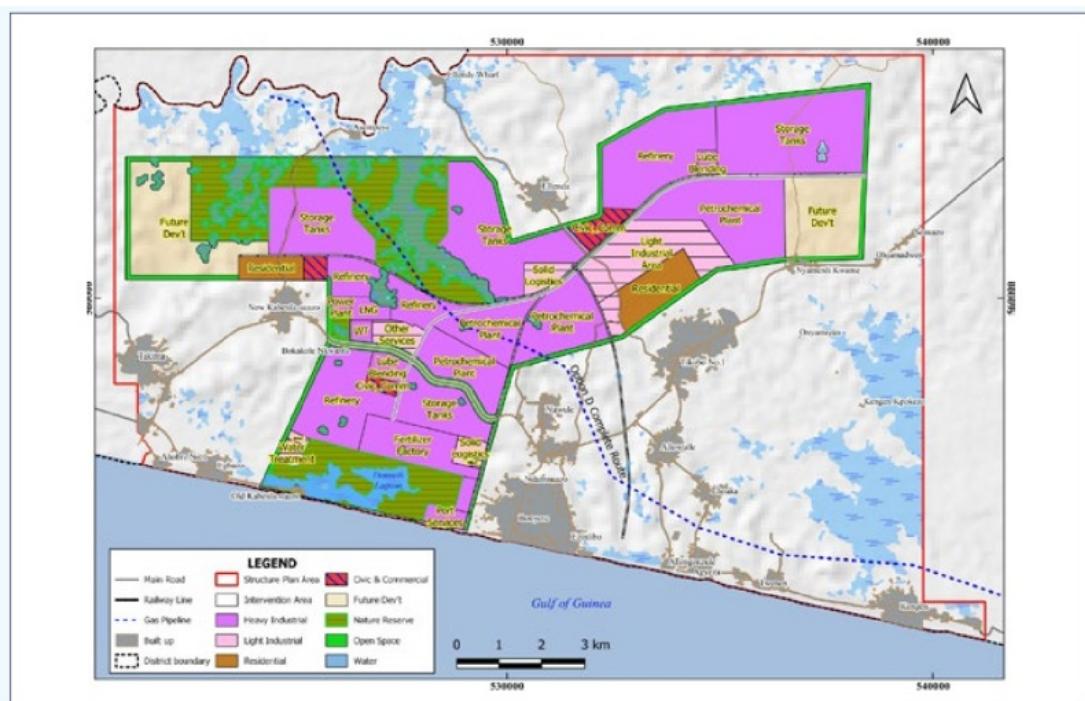


A Petro-Hub landgrab in Western Ghana stirs Anger

A number of community activist groups in Nzemaland, in Southwestern Ghana, are currently in discussions with civil society organisations like IMANI and ACEP about their options in a situation where the government of Ghana is masterminding a landgrab against their economic rights.

The origin of their grievance lies in a 20,000-acre territory within the Domunli enclave in the municipal area of Jomoro, that is being appropriated by the government for a “Petroleum Hub”. Initiated in 2018, the Petro-Hub was supposed to be completed by 2030. Six years on, and after many false starts, a sudden flurry of activity seems to be focused on nationalising what is currently communal land for the benefit of a group of shady investors.



“Structure Plan” of the planned Petroleum Hub.

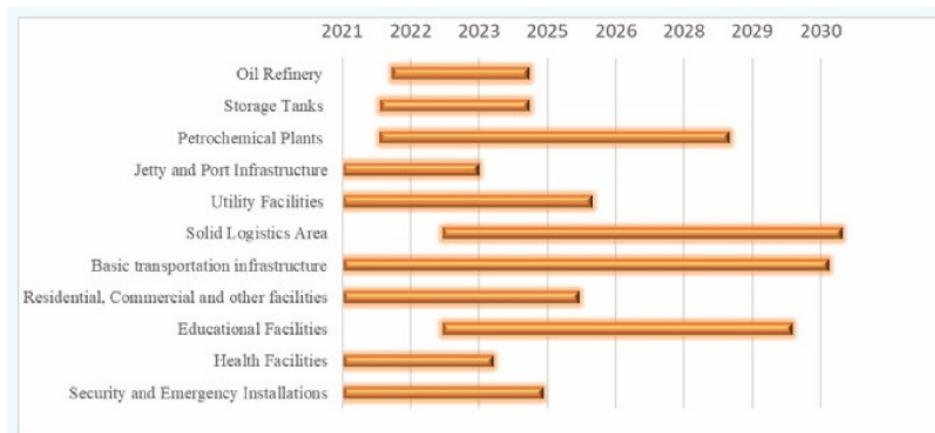
Source: LUSPA (2021)

Phase one of the project, which by the original project timeline should have been 80% completed by now but hasn't even started, covers the most ecologically sensitive portions of the landscape, like the Domunli Lagoon and the entire seashore.



The lush, green, landscape of the project area, dotted with communal farms, plantations and a wide range of cottage industries.

Image Source: LUSPA (2021)



Original 12-year, \$60 billion, project timeline.

Source: LUSPA (2021)

Zoning analysis of the project show that economically important coconut plantations and micro-industries based on a regional coconut value chain, as well as communal farms, are bound to be destroyed if the Petroleum Hub project proceeds. Two communities (Kabenle-Suazo and Bokakole Nkwanta) would be completely relocated elsewhere in Nzemaland, while an additional five communities would require special interventions to deal with the upheaval to their lives.

The multibillion-dollar investment plan

In terms of the actual phase one infrastructure, the following were planned: a 300,000 barrels-per-day oil refinery; one million cubic meters of petroleum products storage; a number of petrochemical plants to supply urea, ammonium, and other agrochemical inputs; and a sea jetty and port facilities. Of course, these massive pieces of infrastructure would require access roads, utilities, and a wide array of other amenities to support the emerging townships of skilled and not so skilled labourers to be employed at the Petro-Hub. The pricetag? Roughly \$12 billion, or 20% of the total cost of the Petro-Hub as a whole. Land requirement? About 30% of the total appropriated land.

Land Use/Cover	Size (Acre)	Percent (%)
Built-up	20.9	0.3
Civic	45.3	0.7
Commercial	11.6	0.2
Education	6.8	0.1
Heavy Industrial	3,765.4	57.1
Light Industrial	259.1	3.9
Nature Reserve	593.5	9.0
Open Space	976.0	14.8
Residential	83.1	1.3
Water	185.9	2.8
Circulation	646.3	9.8
Total	6,590.8	100.0

Landgrab in process

Nzemaland activists have been extremely agitated of late as word got around that the President of Ghana shall, any moment from now, [issue an Executive Instrument](#) vesting the 20,000 acres of communal land in the State for onward transfer to the Special Purpose Vehicle commercialising the Petro-Hub. Their agitation is well informed by a tragic history of communal land being “compulsorily acquired” by the state for one thing and eventually finding their way into the hands of politically connected speculators and crony entrepreneurs to be used for an entirely different thing.

Five main laws empower the government to take over land belonging to communities for uses purportedly in the public interest. Among these are the State Lands Act and the Administration of Lands Act. All of these laws were passed in rapid succession in the early 1960s (though some have been amended since then) when large-scale industrialisation and commercial agriculture were principal elements of national development plans. Whilst the state [does pay compensation](#) to individuals, most of whom are usually not represented by legal counsel, whose properties fall within acquired lands, the communal element often receives no attention. Contrast this with how some European communities [bargain for strategic compensation](#) that ensure longer-term benefits.

Ghana’s conscience is pockmarked by an endless litany of lands seized by the government for botched projects that were eventually transferred into private hands. The [Achimota Forest debacle](#) is merely the best known. Lands initially appropriated for meteorological use were [leased for peanuts](#) to private property developers. Lands once [allotted for aeronautical and aviation purposes](#) now feature luxury condos built by profiteering speculators. And so on and so forth. So crazy is this situation that the Office of the Special Prosecutor is [treating the issue](#) as one of systemic corruption.

In societies where this canker is recognised for the tumour it really is, aggressive laws and special courts have been set up to block land grabbing by both politically connected real estate speculators **as well as** by government agencies and officials that hide behind the “[eminent domain](#)” doctrine to divert public land to well camouflaged cronies. [India is one such country](#).

While the courts are wising up to these perverse schemes around the world and clamping down on some of the most egregious instances (in [Kenya](#), [Sierra Leone](#), and [West Papua](#), for instance), there is major room for a more creative approach to compensating communities for the risks they take when these projects come along.

Give the people their cut!

The Petro-Hub case throws into stark relief the general refusal to consider communities that provide land holdings to support commercial projects as actual **equity holders** in the project. There is really no rational reason why community *stakeholders* are typically seen as having only *moral* stakes and being mere obstacles to be removed after perfunctory compensation. In Canada and other places where indigenous communities have organised, [equity stakes are no longer even considered creative](#). They are par for the course.

In the case of Nzemaland, this essay will introduce an important dimension: risk.

Nzema activists believe that their people in the affected enclaves deserve more than just bare equity. They deserve equity that reflects the risks they are taking in the project. They are contributing highly valued land, 20,000 acres of it, which if fairly valued should be worth billions of dollars.

As Takoradi becomes saturated, the Jomoro area is poised to become an overflow buffer for residential, commercial, industrial, and recreational developments. That land is damn valuable. Investing the land in the Petro-Hub project entails the use of financial appraisal techniques that respect standard prudential norms on risk.

In short, the community is looking at its **risk-adjusted returns**. Carefully considered, anything less than a very large percentage stake in a Petro-Hub SPV set up to distribute returns from the joint investments equitably among all the partners, including the government and the good people of Nzema, would fall short. What are these risks, by the way?

Operational Risk

The central logic of the petro-hub concept is expressed in the “strategic environmental assessment” prepared by Ghana’s Environmental Protection Agency (EPA), as follows:

Currently, it takes a minimum of two weeks to ship petroleum products from Petroleum Hubs in Europe, Asia, and the Americas into the sub-region and in case of a crisis, the sub-region would have no security of supply. From Ghana, a vessel can easily reach any of the countries in the sub-region within forty-eight (48) hours. This situation makes Ghana an ideal destination for the development of a Petroleum Hub.

While at first glance this argument would appear to hold water, it actually leaks badly. There is literally no country on the coast of West Africa that cannot make similar geographic-advantage claims. How then does this become a serious edge for Ghana? Nor is it clear how the landlocked countries fit into this 48-hour delivery window without additional railway networks. Building out a hub with such lofty operational benchmarks creates many tripwires for failure.



Refineries

- 3 Refineries 300,000 bpsd (minimum) each.
- 750 acres allocated for each refinery.
- Crude to be sourced from Ghana or other regions.



Petrochemical Plants

- 5 Petrochemical plants
- Processing capacity of 90,000 bpsd each.
- Feedstock: gas or refined petroleum



Storage Tanks

- Interconnected storage tanks.
- For storage of crude and finished products.
- 400 acres for Tank Farm.
- 10 million m3 in storage capacity.



Jetties & Port Infrastructure

- 2 or more Jetties with multiple berths.
- Capacity to load / discharge all products.
- Ability to handle vessels of all sizes.
- At least 4 discharge / loading points.

Commercial/Demand risk

As described above, the Petro-Hub will host three refineries with a combined capacity of 900,000 barrels per day and aim to supply 50% of the projected fuel demand in the West African region within the 2030 – 2035 timeframe.

The current total refinery capacity in West Africa is estimated by the project's planners at about 500,000 barrels per day. Dangote's new refinery, the recently completed Sentuo refinery in Ghana, and the planned MEDOIL refinery in Senegal, among others, should easily increase this number to anything from 1.3 million to 1.5 million barrels per day, roughly 150% of regional consumption in the near-term. Nigeria, which consumes 70% of total refined product output in the region has a protectionist mindset, no doubt reinforced

by the politics surrounding the commissioning of Dangote's refinery. In such circumstances, any refinery hub based in Ghana should struggle to sell into regional demand.

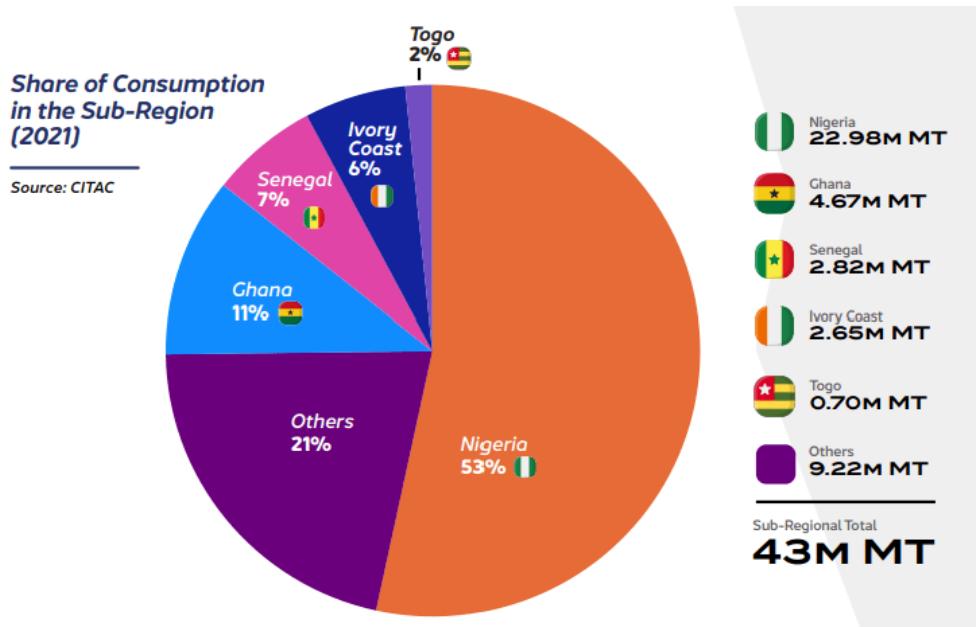


Chart Source: CITAC (2021), PHDC (2022)

Environmental risk

Even though the zoning plans envisage buffers for the Domunli lagoon, leakages and waste treatment failures would not be contained by buffers as we have all seen in the Niger Delta where marshland protective regimes are regularly breached. The exceptional biodiversity wealth of the region faces clear and critical dangers that are not sufficiently addressed by planned mitigation measures.



The sensitive ecological basin of the project area.

Source: EPA (2019)

Scepticism about the enforcement capacity of the Environmental Protection Agency (EPA) and the broader regulatory state is vindicated by the fact that the government is already in breach of recommendations made by its own regulators. The EPA's Strategic

Environmental Assessment states as follows:

“Due to inadequate resources, the baseline survey on fauna and flora within the Petroleum Hub conducted by the EPA was incomplete. It is advised that the PHDC provide funding to the EPA to complete the baseline studies which will be useful to guide other developments in the enclave.”

This author’s inquiries suggest that the government has still not complied.

Again, in the same assessment, the EPA recommended as follows:

“It is advised that a comprehensive Emergency Response and Risk management plan should be prepared and operationalized before the commencement of operational activities.”

The author’s checks could not confirm that this recommendation has been followed. Clearly, the community cannot just hope to God that such a lackadaisical attitude will change with the onset of commercial operations.

Counterparty Reputational Risk

The Energy Ministry and the Petroleum Hub Development Corporation (PHDC) have paraded a group of investors as the sponsors of phase one of the Petro-Hub expected to cost \$12 billion. The so-called TCP-UIC consortium is made up of the following players: UIC Energy Ghana Limited, Touchstone Capital Group Holdings, China Wuhan Engineering Co. Ltd, and China Construction Third Engineering Bureau Co. Ltd.

[UIC](#) presents itself as a kind of diversified conglomerate but it has so far become better known for signing multibillion dollar government-backed infrastructure deals that simply fail to materialise. As the directing mind of the consortium, UIC hasn’t really positioned itself as having the resources to execute. It has created the impression that the other members of the consortium will bear the brunt of fundraising. For that reason alone, it is best to ignore them. For now.

Both China Construction Third Engineering Bureau Co. Ltd (part of a [Chinese construction giant](#)) and China Wuhan Engineering Co. Ltd are Chinese “policy contractors”, which do not finance projects in Africa with their own capital in exchange for equity. So long as these two contractors are involved, any project finance, if in fact secured, must come from either the client (Petroleum Hub Development Corporation or the project’s financial sponsor) or from Chinese policy banks and covered by Sinosure insurance.

So, that leaves only Touchstone Capital Group Holdings as the putative financier of the \$12 billion phase one of the Petro-Hub project. Which, to put it mildly, is a serious problem.

Touchstone is a hollow setup and its principal directing mind, Kenny Song, is in no position to raise billions of dollars even if he somehow found Aladdin’s lamp in a cave on the beaches of Domunli. Like UIC, Touchstone has also become noted for announcing multibillion dollar projects, involving big Chinese companies, that then, well, go nowhere, like [this massive tunnel](#) to link Helsinki, Finland to Tallinn, Estonia.

Nzema activists have noticed that the company’s flagship entity in the UK has been dormant for a while now, with barely any assets to its name.

	2023	2022
	£	£
Called up share capital not paid	1000	1000
Net assets	1000	1000
Issued share capital		
1000 Ordinary Shares of £ 1 each	1000	1000
Total Shareholder funds	1000	1000

STATEMENTS

- a. For the year ending 31 January 2023 the company was entitled to exemption under section 480 of the Companies Act 2006 relating to dormant companies.
- b. The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.
- c. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.
- d. These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Approved by the Board on 26 September 2023

And signed on their behalf by:

fuzzai song, Director

NOTES

During the year the company acted as an agent for a person

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.

In 2018, Touchstone's only public listing in Luxembourg, was tossed off the stock exchange after the company ceased complying with its obligations, usually a sign of grave distress.

Communiqué de presse

La CSSF publie, conformément à l'article 13(4) de la loi du 30 mai 2018 relative aux marchés d'instruments financiers sa décision de demander la suspension de la négociation des actions (ISIN LU0982016452) émises par Touchstone Capital Group S.A. (anglais)

Communiqué de presse 18/31

The CSSF, the competent authority under the Law of 30 May 2018 on markets in financial instruments, has decided to require the suspension of the shares of the company (ISIN: LU0982016452) from trading on the regulated market of the Luxembourg Stock Exchange pursuant to Article 45(2)13 of said Law on 3 October 2018. The decision is based on the fact that the company has failed to meet its disclosure obligations under the Luxembourg securities laws.

It is not surprising then that when investigators tracked down the London office provided by Touchstone in Marylebone, it led to a shopfront for a maildrop service run by MBE.



MBE maildrop services have sometimes been used by criminals and other unsavoury sorts to run scams, frauds and racketeering operations. In one particularly egregious case, Armenian gangsters used a similar MBE setup to [defraud the US Medicare scheme](#) of millions of dollars.

The TCP/UIC-led consortium is not the first funny group to attempt to grab Nzema land. Another funny troupe led by a company called, Kallo Inc, [attempted to raise \\$150 million](#) for a similar purpose but failed totally. Kallo Inc is the same company that [announced a bizarre \\$795 million deal](#) in Ghana to supply mobile clinics. How it evolved into a Petroleum Hub infrastructure sponsor a few years later is a story for another day.

In Ghana's "everything is PR" governance culture, the Ministry of Energy feels no qualms at all about announcing another multibillion deal without explaining what happened to the \$15 billion it said it raised 4 years ago when it claimed that the Petro-Hub had attracted "massive investor interest".

BUSINESS24

NO. B24 / 133 | NEWS FOR BUSINESS LEADERS

MONDAY NOVEMBER 30, 2020

US\$15bn pledged for Ghana's petroleum hub



John Peter Amewu, Energy Minister

By Sani Abdul-Rahman

The Ministry of Energy has shortlisted three bids for Ghana's petroleum hub project, with one of the investors pledging up to US\$15bn to fund the storage component of the ambitious programme.

The bids have since been forwarded to the Attorney-

General's Department for review and advice, with a response expected by year-end for the project to take off in January.

"Expression of interest was massive, but three were chosen and forwarded to the AG for advice," technical advisor to the project, Dr. Eric Yeboah, told Business24. Analysts say the US\$60bn

► Cont'd on page 2



Gov't cautioned on tax breaks for oil and gas sector

By Joshua Worlasi Amlanu
macjosh1922@gmail.com

The Natural Resource Governance Institute (NRGI) has cautioned government to avoid granting tax breaks to companies in the oil and gas sector.

► Cont'd on page 3

FDA supports first ever factory of physically challenged persons

By Eugene Davis
ugendavis@gmail.com

The Food and Drugs Authority (FDA) has assured its support for companies and entities working with Persons Living with Disability (PLWD).

The Chief Executive Officer of the FDA, Mrs. Delese Darko said the support is meant to ensure the growth of local businesses and to offer unending opportunities and hope to all physically challenged persons across the country.

► Cont'd on page 3

The Lowdown: risk and reward

In view of all these risks, the people of Nzema cannot contribute their valuable land to the Petro-Hub project unless, like every other investor, they are rewarded with a considerable equity stake commensurate with the project's risk profile and with full rights of participation in all decision-making including investment due diligence. Regardless whether and which investors finally come through with the funds for development of this giant asset.