GHANA A CASE STUDY
13 - 15 November 2012
Maputo, Mozambique
Lonrho is an innovative pan-African company with a diverse portfolio of investments
100 year legacy of investing in Africa
Significant Brand Value
Lonrho operates in 24 countries in 5 Market sectors
The Company is focused on servicing Western investment and African business by investing in emerging sectors and creating hubs of business through key investments
Lonrho's strategy of investment accelerates African development responsibly, reduces poverty by promoting regional integration, while adding shareholder value
EXPERIENCE IN OFFSHORE SUPPLY BASE

Luba Freeport Ltd

- PPP WITH GOVERNMENT OF EQUATORIAL GUINEA VIA GOVERNMENT OWNED ENTITY GEPetrol
- INVESTED OVER S$80M IN PAST 5 YEARS TO BECOME FOREMOST OST IN EQUATORIAL GUINEA

Revenue Growth (Organic)

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• Historically Investment has been low in infrastructure with the resultant operational inefficiencies

• Recent surge in deepwater Oil and Gas Exploration has left many countries caught unaware of the requirements of the industry and without the infrastructure in place to support the demands of industry
WHY GHANA?

- Political Stability and Rule of Law....... clear understanding of the playing field for investors
- Port Infrastructure Faces Issues.........Government had to consider that the requirements for general cargo will increase substantially as the economy grows; current ports city locked with for expansion or financially unviable expansion where there is room. Opened up military bases to provide capacity.
- Costs of Port Congestion
INSTITUTIONAL ACTORS IN GHANA

Many different players each with their own specific interests

- Ministry of Finance
- Ministry of Trade and Industry
- Ghana National Petroleum Corporation
- Ministry of Energy
- National Security Council / Ministry of Defence
- Ministry of Transport
INSTITUTIONAL ACTORS IN GHANA

Multiple Approvals

Concession Agreement
GNPC Approval
Free Zone Developer Approval
Free Zone Operating License
Private Security Operating License
EPA Approval
Civil Aviation Approval

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KEY ELEMENTS OF THE PORT MODEL
KEY ELEMENTS OF THE PORT MODEL

Highlights of Concession Agreement

A 25-year period, with an optional 25 year extension;

The grant of 2000 acres of land and;

A Tax Free Port Zone
KEY BENEFITS OF THE PORT MODEL

- Maximum flexibility with respect to investments and port operations.
- Ownership of port land enables market-oriented port development and tariff policies.

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Modern Efficient Infrastructure

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EFFICIENCIES IN OPERATION
CAPEX OF US$540M

- Studies and Surveys
- Breakwater
- Quay Structure
- Dredging, Excavation & Reclamation
- General Infrastructure & Utilities
- Rig Repair Facility
- Marine Offshore Supply Base
- Tenant Requirements

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OIL AND GAS INDUSTRY DYNAMICS

• MINIMAL COMMITMENT TO INFRASTRUCTURE UPGRADE / DEVELOPMENT DURING EXPLORATION

• O&G COMPANIES GET INVOLVED IN INFRASTRUCTURE PROJECTS OUT OF NECESSITY RATHER THAN DESIRE

• COMMERCIAL FINDS REQUIRE WORLD CLASS AND SAFE INFRASTRUCTURE SERVICES DELIVERED SOMETIMES IN UNREALISTIC PERIODS OF TIME
PPP LEADS TO SIGNIFICANT IMPROVEMENTS IN EFFICIENCY

• MANY EXAMPLES OF CONCESSIONAIRES IMPROVED CAPACITY THROUGH EFFICIENT OPERATIONAL MANAGEMENT AND INVESTMENT IN INFRASTRUCTURE.

• IMPROVED SENSIVITY TO ENVIRONMENTAL AND SOCIAL PRACTISES

• GREATER UNDERSTANDING OF INDUSTRY REQUIREMENTS RESULTING IN BETTER PLANNING
BEST PRACTISE LESSONS

• WORK WITH INDUSTRY EARLY ON IN THE EXPLORATION PROCESS
• ENSURE YOU GET THE “SOCIAL LICENSE TO OPERATE”
• ALIGN EXPECTATIONS OF INSTITUTIONAL PLAYERS
• TAKE HOLISTIC VIEW OF DEVELOPMENT AND ITS VALUE CHAIN

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BEST PRACTISE LESSONS

- ENCOURAGE GOVERNMENT TO TAKE AN INTEGRATED APPROACH TO INFRASTRUCTURE DEVELOPMENT
- ENSURE THERE IS CLEAR TRANSPARENT DISCUSSIONS GOVERNMENT
- WORK WITH RESPONSIBLE CSO’S/ NGO’S TO HELP MOULD THE SOCIAL DEVELOPMENT MODEL
BEST PRACTISE LESSONS

• WORK TOWARDS INCREASING BOTH LOCAL AND COMMUNITY CONTENT WHERE REALISTIC AND PRACTICAL

• INFRASTRUCTURE REQUIREMENTS EXTEND BEYOND THE QUAY SIDE – IS THERE ENOUGH WATER SUPPLY FOR EXAMPLE?
REMAINING CHALLENGES

- Managing the social issues around potential economic migration
- Ensuring there is transparency in the flow of dividend payments
- Facilitate the development of the human capital base to ensure the skill sets industry requires is available
QUESTIONS