

Research Question:

What are the comparative financial strategies and development impacts of Chinese and American energy investments in Ghana, and which country's investments are more beneficial to Ghana?

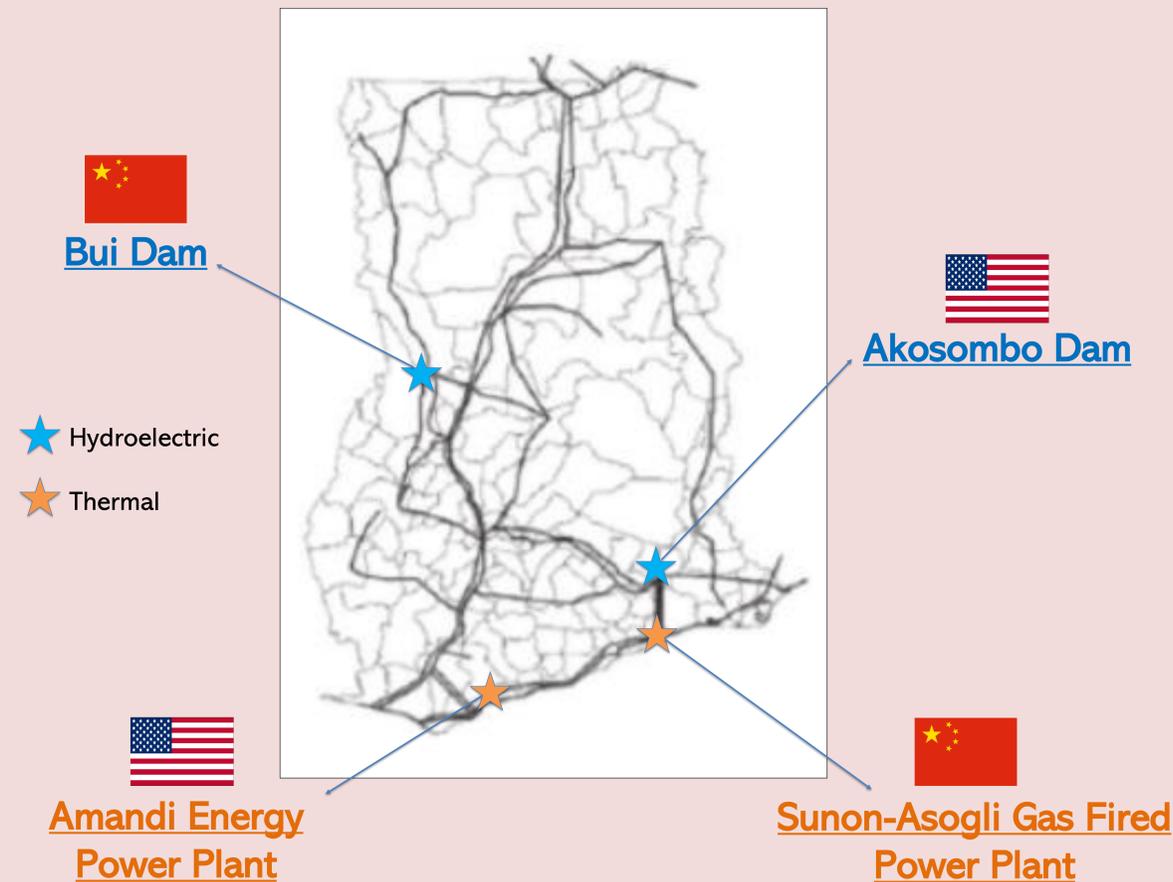
Background

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| <ul style="list-style-type: none"> Belt and Road Initiative - \$1 Trillion Global Plan for Infrastructure and trade China's desire for markets for SOEs drives investment | <ul style="list-style-type: none"> Conditional finance on democratic/bureau. development Decreasing flows because of inward looking policies Public-private partnerships | <ul style="list-style-type: none"> Leading African country in energy – 85% connected Needs FDI to develop energy infrastructure Goal to reach universal access (95%) by 2020 |
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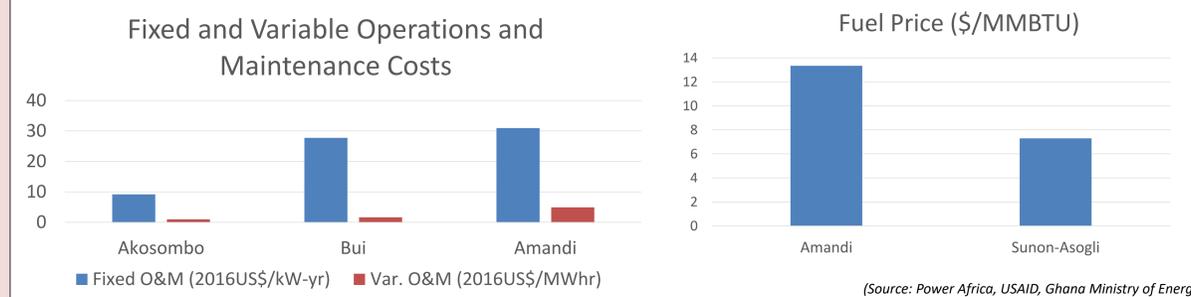
Chinese Investments

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| Energy Outcomes | <ul style="list-style-type: none"> Bui Dam improved energy access & rural electrification in Northern Ghana Asogli is highest performing thermal plant, powers 25% of Ghana, most of South |
| Financial Strategies | <ul style="list-style-type: none"> Loan-Based Model Quick, less complete negotiations Single or multi part loan financing for turnkey projects |
| Environmental Impacts | <ul style="list-style-type: none"> Bui Dam displaced over 25,000 acres of Bui National Park, wildlife lost Asogli had minimal impact, mainly land displacement issues |
| Employment Outcomes | <ul style="list-style-type: none"> Direct employment during construction Indirect employment through small economies Bui Dam – 1056 Ghanaians employed |
| Social Outcomes | <ul style="list-style-type: none"> Bui Dam displaced over 6,000 farmers and fishermen Resettlement Action Framework and Livelihood Resettlement program Asogli created land ownership issues, Chinese used side payments |
| Technology & Skill Transfer | <ul style="list-style-type: none"> Chinese contractors do not prioritize technology or skill transfer as strongly Bui Dam's Chinese managers had language barrier during trainings |

Energy Projects of Focus in Ghana



Energy Data



Looking Forward: Policy Recommendations for Ghana

- Ghana must improve its strength in negotiating energy deals, and to do so it must "divorce energy from politics." It must have better bureaucratic expertise and cohesiveness before approaching deals and designing project blueprints.
- Ghana must also demand more accountability for environmental and social outcomes of energy projects and enforce regulations.

Methodology

- Data-based Approach**
 - Project Data: World Bank, VRA, USAID, MOE
 - Objective 1: Understanding impacts of investments on energy access, distribution, and costs
 - Objective 2: Understanding the financial structures of loan commitments
- Semi-Structured Interviews via Snowball Sampling**
 - Interviewees: Project Officials, Government Officials, NGO Officials, Experts
 - Objective 1: Understanding impacts of investments on energy distribution, employment, social/environmental outcomes, and technology transfer
 - Objective 2: Understanding the differences in financial negotiations behind loan commitments

American Investments

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| Energy Outcomes | <ul style="list-style-type: none"> Amandi has high development costs because of regional power surplus. Akosombo performs better than Bui in terms of costs and distribution. |
| Financial Strategies | <ul style="list-style-type: none"> Donor-based Market Model Loan and grant financing given on many conditions w/ risk guarantee Slow 3-4 year negotiation and contract signing process |
| Environmental Impacts | <ul style="list-style-type: none"> Akosombo Dam displaced 15,000 acres of land, US involved in environmental rehabilitation efforts Amandi had little to no impact |
| Employment Outcomes | <ul style="list-style-type: none"> Direct employment during construction Indirect employment through small economies |
| Social Outcomes | <ul style="list-style-type: none"> Akosombo Dam displaced many, but US resettled communities and create preventative policies Amandi created some land rights issues, PowerAfrica negotiated with local chieftains |
| Technology & Skill Transfer | <ul style="list-style-type: none"> American contractors train local Ghanaians on O&M Cheaper for them to train locals than to bring expats to manage work. |