



PETROLEUM COMMISSION, GHANA
Regulating, Managing & Coordinating Upstream Petroleum Activities



GUIDELINES FOR THE FORMATION OF CHANNEL PARTNERSHIP IN THE UPSTREAM PETROLEUM INDUSTRY

GUIDELINES FOR THE FORMATION OF CHANNEL PARTNERSHIP IN THE UPSTREAM PETROLEUM INDUSTRY

1.0 Introduction

The Petroleum Commission ("Commission") was established by the Petroleum Commission Act, 2011 (Act 821) to regulate and manage the utilisation of Ghana's petroleum resources and to co-ordinate the related policies. Per Section 3 of Act 821 the functions of the Commission include but are not limited to the promotion of planned, well executed, sustainable and cost-efficient petroleum activities to achieve optimal levels of resource exploitation for the overall benefit and welfare of citizens.

Pursuant to Section 3(f) of Act 821, the Commission also has the mandate to promote local content and local participation in petroleum activities as prescribed in the Petroleum (Exploration and Production) Act, 2016 (Act 919), the Petroleum (Local Content and Local Participation) Regulations, 2013 (L.I. 2204), the Petroleum (Local Content and Local Participation) (Amendment) Regulations, 2021 (L.I.2435) as well as the National Local Content Policy.

Significantly, the Commission has given a major impetus to the local content drive through various mechanisms including the enforcement of Regulation 4(6) of L.I. 2204 which requires Non-Indigenous Ghanaian Companies (foreign service companies) to incorporate Joint Venture Companies (JVCs) with Indigenous Ghanaian Companies as a pre-requisite for participating in the upstream petroleum industry.

Notwithstanding the above, challenges faced in the implementation of the Joint Venture requirement as the only avenue for participation for foreign companies are stifling the growth of local content development.

For the purposes of enhancing local content development, particularly considering emerging trends in oil and gas investments and the energy transition, L.I. 2204 as amended by L.I.2435 has introduced 'Channel Partnership' and 'Strategic Alliance' as options alongside the incorporation of JVCs to further deepen local content and local participation in Ghana's upstream petroleum industry.

Pursuant to its mandate under Regulation 43 of L.I. 2204, the Commission issues these **'Guidelines for the Formation of Channel Partnership in the Upstream Petroleum Industry'**

1.1 Objectives

The objectives of these Guidelines are among others to;

1. Provide avenues other than Joint Venture arrangement for participation by both foreign and Indigenous Ghanaian companies in the oil and gas industry; and

GUIDELINES FOR THE FORMATION OF CHANNEL PARTNERSHIP IN THE UPSTREAM PETROLEUM INDUSTRY

2. Open up business opportunities that are currently inaccessible to indigenous Ghanaian companies.

1.2 Purpose

The purpose of these Guidelines are to:

- Increase local capacities and capabilities and enhance value retention in-country;
- Increase the degree of control for Ghanaian businesses in the execution of contracts;
- Provide a flexible regulatory regime in the implementation of local content regulations and encourage investments in the industry;
- Promote flexibility in business and sharing of operational risks;
- Enhance access and accelerate the development of technology, skills, and know-how to promote a mutually beneficial partnership; and
- Promote and enhance community development through in-country investments.

1.3 Legal Basis

These Guidelines have been issued pursuant to, Regulation 43 subregulation 1 and Regulation 43 subregulation 2 of L.I. 2204.

Regulation 43 (1) of L.I.2204:

"The Commission shall establish and constantly review guidelines and procedures for the effective implementation of these Regulations"

Regulation 43 (2) of L.I.2204:

"... the Commission shall, in consultation with relevant institutions, issue guidelines for compliance by a contractor, subcontractor, licensee and other allied entity..."

1.4 Applicability

This Guidelines applies to Contractors, Subcontractors, Licensees, Ghana National Petroleum Corporation (herein after referred to as "the Corporation" in this document) or other allied entities operating in the upstream petroleum industry for the establishment of Channel Partnership (s) in the industry.

GUIDELINES FOR THE FORMATION OF CHANNEL PARTNERSHIP IN THE UPSTREAM PETROLEUM INDUSTRY

1.5 Definition of Channel Partnership

Regulation 49 of L.I. 2204 as amended by Regulation 2(a) of L.I. 2435 defines Channel Partnership as

“an arrangement between an indigenous Ghanaian company and a non-indigenous Ghanaian company including a distributor, a vendor, a retailer, a consultant, a system integrator, an original equipment manufacturer or a value-added reseller to market and sell the products, services, or technologies of the non-indigenous Ghanaian company in the country.”

2.0 Guiding Principles

1. A Joint Venture arrangement shall be the primary vehicle for a Non-Indigenous Ghanaian Company that intends to conduct petroleum activities in the upstream petroleum industry.
2. In circumstances where a Contractor, Subcontractor, Licensee, the Corporation among others, require certain original equipment manufacturers or software developers among others to provide equipment or specialist technical services for petroleum operations, an application may be made in writing to the Commission for approval to use Channel Partnership as the mode for procuring such equipment, goods or services.
3. The letter for approval to obtain a Channel Partnership permit should include but not be limited to;
 - a. the nature of activities/services to be provided by the channel partners
 - b. name and contact information of the non-indigenous partner
 - c. Services provided by the non-indigenous partner
 - d. Justification for the application for channel partnership
 - e. list of previous contracts/purchase orders (if any) of the non-indigenous partner executed with contractors and subcontractors
4. Unless otherwise determined by the Commission, the requirement to enter into a Channel Partnership arrangement shall be limited to the following:
 - a. Original Equipment Manufacturers;
 - b. Software Developers;
 - c. System Integrators;

**GUIDELINES FOR THE FORMATION OF CHANNEL PARTNERSHIP IN THE UPSTREAM
PETROLEUM INDUSTRY**

- d. Critical Equipment and Material Suppliers;
 - e. Technical Consultants; and
 - f. Any other scope of equipment, goods or services which may optimally be delivered through the Channel Partnership mode.
5. A Non-Indigenous Ghanaian company that enters into a Channel Partnership with an Indigenous Ghanaian Company shall operate through the Indigenous Ghanaian Company.
 6. Upon obtaining the Commission's approval for a Channel Partnership under paragraph 2, the Indigenous Ghanaian Company shall apply to the Commission for a Channel Partnership Permit.
 7. The relevant permit fees shall be charged by the Commission in the issuance of permit for Channel partnership.
 8. An Indigenous Ghanaian company shall as part of the submission of the Channel Partnership Agreement to the Commission submit a strategic plan for development and sustainability of the Indigenous Ghanaian company.
 9. The Commission shall within ten (10) working days of receipt of an application for a Channel Partnership notify the applicant of its decision.
 10. A contractor, subcontractor, licensee, the Corporation, or other allied entity shall ensure that the Non-Indigenous Ghanaian Company or Indigenous Ghanaian Company in a Channel Partnership arrangement submit a valid Channel Partnership permit during a tender process.
 11. The scope of work related to in-country activities including the installation, aftermarket service, repair and maintenance, value addition, etc. shall be executed by the Indigenous Ghanaian Company.
 12. The Indigenous Ghanaian Company and Non-Indigenous Ghanaian Company shall demonstrate technical and financial capacity for the scopes to be carried-out under the Channel Partnership arrangement and comply with the relevant industry standards and requirements.
 13. Entities authorised by the Commission to undertake works, provide goods or services through a Channel Partnership are bound by the provisions of Act 919, L.I. 2204 and other applicable laws in the upstream petroleum industry.

**GUIDELINES FOR THE FORMATION OF CHANNEL PARTNERSHIP IN THE UPSTREAM
PETROLEUM INDUSTRY**

14. Where a Channel Partnership arrangement is recommended by the contractor, subcontractor, licensee, the Corporation, or other allied entity during the course of a tender, the Commission shall determine the approval or otherwise of same.
15. No Indigenous Ghanaian Company shall form more than three (3) Channel Partnerships.

Documents Required for Channel Partnership Permit

16. The following documents shall be submitted to the Commission for the purposes of obtaining a Channel Partnership permit;
 - a. A copy of Channel Partnership Agreement¹ by the parties for the application of the permit. The Agreement shall include provisions in respect of but not limited to;
 - i. Parties in the Channel Partnership Agreement
 - ii. Scope of the Agreement
 - iii. Roles and responsibilities of each party
 - iv. Rights and obligations of the parties
 - v. Governance Structure
 - vi. Invoicing and Payments
 - vii. Termination provisions
 - viii. Governing law and Dispute Resolution
 - b. Copy of authorisation letter/certificates from the Non-Indigenous Ghanaian partner;
 - c. A valid Petroleum Commission permit in a case of the indigenous Ghanaian company in a Channel Partnership;
 - d. Objectives of the proposed Channel Partnership and the intended benefits including but not limited to local content development;
 - e. Proof of resources (financial, personnel, plant, facility, equipment and machinery, etc.) of the Indigenous Ghanaian company in the Channel Partnership;
 - f. Competencies of each party in the proposed Channel Partnership arrangement;
 - g. Technology, skills and know how transfer plan;
 - h. Board Resolution of the Indigenous Ghanaian Company approving the Channel Partnership arrangement ;
 - i. Proof of existence of an operational office; and
 - j. Any other information as may be required by the Commission.

¹ Precedent may be obtained from the Commission at no cost.

**GUIDELINES FOR THE FORMATION OF CHANNEL PARTNERSHIP IN THE UPSTREAM
PETROLEUM INDUSTRY**

Operational Office

17. For the purposes of implementing these Guidelines, an application for approval to execute a contract through the Channel Partnership arrangement should be supported by proof of the existence of an operational office.
18. All documents and information (extracts of minutes, meetings, accounting records, reports, among others of the Channel Partnership) shall be kept at the operational office of the Channel Partnership.

Invoicing and Payments

19. The Indigenous Ghanaian Company in the Channel Partnership shall invoice the client(s) and receive payments for the product or services delivered.
20. The Indigenous Ghanaian Company in the Channel Partnership shall comply with the relevant tax laws and foreign exchange requirements of the Republic of Ghana.
21. The contractor, subcontractor, licensee, the Corporation, or other allied entity shall ensure that one percent (1%) of the amount invoiced is deducted and paid into the Local Content Fund.

3.0 Compliance: Inspection, Investigations, and Monitoring Activities

The Commission has a statutory right to *monitor and investigate the activities of each contractor, subcontractor, licensee and other allied entity to ensure compliance with applicable laws.*

This shall entail, among others, validation of information in annual reports of parties in Channel Partnership.

For the purposes of assessment and verification of the performance of the Channel Partnership, the Commission shall have access to the facilities/operational office, documents and information as the Commission may require.

ISSUED BY: THE PETROLEUM COMMISSION:

DATE: 18TH FEBRUARY 2025