

How to Start A Petrol Filling Station Business in Ghana

Ghana is one of the oil-producing nations in the world. Although the country is a relatively recent and small player in Africa's hydrocarbon sector, however, it has a huge deposit of crude oil predominantly found in the Western and Volta region.

Petroleum product is widely consumed in Ghana, especially for vehicles. This makes filling station business highly lucrative and profitable. It is also worthy of note that this business is capital intensive and as such requires huge investment.

Having said that, in this article, we'll look at the complete guide for beginners on how to start a petrol station business in Ghana. If you have never had experience in the oil and gas sector, this article is for you.

Type of Petroleum Product Marketer in Ghana

Generally, there are two types of petrol marketers in Ghana: Dependent marketers and independent marketers. Each of them has both advantages and disadvantages. You need to understand these very clearly before choosing which one to go for.

You can only be one at a time except you have enough investment capital to build more than one fuel station – use one for a franchise and the other for independent marketing.

Dependent Marketer

As a dependent marketer, you will hold the franchise of a major oil marketer to market under its brand name with your own facility. You'll need to understand the advantage of this business model in order to make an informed decision.

Independent Marketer

As an independent marketer, you run your business with your own company name, but product directly from Tema Oil Refinery (TOR) and other Bulk Distributing Companies.

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As earlier mentioned, the petrol filling station business is a very lucrative business, howbeit, with huge capital investment. To get started, there are so many licensing processes that you need to go through before you can start operation.

Some of the agencies where you need to get a license before you get started include the National Petroleum Authority, Ghana National Fire Service, Environmental Protection Agency, Town and Country Planning Department permit.

Below is a step by step guide on how to start a profitable petrol filling station business in Ghana.

Step 1 – Draw a Business Plan

You need to write a [feasible business plan for your business](#). Not only is it important for the growth and profitability of your business, but it's also necessary for your licensing process.

With a good business plan, you will get to know the type of marketer you wish to operate. It will also contain the modus operandi of your petrol business. A good business plan should also cover the projected amount of investment and how to source for funding.

To get a petroleum marketing licence in Ghana, your business plan should contain the following information:

- business description including the company's trading activities, history and capabilities
- organization and management
- risk analysis
- market analysis
- legal issues
- project strategy
- financial analysis
- economic analysis
- environmental analysis

Step 2 – Register Your Business

Another important procedure you must follow in starting your own petrol station business is that you have to register your enterprise with the Registrar General's Department. With your letter of incorporation, you can now proceed to the next step.

Step 3 – Get a Location

You need to secure land in a good location to construct your petrol station. However, before you go ahead with construction, you'll need to get a permit to construct a petroleum product retail outlet.

Below are the documents that you need to get a permit from the National Petroleum Authority.

- A letter of sponsorship from an existing oil marketing company (for independent marketers).
- Proof of title to the land
- A fire report signed by the Chief Fire Officer or a Regional Fire Officer.
- The Town and Country Planning Department development/building permit.
- An environmental permit from the Environmental Protection Agency
- 3 copies of the approved plan(s) showing building(s), existing or proposed, on the site and the relation of the site to road/railways, electrical transmission and power lines, water bodies and adjoining properties. The copies should be labelled "TO BE CONSTRUCTED".

- No objection letters from the utility companies (GWCL, ECG, VRA etc.) as well as the Ghana Highway Authority, wherever applicable.

Above all, you'll need to have a minimum plot size of 100 x 70 sq. feet to get approval from the National Petroleum Authority.

Lastly, you'll need to obtain a construction licence which cost between GH¢2,000 – GH¢7,000 depending on the location of your station.

Step 4 – Build your Petrol Station

Once you've gotten your permit from the National Petroleum Authority, you'll need to employ the service of qualified personnel to construct your petrol station.

Importantly, you need to build your petrol station to meet the minimum building requirement of the NPA. Your station must have a canopy at the pump stand, oil interceptor and a forecourt that is well paved using either concrete or pavement blocks.

Additionally, the stations must have at least one of the following: a lube bay, a washing bay, a mart, or a vulcanizing centre equipped with air compressors and air gauges.

Step 5 – Get a Storage Tank

Although this should fall under constructing a petrol station. You need to sink underground storage tank for your petroleum products. These tanks vary in measurements: 30,000 litres, 35,000 litres, 40,000 litres, 45,000 litres and 60,000 litres.

It is recommended that you go for high volume tank, like the 45,000 and the 60,000 litres if you intend to be storing extra fuel. If you go for 30,000 litres underground tank and you intend to be lifting full tanker of 30,000 litres, then you will have to always wait until the last drop of fuel in that tank is sold before going for another turn.

Step 5 – Provide Proof of Funds

Petroleum marketing business is capital intensive and as such you need to show proof of funds. Based on the NPA guidelines, you must show evidence in writing from a reputable bank or banks licensed by the Bank of Ghana indicating willingness to provide funding not less than Four Million Ghana Cedis (GH¢4,000,000.00).

Step 6 – Obtain a Petroleum Product Marketing License

With everything now in place, you can now go ahead to obtain a petroleum product marketing license from NPA. Obtaining a licence might cause as much as GH¢200,000 and GH¢30,000 for new entrants and renewal respectively. However, this depends on the type of license that you need.

Step 7 – Staffing

This is the last step that you need to become fully operational. You need to employ capable hands to manage your petrol station. You'll need to employ the service of pump attendants, a manager, and a cashier. With all these in place, you're ready to get started with your fuel station.