



Bundesministerium
für Wirtschaft
und Energie



MITTELSTAND
GLOBAL
EXPORTINITIATIVE ENERGIE

Local Content-Regularien in Ghana

Ein Webinar des Projektentwicklungsprogramms (PEP)

3. Juli 2018, via Skype4Business



Delegation der Deutschen Wirtschaft
in Ghana
Delegation of German Industry and
Commerce in Ghana

Durchführer

giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

Agenda

Agenda

11:00 – 11:05 **Einführung**
Cathleen Seeger - Projektentwicklungsprogramm

11:05 – 11:25 **Local Content Regulations In Ghana**
Katharina Felgenhauer, AHK Ghana

11:25 – 11:55 **Austausch und Diskussion mit den Teilnehmern**

11:55 – 12:00 **Wrap up**
Cathleen Seeger



Federal Ministry
for Economic Affairs
and Energy



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Project Development Programme (PDP)

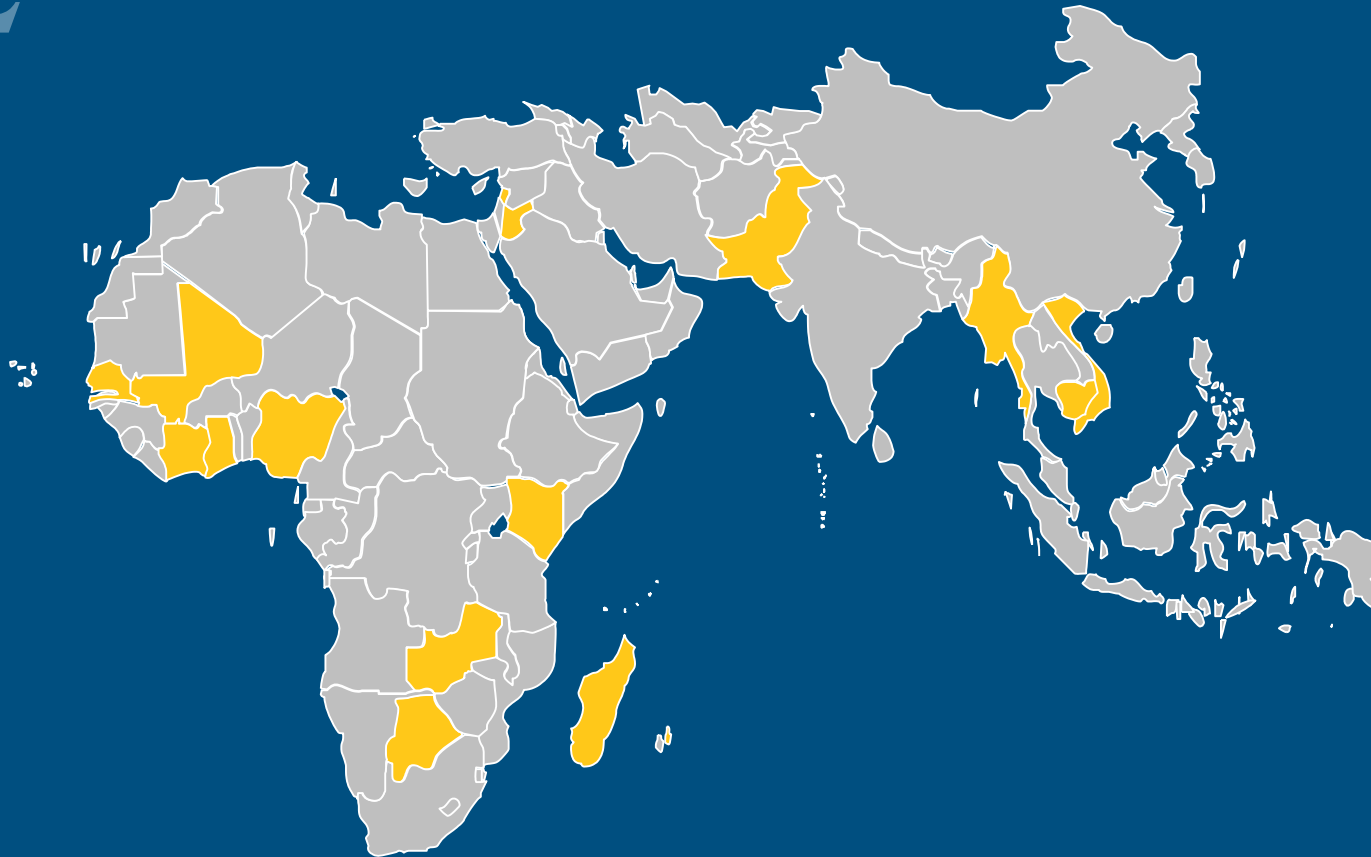
Cathleen Seeger

Facilitator

1

As part of the German Energy Solutions Initiative (BMW i)
PDP supports German small and medium-sized enterprises
of the renewable energy sector to access emerging markets.

2 Target Countries



Facilitator

3

Services by PDP

**Project
Development**

**Business
Development**

**Market
Development**



Business Development

Evaluation and compilation of market
information

AHK-business trips

Reference project trips

„made in Germany“



Federal Ministry
for Economic Affairs
and Energy



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Thank you for your attention

Cathleen Seeger

Cathleen.Seeger@giz.de

Facilitator



Local Content-Regularien in Ghana

Katharina Felgenhauer

03. Juli 2018

ExperTS
Economy. Transfer. Sustainability.





This webinar

- Outlines key aspects of new regulation on Local Content in electricity supply in Ghana
- Delineates the expected scope of application and the status of implementation
- Highlights critical issues to German investors in the Renewable Energy sector

AHK in West Africa



-  = Delegations of German Industry and Commerce
-  = Regional coverage

Our portfolio

DEinternational



Trade shows and conferences



Senior Expert Service



Visa invitations



Individual business trips



Individual market-entry support



Sector-specific market surveys



Office-in-Office solutions



Due Diligence



B2B Match-making



Competence Centre Energy and Environment

ExperTS

Economy. Transfer. Sustainability.

Selected German companies in Ghana



Renewable energy in Ghana 1 / 2

- Challenges in energy transmission, distribution network, finance, business management
- High electricity tariffs, feed-in tariffs for electricity from renewables
- Opportunities in solar, biomass, wind, hydro, tidal
- Net metering policy currently suspended
- Opportunities for power purchase agreements limited

Renewable energy in Ghana 2/2

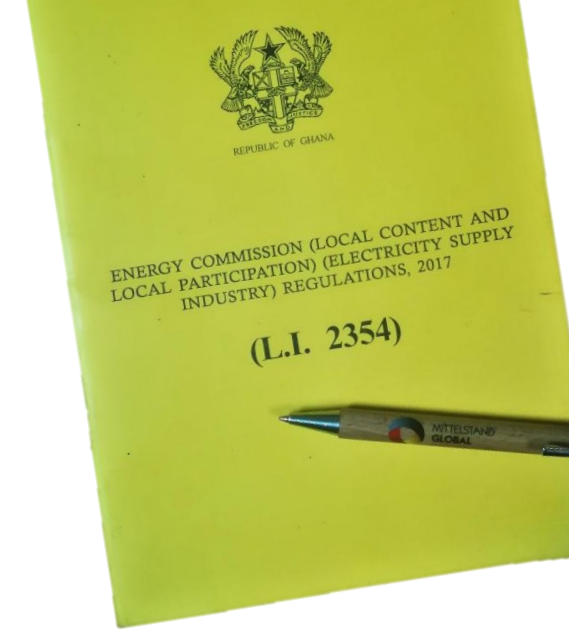
Government commitment to Renewable Energies:

- Strengthen the regulatory and institutional framework
- Promote and facilitate investments, technological cooperation and private sector participation
- Enable transfer and scaling of suitable renewable energy technologies to Ghana

Local Content

Energy Commission (Local Content and Local Participation) (Electricity Supply Industry) Regulations, 2017 (L.I. 2354)

- Gazetted on 17 November 2017
- Entry into force on 22 December 2017
- Public notice on 16 April 2018



ENERGY COMMISSION
PUBLIC NOTICE
ENERGY COMMISSION (LOCAL CONTENT AND LOCAL PARTICIPATION)
(ELECTRICITY SUPPLY INDUSTRY) REGULATIONS, 2017 (L.I. 2354)

Pursuant to Section 56 of the Energy Commission Act, 1997 (Act 541) as amended by the Energy Commission (Amendment) Act, 2016 (Act 993), the Energy Commission (Local Content and Local Participation) (Electricity Supply Industry) Regulations, 2017 (L.I. 2354) has been passed by Parliament.

The Regulations apply to businesses which engage in activities in the Electricity Supply Industry.

The Regulations seek to:

- provide an enabling environment to ensure the maximum use of local financial capital, expertise, goods and services to:
 - create employment for Ghanaians;
 - promote businesses in the Electricity Supply Industry;
 - retain the benefits in the Republic;
- promote development initiatives for local stakeholders;
- achieve a minimum of:
 - sixty percent local content; and
 - fifty-one percent local participation in the Electricity Supply Industry;
- design and promote local content and local participation in the Electricity Supply Industry through education, skills and expertise development, transfer of technology and know-how and active research and development portfolio;
- promote local capacity in the manufacture of electrical equipment, electrical appliances and renewable energy equipment; and
- increase competitiveness among local manufacturers of electrical equipment and renewable energy equipment.

In order to meet the "Local Content" requirements, businesses operating, or planning to operate in Ghana's Electricity Supply Industry have to comply with defined percentages of utilization of Ghanaian human and material resources, services and businesses in monetary terms for the systematic development of national capacity and capability of indigenous, with the aim of enhancing Ghana's economy.

A business entity in the Electricity Supply Industry (which includes Renewable Energy) shall secure its legal, industrial, financial, engineering, technical consultancy, maintenance and ancillary services from indigenous Ghanaian institutions. The respective indigenous Ghanaian institutions may however in the performance of the required service, partner with a Foreign Service Provider who shall deliver not more than forty-nine percent of the value of the required service. The Procurement Plan, Technology Transfer Programme, Research and Development Programme, Employment and Training Schedule, Succession Plan and Allied Service Contracts of a business entity in the Electricity Supply Industry shall comply with the requirements of L.I. 2354 and approved by the Commission.

Electrical equipment and building materials including, but not limited to electrical cables or conductors, insulators, wooden poles, pole support, stay wires, shackles, pins, fuses or circuit breakers, lattice towers, extension cables, extension boards, adapters, street light poles, screws, bolts and nuts, must be sourced from local manufacturers. Business entities in the Electricity Supply Industry must utilize local materials, labour and services as set out in L.I. 2354.

"Local Participation" requires such businesses to have a percentage of local equity ownership in the Electricity Supply Industry of Ghana as follows:

No.	Electricity Supply Industry Activity	Initial Level of Local Participation	Target Level in Ten Years
1.	Wholesale Power Supply	15%	51%
2.	Renewable Energy Sector	15%	51%
3.	Electricity Distribution	30%	51%
4.	Electricity Transmission Infrastructure	15%	49%

No.	Electricity Supply Industry Activity	Initial Level of Local Participation	Target Level in Five Years
5.	Electricity Sales Service	80%	100%
6.	Electricity Brokerage Services	80%	100%

The Energy Commission wishes to inform the general public, as well as all current and prospective business entities engaged in, or intending to participate in business in the Electricity Supply Industry to take notice of, comply with and adhere strictly to the requirements of L.I. 2354.

For further information and/or enquiries, please contact the Energy Commission at:

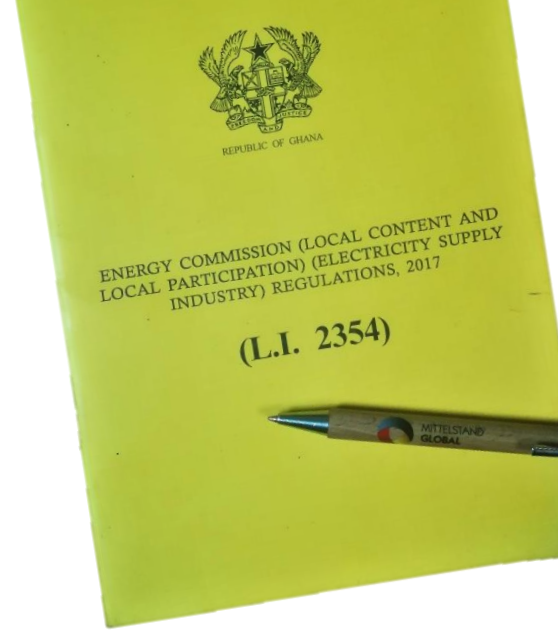
(+233) 302 823 756 / (+233) 302 823 756
 info@energycom.gov.gh

STONED
EXECUTIVE SECRETARY,
ENERGY COMMISSION

Objectives

Promote use of local financial capital, expertise, goods and services, i.e.

- Create employment for Ghanaians
- Promote businesses in the electricity supply industry
- Retain the benefits in Ghana
- Promote development initiatives for local stakeholders



Scope

... applicable to persons and entities engaged in the electricity supply industry,

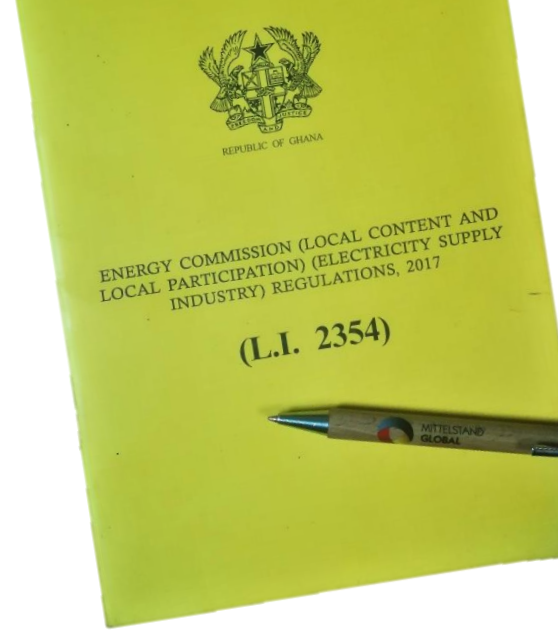
i.e.

“any activity that requires a licence under the [...] Renewable Energy Act (2011)”

i.e.

commercial production, transportation, storage, distribution, sale, marketing, importation, exportation, re-exportation, installation and maintenance

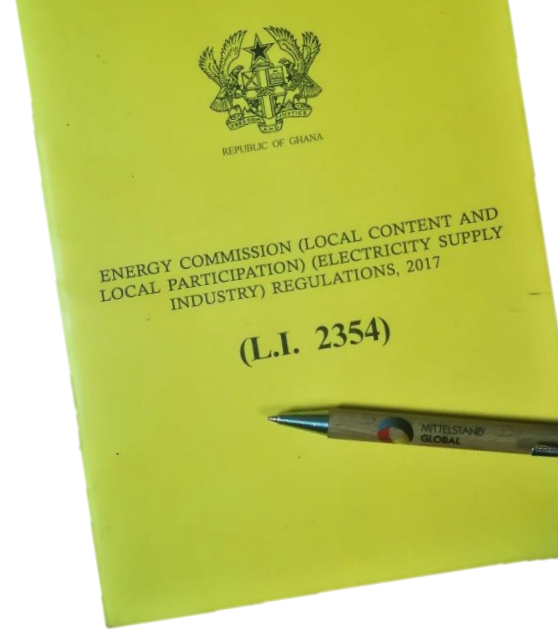
as well as manufacture of equipment and appliances



Implementation

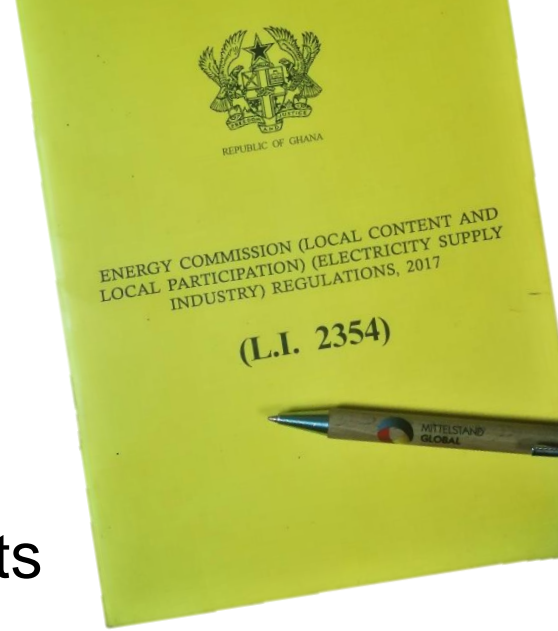
Electricity Supply Industry Local Content and Local Participation Committee (public-private) set up to

- Appraise local content plans and reports
- Assist Ghanaian companies in capacity development
- Register manufacturers of electrical equipment, appliances and renewable energy equipment



Key areas

- Minimum local content requirements
 - Minimum local participation requirements
 - Education, skills and expertise development; technology transfer; research and development
 - Reporting and authorization requirements
- existing companies to **register by March 2018**
and to satisfy minimum requirements **within 5 years**



Local Content

- Separate schedules for sub-sectors and activities

I.	Wholesale Power Supply
II.	Renewable Energy Sector
III.	Electricity Distribution
IV.	Electricity Sales Service
V.	Electricity Brokerage Services
VI.	Equipment (electrical, building supplies, appliances)

- Intermediate levels by 2020; targets by 2025

SECOND SCHEDULE

Local Content and Local Participation in Renewable Energy Sector - L.I. 2354

	Initial Level of Local Content	Target Level 2025
Engineering and Procurement	Minimum of 70% of value of the project shall go to Ghanaian Companies	100% in 10 years
Construction Works – Installations	Minimum of 60% of the cost of construction works of the project shall go to Ghanaian Companies	80% in 3 years 90% in 6 years
Post Construction Works Supplies	Minimum of 70% of the value of all supplies shall go to Ghanaian owned Companies	100% in 10 years
Services	Minimum level for: Catering – 100%; Janitorial Services – 100%; Vehicle Maintenance – 100%; Equipment Servicing – 70%	100% in 10 years
Management	Minimum of 60% of management staff shall be Ghanaians at the beginning of the business operations	90% in 5 years
Operations and Staff Maintenance Staff	Minimum of 70% of operation and maintenance staff shall be Ghanaians at any time in the lifetime of the business	80% in 5 years
All Other Staff	100% Ghanaians at all times	
Operations and Maintenance Contract	Minimum of 50% of the value of all operation and maintenance contracts shall be awarded to indigenous Ghanaian Companies	80% in 5 years

PART B-RENEWABLE ENERGY TECHNOLOGY

SEVENTH SCHEDULE

Electrical Equipment
and Building Materials

Part B – Renewable
Technology (Excerpt)

→ “ “manufacture”
includes **assembly** of
imported component
parts [...] in the
country”

	ITEM	Initial Local Content level from startup, (%>	Intermediate Local Content Level, (%)	Target Local Content Level, (%>
1.	Solar cell	10	50	80
2.	Solar photo voltaic panel	50	80	90
3.	Solar water heater	50	80	90
4.	Mounting bracket	100	100	100
5.	Charge Controller	50	80	90
6.	Connection pins and plugs	50	80	100
7.	Cable	100	100	100
8.	Cable lug	80	100	100
9.	Circuit breaker or fuse	30	50	100
10.	Inverter	50	80	100
11.	Wind mill	30	80	100
12.	Wind turbine generator of capacity less than 100kW	30	80	100
13.	Wind turbine generator of capacity more than 100kW	10	30	50
14.	Electrical Charge storage System	50	80	80
15.	Screw, bolt and nut;	80	100	100
16.	Plug, switch used for renewable energy installations and wiring	80	100	100
17.	Building materials, including	80	100	100

Local Participation

- Manufacturers must have min 40% equity by "indigenous Ghanaian company"
- All service providers must have a registered office with personnel in Ghana
- Possibility for tax break for local manufacturing sites in line with Ghana Investment Promotion Centre regulations and other incentive schemes

Local Participation

Activity	Level of Local Participation	
	Current	Target
Wholesale Power Supply	15%	51%
Renewable Energy Sector	15%	51%
Electricity Distribution	30%	51%
Electricity Transmission Infrastructure	15%	49%
Electricity Sales Service	80%	100%
Electricity Brokerage Services	80%	100%

Skills, Technology, R&D

- Sub-plans for
 - Employment and Training
 - Research and Development
 - Technology Transfer
- Outline skills gap; provide training (competence, budget)
- Succession plan for each non-Ghanaian position
- R&D budget for education, training, etc. (R&D sub-plan)
- Tech transfer to Ghanaians and indigenous companies, e.g. through JV, licensing agreements

Reporting and Authorization

- Obtain licence

Still valid: registration with Energy Commission per Renewable Energy Act (2011)

New: registration of manufacturers of equipment and appliances

- Submit Local Content and Local Participation Plan (incl. sub-plans) for authorization
- Report twice a year to the Committee (quarterly for selected sub-plans)

THANK
YOU



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in Ghana
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Policy framework

Source: rvo, GIZ PEP

Policy/Strategic Framework	Business related issues
National Energy Policy (2010)	PPP for new plants; sector priorities; basis for investment opportunities
Draft National Energy Policy (2017)	Improve energy security, promote renewables
Ghana Sustainable Energy for All Action Plan (2012)	PPP orientation; renewable technology options; data on renewable resources; analysis of bottlenecks in the sector
Scaling-Up Renewable Energy Program in Ghana (SREP) Investment Plan (2015)	Implementation plans & future projects; medium term investment & financing plan; increased use of renewables by SMEs
Strategic National Energy Plan (2006-2020)	Framework for renewables in energy mix
Energy Sector Strategy and Development Plan	Framework for renewable energy development
Bioenergy Policy for Ghana, Draft (2010)	Technology options, biofuel feedstock, R&D
Renewable Energy Act (2011)	Licencing; feed-in tariff; energy mix; Renewable Energy Fund
Renewable Energy Master Plan	Targets for development of renewable energy resources; incentives & support

Institutions 1/2

Source: rvo

Institutions	Responsibilities
Ministry of Power	Oversees the energy sector. It has a Renewable & Alternative Energy Directorate. It is mandated by Renewable Energy Act 823 to develop and promote renewable energy.
Ministry of Environment, Science, Technology and Innovation	Promote the application of science and technology in all sectors
Energy Commission	Technical regulator and advisor to Government on energy matters; issues licenses for RE business in Ghana
Public Utility Regulatory Commission (PURC)	Multi-Sectorial regulator of tariffs. It sets rates for purchase of electricity from conventional and renewable energy sources
Environmental Protection Agency (EPA)	Protecting and improving the environment and helps with the implementation of environmental policies

Institutions 2/2

Source: rvo

Institutions	Responsibilities
Volta River Authority	Power Generation
Bui Power Authority	Power Generation
Independent Power Producers (IPPs)	Power generation from various private companies on a build, own and operate basis
Ghana Grid Company (GRIDCo)	Owns and operates the transmission network
Electricity Company of Ghana (ECG)	Distribution services within the southern zone of the country
Enclave Power Company	Distribution services within the Free Zones
Northern Electricity Distribution Company (NEDCo)	Distribution services within the Northern belt
Ghana Standards Board	Ensures compliance with standards and Certification for equipment for importation



Ausblick 2018/2019

3.-7. Dezember Geschäftsreise
Energieeffizienz in der Industrie
(inkl. Eigenversorgung mittels erneuerbarer Energien)

5.-10. November Informationsreise
Energetische Nutzung von Rest- und Abfallstoffen



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Vielen Dank !



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