



B&P ASSOCIATES

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Renewable Energy – Ghana's Transition with Local Content

Ghana's energy demands are rising in close contest with its power supply. In an effort to balance the score, and in line with the global goal of a green economy, Ghana's government is diversifying its electricity generation mix through the promotion and development of renewable energy sources such as thermal, solar and wind. Energy produced presently is estimated to be 4132MW, comprising 61% hydropower; 38% thermal power; and 1% solar power. These figures would imply that at any given time, each person in Ghana potentially has access to an average of 0.1653 watts of energy.

At closing the energy gap, the Energy Commission (EC)—Ghana's statutory institution in charge of the energy sector, launched the Renewable Energy Master Plan (REMP), a blueprint to developing the renewable energy sector. The REMP thrives to increase the proportion of renewable energy in the national energy generation mix from 42.5 MW in 2015 to 1363.63 MW by 2030. This presents an opportunity for the local and international investment community. The Government, in its role to

promote investment and encourage a cohesive participation of the local and international community, has set out policies.

Ghana's local content policy for the renewable energy sector, is documented as The Energy Commission (Local Content and Local Participation) (Electricity Supply Industry) Regulations, 2017 (L.I. 2354). Its requirements distinguish between Local Participation and Local Content. Local Participation deals with Ghanaian equity ownership of the corporate body that carries out activities in the Electricity Supply Industry, whereas Local Content deals with the utilization of Ghanaian human and material resources, services and businesses.

Local Content is a critical matter of discourse for investors and local policymakers. In particular, it is important to understand the link between local content and economic development, within the context of the UN Sustainable Development Goals, which Ghana is working to achieve. There is also the need

to conduct, understand and apply a vocational gap analysis – one that juxtaposes the human resource need of investors, against the available expertise and technology. In order to implement a local content policy without any negative welfare effects, Ghana's economy must be able to produce the renewable energy manufacturing components of the right quality, standard and price.

Policymakers have been keen to obtain a good balance of benefits for the local and international investors by designing appropriate policies to promote cohesive private sector participation. A major step towards achieving this has been the establishment of the Local Content Local Participation (LCLP) Committee, inaugurated on 2nd May, 2019. The Committee is charged with issuing guidelines, among other things, for the implementation of the Regulations and to oversee the development and measurable growth of local content. Thus far, the Committee has held stakeholder meetings as part of its review process and sensitization meetings as part

of its review process and sensitization of the Draft Local Content Local Participation Guidelines.

The majority of renewable energy companies at the moment have been solar power producers. Based on this, Government intends to cover the country's 15 % who are without electricity, with solar energy. The Government is geared towards achieving 100% electricity coverage by 2025 ahead of the global set year, 2030. With several budding projects, the Bui Power Authority (BPA) and the University of Ghana (UG) have signed a Memorandum of Understanding (MoU) to conduct feasibility studies for construction of a 2.5-megawatt solar farm for the university. The 10-acre solar farm will be a research center for prospective innovations in renewable energy while reducing heavily, the university's reliance on the national grid. Again, the Scaling-up of Renewable Energy Programme (SREP) for low income countries has allowed some USD230 million to be dedicated to the installation of 55 small-scale renewable mini-grids in island communities along the Volta Lake. As Ghana aspires to achieve its 2025 renewable energy goal, it is likely to see

many projects of its kind.

ENERGY UPDATE



National Energy Policy Review

Government and key stakeholders in the petroleum upstream sector have begun the process of revising the current National Energy Policy (NEP) to provide and ensure efficient petroleum activities in the sector. The move is expected to realize optimal long-term petroleum resource utilization for the utmost benefit of the State as well as attracting the needed investments in the sector. The revision of the Policy would also ensure the necessary regulations and policies are streamlined.

Ghana signs MOU to export talent in oil and gas industry to three African countries

The Ghana National Petroleum Commission (GNPC) has signed an MoU with its counterparts in Sierra Leone, Gambia and Liberia to purposely share and exchange talent and experiences in the management of the petroleum upstream sector for all countries involved.

A new Petroleum law comes into force

The President has assented to the Petroleum Hub Development Corporation Act, 2019. The Act establishes a Corporation, which has among its objectives, the promotion and development of a petroleum and petrochemicals hub and related matters in the industry, provision of infrastructure for petroleum and petrochemical companies and service providers, and the development of an industry-specific local content and participation plan.

Business Update



Business and Corporate Governance

The International Finance Corporation (IFC), a member of the World Bank Group, has signed a Memorandum of Understanding (MoU) with the Ghana National Chamber of Commerce and Industry (GNCCI) to strengthen corporate governance among companies, particularly SMEs. The IFC will provide training and advisory services to members of the Chamber and SMEs to improve their corporate governance structures.

Free Movement for Ghanaians

The Parliament of Ghana has approved a visa waiver deal with six nation states. Holders of a valid Ghanaian passport may now travel to Iran, Colombia, India, Equatorial Guinea, Hungary and Morocco without a visa.

A new Directive for Ports

The Ghana Revenue Authority (GRA) has issued a new Directive on the auction of items, with immediate effect and applicable to all new auction sales or allocation. Processes are outlined through which goods in the custody of the GRA will be disposed of to the public. According to the statement, the ratio of the distribution of goods by the GRA will be: 70% allocation to the General Public, with 30% to the Confiscated Assets Committee.

Improving connectivity along railway corridors

The Ghana-Burkina railway interconnectivity project, which aims to improve connectivity between the two

countries, with a total length approximately 100km, is scheduled to be completed by the second quarter of 2020. The project which is to be on a Built Operate and Transfer (BOT) is to facilitate trade and development, for both freight and passengers, in line with Ghana's Railway Master Plan.

Ghana, German development bank Agreement for risk mitigation

The Ministry of Finance and the German Development Bank, KfW, have signed a financing agreement under a partnership between Germany and Ghana to the tune of €16 million, to enable Ghana complete its membership application and secure shareholding of the African Trade Insurance (ATI) Agency, a multilateral investment guarantee institution that mitigates investment risks in Africa, in the form of increased access to insurance products that will help mitigate risks to investors in both debt and equity. ATI insures investors against non-payment and non-honouring of sovereign and corporate risks.

Employer's Corner:



Essentials of a Code of Conduct

If employees are expected to behave in a uniform and standard way with consequences in the absence of expected behaviour, a Code of Conduct is essential. The Code must be developed, outlining the clear standards and core values of the company upon which the reputation of the company rests.

A Good Code of Conduct must be:

- written and clearly laid out – easy to understand with legal jargons avoided;
- comprehensive – capture all the areas that impact the daily lives of

employees, addressing any eventualities that may arise;

- easy to access –copies distributed to all concerned stakeholders;
- recognised by leadership – approved and adopted and practised by senior management;
- reflective of the ethics of doing business, conflict of interest issues, political affairs, and grounded on policies against corruption;
- armed with methods of safeguarding the company's assets and the use of confidential information and disclosure; and
- expressive on the available enforcement and disciplinary procedures.

Firm News



B & P ASSOCIATES celebrates its 5th Anniversary

October 2019 marked the 5-year anniversary of B&P Associates. We have been honoured over the years, to anticipate and respond to the needs of our clients and we have come further within this period than we ever thought possible. We look forward to our continued contribution towards the socio-economic fabric of Ghana.

WHO'S WHO?

George Mireku Duker

George Mireku Duker is the Board Chair of the newly inaugurated Minerals Income Investment Fund (MIIF), established to leverage financing for local players in the mining sector. He also serves as the Deputy Chairman on the Select Committee of Mines and Energy in Parliament.

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This publication may provide a summary of legal issues but is not intended to give specific legal advice. If you require legal advice, please speak to a qualified lawyer, which may include a qualified member of our legal team at B & P ASSOCIATES. Visit us at www.bpaghana.com to learn more about what we do