

VRA extends hand to local contractors

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The Volta River Authority (VRA) says a local-content team has been constituted to draft a policy document in a bid to help local businesses take advantage of its procurement process.

Annually, VRA spends over US\$1billion on imported goods and components. In the last 50 years, the Authority has dealt mainly with foreign contractors for the purchase of components for construction of the Akosombo Dam, the Kpong Dam, and the Takoradi thermal generating plant.

These involved large foreign components with little or no involvement of local contractors.

“The VRA finds this concept imperative for its operations because it has the potential of eliminating, or reducing drastically, the financial burden in its procurement system,” said the Chief Executive of VRA, Kwaku Andoh Awotwi.

Speaking at a forum on local content organised on the theme, ‘Practical Initiatives for Promoting Local Content Development in the Power Utilities and Related Industries in Ghana - The Way Forward’, by VRA in Accra, Awotwi said: “For the next 50 years, we intend to go into renewable energy generation starting with solar and wind.

“Local partnership will therefore strengthen our relationship with indigenous contractors and create more jobs for Ghanaians.”

He explained that VRA’s major objective for implementing the local-content policy is to exploit the country’s resource endowment in an environmentally-sustainable manner, attract increased local value-added investment in the industrial sector to create job opportunities, facilitate technology transfer, and domesticate knowledge.

How feasible is VRA’s local-content policy?



“It will take a lot of commitment on their part because of the history of local-content practice in Ghana and lack of political will towards its establishment.

“The gold industry is a typical example of the lack of local content. Even galamsey, which is practised mainly by Ghanaians, is outside the mainstream official gold mining, an area dominated by foreign companies,” Kwame Jantuah of African Energy Consortium Limited, told the Business and Financial Times.

“They have seen fit that the US\$1billion spending each year -- where US\$500,000 is spent on crude for electricity and the other US\$500,000 on services procured from outside the shores of

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Ghana -- can and should be spent here in Ghana by Ghanaians where the objective is that the supply-chain system within the VRA should be tilted towards Ghanaians.”

Jantuah explained that not everything within the supply-chain can be done by Ghanaians, adding that spending in industries like power and oil & gas through the supply-chain is wholly on third-party supplies where Ghanaian companies make up a huge number; and therefore if VRA could have a strong local-content policy and implementation, it would help capitalise and place them in a better position of growth.

He stated that VRA must look closely at the procurement law to make sure that what they intend doing is in conformity with it, as currently the international oil companies in the oil & gas industry do not seem to be practising their procurement in conformity with the law.

Again, he said, “if there is no political support from government, what they are trying to achieve will be mediocre and of very little value to local companies. The other challenge is the fact that the cost of production for Ghanaian goods tends to be high with the kind of bank interest rates we have.”

In his response to the question of capacity building and transfer of technology, he said: “It is important to know how this will be tackled, and what would be the measure of local ownership of firms providing goods and services. We also have to determine what would be the measure of the proportion of jobs that go to local nationals with distinctions made between skilled and basic jobs.”

On the issue of government support to implement the policy, he remarked: “It will definitely require government support for such a venture, but interference from government will halt all attempts by VRA to promote and execute this agenda.”