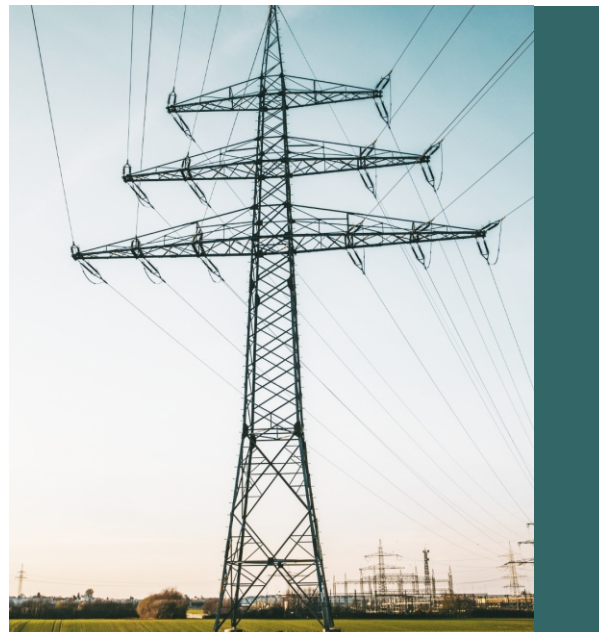


Securing Ghana's Energy Future: Policy Actions for Sustainability and Efficiency

Policy Insights from IPPG's February 2025 Energy Experts Boardroom Dialogue



By Seth Owusu-Mante

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Report

Securing Ghana's Energy Future:
Policy Actions for Sustainability and Efficiency

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About This Publication

This report presents a synthesis of discussions and insights from an expert roundtable convened by the International Perspective for Policy and Governance (IPPG) on 25th February 2025 in Accra, Ghana. The meeting brought together leading professionals from government, industry, academia, civil society, and the legal and financial sectors to assess Ghana's energy sector challenges and propose actionable policy solutions. The roundtable provided a platform for frank, solution-oriented dialogue, reflecting diverse perspectives on how to restore stability, attract investment, and accelerate Ghana's energy transition.

The insights gathered from this roundtable will form the foundation of IPPG's ongoing energy sector partnerships and advocacy agenda. They will guide the organization's future engagements with policymakers, industry leaders, and civil society to push for reforms that advance sustainability, financial discipline, and a just energy transition for Ghana.

ABOUT US

The International Perspective for Policy & Governance (IPPG) is an independent foreign affairs and international development think tank focused on enhancing the effectiveness of policy implementation, governance, and sustainable development across the African continent. Our mission is to drive impactful change in Africa by providing policymakers and stakeholders with data-driven insights and actionable policy recommendations.

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Disclaimer

The views, analyses, and recommendations expressed in this report are informed by the expert boardroom discussions hosted by the International Perspective for Policy and Governance (IPPG) in Accra, Ghana, in February 2025. They do not necessarily reflect the views or positions of the individual experts, their respective organizations, IPPG, its affiliate organizations, or any organization that supports its work.

We regret any errors or omissions that may have been unwittingly made.

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ABBREVIATIONS

ACEP	Africa Centre for Energy Policy
C&I	Commercial and Industrial
CWM	Cash Waterfall Mechanism
ECG	Electricity Company of Ghana
ESLA	Energy Sector Levies Act
ESRP	Energy Sector Recovery Program
FX	Foreign Exchange
GHS	Ghana Cedis
GNGC	Ghana National Gas Company
GNPC	Ghana National Petroleum Corporation
GoG	Government of Ghana
GPP II	Second Gas Processing Plant
GRA	Ghana Revenue Officials
HFO	Heavy Fuel Oil
IOCs	International Oil Companies
IPPG	International Perspective for Policy and Governance
IPPs	Independent Power Producers
KW	kilowatt
LCO	Light Crude Oil
MDAs	Ministries, Departments, and Agencies
MEL	Monitoring, Evaluation, and Learning
MMBtu	Million British thermal units
MoF	Ministry of Finance
NDC	National Democratic Congress
OCTP	Offshore Cape Three Points
PDS	Power Distribution Services
PPAs	Power Purchase Agreements
PSP	Public-Private Sector Participation
SMEs	Small and Medium-sized Enterprises
TEN	Tweneboa, Enyenra, and Ntomme (field)
USD	U.S. dollars
VRA	Volta River Authority
WACOG	Weighted Average Cost of Gas

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Executive Summary

Diagnosis of a Sector in Crisis

- This report presents a critical assessment of Ghana's energy sector, drawing on insights from an expert boardroom meeting convened by the International Perspective for Policy and Governance (IPPG) in Accra, Ghana, in February 2025. The meeting brought together energy professionals and experts from civil society organizations, academia, industry, independent power producers (IPPs), as well as audit, law, and financial advisory firms, along with other key stakeholders to deliberate on the sector's current challenges, opportunities, and policy priorities for the new National Democratic Congress (NDC) administration.
- The report highlights a pervasive and multi-faceted crisis across the energy sector's upstream, midstream, and downstream segments. Experts express deep concern over persistent stagnation, operational inefficiencies, and a fundamental lack of accountability that collectively undermine the sector's viability, economic growth and investor confidence. The systemic challenges plaguing the sector, experts argued, are not new, but rather reflect recurring patterns rooted in policy inconsistencies and governance failures.
- Ghana's upstream oil and gas sector, experts noted, is characterized by stagnation and a significant lack of new investment over the past eight years, leading to missed opportunities in production and job creation. The Eni-Vitol - Ghana Arbitration case was flagged as a key concern, sending negative signals to international investors and exacerbating perceptions of regulatory unpredictability.
- Experts argued that this case, among other challenges, has prompted some International Oil Companies (IOCs) to redirect their investments to more stable environments, further eroding investor confidence and deepening sectoral inertia.
- In the midstream gas sector, experts highlighted ongoing reliability challenges with Ghana Gas in delivering consistent, processed supply for baseload power and industrial use. These reliability gaps continue to affect power generation costs and system efficiency. To strengthen supply security and support industrial demand, the government must urgently deliver on its commitment to develop the Second Gas Processing Plant (GPP II) as planned.
- The Electricity Company of Ghana (ECG) stands out as a major weakness, plagued by severe financial instability and operational inefficiencies. Key issues identified by experts include chronic revenue collection failures, widespread electricity theft, and non-payment of bills by large industries and government entities. Structural procurement challenges, identified as early as 2013, remain unresolved, fostering a culture of waste, inflated costs, and alleged corruption. The macroeconomic volatility, particularly the cedi's depreciation, further exacerbates ECG's financial woes, as a significant portion of its expenses are USD-denominated while revenue is collected in GHS, leading to a fundamental financial weakness. Experts largely support privatization of ECG's commercial and revenue collection operations through models like concessions or regionalized management.

- Ghana's energy transition faces a complex and contradictory trajectory. Despite several policy discourse on renewable energy, actual progress in diversifying the fuel mix remains limited, with continued reliance on costly fossil fuel imports. Experts advocate for a balanced approach to the energy transition, emphasizing natural gas as a crucial bridging fuel and progressively tapping into solar and wind resources to green the grid. The current [Net Metering Code](#) is deemed largely ineffective, hindering the adoption of distributed renewable energy solutions due to restrictive limits and a lack of economic incentives.
- Experts contend that Ghana's energy sector is burdened not by a shortage of policies, but by an excess of overlapping regulations and institutional fragmentation. This proliferation of laws and regulations coupled with weak coordination and excessive bureaucratic layers undermines efficiency, creates room for arbitrary enforcement, and inflates operational costs for energy sector actors. Rather than developing new strategies, government's priorities must shift toward rationalizing the existing policy environment and strengthening implementation mechanisms to improve regulatory clarity, reduce investor risk, and enhance sector-wide accountability.
- A compelling explanation for the sector's chronic dysfunction is the concept of "political settlement", a theoretical framework describing how informal arrangements among elite and political actors shape institutional outcomes. In Ghana's energy sector, this often manifests in decisions that prioritize elite consensus and benefit-sharing over transparency, competition, or public interest. These settlements often reinforce the status quo by distributing benefits among influential groups in ways that discourage reform, leading to entrenched inefficiencies, weakened institutional performance, and undermines efforts to implement technically sound solutions, even when the problems are well understood and well advocated for.

A Recommended Path Forward

- The experts emphasized that policy and technical fixes in addressing the sector's challenges alone are insufficient without addressing the underlying political economy and incentive structures that obstruct reform. Drawing an analogy to the resilience of Ghana's informal economy, particularly the Makola market women, the experts called for the formal energy

sector to adopt basic financial discipline, accountability, and efficiency that keeps a Makola woman going in business. The sector must stop defying basic business logic and cease relying on its ability to pass debts to the taxpayer, an arrangement that would result in bankruptcy in any competitive environment.

- The experts expressed their growing frustration with traditional consensus-building forums, which have delivered limited results in the sector despite years of engagement. They argued that soft approaches must now give way to more assertive, politically informed advocacy that directly engages the public and challenges entrenched interests to drive accountability. Without sustained public and civil society pressure, the sector's deep-rooted inefficiencies are likely to persist.
- Nonetheless, the report proposes a comprehensive set of short, medium, and long-term recommendations aimed at restoring financial sustainability, improving institutional effectiveness, accelerating Ghana's energy transition, and transforming the sector into a resilient, growth-enabling engine for industrialization.
- In the short term, experts call for decisive action to enhance ECG's commercial operations, stabilize upstream oil and gas investment, and restore financial credibility through transparent cash flows and enforcement of renegotiated power purchase agreements. Accelerating gas infrastructure and addressing supply reliability are also flagged as urgent steps.
- Medium-term priorities include regulatory streamlining, rationalization of governance mandates, and stronger monitoring, evaluation, and learning mechanisms to foster accountability and institutional learning. Experts emphasize the importance of unlocking distributed renewable energy through a revised net metering framework, while scaling up grid flexibility to accommodate a more diversified energy mix.
- Long-term reform calls for a redefinition of the state's role in energy delivery, transitioning ECG into a performance-based utility through targeted privatization, fostering a culture of financial discipline, and enabling an environment where private investment can thrive across the value chain. These reforms, experts note, are essential to end the sector's recurring cycle of inefficiency and reposition it as a driver of economic transformation.



Section 1

Introduction

A stable, reliable, efficient, and financially viable energy sector is the bedrock of any nation's aspirations for industrialization and sustained economic development. For Ghana, however, the energy sector has evolved from a potential catalyst for economic growth into a significant impediment, characterized by deep-seated fiscal imbalances, systemic operational failures, and a challenging investment climate. Despite possessing comprehensive policies and a history of reform programs and policies, the sector remains mired in a cycle of dysfunction that has proven remarkably resistant to change. The persistence of these challenges through successive administrations suggests that their origins lie deeper than technical or operational deficiencies alone.

The appointment of Hon. John Abdulai Jinapor, the Minister of Energy and Green Transition under the new National Democratic Congress (NDC) administration in January 2025, has brought renewed attention to the country's energy crisis. During his ministerial vetting and in subsequent media engagements, the Minister has outlined a series of strategic actions aimed at restoring financial stability, improving operational efficiency, and driving long-overdue reforms across the sector.

While these public pronouncements signal political will and an appreciation of the gravity of the issues, history cautions against placing too much faith in such proclamations from politicians and government officials. Previous policy frameworks, including multiple iterations and amendments of the [Energy Sector Recovery Program \(ESRP\)](#) and the [Energy Sector Levies Act \(ESLA\), 2015 \(Act 899\)](#) have

correctly diagnosed the problems but have failed to alter the sector's fundamental trajectory given that the sector's debt as of December 2024 stood at about [\\$3 billion](#). This implementation gap raises a crucial question: why do well-documented problems and seemingly sound technical solutions consistently fail to produce lasting change?

This report responds to this question by synthesizing the discussions and findings from an expert boardroom meeting convened by the International Perspective for Policy and Governance (IPPG) in Accra in February 2025. The meeting brought together key stakeholders from across the Ghanaian energy landscape including independent power producers, civil society, academia, legal and financial experts, and other major industrial players. Discussions moved beyond technical diagnoses to interrogate the underlying political, structural, and institutional constraints impeding reform, and explored key policy interventions needed to restore investor confidence, reduce sector debt, unlock Ghana's energy transition, and position the sector as a key driver of economic growth.

Central to the report's analytical lens is the concept of political settlement, a framework that emerged from the expert deliberations to explain why long-standing and well-documented problems persist despite the availability of technical solutions and policy reform strategies. The report contends that the sector's enduring inefficiencies are not due to knowledge or policy deficits, but to entrenched elite bargains that prioritize benefit distribution among political actors over institutional effectiveness.

In sum, the insights offered in this report aim not to replicate previous policy prescriptions but to sharpen the implementation focus, draw attention to ignored structural levers, and highlight pathways for politically feasible, yet bold reform as highlighted by the experts. The next section provides a diagnosis of the sector's major stress points across the entire value chain through the lens of political economy as discussed by the experts. The report concludes with a set of targeted recommendations, grounded in expert consensus, that combine technical soundness with political realism. These proposals offer the new administration a clear and context-sensitive roadmap for breaking the cycle of stagnation and repositioning the energy sector as a catalyst for Ghana's economic transformation.

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Section 2

Understanding the Deep Structure of Ghana's Energy Crisis

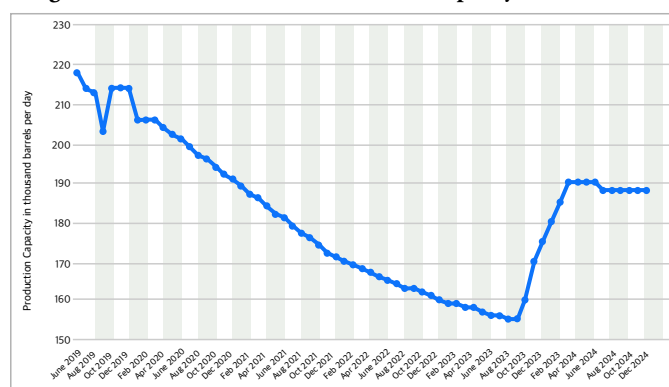
2.1. Upstream Sector: Oil and Gas Investment, Activities, and Human Capital

The stagnation of Ghana's upstream oil and gas sector emerged as a major concern. Experts voiced deep frustration over the lack of new investment and expansion, with one expert lamenting that “for the past eight years, we've not had any real investments happen.” Another added that “as a country, by now we should have been producing at least 500,000 barrels of oil a day,” underscoring the magnitude of missed opportunities due to policy inertia and declining investor confidence.

This prolonged stagnation was described as both a reflection of weakened investor confidence and a warning sign of Ghana's declining competitiveness in the regional hydrocarbons space. As shown in Figure 1, Ghana's daily crude oil production capacity declined steadily from around 215,000 barrels in 2019 to a low of approximately 158,000 barrels in mid-2023, before recovering slightly to just under 190,000 barrels by the end of 2024, far below the 500,000-barrel target experts say the country could be aiming for.

The *Eni-Vitol v. Ghana Arbitration*¹ was cited as a particularly damaging factor, with international oil companies (IOCs) reportedly viewing it as a red flag. As one expert noted, “the IOCs talk lot among themselves, and if

Figure 1: Ghana's Crude Oil Production Capacity (2019 - 2024)



Source: Statista.

such issues are not addressed satisfactorily, there is a real risk that IOCs will redirect future investments.” One expert warned that the perception of investment uncertainty amidst political and regulatory instability has prompted some IOCs to withdraw from Ghana entirely, opting instead to invest in neighboring countries with more predictable environments. This was portrayed not only as a lost economic opportunity but as a warning sign of Ghana's declining ability to retain and attract serious upstream investors in a competitive sub-regional landscape. The sentiment was clear as expressed by another expert: “If we don't have policies that give IOCs confidence, believe me, nobody is going to invest here.”

The consequences of the upstream inactivity extend well beyond investment flows. Experts noted the economic costs

¹The *Eni-Vitol v. Ghana* arbitration arose from Ghana's directive to unitize the Sankofa field, operated by Eni and Vitol, with the adjacent Afina discovery, operated by Springfield E&P. Eni and Vitol challenged this, claiming it violated their 2015 Petroleum Agreement, and the arbitration tribunal agreed Ghana was in breach. However, the tribunal rejected their \$915 million damages claim, and both sides were told to share the legal costs. The Ministry of Energy and Green Transition has officially withdrawn the directive mandating the unitization of the oil fields.

in terms of lost job creation and service activity, particularly pointing out that drilling operations stimulate a wide range of economic engagements, whereas production alone does not. As one expert explained, “drilling brings a lot of activities; production doesn't bring anything.” The decline in upstream drilling was described as a major contributor to rising joblessness, particularly among skilled youth. One expert shared personal encounters with first-class petroleum engineering graduates now driving ride-hailing vehicles due to the lack of upstream job opportunities. The expert further indicated the Ghanaian universities produce over 350 petroleum engineering graduates annually, but only a handful, often fewer than five are absorbed into the field each year.

This mismatch between training and industry absorption was described as a systemic failure, demanding both urgent policy reform and reorientation of technical education pathways. The experts stressed that unless Ghana revitalizes

supply volatility from Nigeria. Despite the existence of local gas reserves, constraints at the Tweneboa, Enyenra, and Ntomme (TEN) field, as well as limitations at the Atuabo Gas Plant, hinder the country's ability to effectively utilize its domestic gas resources for power generation and industrial development.

2.3. ECG: Financial Viability, Operational Efficiency, and Policy Reform

The Electricity Company of Ghana's (ECG) commercial operations emerged as one of the most entrenched weaknesses in Ghana's energy sector. The experts repeatedly cited ECG's financial instability and operational inefficiencies as critical threats to the integrity of the entire electricity value chain. A key concern was ECG's inability to collect revenue effectively, which in turn hampers its capacity to settle payments with Independent Power Producers (IPPs). As one expert succinctly put it, “We always have to

“As one expert explained, “drilling brings a lot of activities; production doesn't bring anything.” The decline in upstream drilling was described as a major contributor to rising joblessness, particularly among skilled youth.”

its upstream sector, the country risks losing an entire generation of skilled professionals, undermining its long-term competitiveness in oil and gas development. Furthermore, the experts emphasized the need for urgent policy intervention. This includes both immediate efforts to restore investor confidence in Ghana's upstream legal and regulatory environment, and longer-term strategies to either revitalize the sector or provide retraining and reorientation for skilled graduates who remain underutilized.

2.2. Midstream Sector: Gas Supply Constraints and Employment Impacts

Although only briefly discussed, the midstream gas sector was flagged as an area of strategic concern particularly with respect to Ghana's domestic gas utilization and its implications for electricity generation, industrialization, and job creation. Experts highlighted persistent challenges with Ghana National Gas Company (GNGC), noting that unreliable and inconsistently processed gas supply continues to undermine efforts to provide stable baseload electricity.

Compounding this issue is Ghana's heavy reliance on gas imports through the West African Gas Pipeline, which remains vulnerable to disruptions due to payment arrears, technical faults and upgrades on the pipeline, and upstream

blame ECG for not collecting the money to pay the value chain.” This failure, experts noted, directly destabilizes the sector by creating liquidity pressures across the supply chain.

Widespread electricity theft, meter bypassing, and the long-standing non-payment of bills including by large industries and government ministries, departments, and agencies (MDAs) have created a deeply embedded culture of non-compliance. On electricity theft specifically, reference was made to neighborhoods such as Nima, where more than 50 percent of electricity users are likely to be illegally connected to the grid, which constitutes a persistent source of revenue loss. A task force was established in 2022 to address the situation, but its efforts failed to yield results, for which experts highlighted as an indication of the depth of enforcement failures and institutional weaknesses that continue to undermine ECG's operations.

2.3.1. Structural Procurement Challenges & Mismanagement

Additionally, ECG's operational deficiencies were strongly criticized, particularly its procurement practices, which have long been flagged as a structural weakness. Reference was made to a 2013 World Bank report titled “Energizing Economic Growth in Ghana: Making the Power and

Petroleum Sectors Rise to the Challenge” which identified ECG's procurement systems as a major vulnerability, highlighting not only inefficiencies and financial losses but also instances of misconduct that bordered on criminality.

Twelve years later, procurement-related challenges remain unresolved and continues to be a major bottleneck to ECG's operational efficiency. The enduring nature of this problem signals a failure to implement lasting institutional change and reinforces perceptions of mismanagement and weak accountability within ECG's commercial and operational functions.

In line with this, concerns were raised about the growing culture of waste and inflated costs within ECG and other regulatory institutions. Some procurement officers, it was alleged, routinely acquire equipment that never gets used, either because it is not fit for purpose or because the procurement was never about utility, but about “kickbacks”. One expert argued that such practices are part of a broader failure of leadership and institutional culture, remarking that “ECG management spends profligately on travel, vehicle benefits, and fuel allowances, then returns to demand tariff increases. It's completely wrong.”

“Widespread electricity theft, meter bypassing, and the long-standing non-payment of bills including by large industries and government ministries, departments, and agencies (MDAs) have created a deeply embedded culture of non-compliance.”

To this end, the experts argued that the losses within the electricity sector are not simply technical or commercial but are instead driven by direct corruption, mismanagement, and procurement-related leakages. One expert lamented that while public attention often focuses on meter tampering or distribution and transmission inefficiencies, the real hemorrhage lies in procurement fraud and institutional complacency. “If we were to actually put a lid on the bottom of the bucket,” the expert noted, “we wouldn't even need to go to the meters.”

The critique extended to a broader structural inefficiency where the same institutions are continually expanded without a corresponding improvement in outcomes. According to the experts, Ghana's political and economic leadership often confuses institutional expansion with effectiveness “doubling staff for the same mandate, with the same results.” The root problem, it was suggested, lies in “limited imagination and institutional poverty of thought”. Without assigning clear deliverables, and reforming how performance is measured across agencies, Ghana risks

perpetuating a cycle of inefficiency and resource misallocation.

2.3.2. Macroeconomic Instability on ECG's Financial Sustainability

One of the most consequential challenges identified by the experts was the destabilizing impact of Ghana's macroeconomic volatility on ECG's financial viability. While ECG collects nearly all its revenue in Ghana cedis (GHS), it is obligated to settle a significant portion of its expenses, including power purchases from IPPs in U.S. dollars. This currency mismatch exposes ECG to high exchange rate risks, especially in periods of sharp cedi depreciation.

In the absence of an automatic or timely tariff adjustments that reflect foreign exchange fluctuations, ECG's revenue quickly erodes in real terms, rendering the utility unable to cover its dollar-denominated obligations. Experts described this as a fundamental weakness in the sector's financial architecture. One participant noted, “If the macroeconomic system is stable, you can do fair projections and plan technical interventions, but this hasn't worked.”

This currency mismatch not only undermines ECG's day-to-day cash flow but also severely restricts its ability to plan medium- to long-term investments in infrastructure, system upgrades, and service delivery. Experts warned that unless Ghana institutes a more robust, inflation-indexed and foreign exchange (FX)-sensitive tariff structure supported by political will, the sector will remain vulnerable to cyclical fiscal shocks. This is not just a financial planning issue, but a systemic failure that jeopardizes the creditworthiness of the entire power sector, leaving ECG widely perceived by investors as an unreliable and an unbankable offtaker.

2.3.3. Privatization of ECG: A Targeted and Performance-Driven Approach

The expert revisited the longstanding debate around the privatization or Public-Private Sector Participation (PSP) for ECG, with consensus emerging on the urgent need for some form of private sector involvement. While broad-based privatization of ECG has generated public concern in the past, the experts strongly supported a limited and targeted

form of PSP focused exclusively on ECG's commercial and revenue collection operations, rather than its infrastructure or generation assets.

It was proposed that this could be best achieved through a concession arrangement, wherein private operators are contracted to manage billing, customer engagement, and revenue recovery under clearly defined performance benchmarks. The experts emphasized that such a model would address the core inefficiencies currently plaguing ECG, including rampant non-payment, widespread meter tampering, and systemic revenue leakage, without triggering asset divestiture concerns.

Building on this, the idea of regionalized privatization was introduced as a viable pathway. This model would divide ECG's distribution responsibilities into three geographically distinct zones: Northern, Middle, and Southern Zones, each to be managed by independent private operators. Advocates of this approach argued it would enhance competition, facilitate benchmarking of performance across regions, and create stronger regulatory leverage through comparative oversight.

At the time of the expert boardroom meeting in February 2025, the Minister for Energy, Hon. John Jinapor, had commissioned a technical committee to explore PSP options for ECG. The committee's report outlined three proposed models:

- A Single Private Operator Model, where one private entity oversees ECG's commercial operations nationwide;
- A Multiple Lease Model, which decentralizes operations across regions under separate private operators; and
- A Service Franchise Model, in which private firms would manage low-voltage distribution and customer services while core ownership remains public.

Experts at the meeting commended the Minister's decision and commitment to ECG's privatization and stressed that whichever model is selected must be grounded in transparency, clear performance indicators, and robust consumer protection mechanisms. They further emphasized that the success of any PSP reform will depend on whether it restores financial discipline, improves operational efficiency, and leverages technological innovations such as smart metering and digital monitoring, many of which already exist in Ghana but remain underutilized.

Importantly, several experts highlighted the need to consider local private sector firms and Ghanaian technical expertise as part of any privatization effort. While concerns were

raised about the potential for political actors to unduly benefit from such deals, the consensus was that any path chosen must prioritize the national interest and long-term sustainability of the electricity sector and further guard against political interests.

2.3.4. PDS Perspective

Additional reflections from the experts with direct experience at ECG and during the Power Distribution Services (PDS) Ghana period provided further context in support of ECG's private sector participation. PDS was referenced as an example where, despite its controversy and failure, modest operational reforms led to measurable improvements in cost control and system discipline. One expert noted that during the PDS concession, basic operational and efficiency changes, such as cutting 24-hour vehicle access for mid-level staff and eliminating unnecessary hospitality expenditures during meetings (“Item 13”) led to substantial reductions in operational costs. Reliability of electricity for customers also reportedly improved despite no major staff overhaul. These gains were credited not to imported expertise, but to a small leadership change “at the top”, while the rest of ECG's staff remained in place.

This testimony reinforced the view that ECG possesses sufficient technical capacity and has already piloted advanced technologies such as drones, network data management systems, and smart metering platforms. ECG and Ghana's broader engineering expertise was strongly praised for their technical knowledge and capabilities, with one expert noting that institutions like the World Bank frequently engage Ghanaian engineers for assignments across Africa, underscoring the country's capability to address commercial and technical losses. The core issue, therefore, lies less in technical know-how and more in leadership accountability, cost discipline, and the enforcement of performance standards. Any private sector partnership should seek to unlock and strengthen ECG's existing institutional knowledge and human capital, rather than replace it.

Critically, the experts warned against allowing any PSP to become a vehicle for self-dealing or political rent-seeking, urging that privatization efforts be guided by public interest, long-term sustainability, and the need to stabilize Ghana's electricity distribution sector for inclusive economic growth.

For context, the Government of Ghana (GoG) signed a 20-year private concession agreement in March 2019 granting PDS the mandate to manage ECG. However, the agreement was suspended just four months later and fully terminated by October 2019 after it was found that the financial guarantee underpinning the deal was fraudulent.

2.3.5. Cash Waterfall Mechanism (CWM)

The discussion acknowledged the Cash Waterfall Mechanism (CWM), a model for proportionately distributing revenues from electricity sales among relevant energy sector stakeholders, as a partial but important intervention to address liquidity constraints in the power sector. First implemented in 2020 under the [Energy Sector Recovery Program \(ESRP\)](#), the mechanism was credited with improving payment flows to Independent Power Producers (IPPs) and helping to stabilize investor confidence.

However, despite a revised rollout in July 2023 that briefly restored consistency in payments, this progress was not sustained. Experts stressed that the inconsistent application of the CWM has eroded trust among power suppliers and investors. The IPP representations at the meeting indicated that predictability and regularity in payments through a transparently governed CWM will be critical to safeguarding sector stability and maintaining the confidence of private sector partners.

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2.4. Beyond ECG: Operational Inefficiencies Across the Value Chain

While ECG's operational and financial challenges dominated much of the discussions on the sector's financial viability, participants were quick to emphasize that ECG is not the sole problem. One expert pointedly remarked, “We can blame ECG for all of its inefficiencies but that's not the full picture.” The energy sector's fiscal instability, they argued, is also fueled by some upstream and contractual inefficiencies that are equally consequential.

A particularly concerning example raised was the gas supply agreement between the Ghana National Petroleum Corporation (GNPC) and Genser Energy. Under this arrangement, GNPC reportedly agreed to supply gas to Genser at a significantly discounted rate of \$2.79 per MMBtu, a rate well below the then prevailing Weighted Average Cost of Gas (WACOG), which stood at approximately \$6.08 per MMBtu. Experts flagged this as an economically unjustifiable deal that distorts the market, especially as Genser competes directly with state-owned utilities like the Volta River Authority (VRA) and ECG.

It must be noted that this issue was brought to public attention through a joint investigation by the Africa Centre for Energy Policy (ACEP) and IMANI, which questioned the basis and implications of the sole-sourced contract between GNPC and Genser Energy. Their findings prompted a Parliamentary Subcommittee investigation, which later released a report defending the deal. However, concerns persist. The experts argued that such opaque and economically lopsided arrangements undermine sector integrity, distort competition, and exacerbate energy sector indebtedness.

2.5. Fuel Mix, Energy Transition, and Renewable Energy

The discussion acknowledged the complex and, at times, contradictory trajectory of Ghana's energy transition. While renewable energy remains a recurring feature of national energy discourse, the experts were clear in their assessment that actual progress in diversifying Ghana's fuel mix has been limited. One expert noted pointedly that “we've talked so much about renewable energy and yet we are still around the

same percentage of installed capacity.”

Concerns were raised about Ghana's continued reliance on fossil fuels, particularly heavy fuel oil (HFO), and light crude oil (LCO) imports, despite widespread acknowledgment of the need to diversify energy sources. The country's heavy dependence on thermal energy, coupled with a slow scale-up of renewables, was described as a missed opportunity. The experts emphasized that failure to effectively harness abundant domestic resources such as sunlight and wind not only impedes the transition but also exports economic value and job creation to other regions. As one expert warned, “If we don't exploit our wind and sun to generate energy, what we are doing is creating employment somewhere else, and importing poverty.”

The expert's comment highlights a critical link between energy choices and economic opportunity. With reliance on imported HFO and LCO, Ghana spends significant resources outside its borders and is also exposed to oil price volatility while missing the chance to create jobs and industries at home through renewable energy. In contrast, investing in domestic solar and wind energy would not only

strengthen energy security but also support local manufacturing, installation, maintenance, and innovation. The warning that Ghana is "importing poverty" reflects the idea that, without building its own renewable energy industry, the country loses both money and livelihoods to other regions effectively exporting economic benefits that could be retained locally.

Despite these frustrations, experts did not advocate for an abrupt abandonment of fossil fuels. Instead, they called for a balanced and pragmatic approach to energy planning, one that ensures affordability, reliability, diversity, and sustainability. The need to keep the fuel mix flexible and responsive to domestic realities was stressed, particularly in view of rising energy demand and economic constraints.

Additionally, the experts cautioned against the uncritical adoption of foreign energy transition models that may not align with Ghana's socio-economic realities. One expert remarked, "You cannot crash your economy in the name of going green, no rational person does that," while another pointed out that "even wealthy economies still rely heavily on fossil fuels."

Natural gas was emphasized as the most reliable and economically viable bridging fuel for Ghana. One expert underscored the importance of anchoring gas procurement in existing agreements to ensure that supply arrangements including purchase contracts, infrastructure commitments, and delivery schedules are firmly safeguarded and consistently aligned with signed terms.

2.5.1. Aligning Industrial Needs with Renewable Integration

Industrial growth and renewable energy integration are increasingly central to Ghana's development ambitions, yet the two often intersect in ways that expose deeper tensions within the country's energy system. One expert framed the challenge using the energy trilemma; balancing security, affordability, and sustainability to explain how current energy issues impact industrial growth and activities in Ghana. The expert noted that energy insecurity is the first problem for industries, with frequent outages forcing industries to rely on expensive backup diesel generation. This undermines affordability, especially for firms already managing tight margins.

Sustainability presents a further complication: international companies with global shareholders face pressure to reduce emissions and transition to renewables. Yet, as the expert explained, renewables such as solar often generate electricity at times such as weekends when some industrial entities are not operating, leading to wasted energy and operational inefficiencies. "It's a very dicey situation also because battery storage is expensive," the expert remarked, "and the industries are all looking for solutions."

This complexity is further compounded by concerns over system losses, regulatory delays, and the difficulty industries face in predicting tariffs or accessing reliable long-term power contracts from ECG. These overlapping challenges point to the urgent need for coordinated energy sector reforms that prioritize industrial energy security, reliability, and sustainability for industrial competitiveness and resilience.

2.5.2. Net Metering as a Solution?

An expert raised concerns about the effectiveness of Ghana's current net metering policy to encourage self-generation for residential and commercial, and in particular, for industrial use, stating that while a [Net Metering Code](#) technically exists, it does not meaningfully support the economics for potential adopters. The policy, according to the expert, appears more symbolic than practically designed to create the impression of progress without delivering real value. "If you look at what you get back, it's really nothing to go by," the expert noted.

Moreover, the code imposes restrictive limits on self-generation by capping installed capacity at 200 kW per facility or user and allowing credit rollovers for only one year, which discourages which discourages investments in self-generation. As a result, the policy does little to encourage widespread uptake of distributed renewable energy solutions and fails to serve as an effective tool for accelerating clean energy uptake in Ghana.

In addition, although the net metering program has been piloted and officially introduced, it remains non-operational, leaving many potential adopters, particularly in the commercial and industrial sectors without a viable or beneficial pathway to self-generation.

2.6. Political Settlement and the Deep Structure of Energy Sector Dysfunction in Ghana

A compelling theoretical explanation offered by an expert to explain the sector's challenges was that of political settlement. The expert defined political settlement as "a tacit agreement among powerful groups about the rules of a political and economic gig that keeps the peace, by providing opportunities for those groups to secure a distribution of benefits, such as resources, rights, and status". In Ghana's energy sector, political settlement manifests as a deep interweaving of power, interests, and incentives. Once these elements are locked into the system, the discussion is no longer about whether problems are known, or solutions exist. It becomes a matter of sustaining the benefit-sharing architecture among elite political actors across both ruling and opposition parties.

This dynamic, for instance, explains why parliamentary oversight sometimes often fails to produce meaningful scrutiny. While opposition actors may publicly criticize power purchase agreements (PPAs) or policies, closed-door engagements within committees often reveal alignment rather than opposition. As one expert noted, “they only come and do camera tricks for their fans on the outside, but when they sit in the room, they agree, because the incentives will be passed around for everyone.”

A specific example cited was the controversial Genser gas agreement. Despite civil society submitting memos and raising concerns, including that gas was being sold below market rates (\$2.79 per MMBtu compared to \$6.08 per MMBtu), and that the buyer could resell power at the same price as others who paid full market value, the Parliamentary Select Committee on Energy whitewashed the matter with little interrogation. The agreement, as it stand, one expert indicated “will endure beyond the current government,” and is representative of how elite consensus overrides transparency and competitiveness, even across changes in political leadership.

“While Ghana is known for having some of the most comprehensive legal, regulatory, and policy frameworks in Africa, these have done little to deter corruption or reduce the cost of doing business.”

Ghana's Energy Sector Levies Act (ESLA) also serves as a case in point on political settlement. Originally passed in 2015 and amended multiple times in 2017, 2019, 2021, and most recently in May 2025, ESLA consolidates energy-related levies to address challenges in petroleum price stabilization, energy sector debt recovery, and the financial viability of state-owned utilities including ECG. According to the experts, the existence of such a clear and continually updated legislative framework signals that the government is fully aware of the sector's challenges and potential solutions. However, the persistent dysfunction within the energy sector reveals a deeper structural issue: policy decisions and legislative amendments are often shaped more by political negotiations aimed at maintaining equilibrium among powerful interest groups than by a commitment to systemic reform. ESLA's repeated amendments, therefore, reflect efforts to balance competing interests rather than to enact bold, transformative change.

Ultimately, as one expert remarked, “all attempted energy sector reforms must acknowledge and address the political economy underpinning Ghana's energy sector. Without disrupting the incentive structures embedded in this elite

bargain and addressing the entire root causes of the sector's challenges, technical fixes alone will have limited impact.”

2.7. Too Many Rules, Too Little Reform: The Bureaucratic Bottleneck

The experts further provided an assessment of Ghana's energy sector and overall business environment, arguing that the country's core challenge is not the absence of policies, but the overabundance of overlapping laws and excessive bureaucracy. While Ghana is known for having some of the most comprehensive legal, regulatory, and policy frameworks in Africa, these have done little to deter corruption or reduce the cost of doing business. Instead, the system often enables inefficiency and arbitrary enforcement.

It was noted that, the burden of navigating multiple regulatory agencies, sometimes as many as seven with overlapping mandates does not only raise operational costs leading to high cost of doing business in Ghana but also opens avenues for manipulation by individuals in positions of power. For instance, taxes and compliance penalties are

sometimes enforced retroactively, years after investments have been made. One example offered was how Ghana Revenue Officials (GRA) officials may unexpectedly invoke old regulations to impose large penalties, discouraging future investment. And as one expert noted, “There's no investor that wants to see too much of a tax man.”

2.8. Public Dominance in a Changing Market

Some experts also questioned the continued dominance of the government in electricity service delivery, especially given that Ghana has already achieved over 80 percent of electricity access. According to this view, the state should now retreat from active operational roles and allow market forces to shape the sector's future. In addition, rather than introducing new policies or laws to regulate the sector, one expert argued for fewer but better-enforced regulations, and a governance environment that prioritizes accountability, investor confidence, and private sector innovation over bureaucratic control and political rent-seeking.

2.9. Local Wisdom, Financial Discipline, and Lessons from Informal Enterprises

A powerful analogy was drawn to the resilience and efficiency of Ghana's informal economy, particularly the Makola market women who continue to run multi-generational businesses with limited external support. As one expert observed, “these women sustained their operations even through the COVID-19 pandemic, without bailouts or subsidies, yet remained financially disciplined, fed their families, and kept their businesses afloat”. Their example was held up as a model of sustainable and accountable enterprise management that the formal energy sector could learn from. “If the book isn't helping us, maybe it's time we turned to the Makola women for wisdom,” the expert declared, pointing to the simplicity of how these traders understand cash flow: “you buy at cost, sell at a margin, reinvest your capital, and protect your bottom line.”

This straightforward logic was contrasted with the complexity and challenges in the management of Ghana's energy sector, where technical jargon around “commercial” and “technical” losses and generation, transmission, and distribution masks deeper inefficiencies and a failure to enforce basic financial discipline. Significant public and private funds are spent each year to generate electricity and procure fuel, often denominated in U.S. dollars, yet the amount of electricity actually sold and paid for does not reflect this investment. This imbalance would be unacceptable in the informal sector, where a basic failure to recover costs would immediately collapse the business.

Rather than overcomplicating the system with technical justifications, the experts emphasized the need for a practical, results-oriented approach that mirrors the discipline of the informal sector to get the job done. This perspective reinforces the broader call by the experts for a pragmatic change in how Ghana's power sector approaches electricity pricing, revenue recovery, efficiency, and accountability, grounded not only in policy reform, but in common-sense, business practice.

As one expert indicated, ECG's survival as a utility is not driven by exceptional performance or quality service delivery but only based on its ability to pass on debts and costs to the taxpayer, an arrangement that, in more competitive environments, would likely result in market exit, bankruptcy, or restructuring due to insolvency. The lesson, experts stressed, is that Ghana's energy sector must stop defying basic business logic and instead adopt the financial discipline, accountability, and efficiency long practiced in the informal economy.

2.10. Sector-Wide Reflection: A Sector Trapped in Its Past: Repeating Mistakes, Avoiding Reform

An overarching observation identified was that the challenges facing Ghana's energy sector, from upstream oil

and gas to downstream petroleum and power distribution, are not isolated or new. Rather, they represent recurring patterns of financial and operational dysfunction that have persisted over the years. According to one expert, “the issues keep repeating themselves, and the root cause lies not only in technical lapses but in deep-seated policy inconsistencies and accumulated governance failures”.

The experts stressed the importance of moving beyond treating only the symptoms of the sector's crisis. While technical proposals are often sound, they fail in implementation because they overlook the underlying political economy dynamics and incentive structures that obstruct reform. “It doesn't matter how many technical solutions are proposed,” the expert noted, “if you don't think about the political economy and the incentives around people, it's not going to work.”

This critique was echoed and expanded by another expert, who underscored the sector's chronic failure to learn from its own reform history. Experts strongly criticized what they described as “policy inconsistencies, and the many mistakes that Ghana has made over the sector,” pointing out that the [Energy Sector Recovery Programme \(ESRP\) 2023](#), “the addendum version” was nearly identical to the [2019 version](#), which itself mirrored the diagnostics presented in the 2013 World Bank report; [“Energizing Economic Growth in Ghana: Making the Power and Petroleum Sectors Rise to the Challenge.”](#) This repetition, the experts argued, was emblematic of a lack of institutional learning and progress, and a symptom of a deeper sector failure.

2.11. Renegotiation of PPAs and the Challenge of Implementation

Experts further highlighted the considerable time and effort by the erstwhile New Patriotic Party government invested in renegotiating Power Purchase Agreements (PPAs) under the [Energy Sector Recovery Program \(ESRP\)](#). Despite these efforts, there is a notable lack of follow-through to ensure that the renegotiated terms are implemented and made effective.

It was emphasized that although various IPPs accepted 'haircuts', current invoices issued by the IPPs continue to reflect pre-renegotiated rates. The expectation is that the new Parliament and the NDC government will prioritize these renegotiated agreements and ensure that they are enforced in a manner that contributes to real cost reductions across the power sector. Experts also noted that IPPs agreed to spread outstanding arrears as part of the overall debt management effort; however, concerns were raised that the new government has not followed through on these commitments.



Section 3

Recommendations

The experts called for a fundamental shift in how advocacy is conducted within the energy space. Traditional engagement strategies, anchored in polite consensus-building and technical dialogue are no longer sufficient to drive the desired change. The experts emphasized the need for a more visible, assertive, and deliberately strategic advocacy approach that elevates issues into public discourse and compels institutional action. Sustained public engagement, they argued, will create a level of transparency and public awareness that makes it increasingly difficult for leadership to ignore or defer action without political consequence.

The following recommendations are presented in this spirit. They are organized into short, medium, and long-term actions, each addressing critical levers of change, from restoring operational discipline and regulatory integrity to reshaping sector governance for a sustainable energy sector. These recommendations reflect the priorities that emerged directly from the expert roundtable discussion and are further informed by the IPPG team's independent analysis of the issues raised. While not exhaustive, these actions represent critical steps toward building a more accountable, efficient, and future-ready energy sector for Ghana.

3.1. Short-Term Recommendations (Next 6–12 Months)

1. Strengthen ECG's Revenue Collection and Operational Discipline

a. Immediate reforms are urgently required to address ECG's chronic revenue shortfalls and operational inefficiencies. This includes the urgent enhancement of

ECG's revenue collection systems and strict enforcement of payment compliance from MDAs, high-loss communities, and large industrial consumers, accompanied by transparent penalties for persistent defaulters. To achieve this, ECG could deploy smart metering and automated billing systems to reduce manual interference, publish monthly compliance scorecards for government and large consumers, and establish a dedicated enforcement unit with legal backing to disconnect chronic defaulters including MDAs after a defined grace period. Additionally, the Ministry of Finance (MoF) could be mandated to deduct electricity arrears at source from the budget allocations of defaulting public institutions.

b. Simultaneously, the government could impose a moratorium on non-essential procurement and adopt a “procure-only-when-necessary” policy to curb waste. Spending on travel, vehicle allowances, and other benefits could be capped and rigorously justified, especially if they place significant fiscal pressure on ECG's operational budget. The experts further stressed the need to establish and enforce clear performance benchmarks for ECG leadership and staff, with quarterly reporting made public to improve transparency and accountability.

2. Restore Confidence and Revive Upstream Oil and Gas Investment

a. To revive investor confidence and reposition Ghana's upstream oil and gas sector, the government must convene a high-level, multi-stakeholder dialogue that brings together regulators, domestic and international oil companies (IOCs), civil society, and development partners to identify a clear and credible pathway forward. Recent positive signals such as

Tullow Ghana and its Jubilee partners, along with Eni Ghana and the Offshore Cape Three Points (OCTP) consortium, restarting drilling operations following ministerial approval suggest renewed momentum in the sector. Chevron's growing interest in Ghana's upstream industry and Kosmos Energy's commitment to ramping up investments further underscore the opportunity to anchor this recovery within an improved and coherent investment and policy framework. A well-structured dialogue will be essential to sustain this momentum, clarify regulatory direction, and co-develop a roadmap that reinforces transparency, investor trust, and long-term sector stability.

3. Enforce Predictable and Transparent Cash Waterfall Mechanism (CWM)

a. To stabilize the power sector's financial flows, the CWM must be implemented consistently and transparently. Irregular disbursements to sector actors, particularly IPPs, have eroded confidence and contributed to liquidity shortfalls. A rules-based and consistent CWM application is critical for restoring commercial discipline and attracting continued investment across the power value chain.

4. Enforce Renegotiated Power Purchase Agreements (PPAs)

a. The government must review and ensure the immediate and full enforcement of renegotiated Power Purchase Agreements (PPAs) with Independent Power Producers (IPPs). Although agreements were reached on tariff reductions and the rescheduling of arrears, current invoices continue to reflect pre-renegotiated rates signaling a lack of follow-through.

b. Rather than restarting negotiations or reinventing the process, the new administration could peruse and build on where the erstwhile NPP government left off, finalize an enforcement process, and deliver the expected cost savings. Prompt action will send a clear signal of commitment to energy sector reform, restore credibility with IPPs, and prevent further financial strain on the power sector and the national budget.

5. Optimize Strategic Gas Utilization and Supply Reliability

a. Experts maintain that natural gas remains the most viable bridging fuel for Ghana's power and industrial sectors, offering a critical pathway toward cleaner and more financially stable energy generation. To maximize its utility, the government must urgently address persistent reliability issues with the Ghana Gas Company Ltd. and ensure a steady, uninterrupted supply of processed gas for baseload generation. Gas supply must follow clearly defined existing contractual terms covering purchase volumes, infrastructure timelines, and delivery schedules to avoid costly disruptions

or fallback reliance on diesel, HFO and LCO.

b. Central to this effort is the completion of the Second Gas Processing Plant (GPP II), which is intended to complement the existing Atuabo plant. The government must uphold its commitment to deliver the facility on time and within budget, avoiding waste, inflated costs, or politically motivated incentive-sharing arrangements that could delay or derail the project. Fast-tracking GPP II will significantly boost domestic gas processing capacity, enable upstream field development, and support industrial demand.

3.2. Medium-Term Recommendations (1–3 Years)

1. Reform Energy Sector Governance, Regulations, and Policy Implementation

a. Lasting reform in Ghana's energy sector requires confronting the entrenched political economy dynamics that perpetuate inefficiency and weak accountability. At the core of this challenge is the prevailing political settlement, which sustains benefit-sharing arrangements among powerful actors and obstructs meaningful change. An audit of all existing energy contracts and disrupting any embedded incentive structure in favor of politicians is crucial to building a more transparent and performance-driven governance in Ghana's energy sector.

b. Regulatory reform must also include consolidating any overlapping policies and simplifying permitting, licensing, and taxation procedures for private investors in this sector. This will require a comprehensive review of the sector's regulatory and institutional landscape to identify redundancies, streamline processes, and clarify mandates across agencies, ultimately creating a more coherent and investor-friendly operating environment. Experts emphasized the need for “fewer but better-enforced regulations” that reduce red tape while maintaining clear, enforceable standards.

c. Additionally, sector agencies must be assigned measurable deliverables, with reforms in how performance is tracked. A culture of effectiveness, not expansion should be nurtured by aligning institutional responsibilities with national priorities and demanding accountability for results.

2. Strengthen Monitoring, Evaluation, and Institutional Learning

a. Institutional learning remains weak across Ghana's energy sector, with repeated policy cycles, duplicated reform efforts, and little evidence of systematic learning from past interventions. To break this cycle, a centralized Monitoring, Evaluation, and Learning (MEL) framework must be established across all energy sector institutions. This should include mandatory “implementation audits” for all major sector strategies and policies, clearly outlining what has

worked, what hasn't, and why.

b. These insights should be formally integrated into future policy design and enforcement mechanisms. Performance indicators should be made public and updated regularly, and all donor-supported or government-led energy programs should include built-in feedback loops that inform course correction and decision-making. Ultimately, fostering a culture of evidence-based policymaking and adaptive learning is important to breaking the cycle of stagnation and ensuring sustained sector progress.

3. Diversify the Energy Mix and Scale Renewable Energy Deployment

a. Ghana's energy future must balance sustainability with affordability and reliability. A pragmatic approach to the energy transition is essential, one that neither ignores the role of fossil fuels nor overpromises on renewables. The government should develop an integrated transition strategy in line with existing renewable energy and energy transition policies that leverages the country's abundant solar and wind resources to diversify the energy mix.

b. Government should partner with commercial banks, financial institutions, and other relevant to introduce tax incentives, concessional financing options, and import duty exemptions to encourage households, SMEs, and commercial and industrial (C&I) electricity users to invest in renewable self-generation solutions such as rooftop solar. These incentives, along with regulatory clarity and streamlined permitting processes will help reduce demand pressure on the grid, improve energy security, and support Ghana's broader clean energy goals.

c. Particular attention should be paid to revising the [2023 Net Metering Code](#), as its current operational limitations disincentivize households and C&I entities from investing in solar self-generation. Removing these barriers and ensuring ECG fully operationalizes the policy will help unlock new private investment in distributed renewable energy, an area with considerable potential, especially as Ghana's mounting debt to IPPs continues to deter large-scale energy investments.

d. At the same time, strengthening the national grid is imperative. As renewable penetration increases, the grid must be upgraded to accommodate variable power flows and reduce curtailment risks. The government must begin putting in concerted efforts to attract investment in flexible transmission infrastructure, advanced grid automation, and energy storage systems, key enablers for integrating renewable energy at scale while safeguarding reliability and grid stability.

e. In parallel, targeted investments should be made to support domestic renewable energy manufacturing, job creation, and technology transfer turning the energy transition into an engine for local development, not an avenue for deepening reliance on imported technologies and fuels.

3.3. Long-Term Recommendations (3 - 7 Years).

1. Transition ECG into a Performance-Based Utility through Targeted Privatization

a. To improve performance and reduce persistent inefficiencies, the government should initiate a phased and targeted privatization process focused specifically on ECG's commercial operations. Rather than pursuing full-scale privatization, a regionalized approach, dividing operations into Northern, Middle, and Southern zones can encourage internal competition, facilitate performance benchmarking, and attract varied investment expertise.

b. This model should be built around clear contractual obligations with enforceable performance targets and public disclosure of outcomes. Crucially, any privatization must be designed to reduce political interference, improve cost recovery, and shield tariff decisions from patronage pressures. To this end, board appointments and leadership roles must be depoliticized to ensure professional and accountable management.

c. Further consultations must be undertaken with key stakeholders including ECG staff to build consensus, address concerns, and ensure full buy-in. A transparent, inclusive process will be critical to mitigate resistance, align expectations, and design a privatization model that is both socially acceptable and technically sound.

d. The design and execution of ECG's privatization process should actively consider the inclusion of competent local companies and Ghanaian technical expertise. Prioritizing local participation not only builds domestic capacity and fosters national ownership but also ensures that reforms are grounded in context-specific knowledge. Care must be taken to ensure that such participation is merit-based, transparent, and free from political patronage to avoid reinforcing existing inefficiencies under a different guise.

2. Cultivate a Culture of Financial Discipline and Accountability Across the Energy Value Chain

a. Ghana's energy sector must internalize the principles of sound financial management at every level, from generation and transmission to distribution and retail. This requires instituting robust safeguards to ensure that all contractual agreements initiated across the value chain reflect true value for money, are transparently awarded, and include

enforceable performance clauses to deter leakage, cost overruns, and corruption.

b. The government could adopt strict procurement oversight and implement regular financial audits, while also empowering sector agencies to uphold basic business logic including cost recovery, margin protection, and reinvestment discipline. Embedding this ethos will help break the cycle of debt accumulation, inefficiency, and public bailouts, and instead foster a culture anchored in efficiency, value creation, and fiscal accountability.

c. Electricity pricing structures must be transparently determined and reflect the true cost of service provision, including fuel and generation costs, infrastructure maintenance, and investment needs. A clear, data-driven pricing policy, coupled with targeted subsidies for vulnerable consumers can help eliminate underpricing, reduce arrears, and improve sector liquidity. This will also send the right market signals to encourage efficiency among the utilities and consumers alike.

3. Review of Government's Role in Energy Service Delivery

a. As Ghana approaches near-universal electricity access, a strategic review of the government's role in the energy sector becomes increasingly important. Rather than continuing as a direct service provider, the state could consider repositioning itself as a regulator, enabler, and equity guarantor. This means creating the right environment for private sector participation, beyond just generation by exploring private opportunities in transmission, distribution, and system support services. The focus should be on strengthening regulatory oversight, ensuring cost transparency, and protecting vulnerable consumers through well-designed social interventions.

b. Recognizing that energy remains a politically sensitive sector, any review must also take into account the complex political economy of energy reform and practicality. It should include an assessment of the existing roles of various public agencies, as well as identify areas where decentralization or public-private partnerships can improve outcomes. At the same time, regulatory institutions like PURC and the Energy Commission must be given greater autonomy, technical capacity, and financial independence to manage the sector in a more transparent, accountable, and future-ready manner.



Section 4

Conclusion

Ghana's energy sector is not short on diagnoses, policies, or technical solutions. What it lacks is a political and institutional environment capable of sustaining reform. This report has demonstrated that while inefficiencies and financial imbalances span the entire energy value chain, from upstream oil and gas stagnation, midstream gas supply disruptions, to ECG's deep structural failures, the root causes lie not merely in operational gaps but in possible political settlements that prioritize elite accommodation over systemic transformation.

Despite repeated reform efforts and legislative frameworks such as the Energy Sector Levies Act (ESLA), progress has remained incremental at best. The entrenched interests and incentive structures that shape policy implementation often neutralize even the most well-conceived technical interventions. Parliamentary oversight appears to be routinely undermined by behind-the-scenes consensus, while procurement and performance enforcement mechanisms remain weak or co-opted.

Yet, the persistence of these challenges is not inevitable. The expert insights presented in this report indicate a clear and actionable path forward. Reform must begin with a recognition that Ghana's energy crisis is not simply a technical or financial issue, it is a political economy challenge. Lasting solutions will require disrupting the embedded logic of rent-seeking, enforcing financial discipline, and building credible institutions that are insulated from short-term political pressures.

Critically, restoring investor confidence, unlocking domestic renewable energy potential, and achieving cost-reflective tariff structures will depend on political will that prioritizes national interest over partisan calculus. The resilience demonstrated by Ghana's informal economy offers a powerful metaphor and model: where discipline, pragmatism, and bottom-line logic prevail, businesses survive and adapt even without subsidies or bailouts. Ghana's energy sector must embrace the same ethos.

The International Perspective for Policy and Governance (IPPG) remains committed to championing the critical issues identified in this report. Through sustained advocacy, evidence-based policy engagement, and strategic convening of stakeholders, IPPG will continue to elevate public discourse, work with policy makers, and push for reforms that prioritize financial discipline, institutional effectiveness, and a just energy transition. Our work will remain focused on bridging the gap between diagnosis and implementation, ensuring that policy solutions translate into meaningful and measurable change for Ghana's energy future.



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