



REPUBLIC OF GHANA

## MINISTRY OF FINANCE

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**3<sup>RD</sup> DECEMBER, 2020**

### PRESS RELEASE

### FOR IMMEDIATE RELEASE

#### **DUMSOR WILL NOT RETURN: GOVERNMENT OF GHANA SAVES ENERGY SECTOR \$5 BILLION AS IT CONTINUES TO DELIVER ON THE ENERGY SECTOR RECOVERY PROGRAMME**

- In 2020 alone, this Government has paid in excess of US\$1 billion to Independent Power Producers. This is on top of GH¢2.7 billion paid by Electricity Company of Ghana Limited ("ECG").
- Government has saved the energy sector over US\$5 billion by relocating Karpowership Ghana Company Limited ("Karpowership") and securing agreements with CENIT Power Limited ("CENIT") and Cenpower Generation Company Limited ("Cenpower"), with more savings to come
- Government has underscored its commitment to undertaking the Energy Sector Recovery Programme ("ESRP") in good faith and in partnership with its stakeholders.

**Accra, 3<sup>rd</sup> December 2020** – The Government of Ghana has continued to progress the ESRP and expects to make further announcements soon. Government welcomes the collaboration and commitment shown by Independent Power Producers ("IPPs") so far and calls for their support in bringing the negotiations to a swift close. The energy sector in Ghana is faced with a number of challenges.

2. Many of these issues were inherited by this Government from the previous administration. While attempting to provide emergency power to address a spate of persistent load-shedding ("*dumsor*") which crippled business and adversely affected GDP growth, the previous Government signed contracts with IPPs in an uncoordinated and non-competitive manner. Consequently, today, Ghana pays over US\$500 million a year in excess capacity payments, i.e., payment for power that it simply does not use or need. Despite the challenges, this Government has prioritised making payments to the IPPs to reduce the debts.

3. A spokesperson for the Energy Sector Recovery Programme said:

*"This Government has successfully kept the lights on over the past four years and intends to continue doing so for the years to come. The electricity produced by IPPs drives the engine of our economy and contributes to sustainable development."*



*The onerous take-or-pay contracts painfully obligate Government to pay over US\$500 million a year for power we do not use.*

*This year alone, Government has made payments of \$1 billion to independent power producers, all while keeping the power on and prices low.*

*Government will continue to manage the situation by negotiating more balanced contracts, reducing the debt, instituting careful forward planning and proper data-driven analysis, as well as transparent, competitive, energy procurement processes to build a resilient, sustainable energy sector for the good people of Ghana.”*

4. The Government has committed to building an energy sector based on long-term energy security, sustainable investment, and partnerships to bring affordable accessible energy to the people of Ghana, in line with the vision of a Ghana Beyond Aid.
5. To achieve this vision, Government has taken pragmatic and decisive action to manage the energy sector. In collaboration with the World Bank, Government established the ESRP, identifying the policies and actions needed for financial recovery in the energy sector over a five-year horizon (2019-2023).
6. The Government Negotiating Team, established under the Energy Sector Recovery Task Force (ESRTF), which is helmed by the Senior Minister, is working bilaterally with IPPs and Gas Suppliers under the ESRP Consultation Process, to secure more favourable and sustainable agreements for both parties. As any nation's energy sector matures it is standard practice to undergo such reform and restructuring processes. **END**



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**THE NEWS EDITOR**