MINORITY PRESS CONFERENCE HELD ON THURSDAY
20TH JUNE 2019.
A CALL ON THE PRESIDENT TO REFRAIN FROM
MISLEADING GHANAIANS ON ENERGY SECTOR DEBT

INTRODUCTION

Ladies and Gentlemen of the media, The Minority Caucus in Parliament has become very alarmed at the ever rising and crippling debt in the energy sector, over which President Akufo-Addo has failed to level up with the people of Ghana. At various fora, the President has sought to mislead the public about the exact state of affairs in the sector.

The President has often made inaccurate claims about the debt in the energy sector in a bid to conceal the true state of affairs. One of these inaccurate claims was his recent visit to Toronto,
Canada where he said that "his government inherited a $5.2 billion debt in Ghana's energy sector from the previous Mahama-led National Democratic Congress (NDC) administration, half of which has been paid, while the remainder hanged on the neck of his administration like an albatross."

President Akufo-Addo added that "the situations responsible for the constant power outages Ghanaians were forced to endure, were from the previous Mahama-led administration."

The Minority does not only find these statements as inaccurate but also an attempt by the President to shirk responsibility for the incompetence he has displayed in the management of the country's energy sector which remains a backbone to the Ghanaian economy.
THE FACTS AND RECORD

Ladies and Gentlemen of the media, enough records exist to show that the President peddled falsehood with respect to what has come to be called Legacy Debts, when he addressed a town hall meeting of Ghanaian residents in Toronto, Canada.

- In February 2017 when President Akufo-Addo delivered the State of the Nation Address (SoNA) to Parliament, he disclosed that “the power sector debt stood at $2.4 billion at end 2016”

- Also, in June 2017 when the President addressed the opening of the 2017 World Bank Development Finance Forum in Accra, he disclosed that government would soon issue a $2.5 billion bond to offset the Legacy Debt of the energy sector in order to create space for increased investment.
Today, the Minority Caucus is unable to accept the President’s claim of $5.2 billion energy sector debt created by former President Mahama during his tenure.

The Minority would wish to state the following facts, for purposes of setting the records straight:

- The Legacy Debt of approximately $2.4 billion is a debt accumulated by successive governments between the years 1992 and 2015;

- $250 million out of the $2.4 billion was paid to Banks by the Mahama-led government in 2016 to ease the liquidity crunch;

- As at the end of 2016, the energy sector debt was approximately $2.2 billion;
• At the exit of President John Dramani Mahama, the $2.2 billion amount was certified and agreed to be settled within 3 – 5 years starting from 2016, with the passage of Energy Sector Levies Act 2015, Act 899 (ESLA);

• There was a Term-sheet of $600 million to pay-off suppliers, but this was delayed by President Akufo-Addo for more than a year;

• Government rakes-in approximately Ghc 3 billion ($590 million) annually from the ESA Fund;

• That, President Akufo-Addo inherited a "DUMSORLESS" economy in January 2017;
At the end of 2016, almost all the state-owned enterprises (SoEs) in the energy sector reported profits, showing strong sector performance:

Table 1: Profit/Loss of SoEs in Energy Sector Entity End

<table>
<thead>
<tr>
<th>Entity</th>
<th>2016 Profit/(Loss)* (Ghs)</th>
<th>End 2018 Profit/(Loss)* (Ghs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRIDCo</td>
<td>69 Million</td>
<td>(118 Million)*</td>
</tr>
<tr>
<td>ECG/PDS</td>
<td>725 Million</td>
<td>(2 Billion)*</td>
</tr>
<tr>
<td>NEDCo</td>
<td>(1.19 Million)*</td>
<td>(163.7 million)*</td>
</tr>
</tbody>
</table>

At the end of 2018, all state-owned enterprises (SoEs) in the energy sector reported losses, a clear sign of weak sector performance;

At the end of year 2018, the financials of these power sector entities have deteriorated, making it difficult to operate efficiently. The growing debts in the books of the utilities
contribute to a large extent the "dumsor" we are currently experiencing.

- Government's debt to these entities is adding gargantuan liabilities to the existing Legacy Debt over a period of two and a half years.

Table 2: Government indebtedness to power sector entities

<table>
<thead>
<tr>
<th>Entity</th>
<th>Government Debts at end 2018 (Approx)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Karpower</td>
<td>$150 Million</td>
</tr>
<tr>
<td>ENI</td>
<td>$160 Million</td>
</tr>
<tr>
<td>NEDCo</td>
<td>$162 Million</td>
</tr>
<tr>
<td>IPP's</td>
<td>$1 Billion</td>
</tr>
<tr>
<td>GRIDCo</td>
<td>$171 Million</td>
</tr>
<tr>
<td>Ghana Gas</td>
<td>$735 Million</td>
</tr>
</tbody>
</table>
This huge debt overhang is adversely affecting the viability and operations of the country’s energy sector companies and hindering their ability to function effectively and provide quality service to Ghanaians.

OUR DEMANDS

Ladies and Gentlemen of the media, the Minority Caucus in Parliament is therefore calling on President Akufo-Addo to:

a) Provide further and better particulars on his claim that the NDC handed over a debt of $5.2 Billion in the energy sector;

b) Account to Ghanaians on how the monies raised from the ESLA has been utilized;
c) Explain to Ghanaians how the government intends to pay the debt owed the utilities to provide the required liquidity in the sector.

The Minority wish to assure President Akufo-Addo that it would expose any attempt to deceive Ghanaians, and to cover up the incompetence displayed in the governance of the country which has brought untold hardship on poor citizens.

We further put President Akufo-Addo’s government on notice that any misapplication of the ESLA inflows will be revisited by all means possible under the laws of Ghana when former President Mahama takes over Government on 7th January 2021.

CONCLUSION

In conclusion, the Minority Caucus in Parliament expects President Nana Akufo-Addo to take
responsibility and address the liquidity and operational challenges in the country's energy sector instead of carrying on with his nauseating blame game.

The President must show clearly how he intends to revive entities like the Tema Oil Refinery (TOR), and the Bulk Oil Storage and Transportation Company Limited (BOST); which were fully operational when former President John Dramani Mahama handed-over to him in January 2017.

Finally, the President must be explaining to Ghanaians how come being the luckiest government in our nation's history by the following data on oil revenue:-

2016 - ₦972million
2017 - ₦2.3billion
2018 - ₦4.5billion;
and yet his government has only colossal debt to show.


Hon. Adam Mutawakilu
Ranking Member
Mines and Energy Committee
Parliament of Ghana.