



## Ghana Ministry of Finance Newsletter

July - August 2019



### Message from the Minister

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Dear friends and partners,

My colleagues and I have been very busy these past two months as the government works to address one of the biggest threats facing Ghana's economy: inefficiencies in the energy sector. As I stated when presenting the Mid-Year Budget Review to Parliament in July, "We must urgently address these challenges to protect the hard-earned economic gains we have made and continue with our economic growth and jobs agenda to improve the lives of Ghanaians."

I would like to take this opportunity to update you on our progress on two major areas of concern. The first is our effort to privatize power distribution through the consortium Power Distribution Services Ghana Ltd. (PDS). As recent financial irregularities with PDS have surfaced, the government has been conducting a thorough investigation into the source of the irregularities. We are still in consultation with PDS and other stakeholders over the best way forward, but I want to reassure all stakeholders that we stand by our commitment to privatizing the energy sector, despite the challenges.

The second is the unsustainable take-or-pay contracts the government has signed with power producers and gas suppliers. I am happy to say we have recently launched a three-month initial

providing reassurance and attractive opportunities for investors.

I understand that both these issues have caused some concern among investors and development partners. I want all of our partners to know that we are working to find the most equitable solutions possible. These are important changes that must be made to bolster the energy sector and safeguard our country's future.

*God bless,*

*Ken O-A*

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### Negotiations begin on 'take-or-pay' power contracts

At a convening of independent power producers (IPPs) and gas suppliers on August 26, the government began the process of resolving the take-or-pay obligations crippling the country's energy sector. The meeting marked the start of three months of consultations to discuss ways of reforming the current take-or-pay structure and excess power supply, both of which pose serious risks to the economy.

"Fundamental to achieving a sustainable future and industrialisation is the all-important goal of having reliable and affordable power," Minister Ofori-Atta told the group. "This is how important your investment is to us and that is why it is crucial for all of us to get this right, together."

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### Ghana hosts African Caucus meeting

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Atta is currently Chairman of the Caucus. At the end of the two-day meeting, the governors committed to pursuing policies and reforms to encourage private investment, women's empowerment, and inclusive sustainable growth. [\[read more\]](#)



## GAT recapitalizes five banks

Ghana Amalgamated Trust, a special purpose vehicle formed in January, has received \$150 million to recapitalize five local banks which were not shut down as part of the financial sector cleanup because they were deemed well-managed. Two years after the cleanup began, the Bank of Ghana says the country's banks are in "much better shape." [\[read more\]](#)



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