

## Ghana: A shortage of gas affecting the entire country

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The nation of **Ghana** is currently grappling with a severe and widespread power outage that has cast most regions of Ghana into darkness. A critical shortage of gas, which is essential for fueling the machinery responsible for generating electricity, has resulted in a significant shortfall of 550 MW during peak hours at the Tema power station, located near the capital city Accra, says **Ghana Grid Company Limited** (GRIDCo).



**Ghana**, located in West Africa: *Population: 34 Mn, Area: 239,567 Km<sup>2</sup>, GDP: \$ 76.63 Bn, GDP/capita: \$2,328,*

*Capital: Accra: Population: 0.284 Mn, Greater Accra Region: Population: 5.46 Mn*  
While power cuts are not uncommon in Ghana, the current situation is particularly dire. A study conducted in June by the **Center for Socio-Economic Studies** (CSS), emphasized that Ghana's energy predicament may worsen in the coming years due to underlying financial difficulties. (Intermittent power cuts, are, colloquially, known as "dumsor.")

The current gas supply problem has been further compounded by the grievances of **Independent Power Producers (IPPs)** in Ghana. In July 2023, the IPPs threatened to suspend their operations due to outstanding debts owed to them by the state-owned **Ghana Electricity Company**.

In response to this predicament, GRIDCo announced that electricity supplies to consumers in certain regions of Ghana would be curtailed due to a "limited gas supply" to the Tema power station.

Ghana relies on hydroelectric and thermal sources for its electricity generation. However, due to inadequate maintenance and upkeep, these sources often fall short in meeting the energy demands of the nation, exacerbating the ongoing energy crisis.

Ghana is a major producer of gold and cocoa and has one of the region's highest **Gross Domestic Product (GDP)** per head. A robust democracy since the early 1990s, it has a relatively well-run government that provides decent levels of public service, including free education. The 2024 Ghanaian general election is scheduled to be held on **December 7, 2024**, to elect the president and members of Parliament. The incumbent President Nana Akufo-Addo is term-limited and thus ineligible to run again. The President of Ghana is elected using the two-round system, whilst the 275 members of Parliament are elected in single-member constituencies using first-past-the-post voting



*Ghana: President **Nana Addo Dankwa Akuto-Addo** (from 7<sup>th</sup> January 2017)*

The current government, in particular, burnished its image of fiscal responsibility and technocratic nous, something that enabled it to tap commercial debt markets at decent rates of interest.

That reputation was dented, when Ghana defaulted on its debts in December 2022. IMF has agreed to provide a \$3 Bn bailout to Ghana. 19 other African, according to the fund have borrowed heavily to fund projects — whether railways, roads, ports or airports — that have failed to generate enough income to pay back debts. These countries are also likely to default on their debt payments.

Ukraine war has led to shortage of gas world-wide, due to sanctions on Russian gas. European quest for gas from other sources has increased the price of gas exorbitantly. High interest rates and a strong dollar have made the situation tough for many countries of the world.

**INSECURITY: JIHADISTS from BURKINA FASO:** To further complicate matters, the threat of insecurity is now on Ghana's doorstep due to unrest in Burkina Faso, its neighbour to the north, the new epicentre of the jihadist upheaval in the **Sahel, the semi-arid strip south of the Sahara.**

According to the World Bank, Ghana's economy entered a full-blown macroeconomic crisis in 2022 due to pre-existing imbalances and external shocks. The country's government debt levels have been increasing, which has put pressure on government finances. Inefficient state-owned enterprises and low internally generated government revenue have also been identified as challenges to Ghana's economy.

The crisis started with the COVID-19 pandemic, which increased the cost of transporting fertiliser ingredients. Then came the Ukraine war. Finally, over the past 18 months, the U.S. Federal Reserve aggressively lifted interest rates to choke off domestic inflation. That has lifted the value of the American dollar against many currencies. Because fertiliser components are priced in dollars, they have become vastly more expensive in poorer countries.

The European countries have reserved all other sources of gas, outside Russia, at higher prices. Like Ghana, India is also facing a shortage of gas. **Gas Authority of India Ltd.** (GAIL) has been unable to satisfy the demands of India's MSMEs for gas. But Indian power production has more diversified inputs. Hence, India has not suffered shortages of Electric power, that Ghana has suffered. [www.DiGiNews360.com](http://www.DiGiNews360.com) believes Ghana will be able to tide over the temporary difficulties through good governance.

*By—Abel in Burundi*