Ghana Energy Sector Recovery Programme: What the 2026 Downgrade Means

Read online with charts and updates:
https://risalatconsultants.com/ghana-energy-sector-recovery-programme/

Key Takeaways

The Ghana Energy Sector Recovery Programme is the country's main plan to stop electricity sector losses from draining the budget. In June 2026 the World Bank downgraded the results-based operation that supports it. These are the points that matter for ministries, utilities and project teams.

- Rating - The World Bank rated both progress towards objectives and implementation Unsatisfactory in its June 2026 report, down from Moderately Satisfactory.
- Losses - Combined ECG and NEDCo financial losses were about US$1.52 billion in May 2026, against a December 2027 target of US$525 million.
- Delivery - Smart meter installation under the Program had not started, and district energy accounting covered 20% of districts against a 100% target.
- Cause - The report repeatedly cites missing Commitment Authorisations from the Ministry of Finance, new procurement directives and disbursement caps.
- Stakes - The World Bank estimates that delays in energy sector recovery cost Ghana about US$1 billion a year.

Introduction

The Ghana Energy Sector Recovery Programme (ESRP) was set up by the Ministry of Energy in 2019 to deal with the sector's debts, high distribution losses and the fiscal burden they create. In June 2024 the World Bank approved a US$250 million IDA credit and a US$10 million ESMAP grant for a four-year Ghana Energy Sector Recovery Program for Results, which finances part of the ESRP and pays on results rather than on expenditure.

Two years on, the operation is in difficulty. The World Bank's Implementation Status and Results Report archived on 30 June 2026 downgraded it to Unsatisfactory. This article explains what the Ghana Energy Sector Recovery Programme is meant to achieve, what the June 2026 numbers show, why delivery has slowed, and what utility and ministry teams can do in the next 12 months. It draws only on published World Bank, IMF and Government of Ghana sources.

What the Ghana Energy Sector Recovery Programme Is

The World Bank's June 2024 approval statement describes a Program to improve the financial viability of electricity distribution and increase access to clean cooking. It noted that the Government of Ghana transfers about 2% of GDP each year to cover the energy sector's financial shortfall, and that the operation would invest in prepaid metering and in the commercial and meter management systems of distribution utilities.

The Program became effective in March 2025 and is due to close on 30 June 2028. The implementing agencies are the Ministry of Energy, through its programme coordination unit, the Electricity Company of Ghana (ECG) and the Ghana Grid Company (GRIDCo). Its results areas cover economic dispatch of generation, financial management at ECG, ECG's operational performance and clean cooking.

Why a results-based design matters

Under a Program-for-Results operation, the World Bank releases money when agreed disbursement-linked results are achieved and verified. That design rewards delivery, but it also means that any delay in approvals, procurement or data stops the money. The allocations show where the money sits.

What the June 2026 Downgrade Says

The report states that implementation timelines were affected by national elections and the transition to a new administration, and that key disbursement-linked results were delayed by new procurement directives and disbursement caps. Under many indicators the comment is the same: there was no Commitment Authorisation from the Ministry of Finance to allow the disbursements needed to reach the targets.

The World Bank also states that it expects delivery to accelerate if coordination improves between implementing agencies and the Government on approval processes. In other words, the downgrade is less about the design of the programme and more about the internal approvals that let utilities spend and deliver.

The Numbers Behind the Downgrade

The indicators in the June 2026 report give a clear picture of the gap that remains before the December 2027 targets:

- ECG electricity losses were 26.88% against a target of 19.20%, a small improvement on the 28.40% baseline.
- Combined financial losses of ECG and NEDCo rose to about US$1.52 billion, up from about US$1.11 billion in the previous report, against a target of US$525 million. NEDCo data was provisional.
- ECG's cash recovery index was 0.62 against a target of 0.76.
- Collection efficiency under the disbursement-linked indicator was 85% against 93%.
- No smart meters had been installed against a target of 1,050,000, including 8,000 in non-strategic ministries, departments and agencies.
- An improved customer information system and an IPP invoicing system integrated with ECG's financial system were not yet in place.
- On clean cooking, 38,000 households had received LPG stoves against a target of 450,000.

There are positives. ECG published audited financial statements with disclosures on set-offs and power purchase costs, meeting the financial management result, and it completed the customer satisfaction survey that feeds the customer service indicator. GRIDCo has continued work on its dispatch and settlement system.

Why Commitment Authorisations Matter So Much

A Commitment Authorisation is the Ministry of Finance's approval that allows an agency to commit funds. In a results-based programme, utilities often need to spend first, for example on meters, software or consultants, in order to achieve the results that trigger disbursement. If the authorisation does not come, the result is not achieved and the money is not released, even though the financing exists.

This links energy reform directly to public financial management. The Ministry of Finance has good reasons for tighter fiscal controls in a period of debt restructuring. The challenge is to design controls that protect the budget while letting priority, externally financed results move.

That calls for a shared plan between the Ministry of Finance, the Ministry of Energy and the utilities, with agreed timelines for authorisations linked to the disbursement calendar.

The fiscal cost of waiting

At the launch of the tenth Ghana Economic Update in August 2026, the World Bank's country director said delays in energy sector recovery cost Ghana about US$1 billion a year. The IMF has reported that the sector shortfall fell to US$1.4 billion in 2025 from US$1.6 billion in 2024, and projects about US$1.1 billion in 2026, driven by collection and distribution losses and costly generation contracts. Progress is real, but the remaining gap is still large compared with what the Program can disburse.

What Has Worked So Far

The IMF attributes the 2025 improvement to tariff adjustments, better revenue collection at ECG, higher payments to suppliers through the Cash Waterfall Mechanism, a stronger cedi and less use of liquid fuel in generation. These point to the levers that work: predictable tariffs, transparent payment priorities and better collection. The ESRP Program's achieved results, audited statements and customer surveys, show that ECG can deliver governance results when approvals and resources are in place.

Practical Steps for Utilities and Ministries

For teams who want to move the indicators before the next World Bank review, the following steps are within reach:

- Agree an approvals calendar. Map every disbursement-linked result to the authorisations, procurement steps and budget releases it needs, and agree dates with the Ministry of Finance.
- Prioritise by value. Collection efficiency and economic dispatch together carry US$85 million of allocations; focus management attention there first.
- Use the data already available. District energy accounting in 20% of districts is a starting point; publish quarterly results and use them to target inspections.
- Plan metering for collection. Link smart meter roll-out to areas with the highest losses and to public institutions that owe large balances.
- Prepare evidence early. Build an evidence file for each indicator before verification begins, so that results are not lost on documentation.
- Integrate invoices. An IPP invoicing system linked to the financial system reduces disputes and improves payment discipline.

Lessons for Other Results-Based Programmes

Ghana's experience is not unusual. Many countries in Africa now use Program-for-Results operations and other results-based instruments in energy, roads, health and education. The same pattern appears across sectors: the financing is approved, but the internal steps that let agencies act, budget authorisations, procurement approvals, data systems and verification arrangements, are not planned as carefully as the results themselves.

Three lessons stand out for any ministry or implementing agency preparing or running a results-based operation:

- Plan the path, not only the target. For each result, list the approvals, contracts and data needed to reach it, with realistic dates. A target without a delivery path is a hope, not a plan.
- Bring the finance ministry in early. Budget authorisation rules, disbursement caps and

procurement directives should be discussed during preparation, and adjusted for externally financed results where the law allows.
- Treat verification as a workstream. Independent verification agents need clean data and documents. Evidence files prepared month by month avoid a rush at the end of each period and protect allocations that were genuinely earned.

These steps cost little compared with the value of allocations that sit undisbursed. They also strengthen the institution beyond the life of a single operation.

Where Mission 300 Fits

Ghana launched its National Energy Compact under Mission 300 in September 2025. The compact estimates that US$4.4 billion of investment is needed in 2025-2030 to accelerate energy access, and the Ministry has stated a target to raise the renewable share of the national mix from 4% to 10% by 2026. New investment in access and renewables depends on a distribution sector that can pay its suppliers. The ESRP is therefore not only a recovery plan; it is the financial base for the compact.

Critical Questions Government and Project Leaders Should Be Asking

Which results can we still achieve before the next verification?

List each disbursement-linked result, its allocation and the actions still needed. Concentrate on results that need approvals rather than large capital spending.

Who owns the approvals timeline?

One named person in each of the Ministry of Finance, Ministry of Energy and ECG should track authorisations against the disbursement calendar and report monthly.

Are our loss figures trusted?

Losses can only be reduced where they are measured. Energy accounting at district level is the foundation for every other loss intervention.

Is metering targeted where it recovers the most money?

A metering programme measured by meters installed may miss the point; measure it by revenue recovered and arrears reduced.

How are public sector arrears handled?

Metering non-strategic ministries, departments and agencies is already a Program target. A clear policy on paying for government consumption supports collection efficiency.

What will be in place when the Program closes in 2028?

Systems, data and procedures built under the Program should be owned by the utilities and kept running after the financing ends.

How Risalat Can Help

Risalat Consultants International partners with utilities, ministries and programme units on the commercial and financial systems behind results-based programmes. Our Utility Revenue Protection & Loss Reduction Training in Dubai covers energy accounting, metering, collection, IPP invoice management and DLI evidence, and can also be delivered in-house. Teams can start with our free project health check.

Frequently Asked Questions

What is the Ghana Energy Sector Recovery Programme?

A government programme launched in 2019 to reduce energy sector debts, losses and the fiscal burden, supported since 2024 by a World Bank Program-for-Results operation of US$250 million plus a US$10 million grant.

Why was it rated Unsatisfactory?

The June 2026 World Bank report cites election-related delays, new procurement directives, disbursement caps and missing Commitment Authorisations from the Ministry of Finance.

What are ECG's loss figures?

ECG electricity losses were 26.88% in May 2026 against a December 2027 target of 19.20%.

When does the World Bank operation close?

The operation is due to close on 30 June 2028.

Sources

- World Bank ISR, Ghana Energy Sector Recovery Program (P173258), 30 June 2026
- World Bank press release on ESRP PforR approval, June 2024
- MyJoyOnline, delays in energy sector recovery cost Ghana US$1bn annually
- MyJoyOnline, IMF cautions Ghana over energy sector
- National Energy Compact for the Republic of Ghana
- Ministry of Energy and Green Transition, compact launch

Related Risalat programmes

- Procurement under World Bank and ADB Rules for Project Teams in Dubai, Dubai (4 Jan 2027)
- Financial Management & Disbursement for World Bank-Funded Projects Training in Budapest, Budapest (25 Jan 2027)
- Procurement under World Bank and ADB Rules for Project Teams in Istanbul, Istanbul (1 Feb 2027)
- Public Procurement Rules 2026 and e-PADS Compliance Training in Dubai, Dubai (1 Feb 2027)

Talk to us about your institution or project: https://risalatconsultants.com/reach-risalat/