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IECP's Analysis of the National Democratic Congress's Power Sector 2016 Manifesto Promises

Key Highlights

- Excluding the Bui Dam, National Democratic Congress (NDC) achieved 35.06% of the power sector additional generation capacity promises in their 2012 manifesto.
- The NDC is likely to take an estimated 20 years to achieve their 2016 manifesto promises based on 2012-2016 performance rate.
- Access to electricity increased to 72% as at 2013; universal access possible in 15 years.

1. Introduction

This paper by IECP analyses the campaign pledges on the power sector in the recently launched manifesto of the NDC. The analysis proceeds as follows: the first section analyses the achievements of the NDC government based on their 2012 manifesto and the actual data provided by Volta River Authority (VRA) and the Ghana Energy Commission; the second section examines the feasibility of the energy sector policies based on the 2016 manifesto. In the last section, we provide policy alternatives and directions to the recent promises in the NDC's 2016 manifesto.

2. Analysis of Achievements in 2012 Manifesto

The NDC government in its 2012 manifesto promised the 'Energy to Every Home' programme under which universal access to electricity is expected to be achieved by the year 2016. As a result, the government promised to increase installed power generation capacity to 5,000 megawatts (MW) by 2016. Thus, the NDC promised an additional capacity of 2704 MW to the national grid by the end of 2016.

Data available indicates that, at the end of December 2012, total installed capacity was 2,296 MW. Currently (September, 2016), the total installed electricity capacity is 3,644 MW including the Bui Dam. Therefore, the NDC government was able to add 948 MW of power to the national grid. This excludes the Bui Dam. When the Bui Dam is included, the total capacity added would be 1,348 MW. This translates into 49.85% achievement if the Bui Dam is taken into consideration and 35.06% achievement if the Bui Dam is excluded. Table 1

below indicates the promised capacity and the actual capacity added by the NDC government. These projects were constructed at a cost of over $1.5 billion.

The question therefore, is whether the added megawatts have been adequate to ensure universal access to electricity. As of 2013, access to electricity in Ghana was 72%; 92% of the urban population as well as 50% of the rural population had access to electricity (IEA, 2015). Available document on Electricity Supply Plan (2014) by Ghana Grid Company projected that a total of 1,949 communities would be connected to the National Grid, under the Rural Electrification Project going forward. This is indeed significant and will greatly increase the universal access if efforts are sustained and much done to add additional capacities to the national grid.

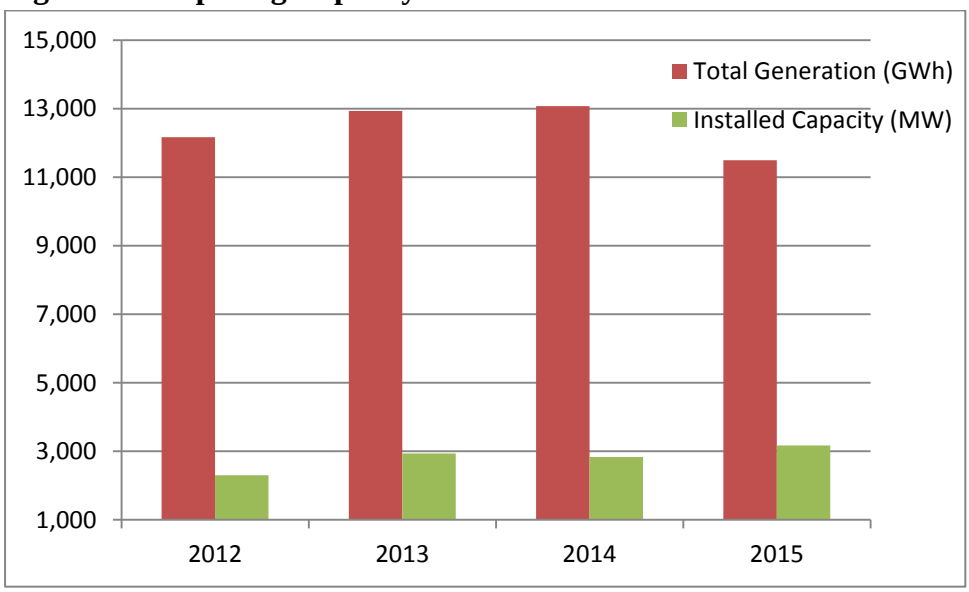
Table 1: Analysis of Achievement: Installed Capacity (MW)

	2012	2016	Actual	2012 Promise	Actual Achievement
Inc. Bui	2296	3644	1,348.00	2704	49.85%
Exc. Bui	2296	3644	948.00	2704	35.06%

Source: VRA and Energy Commission (2016)

Comparing installed capacity to generation, existing data indicate that, electricity available for gross transmission in 2013 was 12,927 GWh as against 12,164 GWh in 2012. The figure represents a 6.3% increase between 2012 and 2013. In 2014, total electricity available for gross transmission was 13,071, showing just a 1% increase from 2013. However, in 2015 the figure reduced to 11,492 indicating a 12% reduction in generation. This implies that while the generation capacity increased over the years, the actual electricity generated and transmitted reduced. This is as a result of shutdown in some of the existing plants. Figure 1 below compares the total electricity capacity to actual generation from 2012 to 2015.

Figure1: Comparing Capacity to Generation



Source: Ghana Energy Commission

3. Analysis of Key Future Policies

Going into the 2016 elections, the NDC government is promising a number of power sector policies and projects. Key promises include increasing the stock of power generation assets, developing more sustainable power sources, encouraging energy conservation, increasing generation capacity in excess of 5,000 MW by 2021 and achieving universal access to electricity by 2025. The promise, therefore, is to construct power plants to generate additional 3062 MW. The NDC also promises to embark on massive renewable energy production. Per their manifesto, the NDC promises to generate additional 537 MW of power from solar, wind and biomass.

At this point, it is vital to ask the following questions;

- Are the policies and projects viable or feasible?
- What are the potential costs of the projects?
- Will the projects ensure value for money?
- Will it achieve the desired outcome in terms of reducing poverty, boosting industrialization, improving infrastructure and access to electricity?

Analysis of the achievements of the NDC from 2012 to 2016 indicates that 65% of the 2012 campaign promises were unmet. Implications are that, for the NDC to add additional 3,062 MW of thermal power and 537 MW of renewable energy, they will require about 20 years should they proceed at the same rate. This is as a result of the processes and time involved in the construction of power plants. For renewable energy sources for instance, preliminary surveys are required for site selection. There is also the need for the implementation of effective policies to encourage private sector investments in the sector. The current policies in place are not effective to drive private sector participation especially with regards to renewables. Therefore, to encourage private sector investments in renewables, there is the need for policy reforms which will provide enough incentive for private investors.

An estimation of the cost of the projects indicates that an excess of $3 billion will be required by the NDC should they win power to fulfil their manifesto promise of adding electrical power in excess of 5,000 MW. Given Ghana's current economic outlook, debt to GDP ratio of about 67% and Ghana's present unattainable budget deficit, this will increase the stress on the economy if government is to rely heavily on borrowing to finance these projects. The cost of the additional 948.00 MW of power added between 2012 and 2016, including the emergency power barges was in excess of $1.5 billion. An efficient way of reducing the financial burden on government is to implement policies which will enhance private sector participation in electricity generation. Therefore, policy formulation is a key element in achieving the NDC's 2016 manifesto promises on the power sector.

Another issue of concern is how NDC government can ensure value for money on these power transactions. If one is to do a comparative analysis of recent power transactions, i.e. controversies surrounding Ameri and Karpower deals, the odds seem to be against the NDC in ensuring value for money should the same processes be adopted. There is the need for

transparency in the award of contracts in the power sector. Not ensuring value for money results in the country spending more than it should on projects in the power sector. The NDC's 2016 manifesto failed to provide details on how they will ensure value for money for the projects promised in the manifesto. Table 2 below is the feasibility checker of the various manifesto promises of the NDC in their 2016 manifesto.

Table 2: IECP Feasibility Checker on 2016 Power Sector Manifesto

Promise	Feasibility	Cost	Value for money	Desired outcome	Timeline	Remark
3062 MW (thermal)					20 years	Not Achievable in 4 years
537 MW (Renewable)					20 years	Not Achievable in 4 years
Universal Access					15 years	Not achievable in 4 years but achievable in 15 years

Key

High

Medium

Low

4. Conclusion

Based on the analysis of the NDC's 2016 manifesto and the government's previous achievements, IECP is of the view that, the NDC cannot achieve all of these promises in the next four years. This is grounded on the fact that, between 2012 and 2016, the government has only achieved 35.06% of the power sector promises. According to our projections, it will take about 20 years for the NDC to fulfil its pledged targets in the power sector.

This is primarily because, for the NDC to be able to fulfil its manifesto promises on the power sector, it is imperative to clearly spell out realistic timelines with a well-articulated action plan. The NDC therefore needs to set out a power sector plan within the short to medium and long term. The party has to clearly state the promises which would be realistically fulfilled within the next four years.

Also, there is the need for power sector policy reforms to enhance private participation. The implementation of effective policies will enhance private sector participation which will speed up the achievement of the party's power sector targets. Private sector participation will also help reduce the capital needed by government to add additional generation capacities to the national grid. The power sector promises in the 2016 manifesto of the NDC failed to explicitly address the distribution and losses in our power sector. While additional capacity is

added to the national grid, efficient distribution and minimal losses should be ensured. Implementing policies to ensure private sector participation in distribution would reduce the losses in the system.

In addition, we observe that while the generation capacity increased between 2012 and 2016, the actual generation supplied to the national grid decreased in 2016. This scenario and how the next NDC government would ensure the actual generation increases with generation capacity were not addressed in the 2016 manifesto. It is not of much use to keep increasing generation capacity when actual generation reduces. The reduction in generation is as a result of the shutdown in various turbines for several reasons, including lack of supply of generation input such as crude oil and gas, maintenance and break down of turbines among others. There is the need for regular supply of generation input for the turbines to ensure regular generation.

In conclusion, the power sector promises in the 2016 manifesto of the NDC is not achievable within four years and, therefore, the need for the party to provide specific timelines with an action plan.

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