



PRESS RELEASE

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ASEC CONDEMNS APPROVED ENERGY LEVY: FIX THE ROOT, NOT THE SYMPTOMS

Accra, Ghana - The Africa Sustainable Energy Centre (ASEC) has expressed deep concern over the Government of Ghana's newly introduced GHS 1 levy on every litre of fuel. The move is a short-sighted measure that targets citizens rather than addressing structural weaknesses in the energy sector. This increase in levy joins the existing taxes on fuel prices, including the Energy Sector Recovery Levy (20 pesewas/litre).

The proposed tax, intended to support the struggling energy sector, risks placing an additional financial burden on Ghanaians already contending with economic hardship. If implemented, the measure will have long-term implications on inflation, transportation, commodity prices, and the overall cost of living. Fuel is a cornerstone of Ghana's economy. From agriculture and transportation to food distribution, the cost of fuel drives the price of nearly every essential good and service.

The new levy would increase this burden without delivering any solution to the core issues affecting the sector.

Structural Problems, Not Revenue Gaps

ASEC maintains that inefficiencies within the Electricity Company of Ghana (ECG) remain the root cause of the crisis. These include:

- Outdated infrastructure
- Poor and inconsistent revenue collection
- Illegal power connections
- Technical and administrative losses

Before introducing new taxes, we must ask: why are we failing to collect what is already due?" ASEC calls on the government to focus on transparency, digital reforms, and operational efficiency instead of shifting the cost of systemic failures to consumers.

Appropriate Existing Funds First

ASEC also questions the use of existing energy-related levies, particularly the Energy Sector Recovery Levy. These funds, often reallocated to other infrastructure projects, should be used for their intended purpose - stabilising the energy sector. The government must ensure proper appropriation and oversight of existing energy funds. Misapplication not only dilutes their impact but also erodes public trust.





Do Not Reward Inefficiency

ASEC echoes the words of the Hon. Minister of Finance, who rightly stated that: “We must not reward inefficiency with higher tariffs.” We strongly believe that this principle should apply equally to taxation. Introducing a new fuel levy, in the absence of reforms, only rewards inefficiency and delays the much-needed transformation of the sector.

A Call for Urgent Reforms

Ghana’s energy sector is currently accumulating an estimated \$70 million in monthly liabilities. Without decisive reforms, these debts will continue to mount. ASEC calls for the following:

- A full-scale operational reform of ECG
- Investment in smart metering and digital infrastructure
- Strengthened regulatory oversight
- Elimination of technical and commercial losses
- Accountability for funds already collected

Conclusion

ASEC urges the government to focus its attention on long-term, sustainable solutions rather than short-term revenue measures. We may need to weed out the bad nut from the system, or else all efforts of the government will be sabotaged. The time for decisive leadership and systemic reform is now. “Let’s fix the system, not just the symptoms.”

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Signed

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If you would like more information on this topic, send us an email at info@asec-gha.com.

