

GHANA's ENERGY TRANSITION MEMORY

What Happens to Oil Revenues When the Future Is No Longer Fossil?

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Energy Transition Observatory: Piloting A Civic Observatory for OCTP Revenue Transparency and Coastal Transition

About the project

The project, led by **AbibiNsroma Foundation**, will pilot a civic evidence dashboard that connects locally generated evidence from oil-producing communities with official public data and open-government systems, working with stakeholders including relevant District Assemblies, civil society organisations, youth representatives, media and community representatives. It used multi-stakeholder roundtables to examine how local evidence can become more accessible, interoperable and useful for public accountability and energy-transition decision-making. Its wider ambition is to shift transparency from the disclosure of information towards a system in which communities, governments and regional actors can collectively interpret evidence and use it to shape more accountable transition pathways.

Executive Argument

Ghana's energy transition is usually framed around what the country must build next: cleaner electricity, sustainable transport, modern industry, universal energy access, clean cooking and the infrastructure required for a low-carbon economy. That framing captures the forward-looking character of transition policy, but it leaves an important question insufficiently examined. What will the fossil-fuel era leave behind when its fiscal and economic importance begins to decline?

This question matters because petroleum is a finite source of public wealth, while many of the investments financed during the petroleum era are expected to shape Ghana's development long after the resource has become less economically significant.

The Energy Transition Observatory offers a practical entry point. Conceived around the Offshore Cape Three Points context, the Observatory would connect petroleum revenue information with public investment, energy access, district-level development and community experience. Its deeper contribution would be to make visible a relationship that remains difficult to observe within conventional petroleum reporting: how value moves from extraction into public assets, capabilities, outcomes and, ultimately, transition readiness.

The central policy proposition is straightforward: The success of Ghana's petroleum era should be assessed by more than the revenue it generates. It should also be assessed by the future capacity that revenue helps to create.

1. The Policy Problem Is No Longer Simply How Ghana Uses Oil Revenue

Ghana has established important institutions for governing petroleum wealth. The Petroleum Revenue Management Act, 2011 (Act 815), as amended, provides the legal framework for managing petroleum revenues, while the Public Interest and Accountability Committee (PIAC) provides an institutional mechanism for public scrutiny of their management and use. PIAC's reporting architecture has created an important foundation for transparency and accountability within the petroleum sector.[1]

At the same time, Ghana's energy policy has moved into a different phase. The National Energy Transition Framework acknowledges that the changing global energy system could reduce demand for fossil fuels, constrain financing for fossil projects, expose infrastructure to stranding risks and weaken petroleum-related government revenues. It explicitly recognises the implications of these changes for infrastructure, employment, government revenue and social development.[2] The subsequent Energy Transition and Investment Plan places these concerns within a much broader economic transformation, projecting approximately US\$550 billion in capital investment through 2060 and positioning the transition as a pathway for restructuring energy, transport, industry and household energy use.[3]

The institutional question is now more complex than either petroleum governance or transition planning considered separately. Ghana has mechanisms for governing petroleum revenues and a framework for planning the energy transition, but the analytical connection between the two remains underdeveloped.

Petroleum governance asks important questions about how revenues are received, allocated and spent. Transition planning asks what investments and policy changes are required to build a different energy and economic system. What receives less systematic attention is the question between them: whether the public value created from petroleum wealth is sufficient to strengthen Ghana's capacity to navigate the transition itself.

This is where the idea of a transition legacy becomes useful. A transition legacy does not necessarily require a new petroleum-revenue allocation formula or a dedicated transition fund. Those would be matters for separate fiscal, legal and political consideration. The immediate requirement is analytical. Major public investments made during the petroleum era should increasingly be understood in terms of the capabilities, resilience and future choices they create, alongside their immediate development value. This approach is consistent with the World Bank's comprehensive wealth framework, which evaluates development through changes in the productive assets a country passes on to future generations, including human, natural and produced capital.[4]

The distinction matters because public expenditure has different temporal consequences. Some investments respond primarily to immediate needs. Others create productive capacity, human capital, institutions, infrastructure or economic opportunities that can remain valuable after the revenue source that financed them has weakened. A transition-aware resource governance system should be capable of recognising that difference.

2. OCTP Creates a Particularly Important Test Case

The Offshore Cape Three Points (OCTP) context provides a useful setting in which to examine this question because it brings together national petroleum interests, local development realities and the changing conditions of Ghana's energy economy. The proposed Energy Transition Observatory identifies communities around the OCTP infrastructure as places where energy-access and development challenges can coexist with proximity to a major extractive economy.

This creates a policy tension that deserves closer examination. A country can generate substantial economic value from petroleum while communities within the extraction landscape continue to experience constraints in energy access, infrastructure, livelihoods or participation in decisions that shape their future. These conditions are not, in themselves, proof that petroleum revenues have been mismanaged. They do, however, raise an important question about the geographical and institutional pathways through which resource wealth becomes public value.

The relevant question is therefore not simply whether OCTP generates revenue. Nor should the analysis assume, without evidence, that OCTP revenues directly finance particular local investments. The more precise question is whether the wider public value associated with the petroleum economy can be traced through the national fiscal system, public investment decisions and local development outcomes. That requires a longer chain of evidence, from extraction to public revenue, allocation, investment, capability, outcome and transition value.

The final stage is particularly important. An investment may satisfy an immediate development objective while contributing little to future economic resilience. Another may appear less directly connected to the energy transition but create skills, infrastructure, institutional capacity or productive opportunities that become increasingly valuable as the petroleum economy changes. Research on stranded fossil-fuel assets demonstrates that changing climate-policy expectations can expose oil and gas investments to substantial financial losses, reinforcing the importance of assessing long-term value rather than assuming that existing petroleum-related economic activity will remain commercially viable indefinitely.[5]

The OCTP case therefore offers more than an opportunity to monitor revenues. It provides an opportunity to examine whether an extractive economy is creating the foundations of an economy capable of functioning beyond extraction.

3. What We Know

There is already sufficient evidence to establish that Ghana recognises the fiscal and economic implications of energy transition. The National Energy Transition Framework identifies declining petroleum revenues, stranded assets, employment disruption and reduced investment in fossil infrastructure among the risks associated with the changing global energy system. It also calls for consideration of the implications of transition for government revenue, infrastructure and employment.[2]

The policy response has since become more ambitious. Ghana's Energy Transition and Investment Plan provides a long-term investment pathway towards net-zero energy-related emissions by 2060 and places energy transformation within a broader development agenda covering electricity, transport, industry, cooking and oil and gas. The scale of the projected investment requirement illustrates the magnitude of the economic restructuring involved.[3]

Ghana also possesses an established petroleum accountability architecture. PIAC's statutory role provides an institutional basis for examining petroleum revenue management, while its reporting has documented petroleum receipts, allocations, utilisation and sectoral performance. Its 2024 annual reporting, for example, recorded petroleum revenue of approximately US\$1.35 billion and highlighted a continuing decline in crude oil production from its 2019 peak. These developments reinforce the importance of considering the durability of petroleum receipts alongside their current value.[6]

International fiscal analysis reaches a similar conclusion. The International Monetary Fund identifies the energy transition as a source of uncertainty for fossil-fuel-exporting countries because changes in global demand, commodity prices and investment conditions can affect government revenues, external balances, economic growth and employment. It emphasises the need for fiscal frameworks that account for long-term resource depletion and transition-related uncertainty.[7]

These developments suggest that the central problem is not an absence of policy instruments. Ghana has rules, institutions, reporting mechanisms and transition plans. The more significant gap lies in how these systems are connected analytically.

Petroleum governance can tell the public what happened to resource revenues. Transition planning can articulate where the country intends to go. A transition-legacy perspective asks whether the decisions made in the first system are strengthening the country's ability to reach the destination described in the second.

4. What Remains Uncertain

The first major uncertainty concerns the quality of the conversion from petroleum wealth into durable public value. Existing petroleum-revenue reporting can establish important information about revenue collection, allocations and expenditure. It does not, on its own, establish whether individual expenditures have strengthened productive capacity, reduced future vulnerability, expanded institutional capability or improved the country's ability to manage structural economic change.

That requires a different form of evidence. It requires following investments beyond the point at which funds are disbursed and asking what they produce, how long those benefits last and whether they remain relevant under changing economic conditions.

A second uncertainty concerns the relationship between national resource wealth and local transition conditions. The Energy Transition Observatory proposal identifies gaps in accessible information concerning petroleum-linked revenues, district investments, energy-access conditions and community experience in the OCTP landscape. A more complete evidence system would need to establish what can actually be traced, what remains institutionally invisible and where the principal information gaps occur.

A third uncertainty is temporal. Development benefits and transition benefits do not necessarily emerge on the same timetable. An investment may produce an immediate social return but generate limited value over the longer term. Another may require years before its contribution becomes visible. The policy system therefore needs greater capacity to distinguish short-term expenditure performance from long-term public value.

This is where the concept of future option value becomes relevant. Public investment can preserve or expand the choices available to a country later. Skills, institutions, resilient infrastructure, productive enterprises and diversified local economies can reduce the consequences of future fiscal and energy-system disruption even when they were not originally classified as “energy-transition investments.”

The evidence gap is therefore not simply about missing financial data. It is about the absence of a sufficiently developed framework for understanding what petroleum wealth enables over time.

5. What Is Contested

One of the central policy tensions concerns the purpose of petroleum revenues. Ghana continues to face immediate development needs, and there is a legitimate case for using resource wealth to address infrastructure deficits, social priorities and economic constraints that cannot simply be deferred in anticipation of an uncertain future. At the same time, the country's exposure to a changing global energy system means that some petroleum wealth may need to strengthen the foundations of the economy that will operate after petroleum becomes less significant.

The policy choice should not therefore be framed as a simple contest between present development and future transition. The more consequential question is whether public investment can be designed to generate value across both time horizons.

A second contest concerns geography. Petroleum revenues are governed within a national fiscal architecture, while many of the social, economic and environmental consequences of extraction are experienced in particular places. Producing regions can therefore raise legitimate questions about how national resource wealth translates into local development, while national authorities must retain responsibility for broader fiscal distribution. A mature policy response should avoid reducing this relationship to a compensation debate. The more strategic question is whether producing areas can become places where future-oriented investment and transition preparedness are deliberately demonstrated and measured.

A third contest concerns the relationship between energy security and decarbonisation. Ghana's own transition framework recognises the continuing importance of energy security while establishing a pathway towards a lower-carbon energy system. This makes a binary choice between fossil energy and transition investment analytically weak. The more difficult policy question is how Ghana determines the point at which continued dependence on petroleum begins to create greater future exposure than economic benefit.

A fourth contest concerns intergenerational value. Current citizens have legitimate claims on natural-resource wealth, while future generations will inherit both the assets created from that wealth and the liabilities associated with its use. Petroleum governance therefore has an inherently

intergenerational dimension. The transition adds urgency to that question because the economic value of the resource may change faster than the lifespan of the investments financed from it.

6. What Government May Eventually Need to Decide

Ghana may eventually need to determine whether its existing petroleum-revenue and public-investment systems should incorporate a more explicit transition-legacy test. Such a test would not necessarily dictate where petroleum revenues must be spent. It would ask a different set of questions about significant public investments: What productive capacity does the investment create? What future vulnerability does it reduce? What institutional or human capability does it build? How long is that value likely to persist? Does it expand or narrow Ghana's future choices?

Such a framework could also strengthen the existing accountability architecture. PIAC and other institutions already generate valuable information about petroleum revenues and expenditure. The next step would be to connect financial information to development outcomes and longer-term resilience. This would broaden the accountability question from “Where did the money go?” to “What enduring capacity did the money create?”

For the OCTP-producing landscape, this could support a more strategic approach to territorial transition. Rather than treating producing districts principally as sites of extraction, impact or corporate social investment, they could become places where government, communities, researchers and civil society jointly monitor the relationship between resource wealth, energy access, livelihoods, public investment and economic diversification.

Such an approach would require a credible baseline. Without evidence established during the petroleum period, it will become difficult to determine later whether the transition improved local economic resilience or simply altered the source of vulnerability.

8. What the Energy Transition Observatory Could Change

The proposed Energy Transition Observatory should therefore be understood as more than a transparency mechanism. Its strategic contribution would be to create a civic evidence layer connecting public finance, energy transition and lived development outcomes.

The proposed dashboard would make petroleum revenues and district-level investments more accessible, while the project's fiscal transparency briefs would create a recurring analytical record rather than isolated disclosures. The proposed OCTP Radio would translate complex fiscal and energy questions into accessible public discussion, while the Youth Civic Data Fellowship and Energy Equity Map would broaden the production of evidence beyond established institutional actors.

This architecture matters because transparency has limited democratic value when information is technically available but difficult to interpret, connect or use. The policy challenge is therefore one of public intelligibility as much as public disclosure.

The Observatory can help create a shared evidence base through which communities, journalists, researchers, district authorities and national policymakers can examine the same underlying questions from different positions. Its proposed policy roundtables can then connect locally generated evidence to national policy conversations rather than allowing community knowledge to remain outside formal decision-making processes.

Its longer-term value would be institutional. An open and replicable evidence infrastructure could provide continuity across political cycles, investment decisions and changing energy-market conditions. The proposal already envisages the Observatory as an open-source civic infrastructure with potential for institutional and regional replication.

9. Questions That Should Generate Evidence

The policy conversation should move beyond asking whether stakeholders support the energy transition. What matters now is identifying the evidence needed to determine whether Ghana's petroleum wealth is strengthening its capacity to manage that transition.

Can the public reconstruct a credible pathway from petroleum extraction and revenue generation to identifiable public investments and measurable development outcomes? Which categories of petroleum-funded investment create productive, institutional or human capabilities that remain valuable as petroleum revenues decline? Which investments are particularly exposed to changing energy markets, climate policy or technological disruption? Where are the strongest geographical gaps between the economic value associated with extraction and the development and energy conditions experienced within producing landscapes?

The evidence agenda should also examine whether public institutions possess sufficient information to assess the durability of petroleum-funded investments. Can government determine which investments are creating future fiscal resilience and which may generate continuing operating costs without comparable long-term value? Can producing districts establish credible baselines against which future transition outcomes can be measured? What forms of community-generated evidence can complement administrative and fiscal data?

At the centre of this inquiry lies a deeper institutional question: Should petroleum-revenue accountability continue to conclude principally with lawful allocation and expenditure, or should it progressively incorporate evidence of durability, public value and future resilience?

The answer will shape how Ghana understands responsible resource governance in an economy preparing for structural energy change.

Conclusion

The energy transition has a memory. The investments made during the fossil-fuel period will shape the choices available during the transition. The institutions built today will influence how effectively

future governments respond to declining petroleum revenues. The capabilities created in producing regions will affect whether communities experience transition as economic diversification or as another cycle of dependence. The quality of today's public investment will influence the resilience of tomorrow's economy.

Ghana's petroleum era should therefore be judged through a longer temporal lens. Revenue generation remains important. Fiscal accountability remains essential. Development expenditure remains necessary. Yet none of these measures fully answers the intergenerational question.

What enduring capacity is Ghana creating from the wealth of a resource that will not remain equally valuable forever?

The proposed Energy Transition Observatory can help turn that question into an evidence agenda. It can make the movement from extraction to public value more visible, connect national fiscal information with territorial realities, strengthen citizens' capacity to interpret public resource flows and create a record against which future transition outcomes can be assessed. The ultimate test of petroleum wealth is therefore not simply what Ghana extracted from the ground. It is what Ghana managed to build before the future changed.

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