The Tool We Already Built: What the NPA's Diesel Relief Says About Ghana's Stabilization Gap

By Michael Osei Akomea, Ch. PE | *Petroleum Economist*

On August 4, motorists across Ghana woke up to welcome news. The National Petroleum Authority announced that the regulatory margin on diesel had been cut by GH¢2.00 per litre, bringing the price floor down to GH¢14.97. For transport operators, haulage firms, and households already stretched thin, it was immediate, tangible relief — and the NPA moved quickly to communicate it to oil marketing companies and the public alike.

But look past the headline, and a more interesting question emerges. This relief did not come from a mechanism designed in advance to absorb exactly this kind of shock. It came from a fresh, one-off directive — implemented efficiently, but reactively. And that raises a question worth sitting with: Ghana already has an instrument purpose-built for this moment. Why does it so rarely get used the way it was designed to?

A Buffer That Was Meant to Absorb Shocks Like This One

Tucked into the price build-up of every litre of fuel sold in Ghana is the Price Stabilisation and Recovery Levy — PSRL. Established under the Energy Sector Levies Act, 2015 (Act 899), its logic is elegant: collect a small levy during calm periods, accumulate it in a dedicated account, and draw it down when global crude prices or a weakening cedi threaten to push pump prices — and transport fares — sharply upward. In principle, it is an automatic stabilizer. A shock absorber built into the system, not a favour granted from outside it.

In practice, the PSRL account has rarely functioned that way. Independent assessments over the years have pointed out that the fund has, at various points, accumulated hundreds of millions of cedis without being drawn down for its stated stabilization purpose. Instead, the pattern that keeps repeating — under different governments, in different years — is this: prices spike, public pressure builds, and the response is a fresh executive directive: suspend the levy, cut a margin, announce a "temporary intervention" for a month or two. The tool built for exactly this scenario stays in the background, while a new, discretionary fix gets improvised each time.

This is not a story about any single administration. The PSRL was suspended in 2021. It was suspended again in 2024. The margin-cut approach used this August mirrors an intervention from earlier in 2026. The pattern spans political cycles — which is precisely what makes it worth examining as a systems question rather than a political one.

The NPA's Position at the Center of This Puzzle

The National Petroleum Authority sits at the heart of this. It is the regulator that publishes the bi-weekly price floors. It is the implementing body that oil marketing companies look to when a directive comes down. And it is also the statutory custodian of the PSRL account — the institution best placed to know exactly how much sits in that fund, how it has moved over time, and why it hasn't been the first line of defence when global prices turn against consumers.

That position gives the NPA a genuine opportunity, not just a burden. As the country's energy regulator, it could choose to make the PSRL's status a matter of routine public record — publishing, alongside every price-floor announcement, a simple account of what has flowed into stabilization reserves and what has been drawn from them. Transparency of that kind would do two things at once: it would make interventions like the recent diesel relief look less like a one-off gesture and more like part of a coherent, accountable system, and it would let the public — and industry players like those of us who work in petroleum trading and logistics — actually assess whether the levy is doing the job it was designed to do.

Why This Matters Beyond One Pricing Window

Ghana's exposure to imported crude and refined products means pump prices will keep moving with events far outside its control — a conflict in the Gulf, a currency swing, a shift in global refining margins. That volatility is not going away. The question is whether the country keeps responding to it with discretionary, case-by-case directives, or whether it builds confidence in the automatic stabilizers it already has on the books.

A regulator that is seen to be actively managing a functioning stabilization fund — rather than one that reaches, each time, for a fresh executive order — offers something a one-off relief measure cannot: predictability. Predictability for transport unions planning fares. Predictability for the businesses, including in the downstream petroleum sector, that build pricing models around Ghana's regulatory environment. And predictability for households trying to budget in a market where fuel costs ripple through everything from transport to food prices.

A Question Worth Asking, Not an Answer to Impose

None of this is to say the diesel relief was the wrong call. In the short term, it clearly helps. But it is worth asking, as the NPA continues to manage this pricing window and the ones that follow: what would it take for the Price Stabilisation and Recovery Levy to function the way Act 899 intended — as a standing shock absorber — rather than as a dormant account that gets bypassed each time relief becomes politically necessary?

That is not a question about any one government's competence. It is a question about institutional design — and about whether Ghana is willing to let the tools it has already built do the job they were meant to do.

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