

## AFRICA RISK CONSULTING

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#### Ghana Summary 8 February 2016

*President John Dramani Mahama (2012-present) announces a ministerial reshuffle, aiming for greater ethnic representation ahead of presidential elections in November. He appoints Prosper Douglas Bani interior minister as security threats increase, whilst the energy minister post remains empty. Ghana's largest local cocoa refinery, Cocoa Processing Co Ltd (CPC), shuts two of its three factories. Ghana accepts two former Guantanamo Bay (Cuba) detainees for two years, stirring outrage domestically. Ghana ranks 56<sup>th</sup> in the Corruption Perceptions Index 2015, making it the 7<sup>th</sup> least corrupt country on the continent.*

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#### Mahama makes a strategic cabinet reshuffle ahead of elections

President **John Dramani Mahama** (2012-present) has reshuffled his cabinet.<sup>1</sup> Since December, Mahama has lacked transport and energy ministers, following the resignation of **Dzifa Attivor** and **Kwabena Donkor** respectively (see *ARC Briefing Ghana January 2016*). The most notable absence has been the energy minister, as **Ghana** continues to experience power shortages and the government struggles to meet increasing electricity demand. Mahama has not yet replaced Donkor, which may suggest a certain unwillingness amongst potential appointees to succeed him.

*"The reshuffle is seen as a strategic move towards the elections. Two things have been apparent. Firstly, Mahama is trying to balance the ethnic make-up of his cabinet, and secondly, he has looked to get tough men in critical positions to handle any [tendencies towards violent incidents] ahead of and during elections."*<sup>2</sup>

The first major change is **Prosper Douglas Bani's** appointment as interior minister, replacing **Mark Wonyongo**.<sup>3</sup> Bani is a politics and development specialist, and was Mahama's chief of staff from 2012 until February 2015 when Mahama sacked him and replaced him with **Julius Debrah**.<sup>4</sup> February 2015 was the last time Mahama embarked on a wide-ranging cabinet reshuffle.<sup>5</sup> At the time, a local source said Bani was "largely seen as incompetent and had lost control of the president's men"<sup>6</sup> while local think tank **Imani Ghana** described Bani's office as "ineffective and profusely wasteful"<sup>7</sup> (see *ARC Briefing Ghana February 2015*).

Press sources believe Mahama appointed Bani for his experience in security, having managed and coordinated programmes for the **United Nations Bureau for Crisis Prevention and Recovery in Africa**, and as an advisor for the **United Nations Development Programme** crisis team in the **Horn of Africa**.<sup>8</sup>

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<sup>1</sup> GBC, 19 Jan 2016.

<sup>2</sup> Source, journalist, Accra

<sup>3</sup> Ghana Web, 19 Jan 2016.

<sup>4</sup> Citi FM, 16 Feb 2015.

<sup>5</sup> Citi FM, 16 Feb 2015.

<sup>6</sup> Source, journalist, Ghana

<sup>7</sup> Imani Ghana, Jan 2015

<sup>8</sup> Reuters, 19 Jan 2016.

*“Bani has a solid background in conflict prevention and recovery... He set up the small arms programme at the **Kofi Annan Peace Keeping Training Centre**. He is probably the best expert on controlling small arms and guns mapping and conflict prevention in Ghana.”<sup>9</sup>*

Bani is expected to tackle the potential increase in terrorist attacks in Ghana more effectively.

*“We need to tighten security, because what happened in **Burkina Faso** is an indication that all countries in the sub-region are vulnerable to terrorist attacks.”<sup>10</sup>*

*“He is much better suited for the job ahead of the elections, especially with the terrorist threats.”<sup>11</sup>*

As a **Volta Region** native,<sup>12</sup> Bani reinforces the ruling **National Democratic Congress’ (NDC)** support base in the Volta Region, its traditional stronghold.<sup>13</sup> In the 2012 elections, the NDC won over 85% in this region – the most significant regional win over the opposition **New Patriotic Party (NPP)**.<sup>14</sup> Meanwhile, Bani’s chief of staff replacement, Debrah (an **Akan**)<sup>15</sup> has stirred discontent in the Volta Region for his alleged involvement in the overly-expensive construction of an executive retreat in the town of **Ho**.<sup>16</sup> Local youth group, **Volta Youth**, has since called for Bani’s reinstatement as chief of staff.<sup>17</sup> Bani’s reintegration into government is thus viewed as a restoration of Volta Region influence in the government, as Mahama would not want to risk losing popularity in the region.<sup>18</sup>

Mahama has appointed Wonyongo as his state minister, reporting directly to the presidency.<sup>19</sup>

*“Wonyongo was seen as a hardworking and progressive minister, who was fit for the post [of interior minister]. Prosper Bani’s appointment is seen as a demotion from chief of staff down to ministerial work.”<sup>20</sup>*

Mahama replaced transport minister Attivor with **Franklin Fiavi Fifi Kwetey** (also a Volta Region native).<sup>21</sup> Kwetey was agriculture minister from 2012 and before that a financial analyst, funds manager and stockbroker, non-executive director at the **Ghana Stock Exchange (GSE)** and deputy finance minister.<sup>22</sup>

*“Fifi Kwetey’s reassignment to the transport ministry is a show of further solidarity for the Voltarians.”<sup>23</sup>*

Another major appointment is that of **Kenneth Wujangi** as deputy chief of staff at the presidency, in charge of operations.<sup>24</sup> Wujangi is a management and integrated rural development specialist.<sup>25</sup> He is from the **Northern Region** of Ghana, formerly youth president of that region.<sup>26</sup> This appointment, together with the other reshuffles, shows Mahama’s consideration of the ethnic make up of his cabinet.

<sup>9</sup> Source, security specialist, Accra

<sup>10</sup> Wonyongo quoted in Graphic Online, 18 Jan 2016.

<sup>11</sup> Source, security specialist, Accra

<sup>12</sup> Source, journalist, Accra

<sup>13</sup> Source, journalist, Accra

<sup>14</sup> ghanaelections.peacefmonline.com

<sup>15</sup> Ghana’s largest ethnic group. Debrah’s election was seen as a form of appeasing the Akan, for the government to display greater Akan representation and hopefully, by the 2016 elections, garner increased support from them (see *ARC Briefing February 2015*).

<sup>16</sup> www.ghanaclass.com

<sup>17</sup> www.ghanaclass.com

<sup>18</sup> Source, journalist, Accra

<sup>19</sup> Ghana Web, 19 Jan 2016.

<sup>20</sup> Source, security specialist, Accra

<sup>21</sup> Ghana Web, 20 Jan 2016.

<sup>22</sup> www.gse.com.gh

<sup>23</sup> Source, journalist, Accra

<sup>24</sup> Ghana Web, 19 Jan 2016.

<sup>25</sup> Ghana Web, 26 Jan 2016.

<sup>26</sup> Source, journalist, Accra

*“The appointment of another deputy chief of staff is to form a strong team which is ethnically inclined...The list [of ministers] is ethnically sensitive and evenly spread... a sign of giving back to the people their own representatives.”<sup>27</sup>*

Mahama replaced minister designates for several regions, with each appointment a regional native.<sup>28</sup>

- **Ashanti Region – John Alexander Ackon**
- **Central Region – Kwaku Ricketts Hagan** (member of parliament)
- **Eastern Region – Mavis Ama Frimpong**
- Northern Region – **Abdallah Abubakari**
- **Upper East Region – Albert Abongo** (member of parliament)

### Largest local cocoa refinery halts operations

The **Cocoa Processing Co Ltd (CPC)**, the largest Ghanaian-owned cocoa refinery, has shut down two of its three factories “for maintenance” in the free trade zone at **Tema** port “until further notice”.<sup>29</sup> CPC is a Ghana-based semi-finished and confectionery products company, and a former subsidiary of the **Ghana Cocoa Board (Cocobod)**, the country’s sole marketer and regulator of Ghanaian cocoa.<sup>30</sup> CPC privatised in 2003 with the restructure of the cocoa industry and has floated on the Ghana Stock Exchange since then.<sup>31</sup>

CPC’s two largest – and now closed down – plants have a grinding capacity of 64,500 tonnes per year, mostly for export to **Europe**.<sup>32</sup> CPC spokesperson **James Ekow Rhule** announced that over 80 workers would lose their jobs in the shutting down of the factories.<sup>33</sup> CPC reportedly has over \$50m in debt arrears to Cocobod.<sup>34</sup> In January, Cocobod proceeded to blacklist CPC because of its debts, forcing the company to buy its beans on the open market, rather than directly from Cocobod.<sup>35</sup>

**Kingsley Owusu**, chairman of the **Local Workers Union** at CPC, claims CPC’s statement that maintenance is the reason for the closures is false.

*“The reality is that there are no cocoa beans... CPC is cash-strapped and needs money to survive since their competitors are providing ready cash for cocoa beans.”<sup>36</sup>*

CPC’s 2014 financial statements affirmed that the company had \$28.8m in turnover, almost half the 2013 turnover of \$47.2m.<sup>37</sup> The same statement shows that the company had up to \$47.6m in long-term borrowing in 2014, an increase from \$32m the previous year.<sup>38</sup> CPC posted a \$9.8m loss in 2014, as its costs of sales were upwards of \$34m.<sup>39</sup> The company has also suffered significantly from the regular power cuts, which resulted in electrical and mechanical faults in 2015.<sup>40</sup> CPC underwent cost reduction methods, namely switching from diesel to liquefied petroleum gas, and installing its own water supply system.<sup>41</sup> Previously, the power outages meant that CPC was forced to halt production

<sup>27</sup> Source, journalist, Accra

<sup>28</sup> GBC, 19 Jan 2016.

<sup>29</sup> Citi FM, 26 Jan 2016.

<sup>30</sup> Citi FM, 26 Jan 2016.

<sup>31</sup> www.gse.com.gh

<sup>32</sup> www.goldentreeghana.com

<sup>33</sup> Reuters, 28 Jan 2016.

<sup>34</sup> Reuters, 28 Jan 2016.

<sup>35</sup> Reuters, 28 Jan 2016.

<sup>36</sup> Modern Ghana, 27 Jan 2016.

<sup>37</sup> www.annualreportsghana.com

<sup>38</sup> www.annualreportsghana.com

<sup>39</sup> www.annualreportsghana.com

<sup>40</sup> Ghana Business News, 18 Jun 2015.

<sup>41</sup> Ghana Business News, 18 Jun 2015.

as running the diesel generators proved too costly.<sup>42</sup> The most recent 2015 financial statements are not yet available.

*“The company is debt ridden as per their financial statements, and the business model is fundamentally flawed – this is same reason [CPC] closed under the **John Kufuor** (2001-2009) regime. The same factors prevail today: it buys cocoa at a higher price and sells at a cheaper price.”<sup>43</sup>*

Today, CPC has a share price of \$0.03.<sup>44</sup> As recently as 2014, Cocobod owned over 57% of CPC shares, the finance ministry 26%, and the **Social Security and National Insurance Trust** 10%.<sup>45</sup> GSE data suggests very little movement in trading of CPC stocks over the last year.<sup>46</sup> This shows the extent of government stakes in the company, despite its privatisation over 10 years ago.

*“[CPC] will not re-open in the next three years. The company is making a loss before its overhead cost. They have no competitive advantage, despite Ghana being the world’s second largest cocoa producer.”<sup>47</sup>*

Several government and private sector actors have called for the majority shareholders to salvage CPC.<sup>48</sup> CPC board member **Francis Aloko** called for the government to write off the company’s debt and petitioned Cocobod to continue to supply cocoa beans and to resume operations despite the debt arrears.<sup>49</sup> International cocoa prices at a 12-month low are increasing financial pressure on producers and processors alike.<sup>50</sup>

### Ghana accepts two Guantanamo Bay ex-prisoners as terrorist risk mounts

The **United States (US)** government transferred two **Yemeni** nationals, **Mahmud Umad Muhammed Bin Atef** and **Khalid Muhamed Salih al-Dhuby**, to Ghana for two years, following their release from **Guantanamo Bay** prison (**Cuba**).<sup>51</sup> Officially this was the first instance of a Guantanamo Bay detainee transfer to Ghana and **sub-Saharan Africa**.<sup>52</sup> However, some sources claim “*some were already here before the arrival of these two*”.<sup>53</sup>

Opposition members and religious clerics were vocal about their disapproval of the decision to accept the ex-prisoners, especially without consultation with the public. **Mustapha Hamid**, an Islamic scholar at the **University of Cape Coast** (Ghana) said that the simple act of accepting the ex-prisoners from the US would communicate to terrorists that Ghana is a friend of the US, quoting what he claims is jihadist ideology: “[A] friend of your enemy is your enemy.”<sup>54</sup> According to this logic, Hamid believed this would increasingly make Ghana a target for terrorism.<sup>55</sup> The **Christian Council of Ghana (CCG)** also called it a “*potential security threat*”.<sup>56</sup> Former NPP deputy energy minister under Kufuor, **Kobean Tahir Hammond** believes this is a “*very dangerous situation*”,<sup>57</sup> whilst Kufuor’s former presidential advisor said this act is “*importing trouble to Ghana’s shores*”.<sup>58</sup> Professor **Keith Bluwey**,

<sup>42</sup> Ghana News Agency, 16 Feb 2015.

<sup>43</sup> Source, financial analyst, Accra

<sup>44</sup> www.gse.com.gh

<sup>45</sup> www.annualreportsghana.com

<sup>46</sup> www.gse.com.gh

<sup>47</sup> Source, financial analyst, Accra

<sup>48</sup> Business Day Ghana, 28 Jan 2016.

<sup>49</sup> Business Day Ghana, 28 Jan 2016.

<sup>50</sup> www.nasdaq.com

<sup>51</sup> US Department of Defense, 6 Jan 2016.

<sup>52</sup> Reuters, 12 Jan 2016.

<sup>53</sup> Source, journalist, Accra

<sup>54</sup> Pulse, 11 Jan 2016.

<sup>55</sup> Pulse, 11 Jan 2016.

<sup>56</sup> Ghana Web, 10 Jan 2016.

<sup>57</sup> Ghana Web, 8 Jan 2016.

<sup>58</sup> Africa Report, 12 Jan 2016.

an international relations expert said it was a reckless decision, and hinted that the government had gained financially by accepting the two ex-prisoners.<sup>59</sup>

The government has been at pains to reassure Ghanaians that the acceptance of the ex-prisoners carries no security or financial risk. Foreign minister **Hanna Tetteh** reassured the public that the two ex-prisoners are monitored on a daily basis and their movements are restricted.<sup>60</sup> Mahama claims that the government undertook a risk assessment, and assured Ghanaians that the two ex-prisoners were in the lowest risk category.<sup>61</sup> Deputy communications minister **Felix Kwakye Ofose** stated that the US will bear the entire cost of upkeep for the two ex-prisoners.<sup>62</sup> US head of public affairs at the US embassy in **Accra**, **Daniel Fennell**, had earlier stated that it was a “*shared expense*” with the US contributing towards monitoring and upkeep.<sup>63</sup> However, he later reversed this statement, causing some doubt as to the sincerity of Ghana’s acceptance of the detainees, hinting there may have been an obfuscated reason for Mahama accepting the detainees.

*“The [Guantanamo Bay] saga has wounded the president, hurt him badly... The president is unsure of his success at the polls and is looking to become stronger allies with the US.”<sup>64</sup>*

**Mark Kirk**, US senator of **Illinois State**, together with three other **Republican Party** senators, has since submitted a letter to the **Senators Appropriations Committee**, expressing their concerns regarding Ghana’s ability to “*hold, monitor, and ensure these terrorist detainees do not reengage in terrorism against the United States*”.<sup>65</sup> They have proposed cutting \$10m of foreign aid to Ghana “*in the event either of these detainees escapes from confinement or reengages in terrorism in Ghana’s custody*”.<sup>66</sup>

*“Such language would incentivise Ghanaian authorities to allocate appropriate resources to closely and securely monitor the activities of these terrorist detainees.”<sup>67</sup>*

The letter claims that Bin Atef and al-Dhuby threatened to kill guards at Guantanamo Bay, and expresses surprise at Fennell’s statement that they “*do not pose a security threat*” to Ghana.<sup>68</sup> The senators stated that the Ghanaian prison system “*is plagued by decay and mismanagement*”, implying that the detainees would be held in prison, rather than Fennell’s claim that the detainees would be “*allow[ed] to be part of the society, to have community contact... to be reintegrated into the world*”.<sup>69</sup>

*“With the US intelligence community in agreement that 30% of the terrorists released from Guantanamo are known or suspected to have re-joined the fight against Americans, it is reckless to release more of these prisoners, particularly when the ability of the host country to hold and monitor these detainees is in doubt.”<sup>70</sup>*

Ghana has increased security measures following the terrorist attacks in **Ouagadougou** (Burkina Faso) on 15 January.<sup>71</sup> The government has announced a significant intensification of security measures in northern Ghana, with airports marked for special attention.<sup>72</sup> Before his reassignment,

<sup>59</sup> Graphic Online, 7 Jan 2016.

<sup>60</sup> Ghana Web, 13 Jan 2016.

<sup>61</sup> Graphic Online, 12 Jan 2016.

<sup>62</sup> Ghana Web, 7 Jan 2016.

<sup>63</sup> Ghana Web, 15 Jan 2016.

<sup>64</sup> Source, journalist, Accra

<sup>65</sup> Mark Kirk, Press Release, 27 Jan 2016.

<sup>66</sup> Mark Kirk, Press Release, 27 Jan 2016.

<sup>67</sup> Mark Kirk, Press Release, 27 Jan 2016.

<sup>68</sup> Mark Kirk, Press Release, 27 Jan 2016.

<sup>69</sup> Citi FM, 8 Jan 2016.

<sup>70</sup> Mark Kirk, Press Release, 27 Jan 2016.

<sup>71</sup> Graphic Online, 18 Jan 2016.

<sup>72</sup> Graphic Online, 18 Jan 2016.

Woyongo stated that the added security measures were in no way related to the two Guantanamo Bay detainees.<sup>73</sup>

### Corruption Perceptions Index positions Ghana 56<sup>th</sup> worldwide

Ghana saw a small decrease in its score on **Transparency International's 2015 Corruption Perceptions Index (CPI)**. A country or territory's score indicates the perceived level of public sector corruption on a scale of 0 (highly corrupt) to 100 (very clean).<sup>74</sup> This year's index ranks Ghana 56<sup>th</sup> (with a score of 47) out of 168.<sup>75</sup> This makes Ghana the 7<sup>th</sup> least corrupt African country (4<sup>th</sup> on mainland Africa), following **Botswana** (28), **Cape Verde** (40), **Seychelles** (40), **Rwanda** (44), **Mauritius** (45) and **Namibia** (45).<sup>76</sup> This rating is one point lower than Ghana's 2014 score.<sup>77</sup> The rating methodology – an average of standardised ratings from 12 “*valid sources*” whose data fulfils Transparency International's criteria<sup>78</sup> – has since 2012 been exclusive to one year of data.<sup>79</sup>

	2015	2014	2013	2012
<b>CPI Country Score</b>				
<b>Ghana</b>	<b>47</b>	<b>48</b>	<b>46</b>	<b>45</b>
Côte d'Ivoire	32	32	27	29
Gabon	34	37	34	35
Guinea	25	25	24	24
Nigeria	26	27	25	27
Senegal	44	43	41	36

The **Ghana Integrity Initiative (GII)**, Transparency International's local partner stated that the government is still not curbing corruption fast enough.<sup>80</sup> Mahama had previously stated that he was able to retrieve \$17.6m from the country's various corruption scandals.<sup>81</sup> Executive director of GII **Vitus Azeem** commended the government – particularly attorney general **Marietta Brew Appiah-Oppong** – on its efforts. However, Azeem asked Mahama to fast track the money retrieval process.<sup>82</sup>

*“Well, there is some progress but [\$17.6m] of how much outstanding? We don't know what the total outstanding is... It doesn't appear to be that strong a commitment.”<sup>83</sup>*

The government approved the **National Anti-Corruption Action Plan (NACAP)** in 2014, which claims to institutionalise efficiency, accountability and transparency.<sup>84</sup> However, the most recent examples of alleged corruption scandals, involving the former energy and transport ministers, have severely knocked Mahama's credibility with regards to his firm stance on corruption (see *ARC Briefing Ghana January 2016*).

<sup>73</sup> Graphic Online, 18 Jan 2016.

<sup>74</sup> Transparency International, Corruption Perceptions Index 2015

<sup>75</sup> Transparency International, Corruption Perceptions Index 2015

<sup>76</sup> Transparency International, Corruption Perceptions Index 2015

<sup>77</sup> Transparency International, Corruption Perceptions Index 2015

<sup>78</sup> 1) Reliable data collection and methodology from a credible institution, 2) data addresses corruption in the public sector, 3) quantitative granularity (minimum four-point scale), 4) cross country comparability and 5) multiyear data-set.

<sup>79</sup> Transparency International, Corruption Perceptions Index 2015

<sup>80</sup> Ghana Integrity Initiative, 13 Jan 2016.

<sup>81</sup> Ghana Integrity Initiative, 13 Jan 2016.

<sup>82</sup> Ghana Integrity Initiative, 13 Jan 2016.

<sup>83</sup> Ghana Integrity Initiative, 13 Jan 2016.

<sup>84</sup> Ghana Presidency, 21 Apr 2015.

## Implications

The current ministerial reshuffle is less about filling the gaps than it might initially appear. Rather, it signifies active preparation in the lead up to the presidential elections in November. Mahama has sought to reinforce support in his stronghold regions, diversifying and balancing ethnic representation, whilst intensifying his efforts towards the perceived increase in the terrorist threat. Bani's appointment – despite his sacking as chief of staff in 2015 – is a clear indication that the government perceives the terrorist threat as real. The fact that the energy minister position remains unfilled would indicate that the energy crisis will persist, while the previous minister's turbulent departure means few will wish to succeed him.

The CPC factory shutdown is an example of the government's propping up of an ostensibly privatised company. With over 93% of shares, Cocobod, the finance ministry and the Social Security and National Insurance Trust have a responsibility to continue supporting the debt-ridden CPC, especially as the government wants to increase its level of local cocoa transformation, still far below the government's target of 50%. A government bailout may be the most viable solution to the survival of CPC, as the company itself will struggle to reverse the operating losses.

The most notable feature of Mahama's acceptance of the Guantanamo Bay detainees is the way in which the Ghana government and the US embassy in Ghana have downplayed the potential threat posed to Ghana, branding the detainees as the lowest risk category possible and allowing them full community contact. US senator Mark Rick's letter would suggest the risk is much greater, implying also that the mode of custody will be far more severe.

Ghana's favourable ranking on the CPI suggests a continuation of Mahama's openly firm stance against corruption, as he repeatedly expressed in his New Year's address. However, Mahama still faces the repercussions of previous corruption scandals, which continue to tarnish his open commitment to eradicate corruption.

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