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President Nana Afuko-Addo (2017-present) has fired gender, children and social protection minister, Sarah Adwoa Safo, potentially ending the hung parliament that undermined the ruling New Patriotic Party's (NPP) policy agenda. Major ratings agencies downgrade Ghana, limiting access to the capital market to finance loans even further. The Bank of Ghana (BoG) (central bank) publishes its latest inflation figures, indicating that Ghana's inflation reached 31,7% in July, up from 29.8% in June. An IMF delegation concludes talks with the government on 13 July, agreeing on the implementation of an Enhanced Domestic Program supported by a loan from the IMF. Ghana's agricultural sector, which contributes approximately 20% to GDP, sees both positive and negative developments in the period July-August. International support is provided by Yara Ghana, the Norwegian multinational agricultural company, the International Development Association (IDA), the United States Agency for International Development (USAID) and South Korea.

Gender minister fired amid unexplained absence

Gender, children and social protection minister, **Sarah Adwoa Safo**, has been fired from her position by President **Nana Akufo-Addo** (2017-present), potentially vacating a seat in the currently hung parliament.¹

Safo is the ruling **New Patriotic Party (NPP)** member of parliament (MP) for the **Dome Kwabenya (Greater Accra Region)** constituency. The presidency did not provide an exact reason for her dismissal; however, local reports indicate that it is a result of her continued absence from parliament.² Safo has excused herself from parliament for more than 15 sessions, without approval from the parliamentary speaker. Safo, who has been in the US since December 2021, said her absence is due to pressing family engagements.³

Safo's ongoing absence has resulted in a hung parliament given that the legislature is split 137-136 between the NPP and the NDC respectively.⁴ Safo's absence has led parliament to be an equal split on all policy-related decisions, which according to Ghana's constitution, automatically sees the bill fail to pass. If Safo's seat is declared vacant there will be a new election for the Dome Kwabenya constituency. The NPP's push to have the seat declared vacant indicates that they are confident in winning any new election, which will give the NPP passage to pass policy faster and without the challenges it has faced since Safo's absence.

Parliament's **Privileges Committee** has recommended that Safo's seat be declared vacant after she was summoned in mid-June by the committee, but she did not respond to its invitations to address why she had not attended the 15 sessions. Parliamentary speaker **Alban Bagbin** adjourned the issue until the legislature returns from a break in October.⁵ The decision to vacate Safo's seat has become a battle ground for the majority NPP MPs on the committee, who argue her seat should be declared vacant immediately, and the minority opposition **National Democratic Congress (NDC)** MPs who believe Safo should be given an opportunity to explain herself to the committee.⁶ MP for the **Bekwai**

¹ Modern Ghana, 28 Jul 2022

² Modern Ghana, 28 Jul 2022

³ Ghanaweb.com, 28 Jul 2022

⁴ MyJoyOnline.com, 23 Feb 2022

⁵ Pulse.gh, 2 Aug 2022

⁶ Modern Ghana, 26 Jul 2022

constituency, **Joseph Osei-Owusu**, recently hinted in an interview that some MPs may even go to court if the seat is not declared vacant.⁷

Water and sanitation minister, **Cecilia Abena Dapaa**, was appointed as caretaker gender minister until Akufo-Addo (2017-present) makes a new appointment.⁸ On 2 August, Akufo-Addo nominated **Lariba Zuweira Abudu**, who was serving as deputy under Safo, to the gender ministerial role.⁹ Parliament, who must approve ministerial nominations by the president, will either approve the president's decision or not during its next sitting in October.

Rating agencies downgrade Ghana

United States (US) global rating agencies **S&P Global (S&P)** and **Fitch Solutions (Fitch)** have downgraded **Ghana**, citing its increased risk of defaulting on loans, further limiting Ghana's access to the international capital market. S&P downgraded Ghana's foreign and local currency sovereign ratings from '**B-/B**' to '**CCC+/C**' with a negative outlook.¹⁰ Fitch downgraded Ghana's **Long-Term Foreign-Currency (LTFC) Issuer Default Rating (IDR)** from '**B-**' to '**CCC**'.¹¹

Three US financial monitors have each raised a high risk of debt default: S&P's downgrade reflect Ghana's "*limited commercial financing options, and constrained external and fiscal buffers*".¹² Its '**CCC+/C**' rating highlights Ghana's risk of default on one or more loans as high;¹³ while a '**CCC**' rating from Fitch adds to the default risk concerns;¹⁴ and **US-based news publication Bloomberg** on 7 July, ranked Ghana second among countries with the highest debt default risk in 2022.¹⁵

S&P further elaborates that the ongoing **Russia's** invasion of **Ukraine** has exacerbated Ghana's fiscal and external imbalances and has increased domestic and global pressures. The cedi has depreciated 27% against the US dollar since the start of 2022 driving up inflation, which reached 31,7% in July compared to 9% from the same period last year.¹⁶ S&P noted that the government put measures such as the **E-Levy** tax in place, however, the measures have not worked out as anticipated. The conflict's impact on energy and food prices has pushed economic activity into the informal, untaxed sector.¹⁷ Ghana also has few options left to refinance its public debt, as domestic banks are unable to provide the required funds and the government has limited access to the international capital market given its economic position.¹⁸

Fitch echoes many of the reasons behind S&P's downgrade, stating the downgrade reflects the deterioration of Ghana's public finances combined with high-interest costs and low revenue.¹⁹ Fitch projects domestic debt interest to costs 45% or above until 2024. Ghana's debt at the end of June stood at GHS' 393.4 billion (\$43.7 billion), representing 78,3% of GDP.²⁰ Bloomberg estimates that Ghana's debt to gross domestic product (GDP) ratio will be 84,6% by the end of 2022, with an interest rate expense to GDP ratio of 7,2%.

S&P believes Ghana still has strong growth prospects, but the country's debt sustainability is the immediate problem. Fitch echoes this but says that near-term growth for Ghana has lowered significantly. Fitch projects growth to rebound to 5.3% in 2023 but caveats this with:

⁷ Ghahaweb.com, 10 Aug 2022

⁸ News Ghana, 28 Jul 2022

⁹ Ghanaweb.com, 2 Aug 2022

¹⁰ S&P Global, 5 Aug 2022

¹¹ Fitch Solutions, 10 Aug 2022

¹² S&P Global, 5 Aug 2022

¹³ Agence Ecofin, 8 Aug 2022

¹⁴ Fitch Solutions, 10 Aug 2022

¹⁵ Bloomberg, 7 Jul 2022

¹⁶ S&P Global, 5 Aug 2022

¹⁷ S&P Global, 5 Aug 2022

¹⁸ Agence Ecofin, 8 Aug 2022

¹⁹ Fitch Solutions, 10 Aug 2022

²⁰ Ghanaian Times, 8 Aug 2022

“Stagnation in the oil sector, failure to implement fiscal consolidation, and /or additional global shocks are risks to the growth outlook”.²¹

Ghana’s finance ministry addressed the downgrade, stating that it is *“disappointed”*.²² The statement released by the ministry concluded that government remains committed and confident that it will emerge from these challenges soon. However, no further indications of how the government will achieve this were given, other than the promise of the already in place revenue-saving measures working soon.

President Afuko-Addo is optimistic. Speaking at the **Founder’s Day** lunch in Accra, he assured attendees that the economy will rebound soon, adding that government will make use of several economic policy initiatives to drive economic growth and prosperity.²³

S&P has stated it could lower ratings if financing and external pressures continue, however, should external stress ease alongside economic growth acceleration and increased capital market access, S&P could revise Ghana’s outlook.²⁴ Both agencies also acknowledged Ghana’s pending **International Monetary Fund (IMF)** programme, but it has yet to be approved, agencies could not take it into account.

IMF concludes its visit to Ghana as economic challenges worsen

The **Bank of Ghana (BoG)** (central bank) published its latest inflation figures, indicating that Ghana’s inflation reached 31,7% in July, up from 29.8% in June.²⁵ The BoG maintains its maximum threshold is 10%, however, inflation has been above since September 2021. Food prices increased by 30.7%, pushed by higher prices for oil and cereals, while non-food prices increased by 29.1%.²⁶ The pace of inflation is slowing but remains at its highest peak since December 2003.

Finance minister, **Ken Ofori-Atta**, added to the bad news on 25 July during his mid-year budget statement. Ofori-Atta announced that Ghana’s 2022 economic growth figure had been revised down from 5.8% to 3.7%.²⁷ Ofori-Atta further indicated that inflation is expected to peak at 28.5% in 2022 while the budget deficit, previously estimated at 7.4%, will increase.²⁸ Ofori-Atta announced budget cuts through the reduction of salaries and suspended travel of members of government.

However, with little to no success capitalising on measures put in place and few options left, the government approached the IMF for a new aid programme (*see ARC Brief Ghana Jul 2022*). An IMF delegation was present in the country for talks between 6 and 13 July.²⁹ The implementation of an **Enhanced Domestic Program** supported by a loan from the IMF was agreed upon during the talks.³⁰ **Carlo Sdravovich**, who led the delegation and talks, issued a statement at the end of the talks referring to future reforms:

“The discussions focused on improving fiscal balances in a sustainable way while protecting the vulnerable and poor; ensuring credibility of the monetary policy and exchange rate regimes; preserving financial sector stability; and designing reforms to enhance growth, create jobs, and strengthen governance.”³¹

²¹ Fitch Solutions, 10 Aug 2022

²² Reuters, 8 Aug 2022

²³ Ghana Today, 5 Aug 2022

²⁴ S&P Global, 5 Aug 2022

²⁵ Reuters, 10 Aug 2022

²⁶ Sika Finance, 14 Jul 2022

²⁷ Agence Ecofin, 27 Jul 2022

²⁸ Bloomberg, 25 Jul 2022

²⁹ Agence Ecofin, 14 Jul 2022

³⁰ IMF, 13 Jul 2022

³¹ IMF, 13 Jul 2022

Ofori-Atta confirmed on 28 July that Ghana is anticipating a three-year programme worth between \$2 billion and \$3 billion.³² While the programme will take up to six months before it is ready for discussion, talks are ongoing aimed at immediate support for the balance of payments.³³

Chief executive officer (CEO) of the **Ghana Investment Promotion Centre, Yofi Grant**, however, maintains that the country's economic growth and outlook remain positive.³⁴ Grant, in an interview with a **United Kingdom**-based news agency, the **BBC**, said that Ghana is not the only country now to be impacted by higher inflation rates. Grant stated in the interview:

*"We're seeing larger economies also struggling now; like Nigeria. We've seen the US economy has inflation at a 40-year high; we've seen the UK economy [with] same problem, the same with Canada."*³⁵

Food insecurity challenges highlighted in Ghana

Ghana's economic battles in conjunction with exacerbating factors such as Russia's invasion of Ukraine has caused high inflation and a shortage of fertiliser available to small farmers. This and a drought has increased concerns for agricultural production and domestic food security. The situation has attracted the attention and financing of the international donor community, who point out that the country's small holding farmers are central to preventing food insecurity, noting that 100,000 small hold farmers can feed 1 million people.

Ghana has historically suffered with food insecurity, with 90% of the population in the northern region reliant on agriculture for their livelihoods, despite only having one rainy season a year.³⁶ The **World Food Programme** noted in 2020 that approximately 21,000 Ghanaians suffered from food insecurity – this number would have significantly risen given the domestic and global context. **Reliefweb** reported in May 2022 that an estimated 27.3 million people are facing food insecurity across **West Africa**.

Food and agriculture minister, Dr **Owusu Afriyie Akoto** has however refuted reports of food insecurity in Ghana, instead calling it "*rock solid*" after a tour of five regions in July.³⁷ Finance minister, Ofori-Atta, also did his best to assure citizens that measures are in place to avert a potential food crisis during his mid-year budget speech on 25 July.³⁸ Ofori-Atta referenced the ban on grain exports, the promotion of use of organic fertilisers on farms, cultivation of crops such as roots and increased monitoring of food prices as actions taken by government.

The protests organised by political pressure group **Arise Ghana** in June against what it called worsening economic conditions indicates that citizens are at a boiling point with increasing inflation and therefore, rising food prices (*see ARC Briefing Ghana July 2022*). If Ghana's food security situation deteriorates any further, the likelihood of further unrest is high. The increasing number of droughts are also a worry and will not only negatively impact food security but economic revenue too.

The risk of Ghana's severe food insecurity has been recognised by several institutions of the international donor community that are providing financing, notably:

- The World Bank's **International Development Association (IDA)** has approved a \$315m loan to Ghana, **Chad**, and **Sierra Leone** to improve food crisis prevention and management; improve sustainable production and integrate regional food links between these countries. No specific

³² CNBC Africa, 28 Jul 2022

³³ CNBC Africa, 28 Jul 2022

³⁴ Ghanian Times, 9 Aug 2022

³⁵ Ghanian Times, 9 Aug 2022

³⁶ The Boren Project, accessed 12 Aug 2022

³⁷ Ghanaweb.com, 6 Jul 2022

³⁸ Modern Ghana, 25 Jul 2022

figures on Ghana's portion of the loan have been released, however, the IDA reports that 2 million farmers across the three countries will benefit from the loan.³⁹

- **Norway's** multinational agricultural company **Yara** via its local subsidiary Yara Ghana delivered 18,000 metric tonnes of fertiliser worth \$29m, to 100,000 farmers, as part of its "*Grow Ghana*", campaign to support farmers to food production.⁴⁰
- South Korea's **Korea International Cooperation Agency (KOICA)** is supporting rice farmers in the Central **Region**. KOICA sponsors a rice growing programme and currently supports operations in five districts and over 500 farmers in their rice growing. Agriculture minister, **Justina Marigold Assan**, who believes the Central Region has capacity to produce enough rice for local needs and export led a 14-member team from Ghana to South Korea [dates] to participate in a training programme geared at improving.⁴¹
- The **United States (US)** through its **US Agency for International Development (USAID)** also announced a new allocation of \$2.5m specifically to address food insecurity.⁴²

Agriculture contributes approximately 20% to Ghana's GDP, providing essential export revenues as well as feeding the nation. Professor **Peter Quartey**, director of the **Institute of Statistical, Social and Economic Research (ISSER)** based in **Accra**, has urged the IMF programme developers to focus more on agriculture.⁴³ Quartey believes this would address rising food prices and improve food security. Quartey stated in an interview on 3 August that "*agriculture is key, we may face many food crises, if we are not careful and don't tackle agriculture*".⁴⁴ Quartey is seeking investments in irrigation, seed varieties, credit for farmers and local sales.

There's bad news too for Ghana's most lucrative crop – the drought is also affecting cocoa production which is now forecast to fall from 950,000 tonnes to 685,000 tonnes down from⁴⁵1.05m tonnes - making this the lowest produced in 12 years. An unforeseen problem has been the shift by farmers into illegal gold mining – given the current high price of gold – again a consequence of Russia's invasion of Ukraine. Farmers and artisanal miners have given over approximately 2% of cocoa farms, or 19,000 hectares, to gold mining. Ghana is the second largest exporter of cocoa beans in the world, earning \$1.28 billion in 2020.⁴⁶ The poor harvest will add to shrinking export revenues for the growing season and provide another hit to the ailing economy.

Planner

28 – 29 October 2022 (**Ghana**) Kwahu Summit;
2023 (**Ghana**) **New Patriotic Party (NPP)** primaries;

Chronology

11 Aug 2022 **Accra (Ghana)** *Mining-technology.com*. **Canada**-based mining company, **Kinross**, divests its 90% stake in the **Chirano** mine to fellow Canadian firm **Asante Gold Corporation** for \$225m;
10 Aug 2022 **Accra (Ghana)** *Ghanian Times*. **Africa's** biggest bank, **Standard Bank**, has reduced **Ghana's** growth rate forecast for 2022 to 3.1% from an earlier 6.2%;

³⁹ Business Insider Africa, 2 Aug 2022

⁴⁰ Business Ghana, 9 Aug 2022

⁴¹ Business Ghana, 8 Aug 2022

⁴² USAID, 5 Aug 2022

⁴³ Ghanian Times, 8 Aug 2022

⁴⁴ Ghanian Times, 8 Aug 2022

⁴⁵ Bloomberg, 28 Jul 2022

⁴⁶ Observatory of Economic Complexity (OEC), accessed 12 Aug 2022

9 Aug 2022 **Accra (Ghana)** *Ghana Business News*. **Ghana Mineworkers Union** renews its call for the effective implementation of the **Mineral Development Fund** aimed at addressing the concerns of deprivation and underdevelopment in mining communities;

8 Aug 2022 **Accra (Ghana)** *Business Ghana*. Finance ministry expresses disappointment at global rating agency **Standard and Poor's** downgrading of its sovereign credit rating from B-/B to CCC+/C, putting the country's creditworthiness into junk status, but said it was determined to quickly emerge from its economic rut;

8 Aug 2022 **Cape Town (South Africa)** *Africa Business*. **Ghana National Petroleum Corporation** sends a delegation to **African Energy Week** to promote oil, natural gas and electrification opportunities;

5 Aug 2022 **Accra (Ghana)** *African Business Magazine*. **United States** representative to the **United Nations, Linda Thomas-Greenfield** arrives in **Ghana** for a 2-day trip to discuss food security in Africa and meet with civil society and government leaders;

5 Aug 2022 **Accra (Ghana)** *Ghanian Times*. Tourism minister, Dr **Ibrahim Mohammed Awal** confirms that **Ghana** has recorded over 400,000 international arrivals since January, a positive result;

3 Aug 2022 **Accra (Ghana)** *Ghana Business News*. Government outlines new interventions aimed at harmonising existing laws, programmes, policies and regulations to boost trade with **Africa** under the **African Continental Free Trade Agreement (AfCTA)**;

3 Aug 2022 **Accra (Ghana)** *Bloomberg*. **France**-based **Telecel Group**, headed by French tycoon **Hugues Mulliez**, says it has signed a sales agreement with **United Kingdom**-headquartered telecommunications giant **Vodafone** for its operations in **Ghana**. Telecel further states that it is in talks with Ghanaian authorities to get approvals for a deal to buy;

2 Aug 2022 **Accra (Ghana)** *Reuters*. A child who contracted the highly infectious **Marburg** virus has died in hospital, bringing the total number of fatalities from the disease to three;

1 Aug 2022 **Accra (Ghana)** *Africanews*. President **Nana Addo Akufo-Addo** speaks at the **Reparations and Racial Healing Summit**, calling for slavery reparations to be paid to **Africa** and the African diaspora;

1 Aug 2022 **Accra (Ghana)** *Agence Ecofin*. **Ghana's** cocoa production for the 2021/2022 campaign is estimated to stand at 685,000 tonnes, the worst harvest in 12 years;

29 Jul 2022 **Accra (Ghana)** *Agence Ecofin*. The **Tree Crops Development Authority** begins a five-year \$100m program aimed at improving performance of the sector;

29 Jul 2022 **Accra (Ghana)** *MyJoyOnline*. Finance minister **Ken Ofori-Atta** says **Ghana** is anticipating a possible three-year programme with the **IMF** worth about \$2 billion to \$3 billion;

29 Jul 2022 **Accra (Ghana)** *Bloomberg*. **United Kingdom**-headquartered **Vodafone Plc** agrees a sale of its operations in **Ghana** to international telecommunication group **Telecel Group**;

25 Jul 2022 **Accra (Ghana)** *GhanaWeb*. Finance minister **Ken Ofori-Atta** delivers the mid-year budget, vowing to return state finances to a sustainable path as he seeks to secure a deal with the **International Monetary Fund** to support the economy;

25 Jul 2022 **Debre & Akwamu-Korankye (Ghana)** *Port Technology*. Ghana begins construction of a \$200m inland marine port aimed at easing pressure on cargo transportation;

23 Jul 2022 **Accra (Ghana)** *MyJoyOnline*. **Bank of Ghana** (central bank) data shows **Ghana's** balance-of-payments deficit widened to nearly \$2.5 billion in June from \$935m in the first quarter;

20 Jul 2022 **Accra (Ghana)** *Ghana Business News*. Parliament approves a loan facility agreement between the Ghana government and **African Export-Import Bank (Afreximbank)** for an amount of \$750m to finance capital growth-related expenditures in the 2022 budget;

19 Jul 2022 **Accra (Ghana)** *MyJoyOnline*. Government set to sign an agreement next week with **South Africa**-based railway company **Thelo DB** consortium for a \$3.2 billion project to develop and make operational its **Western Railway Line**;

19 Jul 2022 **Accra (Ghana)** *Agence Ecofin*. The **Edikan** gold mine, operated by **Australian** company **Perseus Mining**, announces it will continue to deliver gold until 2027 after a successful feasibility study of the new **Nkosou** deposit;

16 Jul 2022 **Accra (Ghana)** *Reuters*. Finance ministry says government has averted a planned strike by public sector workers over pay, reaching an agreement with the country's main labour unions to increase the cost of living allowance by 15%;

13 Jul 2022 **Accra (Ghana)** *GhanaWeb*. **Ghana Statistical Services** reports that inflation hit 29.8% for the month of June;

13 Jul 2022 **Accra (Ghana)** *IMF*. **International Monetary Fund** staff team concludes visit in Ghana, saying it held initial discussions on a comprehensive reform package to restore macroeconomic stability and anchor debt sustainability;

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