

## AFRICA RISK CONSULTING

### Ghana Monthly Briefing January 2018

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#### Ghana Summary 18 January 2018

**President Nana Addo Dankwa Akufo-Addo (2017-present) names Martin Amidu as special prosecutor to head an anti-graft unit. Deputy governor of the Bank of Ghana (BoG) (central bank), Johnson Asiama, resigns. The Ghana Stock Exchange (GSE) announces that it has placed state-owned local cocoa processor, the Cocoa Processing Co (CPC) Ltd, on a watchlist until May. Germany-based Siemens AG signs a memorandum of understanding (MoU) with Ghana-based Rotan Power Ltd to develop a 660MW combined cycle power plant in the Aboadze Power Enclave, near Takoradi (Western Region).**

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#### Akufo-Addo names Martin Amidu as new anti-corruption prosecutor

President **Nana Addo Dankwa Akufo-Addo** (2017-present) named **Martin Amidu** as special prosecutor on 11 January.<sup>1</sup> Amidu will head an anti-graft unit that will probe allegations of corruption in **Ghana**.<sup>2</sup> Akufo-Addo's appointment of Amidu has received wide-ranging praise, most notably from members of the main opposition **National Democratic Congress (NDC)** of which Amidu is a member.<sup>3</sup> Former NDC president **Jerry John Rawlings** (1981-1993/ 1993-2001), lauded the appointment:<sup>4</sup>

*"[Akufo-Addo has] risen above partisanship and recognised a highly principled citizen... [Akufo-Addo] couldn't have made a better choice... Amidu has proven to be a fearless anti-corruption crusader whose pursuit of truth and justice has won him national admiration."*<sup>5</sup>

**Emmanuel Akwete**, head of the **Institute of Democratic Governance**, also commended the appointment, in an interview with **French** press,

*"We've had experiences in the past where people believe that many acts or cases of alleged corruption weren't being pursued because of political interference... So there is a belief now that we should separate the office of the minister of justice and the attorney-general and have a fully empowered attorney-general who is not a politician, who's independent."*<sup>6</sup>

Amidu was the attorney general from 2011 to 2012 under late President **John Atta-Mills** (2009-2012).<sup>7</sup> Amidu was appointed justice minister in 2012 but sacked just several days after the appointment under unclear circumstances.<sup>8</sup> Amidu also served as interior minister under Atta-Mills in 2010, having stood as Atta-Mills' running mate in the 2000 presidential elections.<sup>9</sup> Amidu served as deputy attorney general under Rawlings for the last four years of the **Provisional National Defence Council** military government, which ended in 1993, and until the end of Rawlings' presidential

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<sup>1</sup> Reuters, 11 Jan 2018.

<sup>2</sup> Reuters, 11 Jan 2018.

<sup>3</sup> Citi FM, 11 Jan 2018.

<sup>4</sup> Citi FM, 11 Jan 2018.

<sup>5</sup> Citi FM, 11 Jan 2018.

<sup>6</sup> RFI, 12 Jan 2018.

<sup>7</sup> Citi FM, 11 Jan 2018.

<sup>8</sup> Reuters, 11 Jan 2018.

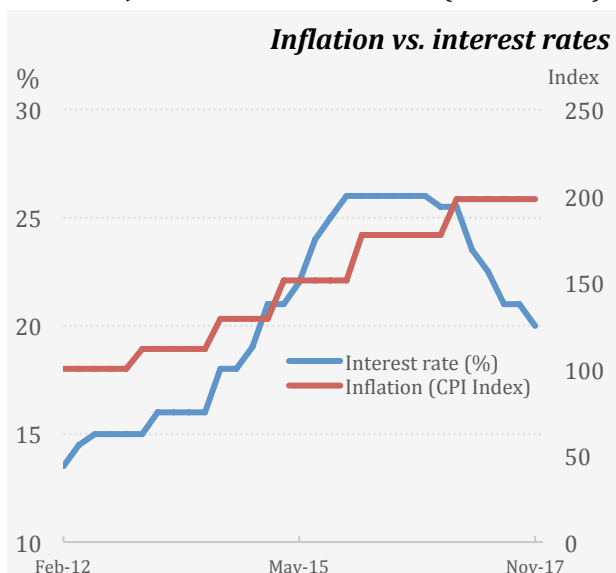
<sup>9</sup> Citi FM, 11 Jan 2018.

mandate in 2001.<sup>10</sup> Amidu is prominent in Ghana for having taken NDC-related businessperson **Alfred Woyome** to the **Supreme Court** for alleged corruption of public officials.<sup>11</sup>

Amidu's reputation as an anti-corruption campaigner has earned him Akufo-Addo's support despite his historic affiliation to the NDC. The benefits for Akufo-Addo are not only in the nomination of a credible anti-corruption unit head, but equally in maintaining a good relationship with the NDC, and minimising antagonism between the NDC and his **New Patriotic Party (NPP)** government. This bipartisan gesture could afford Akufo-Addo some NDC support for parliamentary votes.

### Central bank deputy governor resigns

The deputy governor of the **Bank of Ghana (BoG)** (central bank), **Johnson Asiama**, resigned on 5 January.<sup>12</sup> The announcement appears to be linked to ruling NPP interference within the BoG. The BoG is legally independent, but, according to analysts, appears to have been the subject of political appointments in recent years.<sup>13</sup> The previous governor, **Abdul-Nashiru Issahaku**, resigned in March 2017.<sup>14</sup> At the time, the resignation was viewed as politically motivated due to Issahaku's ties to the NDC (see *ARC Briefing Ghana April 2017*). Although Issahaku's replacement, **Ernest Kwamina Yedu Addison**, has a solid technocratic reputation, several political commentators believed that Akufo-Addo's motive was to reduce the economic influence of NDC members within the BoG. Former NDC President **John Dramani Mahama** (2012-2017) appointed Asiama in April 2016.<sup>15</sup> Asiama was



viewed as the last NDC-loyal member of major influence within the BoG.<sup>16</sup> Although Asiama claimed that personal interests and the "broader interest" motivated the decision,<sup>17</sup> press sources claimed that his resignation was linked to political loyalty.<sup>18</sup> Ghanaian press reports claim that there are two possible replacements for Asiama.<sup>19</sup> One is speculated to be **Josephine Anan Ankomah**, the wife of **Ecobank Gambia Ltd** managing director **Ace Anan Ankomah**.<sup>20</sup> The Ghanaian press has at time of writing not yet named the other possible replacement.<sup>21</sup>

The NPP appears to have had a positive effect on the central bank's interest rate policy since entering power. The BoG has cut its benchmark policy rates around 450 basis points, now at 20% (see *ARC Briefing Ghana December 2017*) since

January 2017. The BoG's policy has also led to a decrease in headline inflation – consumer price index (CPI) – from 15.4% to 11.6%.<sup>22</sup>

<sup>10</sup> Citi FM, 11 Jan 2018.

<sup>11</sup> Citi FM, 11 Jan 2018.

<sup>12</sup> Reuters, 5 Jan 2018.

<sup>13</sup> Reuters, 5 Jan 2018.

<sup>14</sup> www.bog.gov.gh

<sup>15</sup> Reuters, 5 Jan 2018.

<sup>16</sup> Reuters, 5 Jan 2018.

<sup>17</sup> Reuters, 5 Jan 2018.

<sup>18</sup> Reuters, 5 Jan 2018.

<sup>19</sup> B&FT Online, 5 Jan 2018.

<sup>20</sup> B&FT Online, 5 Jan 2018.

<sup>21</sup> B&FT Online, 5 Jan 2018.

<sup>22</sup> www.imf.org

The increasing politicisation of the BoG raises concerns about the independence of the institution. Asiamah's replacement is not yet confirmed, but could add to perceptions that the BoG lacks political independence.

### ... as Ghana Stock Exchange puts Cocoa Processing Co on watch list

The **Ghana Stock Exchange (GSE)** issued a statement on 28 December that it had placed state-owned local cocoa processor, the **Cocoa Processing Co (CPC) Ltd**, on a watch list until May.<sup>23</sup> The GSE said that it put the CPC on the watch list due to its precarious financial situation.<sup>24</sup> The CPC faces longstanding debt arrears.<sup>25</sup> The GSE said it would assess the company's financial situation at the end of the period and then decide on its continued listing on the stock exchange.<sup>26</sup>

The GSE suspended CPC for a period of two weeks in August due to its failure to submit financial reports or conduct an annual general meeting.<sup>27</sup> The CPC at the same time sought to secure \$300m in order to stabilise the business.<sup>28</sup> The CPC requested financial assistance from its former parent company, state-owned **Ghana Cocoa Board (Cocobod)**.<sup>29</sup> Cocobod remains the CPC's largest shareholder with a 57% stake, while the finance ministry holds 26% and the **Social Security and National Insurance Trust (SSNIT)** 10%. However, it seems the government is reluctant to provide financial assistance to the CPC due to the company's high level of debt – the CPC owes Cocobod close to \$122m.<sup>30</sup>

Although Akufo-Addo has sought to push the local value-added industry, it is not clear whether the government will give the CPC financial support.<sup>31</sup> With the government's **One District, One Factory** policy initiative, Akufo-Addo has vowed to invest in Ghanaian-based cocoa transformation. The government has said that this year it would like to process at least half of its national cocoa crop, the majority of which is currently exported before processing.<sup>32</sup> The CPC currently processes cocoa at less than half of its 64,500-tonne total capacity.<sup>33</sup> If the CPC delists from the GSE, the government is even less likely to invest in its financial recovery.

The CPC's financial situation will reduce the likelihood of the government relaunching the CPC factory in **Tema**. It remains unclear whether the CPC's financial situation is sufficiently recoverable for it to be considered within the government's investment plans.

### Siemens & Rotan Power sign MoU to launch 660MW combined cycle power plant

Germany-based **Siemens AG** signed a memorandum of understanding (MoU) in **Accra** on 16 December with Ghana-based **Rotan Power Ltd** to develop a 660MW combined cycle power plant in the **Aboadze Power Enclave**, near **Takoradi (Western Region)**.<sup>34</sup> The Rotan project will provide a significant electricity boost to Ghana as the largest single power plant in Ghana. German economy and energy minister **Brigitte Zypries** and Ghanaian vice-president **Mahamudu Bawumia** were also present during the signing of the deal.<sup>35</sup> The total investment for the project is \$500m, with funding from the **Euler Hermes Aktiengesellschaft** (German export credit agency).<sup>36</sup> Other project partners include **United Sates-based Chadbourne & Parke LLP**, **United Kingdom (UK)-based Mott**

<sup>23</sup> Ghana Stock Exchange, 8 Dec 2017.

<sup>24</sup> Ghana Stock Exchange, 28 Dec 2017.

<sup>25</sup> Ghana Stock Exchange, 28 Dec 2017.

<sup>26</sup> Ghana Stock Exchange, 28 Dec 2017.

<sup>27</sup> Reuters, 27 Dec 2017.

<sup>28</sup> Reuters, 9 Aug 2017.

<sup>29</sup> Reuters, 9 Aug 2017.

<sup>30</sup> Reuters, 9 Aug 2017.

<sup>31</sup> Reuters, 27 Dec 2017.

<sup>32</sup> Reuters, 27 Dec 2017.

<sup>33</sup> Reuters, 27 Dec 2017.

<sup>34</sup> Siemens Press Release, 16 Dec 2017.

<sup>35</sup> Ghana Web, 16 Dec 2017.

<sup>36</sup> Siemens Press Release, 16 Dec 2017.

**MacDonald Ltd**, UK-based **David Gardner Consulting Ltd**, Ghana-based law firm **AB & David Africa**, France-based **BNP Paribas SA** subsidiary **BNP Paribas Corporate & Institutional Banking**, UK-based **Amec Foster Wheeler Plc** and **Deloitte Touche Tohmatsu Ltd**.<sup>37</sup>

It appears that the Rotan Power project existed before the MoU with Siemens. Rotan Power had previously claimed that the financial close would be reached at the end of 2016, and that it would begin commercial operation in late 2018.<sup>38</sup> After the announcement of the MoU with Siemens, Rotan said that it would build the power plant in two phases, with commercial operations of the first phase beginning in 2023, and the second phase in 2025.<sup>39</sup> Rotan Power already has a 50-year lease on a property in Aboadze, a wholesale electricity supply licence to construct and operate a 660MW facility, and a power purchase agreement (PPA) with the state-owned **Electricity Co of Ghana (ECG)** for a period of 20 years.<sup>40</sup> The combined cycle plant operates gas turbines (see below), and will aim to primarily use natural gas from domestic sources where possible.<sup>41</sup>

Siemens will be responsible for the engineering, procurement and construction (EPC) of the project, deploying one of its **F-Class Series** power plants (the SCC6-5000F 2x1) and will also provide operation and maintenance for a period of 20 years.<sup>42</sup> The Siemens system comprises two gas turbines, a steam turbine, a generator and a heat recovery steam generator, with greater than 57% efficiency.<sup>43</sup> Chair of Rotan Power, **Kofi Morna**, said that the Siemens turbine is the lowest-cost generation plant among thermal power producers in Ghana.<sup>44</sup>

The launch of the plant, although expected for 2022/2023, will provide a meaningful boost in domestic power generation, which currently stands around 3,800MW in installed capacity. As such, the Rotan Power project will add an additional 17.4% to total national power generation.<sup>45</sup> Although the delays in the project could have been a concern for investors, Siemens' weight in committing to an MoU will reassure them that the project is likely to launch on schedule.

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<sup>37</sup> Rotan Power, 18 Dec 2017.

<sup>38</sup> Rotan Power, 18 Dec 2017.

<sup>39</sup> Siemens Press Release, 16 Dec 2017.

<sup>40</sup> Rotan Power, 18 Dec 2017.

<sup>41</sup> Rotan Power, 18 Dec 2017.

<sup>42</sup> Siemens Press Release, 16 Dec 2017.

<sup>43</sup> Siemens Press Release, 16 Dec 2017.

<sup>44</sup> Siemens Press Release, 16 Dec 2017.

<sup>45</sup> [www.energycom.gov.gh](http://www.energycom.gov.gh)

## Planner

30 May 2018 **Accra (Ghana)** *Press Release*. The **West Africa Mining & Power Exhibition & Conference** begins;

Apr 2018 **(Ghana)** *Press Release*. The government completes its ECF programme with the IMF;

19 Mar 2018 **Accra (Ghana)** *10 Times*. The **Coastal and Maritime Surveillance Summit** begins;

25 Jan 2018 **Accra (Ghana)** *Eventbrite*. The **Mining Investment West Africa** conference begins;

## Chronology

11 Jan 2018 **Accra (Ghana)** *Citi FM*. President **Nana Addo Dankwa Akufo-Addo** names **Martin Amidu** as special prosecutor, to head a new anti-graft unit;

5 Jan 2018 **Accra (Ghana)** *Reuters*. Deputy governor of the **Bank of Ghana** (central bank), **Johnson Asiamah**, resigns;

28 Dec 2017 **Accra (Ghana)** *Press Release*. The **Ghana Stock Exchange** announces that **Golden Web Ltd** compulsorily delists from March, **Transaction Solutions Ghana Ltd** voluntarily delists immediately, while another three entities are placed on a watchlist until May;

22 Dec 2017 **(Ghana)** *Citi FM*. Local press reports claim that Ghana risks suspension from the **Extractive Industries Transparency Initiative**, after reportedly failing to submit its annual report on its commitments to the organisation since 2015;

20 Dec 2017 **(Ghana)** *Daily Graphic*. The **World Bank Group's International Development Association** approves a credit facility of \$200m to support fiscal institutions, job creation and social security;

16 Dec 2017 **Accra (Ghana)** *Press Release*. **Germany**-based **Siemens AG** signs a memorandum of understanding with Ghana-based **Rotan Power Ltd** to develop a 660MW combined cycle power plant in the **Aboadze Power Enclave**, near **Takoradi (Western Region)**;

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