

## AFRICA RISK CONSULTING

## Ghana Monthly Briefing March 2019

## Ghana Summary 28 March 2019

*Political parties are gearing up for the 2020 elections. The opposition National Democratic Congress (NDC) elects former President John Dramani Mahama (2012-2017) as its presidential candidate. The real contest will be between President Nana Addo Dankwa Akufo-Addo (2017-present) and his New Patriotic Party (NPP) on the one hand, and Mahama and the NDC on the other. Political violence is on the increase: the police charge NDC national chairman Samuel Ofose Ampofo with criminal offences. Sources warn that corporate corruption will increase ahead of elections. Ghana successfully exits its International Monetary Fund (IMF) programme. A 30-year Eurobond is several times oversubscribed. Oil company Aker Energy's offshore finds increase reserves, and will see Ghana's oil production increase to 500,000 barrels per day by 2025.*

## Ghana's political parties gear up for 2020 elections

Ghana's political parties are gearing up for the 2020 elections, which are likely to be won or lost on economic credibility. The early election campaign was launched at the end of February with the opposition **National Democratic Congress (NDC)** electing former **President John Dramani Mahama** (2012-2017) as its presidential candidate. Although **President Nana Addo Dankwa Akufo-Addo** (2017-present) and his ruling **New Patriotic Party (NPP)** have the advantage of incumbency, Mahama as a candidate presents a credible threat. That said, the NDC has a phenomenal vote gathering capability.<sup>1</sup> Other parties are gearing for the elections, too, but the real contest will be between Nana Akufo-Addo and the NPP, and Mahama and the NDC.

Ghana's history of what the **French** call *alternance* – where an election sees one party replaced by another after every poll – is more pronounced than anywhere else on the continent.

Ghana's democratic alternance since 1990

Election	President	Party	Beat	Party
1999	Jerry Rawlings	NDC	John Kufur	NPP
2000	John Kufur	NPP	John Atta Mills	NDC
2004	John Kufur	NPP	John Atta Mills	NDC
2008	John Atta Mills	NDC	Nana Akufo-Addo	NPP
2012	President John Dramani Mahama	NDC	Nana Akufo-Addo	NPP
2016	Nana Akufo-Addo	NPP	John Mahama	NDC

John Dramani Mahama comes from a political family and is from **Damongo (Savannah Region)** in northern Ghana. The 61-year old Mahama, a **Moscow (Russia)**-trained social scientist, was first elected to Ghana's parliament in 1996 to represent the **Bole/Bamboi** constituency where he has

<sup>1</sup> Africa Confidential, 25 Jan 2019

served three four-year terms. He served as communications minister and simultaneously as the sector regulator until January 2001 while the sector was being deregulated. In January 2009, Mahama became vice-president of Ghana after late former president **John Evans Atta Mills** (2009-2012) defeated Nana Akufo Addo in the December 2008 presidential elections. Mahama became president after Atta Mills died in office on 24 July 2012. Mahama subsequently won the December 2012 election in his own right, narrowly beating Nana Akufo-Addo with 50.7% of the vote to Nana Akufo-Addo's 47.74%.

Other groupings made up of mainly small parties offer little challenge.

- There are rumours that the NDC's founder, ex-President **Jerry John Rawlings** (1979, 1981-1993), is about to form a new party with disgruntled NDC colleagues;
- **Murtala Mohammed**, of the **Progressive People's Party (PPP)**,<sup>2</sup> which came third in the 2016 election but has little visibility outside the **Greater Accra Region**, is asking members to pay their own election expenses if they want to contest;
- **Akwasi Addai**, otherwise known as 'Odike', the founder of the **United Progressive Party (UPP)**, has thrown his hat in the ring "*to stop former President John Dramani Mahama from leading Ghana again*".<sup>3</sup>

### Intrigue is one thing, dirty tricks may be new to Ghanaian politics ...

As party politicking increases, so does fear of criminal and underhand behaviour that has recently come to the fore (see *ARC Briefing February 2019*). The **Ghana Police Service Criminal Investigations Department (CID)** on 4 March charged NDC national chairman **Samuel Ofofu-Ampofo** and two leading NDC members with conspiracy to commit crime, notably kidnapping and threat of harm.<sup>4</sup> Ofofu-Ampofo is alleged to have called on NDC members and supporters to assassinate and kidnap opponents, calling for "*ruthless war*" against **Ghana Electoral Commission** chairperson **Jean Mensa** and granting free reign to party activists to insult the **National Peace Council (NPC)** chair, **Professor Emmanuel Asante**. (The NPC has a mandate to establish national infrastructure for conflict prevention, management and resolution.)

Both main political parties appear to have been involved in the recent political violence. *ARC Briefing February 2019* noted a rise in political violence that prompted the government to appoint a commission of inquiry following a shooting incident at the NDC executive meeting on 11 February in which one person was killed. The inquiry was held in public and televised, which reportedly produced several embarrassing moments, notably for Ghana police.<sup>5</sup>

Violence as an issue came to prominence following the **Ayawaso West Wuogon** (Greater Accra) by-election on 31 January when a vigilante group alleged to be an NPP supporting group attacked the NDC parliamentary candidate, **Delali Kwasi Brempong**. In the wake of the attack, seven people were hospitalised, one with bullet wounds.<sup>6</sup>

A largely unknown<sup>7</sup> and possibly partisan civil society group named **Defenders of Ghana's Democracy** has emerged and called on Mahama to play the Ofofu-Ampofo recording to the diplomatic community, just as he did with the Ayawaso West Wuogon shooting incident. After that incident, Mahama assembled foreign diplomats in Accra and briefed them. A respected newsletter also reports the rekindling of a youth movement, which garnered attention in the '**Occupy Ghana**'

<sup>2</sup> Daily Graphic 20 Mar 2019.

<sup>3</sup> Daily Guide Ghana, 21 Mar 2019.

<sup>4</sup> My Joy Online, 4 Mar 2019.

<sup>5</sup> ARC source, Ghana

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

<sup>7</sup> Source, Ghana analyst

protests against Mahama when he was in government. Although its members were co-opted into the NPP, there are rumblings of discontent with the government from these activists.<sup>8</sup>

*“Occupy Ghana is one of the more objective groups. They are largely urban middle class group led by a prominent lawyer. They use administrative legal instruments to change issues. They are well respected in terms of their advocacy for transparency and accountability.”*

Skulduggery and political violence would undermine Ghana’s legendary reputation for repeated peaceful elections. Local media reports an increase in election dirty tricks: the opposition NDC accuses the ruling NPP of using bribery and corruption such as offering foreign trips, contracts, scholarships to opposition MPs to leak information on opposition plans and strategies for the 2020 election campaign.

Of equal concern is the rise of corruption as elections approach. One senior local business executive warned ARC that business would face increasing risk of corruption as elections drew near.

*“Whatever anyone says, there is an increase in corruption around elections. It happens every time. Both parties are involved. Both build campaign funds and use corruption to do so.”<sup>9</sup>*

Another says

*“Corruption manifests itself in a raft of government related projects to which government allocates money.”*

### **Ghana is now master of its own economy ...**

The election is likely to focus on the economy and economic management. A string of good news events is likely to strengthen Nana Akufo-Addo’s hand and remind the electorate that while in office, Mahama was forced to turn to the **International Monetary Fund (IMF)** for a bail out. The government revelled in the IMF announcement on 21 March that gave Ghana the green light to exit the programme that the fund set up 2015. Economic management team vice chair, minister **Yaw Osafo Maafo**, said triumphantly *“We are now masters of our own economy.”*<sup>10</sup>

The optics of the end of the IMF deal plays to the government tune of sound economic management and a reminder that it was the John Mahama administration that was forced to enter into a three-year IMF bail out after the NDC government had agreed to double-digit pay rises for the civil service and so lost control of the fiscal deficit. The \$918m deal forced a reversal, with the government cutting civil service, freezing future public sector employment, and reducing the budget deficit to restore macro-economic stability and policy credibility.

While the last Mahama government went through the pain of the IMF deal, the NPP under Akufo-Addo looks set to benefit all the way to the ballot box with Osafo Maafo targeting 7.5% GDP growth this year.

*“Our economy, in spite of the prevailing challenges such as depreciation of the Ghana cedi, is one of the fastest growing on the **African** continent.”<sup>11</sup>*

### **... as its 30-year Eurobond is oversubscribed ...**

Information minister **Kojo Opong Nkrumah** was on message when he announced to assembled journalists that Ghana’s historic 30-year bond was seven times oversubscribed. He put the successful bond issue down to the Akufo-Addo administration’s much vaunted **Fiscal Responsibility Act**, which sets limits for the budget deficit and was backed by a fiscal and financial stability council. Ghana’s highly successful bond sale plays to the NPP’s mantra of strong economic management as the country enters its long election season. That it was seven times oversubscribed is as much an international

<sup>8</sup> Africa Confidential. 25 Jan 2019

<sup>9</sup> Ghana entrepreneur

<sup>10</sup> Ghana New Agency, 21 Mar 2019.

<sup>11</sup> Ghana New Agency, 21 Mar 2019.

vote of confidence in the long-term prospects of Ghana's economy as it is the market looking outside weakening developed economies.

The \$3 billion bond sale was completed on 19 March with the order book exceeding \$21 billion.<sup>12</sup> The government had expected to sell the longest tranche, a 30-year bond, at an annual yield of at least 9.5%. Demand for the debt was so strong that the final coupon was cut to 8.5%. In its press release, the information ministry said bonds were issued in three tranches with the following terms:

- an amount of \$750m for a 7-year bond issued at 7.875%;
- an amount of \$1.25 billion for a 12-year bond issued at 8.125%; and
- an amount of \$1 billion for a 31-year bond issued at 8.95%.<sup>13</sup>

The government expects to channel the bond into infrastructure projects and the remainder to clear maturing government debt. On the back of the oversubscription, the finance ministry has mooted a 50-year bond, which, if issued, will see Ghana become the first country in Africa to secure a bond of this length.<sup>14</sup>

Ghana's penchant for borrowing has its critics too. Several prominent local economists reported disquiet:

*"Economists that I have spoken to are unhappy about this. Borrowing has been rapid and high: people are getting worried about borrowing and are surprised that the international markets went for it. They do not consider the borrowed money to be well spent when it is going to debt restructuring rather than on productive spending."*<sup>15</sup>

### ... and Aker to list in Ghana as its Pecan find boosts oil reserves

Good economic news keeps coming for the government. In early March, oil company **Aker Energy** announced that it had discovered more oil on the main **Pecan** field offshore Ghana, meaning that production could surpass the government's February forecasts.<sup>16</sup> The Pecan field, which is operated by Aker Energy (50%), in partnership with **Russia's Lukoil** (38%), **Ghana National Petroleum Corporation (GNPC)** (10%) and **FuelTrade** (2%), successfully drilled the second of Aker's three-well appraisal campaign in March, bringing total reserves' estimates to between 600-1,000 million barrels of oil equivalent (mnboe), which are vastly larger than the existing producing fields.

In February, finance minister **Ken Ofori Atta** announced that overall crude oil production was expected to more than double by 2023, and increase fourfold by 2025.<sup>17</sup> Oil is expected to increase from current estimates of 196,000 barrels per day in 2018 to over 420,000 barrels per day in 2023, rising to 500,000 barrels per day in 2025. Some analysts anticipate that Pecan will account for most of Ghana's strong crude output growth for the next ten years.<sup>18</sup> The first oil production from Pecan is slated for early 2021 and will provide a major boost to Ghana's crude and condensates output in the first year post-election. Aker's **Norwegian** parent has intimated that it may list on the Ghana stock exchange following the discovery.<sup>19</sup>

<sup>12</sup> Ghana Business News, 21 Mar 2019.

<sup>13</sup> Ministry of Information press release, 21 Mar 2019.

<sup>14</sup> FT, 22 March 2019

<sup>15</sup> ARC source, Ghana.

<sup>16</sup> Offshore Energy Today, 4 Mar 2019

<sup>17</sup> Modern Ghana, 14 Mar 2019.

<sup>18</sup> BMI March 2019

<sup>19</sup> Reuters, 15 Feb 2019.

## Planner

22-24 May 2019 **Accra (Ghana) Bank of Ghana Monetary Policy Committee** meets;  
 27 May 2019 **Accra (Ghana) Bank of Ghana Monetary Policy Committee** press release;  
 17-19 Jul 2019 **Accra (Ghana) Bank of Ghana Monetary Policy Committee** meets;  
 22 Jul 2019 **Accra (Ghana) Bank of Ghana Monetary Policy Committee** press release;  
 17-19 Sep 2019 **Accra (Ghana) Bank of Ghana Monetary Policy Committee** meets;  
 20 Sep 2019 **Accra (Ghana) Bank of Ghana Monetary Policy Committee** press release;  
 20-22 Nov 2019 **Accra (Ghana) Bank of Ghana Monetary Policy Committee** meets;  
 25 Nov 2019 **Accra (Ghana) Bank of Ghana Monetary Policy Committee** press release;  
 2020 **(Ghana)** Presidential elections

## Chronology

28 Mar 2019 **Accra (Ghana)** *africanews*. **Ghana**-based power company **Strategic Power Solutions** partners with **United States (US)**-based **AEG International** to conduct a feasibility study into a solar power project;

26 Mar 2019 **Accra (Ghana)** *My Joy Online*. The **Danish Maritime Authority** signs a memorandum of understanding with Ghana to enhance Ghana's maritime capabilities;

21 Mar 2019 **Kumasi (Ghana)** *Ghana News Agency* The **International Monetary Fund (IMF)** has given the go ahead for the country to officially exit the programme established in 2015;

21 Mar 2019 **Accra (Ghana)** *FT*. Ghana plans to issue a 50-year bond after the positive reception to its 30-year Eurobond;

21 Mar 2019 **Accra (Ghana)** *GhanaWeb*. The government successfully issues a \$3 billion Eurobond, which was three times oversubscribed;

20 Mar 2019 **Accra (Ghana)** *GhanaWeb*. **Japan**-based car manufacturer **Suzuki Motors Corporation** plans to establish an assembly plant in Ghana;

4 Mar 2019 **Accra (Ghana)** *Construction Review*. **United Kingdom Export Finance** grants \$147m in support for three infrastructure projects;

28 Feb 2019 **Accra (Ghana)** *ESI Africa*. **The Power Distribution Services Ghana Ltd** takes over as electricity service provider from **Electricity Company of Ghana**;

26 Feb 2019 **Nairobi (Kenya)** *VOA*. **Kenya**-based ride hailing app, **Little Cab**, expands its business to **Tanzania** and **Ghana**;

### About Africa Risk Consulting:

**Africa Risk Consulting (ARC)** is a pan-African consulting company that provides timely, relevant information and advice that enables its clients to take informed investment decisions and to safeguard their reputations.

**ARC's** core consulting services include integrity due diligence and corporate investigations, political advisory and country assessments, opportunity monitoring and reputation risk management. Most relevant to private equity firms is ARC's integrity due diligence and corporate investigations capability. Specifically, ARC offers pre-deal integrity checks to highlight red flags before negotiations start; full detailed multi-jurisdictional reputation due diligence; and supplier and senior hire vetting and repeat due diligence for compliance programmes. ARC is unique in that it offers a 10-day delivery for a routine integrity due diligence. ARC also offers a suite of corporate investigations services from immediate investigation, evidence gathering, e-discovery, forensic accounting and whistleblower support on one end to crisis media management and regular monitoring on the other.

[www.africariskconsulting.com](http://www.africariskconsulting.com)

### About ARC Briefing:

**ARC Briefing** is ARC's essential business information service.

Companies at any stage in their Africa expansion, whether building or communicating an Africa strategy, investing directly, expanding current operations, financing other investors, doing the legal leg-work or researching the Africa growth trend, need ARC Briefing.

**ARC Briefing** is an information service keeping you:

- Up to date with Country Chronologies of business-critical events
- In the know via Country Briefings on political, economic, business and operating trends. Written in-country, ARC experts analyse and comment
- Ahead with Country Planner which details future elections, budgets, regulatory changes etc.

[www.africariskconsulting.com](http://www.africariskconsulting.com)

### Getting in touch

Please contact us by email [info@africariskconsulting.com](mailto:info@africariskconsulting.com) or call + 44 (0) 20 7078 4080

Follow us on Twitter: [@ARCBriefing](https://twitter.com/ARCBriefing)