

AFRICA RISK CONSULTING

Ghana Monthly Briefing January 2022

Ghana Summary 17 January 2022

President Nana Dankwa Akufo-Addo (2017-present) has reportedly cautioned ministers in his cabinet against running for leadership of the ruling New Patriotic Party (NPP) ahead of NPP primaries in 2023. The European Union (EU) has removed Ghana from its 'grey list' of countries at high risk of money-laundering activities. The European Investment Bank (EIB) grants an \$8.5m grant and \$85.5m concessional loan to Ghana to support Covid-19 response and healthcare improvements. United States (US)-based credit rating agency Fitch Ratings downgrades Ghana's Long-Term Foreign-Currency Issuer Default Rating (IDR) from 'B' to 'B-' with a negative outlook, citing concerns about Ghana's debt sustainability and access to international capital markets (ICMs). The finance ministry rejects a report by US-based financial publication Bloomberg labelling Ghana's dollar bonds highly distressed. Annual inflation rates rise to 12.6% in December, exceeding the Bank of Ghana's (BoG) (central bank) threshold for a fourth consecutive month. Ghana experiences a fourth wave of Covid-19 infections and implements new international travel restrictions.

Akufo-Addo threatens cabinet members over NPP primaries ...

Reports have surfaced that President **Nana Dankwa Akufo-Addo** (2017-present) has cautioned ministers in his cabinet against running for leadership of the ruling **New Patriotic Party (NPP)**. Akufo-Addo has spent the first year of his second term steering a hung parliament after the incumbent NPP lost its parliamentary majority in the 2020 general elections. The NPP now relies on an alliance with Ghana's single independent member for parliament (MP), **Andrew Asiamah Amoako**. Ghana-based radio station **CitiFM** journalist **Sammi Wiafe** reported on 16 January that President Akufo-Addo had warned ministers at a cabinet meeting that they would be "out of government" by June if they had plans of succeeding him.¹

The NPP primaries are scheduled to take place in 2023, ahead of Ghana's next general elections in 2024. Akufo-Addo has affirmed that he will be stepping down in January 2024, sparking interest in the party leadership position:

*"I will not make or cause to be made any substantial modification to the electoral laws in the last six months before the next election."*²

Akufo-Addo has also sought to quash rumours that the government's **Covid-19** vaccination programme is politically motivated. Delivering the 27th Covid-19 press briefing on 15 December, Akufo-Addo described the claim as "outrageous":

*"Contrary to the mischief being peddled by some, getting vaccinated will not cause you to vote for the NPP in the 2024 elections if you do not want to."*³

Competition between the NPP and opposition **National Democratic Congress (NDC)** remains high. The passing of the 2022 budget saw significant delay due to parliamentary walkouts and protest (see *ARC Briefing Ghana December 2021*) and parliament erupted into a brawl on 21 December when MPs disagreed over an electronic payments tax.⁴ In order to deliver on his campaign promises, Akufo-

¹ [Ghana Web](#), 16 Jan 2022

² [The Presidency – Republic of Ghana](#), 8 Dec 2021

³ [Ghana Health Service](#), 15 Dec 2021

⁴ [Ghana Web](#), 26 Dec 2021

Addo needs to unify and focus his own party and opposition MPs to deliver on the country's immediate legislative and political needs.

AML progress secures concessional loan from European Investment Bank ...

President Akufo-Addo's 2016 campaign promise to tackle corruption and money-laundering appears to be bearing fruit. The **European Union (EU)** announced on 7 January that it had removed Ghana from its grey list of countries at high-risk of money-laundering activities following satisfactory reform.⁵ In May 2020 the **European Commission (EC)** grey-listed Ghana and 11 other countries, citing loopholes in **Anti-Money Laundering (AML)** legislation and **Counter-Terrorism Financing (CFT)** regimes, considered incompatible with EU legislation. Ghana's presence on the 'grey list' meant that all financial transactions between Ghana and the EU were subject to additional vetting and review.⁶

Ghana was also subjected to a second round of mutual evaluation by the **Inter-Governmental Action Group against Money Laundering and Terrorist Financing in West Africa (GIABA)** in 2016.⁷ However, after reviewing the country's AML and CFT legislation, the GIABA removed Ghana from the **Financial Action Taskforce (FAFT)** 'grey list' in June 2021.⁸

President Akufo-Addo visited the headquarters of multilateral lender **European Investment Bank (EIB)** in **Luxembourg** on 13 December, securing an \$85.5m concessional loan and an \$8.5m grant.⁹ In his national address on response to the Covid-19 pandemic on 15 December, Akufo-Addo pledged to use \$20m of the EIB funds to establish a **National Vaccine Institute (NVI)** to supervise domestic production of Covid-19 and other infectious disease vaccines.¹⁰ The funds will also support provision of specialist medical equipment under the **Covid-19 National Response Plan**.

... amid concerns over debt distress risk ...

By improving AML and CFT legislation, Ghana has improved its access to multilateral sources and markets amid tighter compliance restrictions. However, both the **International Monetary Fund (IMF)** and the **World Bank** published concerns in December that Ghana remains at high risk of debt distress (see *ARC Briefing Ghana December 2021*). Ghana's public debt climbed to 81.5% of GDP in September. More recently, **United States (US)**-based credit risk agency **Fitch Ratings** warned that Ghana would not be able to access **International Capital Markets (ICMs)** in 2022/2023 following the surge in government debt.¹¹ Fitch published its review of Ghana's long-term foreign-currency **Issuer Default Rating (IDR)** on 14 January, downgrading Ghana's rating from 'B' to 'B-' with a negative outlook:

*"Loss of access to international capital markets in 2H21, following a pandemic-related surge in government debt [and] the context of uncertainty about the government's ability to stabilise debt and against a backdrop of tightening financial conditions."*¹²

Ghana will require \$2.7 billion (3.3% of gross-domestic product (GDP)) in 2022 to pay sovereign external interest and amortisation payments. While it can meet these payments through using its healthy reserves, the Fitch report notes that "*Ghana's international reserve position has become highly reliant on annual Eurobond issuance.*"¹³ The report anticipates a narrowing of the government's fiscal cash deficit to 9.1% in 2022, a decline from 12.5% in 2021 and 15.1% in 2020. However, "*the 2022 deficit would still be more than the 2022 'B' median of 4.6%*" necessitating a downgrade to 'B-'.¹⁴

⁵ [Anadolu Agency](#), 14 Jan 2022

⁶ [Anadolu Agency](#), 14 Jan 2022

⁷ [Ghana Web](#), 16 Jan 2022

⁸ [Ministry of Finance](#), 1 Jul 2021

⁹ [European Investment Bank](#), 13 Dec 2021

¹⁰ [Ghana Web](#), 16 Dec 2021

¹¹ [Fitch Ratings](#), 14 Jan 2022

¹² [Fitch Ratings](#), 14 Jan 2022

¹³ [Fitch Ratings](#), 14 Jan 2022

¹⁴ [My Joy Online](#), 16 Jan 2022

... and finance minister under fire over bond slump

Finance minister **Ken Ofori-Atta** is facing criticism over the performance of Ghana's dollar bonds. Ghana-headquartered **Progeny Ventures International** CEO **Kofi Amoah** criticised Ofori-Atta on social media platform **Twitter** after a report by US-based financial reporting agency **Bloomberg** confirmed a 10% slump in Ghana's dollar bonds over a ten-day period, continuing a 14% decline in 2021.¹⁵ The report confirmed declining investor confidence, due to the rising cost of borrowing from international markets, tied to US federal rate increases:

*"The extra premium demanded on Ghana's sovereign dollar debt jumped [on 12 January] to an average 1,105 basis points, from 683 basis points in September. Its \$27 billion of foreign debt has the worst start to the year among emerging markets."*¹⁶

Ghana currently has 14 dollar-denominated bonds, 13 of which are trading with an extra premium of 1,000 basis points, an indicator of distress. **United Kingdom (UK)**-based **Aberdeen Standard Investments** investment director **Kevin Daly** notes the market's response to Ghana's high level of outstanding bonds¹⁷ However, UK-based **Amundi** portfolio manager **Joe Delvaux** said he does not expect Ghana to default in 2022, as it has sufficient foreign exchange reserves,

*"... but medium to longer term, it becomes an issue as Ghana has lost access to the Eurobond market for rolling over debt".*¹⁸

The finance ministry on 16 January described the Bloomberg report and criticism of bond performance as "unwarranted" and unreflective of the "strong underlying fundamentals of the Ghanaian economy".¹⁹ The ministry statement claims that Ghana's reserves currently cover five months of imports, above the average for the past two decades. The finance ministry also referred to the sources of finance for the 2022 budget, totalling \$1.5 billion, \$700m of which is **Special Drawing Rights (SDR)** from the IMF.²⁰ The ministry cited the declining role of non-domestic investors in the financing of domestic debt since 2017, from 38.44% to 16.55% in November 2021 and strong domestic growth of 6.6% in Q3 2021, averaging 5.3% in 2021.²¹

Rising inflation will make austerity measures harder to implement

Rising inflation rates continue to place financial pressure on Ghanaian households, limiting government's ability to impose austerity measures and raise taxes with which to pay down Ghana's increasing public debt burden. Chief government statistician **Samuel Kobina Annim** revealed on 12 January that Ghana's annual inflation rate rose to 12.6% in December, a 0.4% increase from November.²² Annual inflation has reached its highest rate since April 2017, exceeding estimates projected by the Bloomberg economist survey of a 12.5% rise.²³

Month-on-month inflation between November and December was 1.2%. The highest rate of inflation was recorded for housing costs including water, electricity, gas and other fuels. Food inflation fell from 13.1% in November to 12.8% in December overall, however the **Upper West** region continues to experience high food price inflation (see below).

¹⁵ [Twitter](#), 13 Jan 2022

¹⁶ [Bloomberg](#), 13 Jan 2022

¹⁷ [Bloomberg](#), 13 Jan 2022

¹⁸ [Bloomberg](#), 13 Jan 2022

¹⁹ [My Joy Online](#), 17 Jan 2022

²⁰ [My Joy Online](#), 17 Jan 2022

²¹ [My Joy Online](#), 17 Jan 2022

²² [Stats Ghana](#), 12 Jan 2022

²³ [Bloomberg](#), 12 Jan 2022

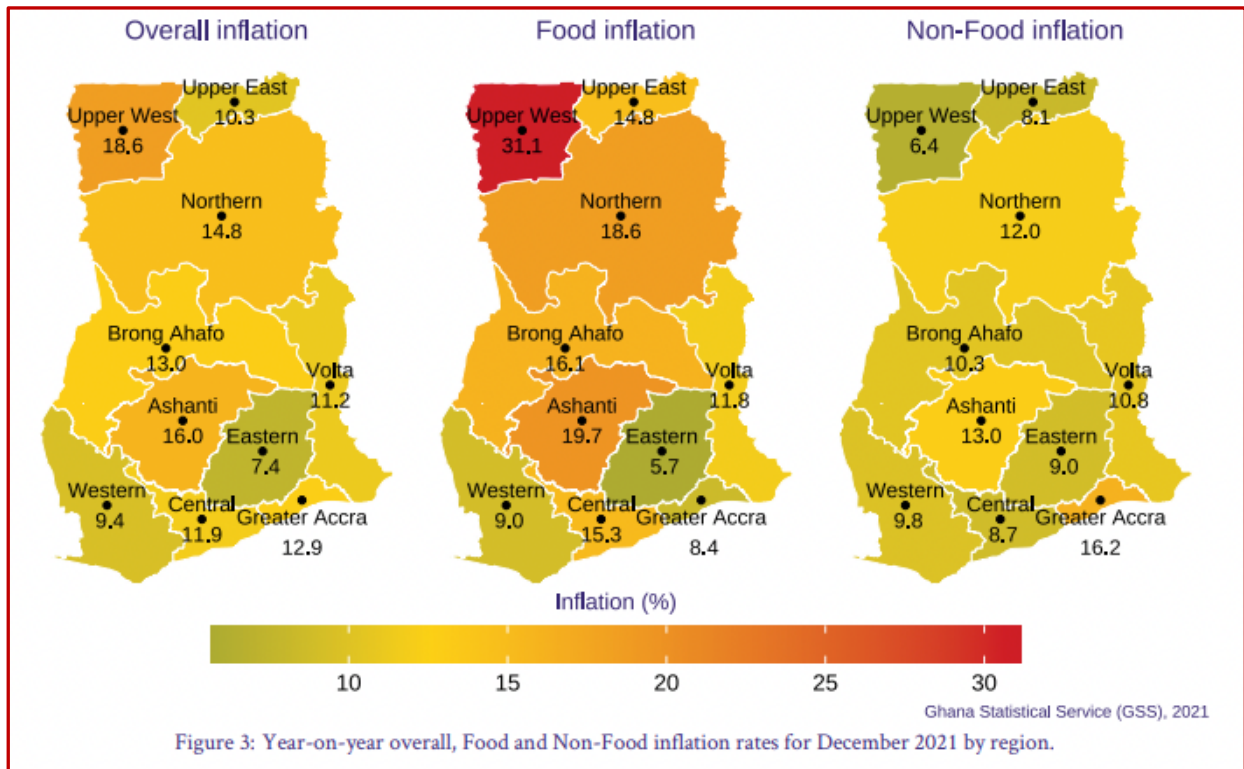
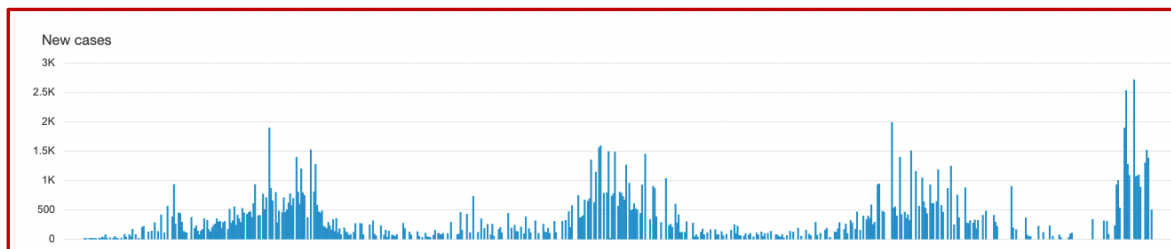


Figure 3: Year-on-year overall, Food and Non-Food inflation rates for December 2021 by region.

Annual inflation has exceeded the **Bank of Ghana (BoG)** (central bank)' threshold of 6-10% for four consecutive months.²⁴ Stats Ghana's December statistics follow the expectations of the last **Monetary Policy Committee (MPC)** meeting of the central bank, held on 22 November, which cited "significant" inflation risk.²⁵ The next BoG MPC meeting is scheduled to take place on 25 January when the committee will determine whether a further rise in the benchmark interest rate is required.

Omicron causes fourth wave of Covid-19 infections

Implementation of several new travel restrictions in December failed to temper the fourth wave of Covid-19 infections in Ghana. New cases rose sharply in December, peaking on 1 January at 1,011 new cases per day.²⁶ The new wave of infections follows the discovery of the omicron variant of Covid-19 in Ghana in November (see *ARC Briefing Ghana December 2021*). However, reports of new cases are now in decline, indicating the end of the fourth wave.²⁷ As of 16 January, Ghana had registered 152,729 cases of Covid-19 in its population of 31.7 million, with 1,336 Covid-19-related deaths.²⁸



1- Extract World Health Organisation (WHO) data on 16 January 2022

Ghana began implementing new restrictions for international passengers on 10 December, in a bid to prevent an increase in new Covid-19 cases and encourage vaccination uptake. **Ghana Health Service**

²⁴ Bloomberg, 12 Jan 2022

²⁵ Bank of Ghana, 22 Nov 2021

²⁶ World Health Organisation, accessed 16 Jan 2022

²⁷ World Health Organisation, accessed 16 Jan 2022

²⁸ World Health Organisation, accessed 16 Jan 2022

(GHS) general director **Patrick Kuma-Aboagye** said the increase in cases, together with detection of the omicron variant, called for “*urgent actions*” to prevent a major surge in Covid-19 cases in Ghana.²⁹ As of 12 December, all persons above the age of 18 must provide evidence of full vaccination against Covid-19 upon arrival in Ghana. Unvaccinated citizens and residents will be vaccinated before departing the airport.³⁰ All Ghanaians transiting from Ghana are required to be fully vaccinated prior to departure.³¹ Travellers are also required to have a negative PCR test 72 hours prior to departure for Ghana and a completed health declaration form, and submit to a rapid antigen test upon arrival in Ghana.³²

President Akufo-Addo in his 15 December press conference encouraged Ghanaians to celebrate in open spaces and comply with government advice:

- Use facemasks;
- Employ social distancing;
- Observe hygiene protocols, including hand washing;
- Get vaccinated.

Akufo-Addo said Ghana’s land border would remain closed, citing high levels of Covid-19 in neighbouring countries and low vaccination levels:

*“I believe this is not the right time to reopen our land borders, especially as we are determined to prevent a 4th wave and as such, they will remain closed until further notice.”*³³

The new international travel requirements implement a system of fines against airlines that allow unvaccinated or undocumented passengers to board a flight bound for Ghana.^{34, 35} Airlines will face a penalty of \$3,500 per unvaccinated passenger who arrives in Ghana, as well as an additional penalty of \$3,500 per passenger who boards a flight bound for Ghana without completing a health declaration.³⁶

In November, the GHS introduced mandatory vaccine requirements for government employees, health workers, security personnel and staff and students in secondary and tertiary education. Members of these targeted groups are required to be fully vaccinated by 22 January 2022.³⁷

The GHS issued further guidelines for international travellers arriving in Ghana on 24 December, introducing further isolation measures for those testing positive upon arrival at **Kotoka International Airport (KIA)**.³⁸ The new requirements include an assessment by GHS **Port Health Unit (PHU)**:

- Eligible persons will be required to self-isolate at home and are subject to monitoring to ensure compliance with protocols;
- Persons not eligible for home isolation will be isolated at a designated **National Isolation Centre** or hotel.³⁹

The government press briefing on 15 December confirmed that non-Ghanaian passengers who test positive for Covid-19 will receive treatment and detention in an isolation facility at their own cost.⁴⁰

²⁹ [Reuters](#), 10 Dec 2021

³⁰ [Ghana Health Service](#), 9 Dec 2021

³¹ [Ghana Health Service](#), 9 Dec 2021

³² [Ghana Health Service](#), 9 Dec 2021

³³ [Ghana Health Service](#), 15 Dec 2021

³⁴ [Al Jazeera](#), 14 Dec 2021

³⁵ [Ghana Health Service](#), 15 Dec 2021

³⁶ [Al Jazeera](#), 14 Dec 2021

³⁷ [Reuters](#), 28 Nov 2021

³⁸ [Ghana Health Service](#), 24 Dec 2021

³⁹ [Ghana Health Service](#), 24 Dec 2021

⁴⁰ [Ghana Health Service](#), 15 Dec 2021

The **World Health Organisation (WHO)** vaccine tracker reports that since 2 March 2021 when Ghana's vaccination drive began, a total of 9 million Covid-19 vaccine doses have been administered in Ghana, with 6.08 million individuals (19.59% of the population) in receipt of a single dose and 2.91 million individuals (9.39% of the population) fully vaccinated.⁴¹ The US embassy in Ghana delivered 1.7 million doses of **Pfizer** vaccine on 24 December, bringing the total number of doses delivered to Ghana by the US to 7 million.

Planner

25-28 Jan 2022 **Accra (Ghana) Bank of Ghana (BoG)** (central bank) **Monetary Policy Committee (MPC)** meets;

31 Jan 2022 **Accra (Ghana) Bank of Ghana (BoG)** (central bank) **Monetary Policy Committee (MPC)** announces policy decisions;

2023 **(Ghana) New Patriotic Party (NPP)** primaries

Chronology

16 Jan 2022 **Accra (Ghana) Ghana Web**. President **Nana Akufo-Addo** announces that the **European Commission (EC)** has removed Ghana from its **Grey List** of countries considered to be at high risk of money-laundering activities;

14 Jan 2022 **Accra (Ghana) Fitch Ratings**. **United States (US)**-based credit rating agency **Fitch Ratings** downgrade Ghana's Long-Term Foreign-Currency **Issuer Default Rating (IDR)** from 'B' to 'B-' with a negative outlook;

13 Jan 2022 **Accra (Ghana) Bloomberg**. Ghana's vice president **Mahamudu Bawumia** says **Africa's** new cross-border payment system, **New Africa**, is expected to save the continent billions of dollars in annual transaction costs and bolster shipments in the world's largest free-trade zone;

13 Jan 2022 **Accra (Ghana) Ghana Web**. President **Akufo-Addo** announces a plan to build local capacity to manage the oil and gas industry, through government investment in human resource development;

12 Jan 2022 **Accra (Ghana) Bloomberg**. **Ghana's** dollar bonds slump 10% in 10 days, moving deeper into distressed territory as investors judge that re-financing debt in the Eurobond market won't be an option when the **Federal Reserve** hikes rates and budget targets remain elusive;

12 Jan 2022 **Accra (Ghana) Bloomberg**, Government statistician **Samuel Kobina Annim** reports an increase in annual inflation from 12.2% in November 2021, to 12.6% in December, the highest rate since April 2017;

9 Jan 2022 **Accra (Ghana) Al Jazeera**. The **Economic Community of West African States (ECOWAS)** announces it will close borders with and impose sweeping economic sanctions on **Mali**, in response to delays in organising elections promised after a 2020 military coup;

4 Jan 2022 **Accra (Ghana) Ghana Web**. The **Bank of Ghana (BoG)** (central bank) releases the foreign exchange (FX) auction calendar for Q1 2022, proposing six multiple-price FX auctions commencing on 11 January at \$75m each;

3 Jan 2022 **Accra (Ghana) Ghana Web**. **Importers and Exporters Association** executive secretary **Samson Asaki Awingobit** announces that the cost of living will continue to rise when

⁴¹ [World Health Organisation](#), accessed 16 Jan 2022

the **Ghana Revenue Authority (GRA)** reduces price limitations on 43 types of imported goods on 4 January;

1 Jan 2022 **Accra (Ghana)** *Ghana Web*. **Ghana Police Service (GPS)** confirms that an investigation is underway into the death of **United States (US)** citizen and social media model **Julie Diane Williams** (pseudonym **Tyger Booty**), who was found dead at **Rayporsh Hotel (Abelemkpe)** on 14 December 2021;

31 Dec 2021 **Accra (Ghana)** *Ghana Web*. **Mohammed Sanusi Lamido**, former **Central Bank of Nigeria (CBN)** governor and emir of **Kano state (Nigeria)**, declares that the **Bank of Ghana (BoG)** is a regional leader in the development of Fintech and other financial operations, commending Ghana's vice president, **Mahamadu Baumia**, for Ghana's digitisation drive;

30 Dec 2021 **Accra (Ghana)** *Business Ghana*. President **Nana Akufo-Addo** establishes a new deadline to vaccinate 20 million citizens by the end of Q1 2022;

29 Dec 2021 **Accra (Ghana)** *Ghana Web*. Minor opposition party **Ghana Union Movement (GUM)** advises President **Nana Akufo Addo** to withdraw the controversial e-levy bill from parliament, threatening "peace and harmony" if the bill is not withdrawn;

22 Dec 2021 **Accra (Ghana)** *MyJoyOnline*. Government statistician **Samuel Kobina Annim** says **Ghana's** economy expanded 6.6% in Q3 2021, the fastest pace in more than a year, largely due to growth in the services industry;

20 Dec 2021 **Accra (Ghana)** *MyJoyOnline*. Lawmakers brawl in parliament over a proposed tax on electronic transactions that has divided the house for weeks;

15 Dec 2021 **Accra (Ghana)** *MyJoyOnline*. President **Nana Akufo-Addo** addresses the nation on **Covid-19**, committing to getting 20 million Ghanaians – the entire adult population – vaccinated by the end of the year;

14 Dec 2022 **Accra (Ghana)** *Al Jazeera*. State-owned airport authority company **Ghana Airport Company** announces that airlines will be fined \$3,500 for each passenger arriving in Ghana without full vaccination against Covid-19 and a further \$3,500 fine for every passenger who fails to complete a health declaration form prior to boarding a Ghana bound flight;

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

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

Getting in touch

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

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