

AFRICA RISK CONSULTING

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Vice president Mahamudu Bawumia wins 68% of the vote in the ruling New Patriotic Party (NPP) Special Delegates Election on 26 August. The result confirms that he is the clear frontrunner in the NPP's presidential primary election, scheduled for November. Finance minister Ken Ofori-Atta on 5 September says he is confident that Ghana will meet the International Monetary Fund's (IMF's) benchmarks ahead of the IMF's September review of its Extended Credit Facility (ECF) arrangement with Ghana. This confidence is rooted in the successful progress of the country's Domestic Debt Exchange Programme (DDEP). Clashes in Bawku (Upper East Region) highlight the persistent insecurity in that municipality stemming from a chieftaincy dispute between the Kusasi and Mamprusi ethnic groups. This persistent instability is a major concern for Ghana's security establishment due to the municipality's proximity to Ghana's border with Burkina Faso.

Vice president emerges as frontrunner in ruling party primary

Vice president **Mahamudu Bawumia** cemented himself as the clear frontrunner in the ruling **New Patriotic Party (NPP)** presidential primary race by decisively winning the NPP's **Special Delegates Election (SDE)** on 26 August.¹ Bawumia won the election with over 68% of the vote, securing 629 votes while his nearest challenger, **Assin Central** member of parliament (MP) **Kennedy Agyepong**, received only 132 votes.

The results of the Special Delegates Election were as follows:

- Bawumia – 629;
- Agyepong – 132;
- Former trade minister **Alan Kyerematen** – 95;
- Former agriculture minister **Owusu Akoto** – 40;
- Former **Asante Mampong** MP **Francis Addai-Nimoh** -9;
- Former energy minister **Boakye Agyarko** – 9;
- Former NPP general secretary **Kwabena Agyapong** – 6;
- Former railways minister **Joe Ghartey** – 3;
- Party member and businessperson **Kwadwo Nsafoah Poku** – 3;
- Former **Offinso North** MP **Kofi Apraku** – 0.

The SDE is effectively the first round of the NPP's presidential primary. The election is undertaken by established party figures across the country and results in the sorting of the field of candidates down to five individuals.² After the election, former Agyarko elected to drop out of the race, negating the need for a run-off election for the fifth spot.

Agyepong's second-place finish was somewhat of an upset displacing Kyerematen as Bawumia's assumed closest rival but confirmed the lack of desire among the NPP's powerbrokers for a Kyerematen presidency. As a result, the perennial presidential candidate announced his resignation from the primary election race on 5 September.³ This marked Kyerematen's fourth failed bid to win the NPP presidential nomination. Kyerematen and Agyarko's departure from the primary has placed pressure on the remaining candidates - Akoto, and Addai-Nimoh - to likewise drop out and leave Bawumia and Agyepong to a de facto run-off election.

¹ GNA, 26 Aug 2023

² Graphic, 1 Sep 2023

³ GhanaWeb, 6 Sep 2023

The emergence of Agyepong as the only viable challenger to Bawumia will also focus the primary election on the NPP's belief in the current administration's performance. Party members will need to decide whether it is more beneficial to nominate a well-known figure like Bawumia or a lesser-known politician like Agyepong who will find it easier to distance himself from Ghana's current economic challenges.

Bawumia remains the favourite to secure the nominations despite Kyerematen and Agyarko's resignations potentially boosting Agyepong's campaign. The vice president has the largest and most sophisticated election campaign and will likely be able to reach more NPP members in his campaign. The SDE revealed his extensive support within the party hierarchy and these influential party members will also likely help campaign for his nomination. Bawumia is also viewed as an independently-minded figure within the NPP and, importantly, has countrywide name recognition. This name recognition will likely be essential as the opposition **National Democratic Congress (NDC)** has already nominated former president **John Mahama** (2012-2017) as its presidential candidate.⁴ The NPP, in addition to executing its economic turnaround strategy (see below), will need to put forward a similar political heavyweight if it is to succeed in retaining power in the 2024 general election.

Ghana on track to meet IMF benchmarks

Finance Minister **Ken Ofori-Atta** confirmed on 5 September that Ghana is on track to meet the agreed-upon benchmarks to qualify for the next tranche of \$600m funding under its **International Monetary Fund (IMF) Extended Credit Facility (ECF)** arrangement. The next review of this arrangement will begin on 25 September when a team from the IMF is set to arrive in the country.⁵ Should the country receive an acceptable review, this tranche will likely be paid out in December.

Ofori-Atta has indicated that this second tranche has already been earmarked to address the country's current balance of payments (BoP) shortfall. Ghana's latest BoP figures indicate that the country recorded a \$107.8m BoP deficit as of 30 June.⁶ Although less than ideal, the current BoP deficit is significantly better than the \$2.49 billion deficit recorded at the same point in 2022. This is a promising indicator that the country's economy and currency are stabilising.

Among the important milestones achieved by Ghana to reach its agreed-upon benchmarks with the IMF, has been the near completion of the **Domestic Debt Exchange Programme (DDEP)**. Most significantly, on 29 August, the government announced that it had successfully reached a debt restructuring with Ghanaian pension funds which hold domestic bonds.⁷ Under this agreement, an estimated \$2.59 billion worth of government bonds held by domestic pension funds would be swapped - this equates to a 95% conversion for eligible bonds under the **Pensions Fund Alternative Offer**. This announcement came soon after the finance ministry revealed on 24 August, that 90% of Ghana's eligible cocoa bonds were further restructured under the DDEP representing a further \$700m in restructured debt.⁸

Ghana has largely achieved its domestic debt restructuring targets and this should be sufficient to access the second tranche payment from the ECF. However, the country is still facing challenges in securing restructuring agreements for its substantial external debt burden. Ghana has an estimated external debt burden of \$30.5 billion and has been mandated by the IMF to secure restructuring agreements for around \$20 billion of this.⁹ Although the state has made some progress in securing agreements with key bilateral creditors such as **China** and the **Paris Club**, private holders of government debt have been more resistant to the government's proposals. Most notably, Ghana has

⁴ BBC, 23 Feb 2023

⁵ Business Ghana, 7 Sep 2023

⁶ MyJoy Online, 18 Aug 2023

⁷ Business Ghana, 1 Sep 2023

⁸ MyJoy Online, 24 Aug 2023

⁹ CNBC Africa, 20 Jun 2023

around \$13 billion worth of debt in **Eurobonds** on which it has already defaulted on its repayments.¹⁰ Securing an agreement with its Eurobond holders is essential to Ghana's debt restructuring efforts. However, these negotiations have moved slowly and, as such, the country is unlikely to have an agreement in place prior to the IMF's September review.

As challenging as this is, Ofori-Atta appears confident an agreement will be reached eventually. This is likely since Ghana is defaulting on these debt repayments and securing a restructuring agreement is potentially the only way for the Eurobond holders to see these investments begin to regain their value.

Insecurity in Bawku remains a concern

Clashes between gunmen and security forces in **Bawku (Upper East Region)** on 26 August left at least three people dead, highlighting the persistent insecurity in Bawku despite repeated efforts by local and regional authorities to heighten security in the municipality.¹¹ The clashes were reportedly instigated when the gunmen attempted to attack the residence of a local politician.

The insecurity in Bawku is rooted in an ongoing dispute over the local chieftaincy between the **Kusasi** and **Mamprusi** ethnic groups. Both communities claim that they have the inherent right to the chieftain's throne and the related lands and resources. It should be noted that this dispute goes back decades and has its origins in the **United Kingdom's** colonial-era practice of appointing local chiefs as regional leaders. These traditional leaders have been maintained as a form of local governance in Ghana.

A 2003 ruling found that the supreme court Kusasi held the right to chieftaincy, but this has not been accepted by the Mamprusi community leading to the perpetuation of the dispute. This was further aggravated in February of this year, when the Mamprusi installed a local leader called **Alhaji Seidu Abagre** as a chieftain, leading to the emergence of a clear pretender to the throne and thus escalating the intercommunal tensions.¹²

Highlighting the extent of the insecurity, the **Municipal Chief Executive (MCE)** office for Bawku revealed on 14 August that over 200 people had been killed in the inter-communal conflict between November 2021 and August 2023. The government deployed 1,000 additional security forces to Bawku in April in an effort to address the intercommunal violence, however, this increased troop deployment has had mixed results with security forces frequently being accused of acts of violence.

The persistent instability in Bawku is a major concern for Ghana's security establishment. This is in large part due to the municipality's proximity to Ghana's border with **Burkina Faso**. Authorities are concerned that the further destabilisation of the northern municipality and the proliferation of weapons due to the inter-communal conflict will create an opportunity for militant groups from Burkina Faso to expand into Ghana.¹³ The most significant threat is posed by the **Jama'at Nusrat al-Islam wal-Muslimin (JNIM) Islamist** militant group. JNIM is already active in southern Burkina Faso and is the best place to expand into Ghana.

The likelihood of such a development will increase if the security situation in Bawku deteriorates further, particularly, if the Mamprusi or Kusasi nationalist groups decide that an alliance with organisations such as JNIM will give them an advantage in the chieftaincy dispute. The government remains under pressure to stabilise the security environment in Bawku and will likely continue to dedicate substantial military resources to the area.

Planner

¹⁰ Reuters, 19 May 2023

¹¹ GhanaWeb, 28 Aug 2023

¹² Modern Ghana, 19 Feb 2023

¹³ Wall Street Journal, 26 Mar 2023

4 Nov 2023 **(Ghana) New Patriotic Party (NPP)** primaries;
 19 Dec 2023 **(Ghana)** District Assembly Elections
 8–24 Mar 2024 **Accra (Ghana)** Africa Games;
 December 2024 **(Ghana)** General Election

Chronology

6 Sep 2023 **Juaben (Ghana) GNA. European Union (EU)** ambassador to Ghana, **Irchad Razaaly**, commends Ghana for its efforts in combatting illegal logging in the country;

6 Sep 2023 **Accra (Ghana) GNA.** Vice president **Mahamudu Bawumia** meets with his **Colombian** counterpart **Francia Elena Marquez Mina** in Accra during which the two leaders pledge to improve diplomatic ties between the two countries including opening a Ghanaian embassy in **Bogota**;

6 Sep 2023 **Accra (Ghana) Modern Ghana.** Officials confirm that a team from the **International Monetary Fund (IMF)** will arrive in Ghana on 25 September to assess the country's progress in implementing its economic reform programme;

23 Aug 2023 **Accra (Ghana) Ghana Web.** Opposition **National Democratic Congress (NDC)** reschedules its protest march demanding central bank governor **Ernest Kwamina Yedu Addison's** resignation – initially scheduled for 5 September – until 12 September after police officials refuse to approve the demonstration's planned route;

4 Sep 2023 **Maputo (Mozambique) Club of Mozambique.** President **Nana Akufo-Addo** travels to **Mozambique** for a three-day working visit with Mozambique's President **Filipe Nyusi**;

2 Sep 2023 **Accra (Ghana) GhanaWeb.** Former president **John Mahama** delivers a contentious address to the NDC Lawyers Conference during which he accuses the government of packing the courts with friendly judges, enabling corruption, and claims that these conditions mean that Ghana is not "*immune from experiencing a coup*";

1 Sep 2023 **Accra (Ghana) Business Ghana.** **Swiss** ambassador to Ghana, **Simone Giger**, confirms that total trade between the two countries reached a record \$3.6 billion in 2022, with 50.5% of Ghana's exports to **Europe** destined for Switzerland;

29 Aug 2023 **Accra (Ghana) Graphic.** The **Ghana Navy** hosts the **Third International Maritime Defence Exhibition and Conference (IMDEC 2023)** at **Burma Camp** in Accra;

28 Aug 2023 **Hohoe (Ghana) Peace FM.** Police and local residents in the **Gbi Godenu** area of Hohoe municipality in **Volta** region clash leaving at least two people dead;

27 Aug 2023 **Abidjan (Côte d'Ivoire) Agence Ecofin.** **European Union (EU)** is reportedly planning the deployment of a new military mission to Côte d'Ivoire, **Ghana, Benin** and **Togo**, to prevent the expansion of jihadist groups in the **West Africa** region while **German** media outlet **Die Welt am Sonntag** reports that the deployment will aim to counter **Russian** influence in the region;

25 Aug 2023 **Accra (Ghana) Developing Telecoms.** Communication and digitalisation minister **Ursula Owusu-Ekuful** announces plans for a neutral shared 4G and 5G network in Ghana for both operators and private investors;

28 Aug 2023 **Accra (Ghana) GhanaWeb.** **International Monetary Fund (IMF)** representative to Ghana Dr **Leando Medina** says the economy is displaying signs of progress following robust economic reforms. This comes amid reports that the local currency, the cedi, is continuing to stabilise against the **United States** dollar;

21 Aug 2023 **Accra (Ghana)** *GNA*. **Ghana National Petroleum Corporation (GNPC)** announces plans to undertake a comprehensive risk assessment of its assets and develop a response to adapt to the ongoing global energy transition;

19 Aug 2023 **Accra (Ghana)** *Ghana Business News*. The latest **Road Traffic Crash and Casualty Situation** report reveals that 186 people died in road accidents in July 2023, a 30% increase compared with July 2022;

18 Aug 2023 **Accra (Ghana)** *3News*. President **Nana Akufo-Addo** describes Ghana's 5% unemployment rate as unacceptable and pledges to boost support for local entrepreneurs;

17 Aug 2023 **Accra (Ghana)** *African Business*. The **United States (US) Agency for International Development (USAID)** commits \$14.39m towards educational programmes in northern Ghana;

17 Aug 2023 **Accra (Ghana)** *Pulse*. The **Electoral Commission** announces that the **District Assembly Elections** will be held on 19 December with voter registration occurring between 12 September and 2 October;

15 Aug 2023 **Accra (Ghana)** *Le Soleil*. Chiefs of staff of **Economic Community of West African States** will meet in Ghana on Thursday and Friday to discuss possible military intervention in **Niger**;

12 Aug 2023 **Accra (Ghana)** *Business Insider*. **United States Embassy in Ghana** announces that Ghana enjoyed a \$1.8 billion trade surplus with the US in 2022;

12 Aug 2023 **Port of Spain (Trinidad and Tobago)** *Ghana Business News*. **Ghana Investment Promotion Centre (GIPC)** delegates meet with **Trinidadian** officials to discuss possible agreements on double taxation and bilateral investment between the two countries.

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