

## AFRICA RISK CONSULTING

### Ghana Monthly Briefing March 2025

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#### Ghana Summary 13 March 2025

*President John Mahama (2025- present) delivers the State of the Nation Address (SONA) on 27 February in which he highlights Ghana's current major challenges and outlines his government's proposed policy remedies. Finance minister Cassiel Ato Forson reiterates these challenges during his budget speech on 11 March. Mahama attempts to improve relations with the Alliance des États du Sahel (AES) (Alliance of Sahel States), visiting Mali, Niger and Burkina Faso to meet with those countries respective leaders. Interior minister Muntaka Mohammed-Mubarak renews the curfew in Bawku (Upper East Region) amid continued violence in the area.*

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#### President Mahama delivers the State of the Nation Address

President **John Mahama** (2025- present) delivered the first **State of the Nation Address (SONA)** of his new term on 27 February before Ghana's parliament in **Accra**, highlighting Ghana's numerous challenges as well as outlining his government's planned agenda.<sup>1</sup> Mahama took care to underscore Ghana's steep economic and governance issues in an effort to blame the country's state on his predecessor, **Nana Akufo-Addo** (2017-2025), and former administration. This was an important step for Mahama to take to garner increased goodwill and understanding from Ghana's electorate.

Mahama further highlighted the strong mandate he received following the 7 December 2024 general election in which he won the presidency and his **National Democratic Congress (NDC)** party secured a commanding majority in the **National Assembly**. Mahama wanted to emphasise this electoral mandate as he is using it to justify his reform agenda and ongoing constitutional review.

Among the most significant challenges Mahama outlined in his SONA were Ghana's heavy debt burden, which is currently estimated at over GHS 721 billion (\$46.46 billion); the country's ongoing electricity supply challenges which have led to repeated rolling blackouts (known locally as dumsor); endemic corruption; and deteriorating infrastructure.

Mahama criticised the previous administration's **Domestic Debt Exchange Programme (DDEP)**, under which local debt was restructured, as the "*most severe and distressing economic policy in the annals of the Fourth Republic [Ghana]*".<sup>2</sup> This condemnation is in line with Mahama's previous opposition to the programme, but he importantly confirmed that his government would adhere to the programme.

Mahama cited Ghana's debt issues as playing a part in many of the country's challenges as both the state and several state-owned enterprises are weighed down by unsustainable debt. Mahama indicated that to address this situation, the government would need to enhance its fiscal consolidation measures, develop economic buffers to weather external shocks, and secure a permanent agreement with Ghana's **Official Creditor Committee (OCC)** to ensure debt sustainability. Although Mahama did not state it outright, the government will likely need to implement austerity measures to bring down government spending and stabilise the country's finances.

Regarding addressing power shortages, Mahama promised to implement energy sector reforms, improve the efficiency of revenue collection in the sector, and end the costly use of imported fuel in generators by working towards 100% gas utilisation in Ghana's power production. This last point will help Ghana reduce its carbon foot print as well take advantage of the liquified natural gas (LNG)

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<sup>1</sup> Citi Newsroom, 27 Feb 2025

<sup>2</sup> Citi Newsroom, 27 Feb 2025

produced by the country's planned new gas processing plant at Ghana Gas's Atuobo project in Western region.<sup>3</sup> This increased gas utilisation will bring increased financial stability to the **Electricity Company of Ghana (ECG)**.

Mahama also used his SONA to tout his anti-corruption initiative, **Operation Recover All Loot (ORAL)**, which he implemented in January. He noted that this operation has already resulted in arrests and recoveries.

Another hallmark announcement during Mahama's SONA was his government's plan to launch a national apprenticeship programme in order to address unemployment in the country. However, the state will struggle to effectively finance such a large-scale youth employment programme. Similarly, Mahama's plans to strengthen the country's security services and rebuild its transport infrastructure will place pressure on Ghana's already strained resources.

### Finance minister presents annual budget

Mahama's government clearly believes that it needs to introduce substantive reforms and policy changes if it is to address Ghana's most pressing challenges, as evident in both Mahama's SONA as well as the budget speech delivered by finance minister **Cassiel Ato Forson** on 11 March.<sup>4</sup> In presenting Ghana's annual budget, Forson reiterated many of the same concerns expressed by Mahama, especially Ghana's substantial debt burden.

According to Forson, the government will prioritise addressing this debt burden primarily through cuts to government spending. Notably, planned expenditure in 2025 has been reduced to GHS 269.1 billion (\$17.36 billion), equal to approximately 20.7% of GDP. This is down from GHS279.2 billion (\$18 billion), equal to 26% of GDP, in 2024. Revenue is forecast to be GHS223.8 billion (\$14.4 billion), reducing the budget deficit to GHS43.8 billion (\$3.12 billion), which is around 3.1% of GDP. This reduced expenditure will reduce Ghana's need to increase borrowing to fund the government. However, the state will still need to spend GHS 150.3 billion (\$9.7 billion) repaying domestic debt and \$8.7 billion servicing external debt over the next four years.

Forson outlined the three-pronged approach that the government is taking to address Ghana's economic and financial challenges:

- 'Recalibrate the fiscal adjustment' to prioritise a spending-led fiscal adjustment to initiate a positive cycle and lower inflation;
- 'Deliver a shock therapy' by making significant spending cuts in 2025;
- 'Restore fiscal responsibility' by enhancing public financial management practices and tightening compliance.

In an effort to provide some form of relief to Ghanaian households, the budget calls for five taxes that were introduced in February 2024 to be eliminated. Key among these are the **Emissions Levy** and **Electronic Transfer Levy**. It is hoped that such measures will reduce household costs and contribute to reducing inflation.

Yet, despite Ghana's substantial challenges, Forson revealed that the government has set itself ambitious targets for the year. These include Real GDP growth of at least 4%, which should be achievable given that the **International Monetary Fund (IMF)** is projecting 4.4% growth this year. Government is also aiming to end the year with an inflation rate of 11.9%, down from the current rate of 23.1%; a primary balance surplus of 1.5% of GDP, and gross international reserves that can cover at least three months of imports.

This an ambitious budget by Forson but one that is achievable if Mahama's government can maintain fiscal discipline and actually make the fiscal cuts and implement the promised public financial management improvements.

<sup>3</sup> GNA, 8 Mar 2025

<sup>4</sup> GNA, 11 Mar 2025

## Mahama seeks to rebuild ties with junta-led states

On the diplomatic front, Mahama is following through on his decision to rebuild relations with the member states of the **Alliance des États du Sahel (AES)** (alliance of Sahel states), namely **Mali**, **Niger**, and **Burkina Faso** which are currently all led by military juntas. Ghana's relations with these three countries have deteriorated in recent years after they were suspended by the **Economic Community of West African States (ECOWAS)** after their respective coups. This three-state visit marks a clear shift in Ghana's regional foreign policy. Mahama clearly wants to play the role of statesman and bridgebuilder between ECOWAS and AES.

Mahama visited all three of these countries between 8 and 10 March in an effort to repair bilateral relations.<sup>5</sup> First, Mahama travelled to **Bamako** (Mali) and met with its transitional leader **Assimi Goita** (2021- present), who seized power in a military coup in 2021.<sup>6</sup> In his meeting with Goita, Mahama advocated for Ghana and Mali to resume discussions on a **Joint Technical Cooperation Framework** to enhance trade, economic collaboration, and diplomatic engagement. The Ghanaian president also called for increased security cooperation to combat mutual regional security concerns.<sup>7</sup>

After departing Bamako, Mahama travelled to **Niamey** (Niger) to meet with General **Abdourahamane Tchiani** (2023-present), the president of Niger's ruling junta, the **National Council for the Safeguard of the Homeland**.<sup>8</sup> Mahama and Tchiani discussed enhancing bilateral ties as well as repairing relations between ECOWAS and the AES.

Finally, Mahama met with Burkina Faso's leader, Captain **Ibrahim Traoré** (2022- present), in **Ouagadougou** (Burkina Faso) on 10 March.<sup>9</sup> This meeting with Traoré was arguably the most important of the three as Ghana shares a long and porous border with Burkina Faso and, as a result, the two countries share many security concerns. Naturally, the two leaders discussed these shared concerns as well as other areas of potential bilateral cooperation. As he did with Goita and Tchiani, Mahama promised Traoré he would advocate for increased engagement between ECOWAS and the AES.

## Curfew renewed in Bawku amid continued violence

Yet, Mahama may be justified in pursuing improved relations with these states, especially Burkina Faso. Having a poor relationship and a lack of communication with Ouagadougou will undermine Ghana's efforts to ensure border security and address the ongoing insecurity in the **Upper East Region**, which borders Burkina Faso.

Underscoring the tenuous security environment in this region, on 17 February, interior minister **Muntaka Mohammed-Mubarak** renewed the 20:00 to 05:00 (local time) nighttime curfew in **Bawku**.<sup>10</sup> Under the terms of this curfew order, all residents must be at home during the nighttime hours, and there is a total ban on all persons carrying arms, ammunition, or any offensive weapon.

This curfew has repeatedly renewed in recent years due to the poor security environment in Bawku and its surrounds. This situation is caused by the ongoing chieftaincy dispute between the local **Kusasi** and **Mamprusi** communities, which has led to violent clashes and retaliatory attacks. Indicative of this, four days before the curfew was renewed, on 13 February, unidentified gunmen attacked and set fire to a passenger bus in the **Walewale (North East Region)**, killing at least four people.<sup>11</sup>

The attack in Walewale also showed the extent to which this conflict is no longer isolated to the confines of the Bawku municipality. Similarly, on 8 March, unidentified gunmen attacked a residence

<sup>5</sup> GBC, 7 Mar 2025

<sup>6</sup> GBC, 9 Mar 2025

<sup>7</sup> APO, 9 Mar 2025

<sup>8</sup> GNA, 10 Mar 2025

<sup>9</sup> GBC, 11 Mar 2025

<sup>10</sup> MINT, 17 Feb 2025

<sup>11</sup> 3news, 14 Feb 2025

in the **Binduri district** (Upper East), killing three people.<sup>12</sup> Binduri neighbours Bawku, and the attack is believed to be related to the Bawku conflict. The Walewale and Binduri attacks have raised fears that the Bawku conflict could spread further afield to other places with Kusasi and Mamprusi populations, as articulated by the **Savannah** regional minister, **Salisu Be-Awuribe**, on 19 February.<sup>13</sup>

This ongoing conflict in Bawku shows no signs of abating, and the Ghanaian government is struggling to resolve and mediate the matter. Mahama needs to prioritise addressing this conflict before it escalates into a wider security concern.

## Planner

7-11 Apr 2025 **Accra (Ghana) African Land Forces Summit**

## Chronology

10 Mar 2025 **Accra (Ghana) Graphic**. **Japan** grants Ghana \$13m to improve the electricity supply in **Tamale (Northern Region)**;

10 Mar 2025 **Accra (Ghana) 3news**. The former ruling **New Patriotic Party (NPP)** suspends 34 members in **Nanton (Northern Region)** for alleged misconduct during the general election last December;

10 Mar 2025 **Accra (Ghana) GNA**. Security forces conduct an operation targeting illegal gold miners in the **Western North Region**, in which several suspects are arrested and equipment seized.

8 Mar 2025 **Accra (Ghana) GNA**. **Cabinet** approves the construction of a new gas processing plant to bolster Ghana's energy security;

7 Mar 2025 **Accra (Ghana) GNA**. President **John Mahama** calls on Ghanaians to participate in his planned constitutional review process following the **Constitution Review Committee** beginning stakeholder engagements;

6 Mar 2025 **Accra (Ghana) Pulse**. An explosion at a mining supply shop **Odumasi (Ashanti Region)**, raising concerns about regulatory enforcement around the trade and storage of mining explosives;

6 Mar 2025 **Accra (Ghana) Business Insider Africa**. Ghana commemorates its 68<sup>th</sup> independence anniversary;

3 Mar 2025 **Accra (Ghana) GNA**. The **National Economic Dialogue** takes place in Accra;

3 Mar 2025 **Accra (Ghana) Business Insider Africa**. The **Bank of Ghana (BoG)** (central bank) suspends its gold-for-oil programme;

3 Mar 2025 **Accra (Ghana) AP News**. A group of ruling **National Democratic Congress (NDC)** members of parliament (MPs) has reintroduced the anti-LGBTQ+ **Human Sexual Rights and Family Values Bill** that was passed by parliament in 2024 but not enacted;

28 Feb 2025 **Accra (Ghana) GNA**. President **John Mahama** announces plans to implement policies to reduce Ghana's dependence on imported food;

27 Feb 2025 **Accra (Ghana) GNA**. The government withdraws the unitisation directive ordering **Italian** energy giant **Eni** to merge its oil operations with that of Accra-based **Springfield Exploration and Production** in the neighbouring oil field;

27 Feb 2025 **Accra (Ghana) GNA**. The **Bank of Ghana** (central bank) signs a memorandum of understanding (MoU) on cross-border payments with the **National Bank of Rwanda (NBR)**;

<sup>12</sup> Modern Ghana, 10 Mar 2025

<sup>13</sup> Modern Ghana, 19 Feb 2025

27 Feb 2025 **Accra (Ghana)** *Modern Ghana*. The **United States (US)** removes Ghana from the list of countries eligible for its **2025 Visa Waiver Programme**;

26 Feb 2025 **Accra (Ghana)** *GNA*. President **John Mahama** appoints a 12-member governing board for the BoG;

26 Feb 2025 **Accra (Ghana)** *France24*. A fire destroys Accra's **Kantamanto Market**;

21 Feb 2025 **Accra (Ghana)** *GNA*. The **World Bank's International Finance Corporation (IFC)** announces plans to invest \$600m in Ghana's private sector.

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