

AFRICA RISK CONSULTING

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Ghana Summary 13 April 2021

Ghana's four-year zero-coupon bond for \$3 billion is oversubscribed two times, indicating strong investor confidence in the country's economic recovery. The Bank of Ghana (BoG) (central bank) monetary policy committee holds the benchmark interest rate at 14.5% as headline inflation rises to 10.3%, exceeding the threshold established by the BoG. United States (US)-based social media corporation Twitter Inc announces that Ghana will host its first office on the continent. United Kingdom-based Boru Energy seeks to acquire US-based oil major Occidental's stake in the Jubilee and Tweneboa, Enyenra and Ntomme (TEN) offshore oil and gas fields. Piracy continues in the Gulf of Guinea. The Ghana Health Service (GHS) announces that 700,000 individuals in Ghana have received the first dose of the Oxford/AstraZeneca Covid-19 vaccine, as new case numbers continue to fall following a festive season-related peak in February.

Eurobond issue highlights investor confidence ...

The government's issuance of an historic bond issuance on 29 March indicates strong investor confidence in **Ghana's** economic recovery.¹ Finance minister **Ken Ofori-Atta** reported on 30 March the successful issue of a four-year, zero-coupon bond for \$3 billion, two times over-subscribed.² The zero-coupon bond is not subject to interest payments and will save the government \$200m over the next four years.³ Ghana is the first **sub-Saharan African** to issue a bond in **United States (US)** dollars since the onset of the **Covid-19** pandemic.⁴ The government described the bond as a "market-oriented solution to address [...] post Covid-19 challenges".⁵

Multinational investment management company **AXA IM** debt portfolio manager **Mikhail Volodchenko** noted that although more traditional investors would still prefer a regular payment structure for such a low-rated issuer, the issuance could serve as an example for syndicate desks at banks and issuers planning to do something different to attract capital:

*"The bonds come at a low cash price, which may attract some investors, and there is going to be a yield pick-up to existing front-end bonds."*⁶

The government will use \$400m of the bond to refinance domestic debt. The **Bank of Ghana (BoG)** (central bank) **Monetary Policy Committee (MPC)** reported on 22 March that Ghana's debt stock comprises domestic debt representing 39.1% of GDP and external debt, 37% of GDP.⁷ Total public debt-to-GDP reached 71% in September.⁸ The **African Development Bank (AfDB)** in its **African Economic Outlook 2021** highlighted refinancing and foreign exchange rate risks associated with short-medium term maturities of 90% of domestic debt and 70% of external debt denominated in US dollars.⁹ While Ghana's 2021 Budget forecasts growth of 5% in 2021 (see *ARC Briefing Ghana March 2021*),¹⁰ the AfDB predicts economic growth of 4% for Ghana this year.

¹ [Reuters](#), 30 Mar 2021

² [Reuters](#), 12 Mar 2021

³ [Reuters](#), 12 Mar 2021

⁴ GhanaWeb, 30 Mar 2021

⁵ [African Markets](#), 1 Apr 2021

⁶ [Nasdaq](#), 29 Mar 2021

⁷ [Bank of Ghana](#), 22 Mar 2021

⁸ [African Development Bank](#), 12 Mar 2021

⁹ [African Development Bank](#), 12 Mar 2021

¹⁰ [Reuters](#), 12 Mar 2021

... as central bank holds interest rate at 14.5% amid rising inflation

Despite encouraging signs of investor confidence, rising rates of inflation threaten Ghana's economic recovery. The BoG's Monetary Policy Committee (MPC) announced on 22 March its decision to hold the benchmark interest rate at 14.5%, citing the need to monitor the impact of new tax measures on inflation.¹¹ The central bank's benchmark interest rate has remained unchanged for six consecutive MPC meetings.

The **Ghana Statistical Service (GSS)** reported on 10 March that annual inflation had risen to 10.3% in February, a rise of 0.4% from January.¹² The rise was driven primarily by food inflation of 12.3% in February, which declined 0.5% from January.¹³ A rise in inflation above 10% exceeds the BoG's medium-term targets.¹⁴ The MPC anticipates price growth to return to the target bracket of 6-10% in the second quarter of 2021.¹⁵

Twitter pegs Ghana for African base

Buoyed by the strong, investor-friendly 2021 Budget (see *ARC Briefing Ghana March 2021*), the private sector has accelerated its investment activities in Ghana. US-based social media corporation **Twitter Inc** announced on 12 April that it will base its first **African** office in Ghana.¹⁶ In a press release jointly issued by product lead **Kayvon Bekpour** and global market product management director **Uche Adegbite**, Twitter cited Ghana's democratic credentials among its reasons for selecting the country as a base for its African operations:

"As a champion for democracy, Ghana is a supporter of free speech, online freedom and the Open Internet, of which Twitter is also an advocate."¹⁷

Twitter's press release also noted that Ghana's recent appointment to host the **African Continental Free Trade Area (AfCFTA)** secretariat (see *ARC Briefing Ghana Jan 2021*) aligns with the company's goal of establishing a presence in Africa.¹⁸

The decision may also be linked the **Cybersecurity Act 2020** passed by parliament on 6 November and signed into law by President **Nana Akufo-Addo** (2017-present) on 29 December.¹⁹ The act creates the **Cyber Security Authority (CSA)** as a body corporate under Ghanaian law. The CSA has authority over critical information infrastructure and will provide online protection that centres around the regulation of indecent images and distribution of sexual images. Penalties for non-compliance with new regulations, to be established by an industry forum, will be punishable by fines ranging from GHS 3,000 (\$520) to GHS 600,000 (\$104,000), and a prison sentence of six months to 25 years.²⁰ The Cybersecurity Act 2020 was one of two significant acts passed in the final months of a Ghanaian parliament in which President Akufo-Addo's party, the **National Patriotic Party (NPP)**, held a majority.

The second act was the **Land Act 2020**, which came into force on 23 December.²¹ The new act mandates that landowners be compensated for government acquisitions and for sufficient funds to be available to the government before an acquisition can be made.²² The legislation aims to support sustainable government spending, reduce debt burden and enable further infrastructure investment.

¹¹ [Bloomberg](#), 22 Mar 2021

¹² [Xinhua](#), 11 Mar 2021

¹³ [Xinhua](#), 11 Mar 2021

¹⁴ [Reuters](#), 11 Mar 2021

¹⁵ [Bloomberg](#), 22 Mar 2021

¹⁶ [Twitter](#), 12 Apr 2021

¹⁷ GhanaWeb, 13 Apr 2021

¹⁸ GhanaWeb, 13 Apr 2021

¹⁹ [Modern Ghana](#), 8 Apr 2021

²⁰ [Modern Ghana](#), 8 Apr 2021

²¹ [Ghana Web](#), 7 Apr 2021

²² [MyJoyOnline](#), 10 Apr 2021

Twitter's decision to establish an office in Ghana comes hot on the heels of a rapid investment drive into data centres across sub-Saharan Africa, including a **South Africa**-based **Old Mutual**-backed **African Infrastructure Investment Managers (AIIM)** fund investment into Accra-based **Onix Data Centres Ltd** (see *ARC Briefing Ghana March 2021*).²³

To support private sector activity, international investors' interest and economic growth, the government will need to continue to invest in all forms of infrastructure development, from data centres to roads and port facilities. The **Ghana Ports and Harbours Authority (GPHA)** recorded an increase in transit traffic of 0.2 million metric tonnes in 2020.²⁴ GPHA marketing and corporate affairs general manager **Esther Gyebi-Donkor** reported on 11 April that transshipment traffic (goods to be forwarded) reached 602,778 metric tonnes in 2020, significantly higher than 90,158 metric tonnes forwarded in 2019, despite the global pandemic and lull in international trade.²⁵ The increased traffic is attributed to expansion of the **Meridian Port Services (MPS)** at **Tema Port**. The rise in shipping traffic despite global disruption to international trade by the Covid-19 pandemic is a promising sign of the role Ghana has to play as the preferred trade and logistics hub in the **West African** region.²⁶

Oil and gas activity picks up amid piracy concerns...

Activity involving offshore oil and gas operations is increasing as international investors look to Ghana's offshore fields. **United Kingdom (UK)**-based **Tullow Oil** began a new drilling programme in the offshore **Jubilee** and **Tweneboa, Enyenra and Ntomme (TEN)** oil and gas fields on 5 April.²⁷ Tullow has contracted a drilling vessel, the **Maersk Venturer**, from **Denmark**-based **Maersk** for four years at a cost of \$370m to facilitate drilling activities in the two fields.²⁸ Accra-headquartered **Rigworld Group**, owned by **Kofi Amoa-Abban**, will support the project for an undisclosed amount.²⁹

In further oil sector developments, UK-based **Boru Energy**, founded by former Tullow management and backed by US-based private equity firm **Carlyle Group**, is in discussions with US-based **Occidental Petroleum** to acquire its 24% and 17% stakes in the Jubilee and TEN offshore oil and gas fields respectively.³⁰ Occidental acquired its Ghana assets through a \$55 billion take-over of US-based **Anadarko Petroleum Corporation** in 2019.³¹ Occidental's deal to sell its Ghanaian assets to **France**-based **Total** fell through in May 2020.³²

The **Gulf of Guinea** has witnessed a rise in incidents of maritime kidnapping and piracy in 2020 and into 2021. Four individuals successfully boarded an anchored drill ship in the **Takoradi Anchorage** on 11 March. The boarding was unsuccessful; no crew members were harmed or items stolen.³³ An unidentified vessel made a suspicious approach to an offshore supply vessel 45 nautical miles southwest of **Bayelsa State (Nigeria)** on 1 April. Six people who were kidnapped on 15 March from a tugboat transit from **Warri** (Nigeria) to the **Bonga Oil Field** were released.³⁴

Covid-19 vaccine rollout continues ...

The **Ghana Health Service (GHS)** announced on 12 April that 700,000 individuals in Ghana have received the first dose of the **Oxford/AstraZeneca** Covid-19 vaccine.³⁵ Ghana's national vaccine rollout began on 1 March (see *ARC Briefing Ghana March 2021*). In addition to the **World Health Organisation (WHO)** COVAX facility shipment of 600,000 of Oxford/AstraZeneca Covid-19 vaccines

²³ [Data Centre Dynamics](#), 5 Mar 2021

²⁴ [News Ghana](#), 11 Apr 2021

²⁵ [News Ghana](#), 11 Apr 2021

²⁶ [News Ghana](#), 11 Apr 2021

²⁷ [Energy Voice](#), 6 Apr 2021

²⁸ [Offshore](#), 4 Feb 2021

²⁹ [Offshore](#), 4 Feb 2021

³⁰ [Reuters](#), 1 Apr 2021

³¹ [Reuters](#), 1 Apr 2021

³² [Offshore Engineer](#), 18 May 2020

³³ [Office of Naval Intelligence](#), 7 Apr 2021

³⁴ [Office of Naval Intelligence](#), 7 Apr 2021

³⁵ [Xinhua](#), 12 Apr 2021

that arrived in Ghana on 24 February, the **Indian** government donated an additional 50,000 doses to Ghana on 5 March.³⁶ **South Africa**-based telecommunications company **MTN Group** also donated 165,000 doses to Ghana, which arrived on 21 March.³⁷ The shipment was enabled by MTN Group's \$25m donation to the **African Union (AU)** vaccination programme, which aims to distribute 7 million vaccines across Africa.³⁸

The health ministry declared emergency use authorisation for the **Russia**-developed **Sputnik V** Covid-19 vaccine on 20 February.³⁹ Russian developers of the vaccine revealed on 23 March that Phase III clinical trials of a 'single-dose' Sputnik V vaccine were underway in Russia, **United Arab Emirates (UAE)** and Ghana.⁴⁰ Interim results of the efficacy of the single-dose 'Sputnik Light' vaccine are expected in June.⁴¹ Ghana has yet to receive shipments of the Sputnik vaccine for distribution under the national vaccine rollout programme. Other African nations, including **Kenya**, have seen private sector acquisition and distribution of the Russian vaccine.⁴²

Ghana appears to have tamed a second wave of Covid-19 infections, which peaked in early February following the festive season.⁴³ Ghana's highest number of new cases was recorded in July 2020, but the highest number of deaths associated with Covid-19 was reported in February 2021.⁴⁴ The WHO published a report on 11 February noting a surge of 40% in Covid-19 deaths across Africa in January, thought to be linked to the Covid-19 variant 501Y.V2 (B.1.351).⁴⁵ As of 13 April, Ghana had reported 91,260 cases of Covid-19, 89,092 recoveries and 754 deaths.⁴⁶

The government imposed a ban on social gatherings on 1 February. Nightclubs, bars, cinemas and theatres remain closed. The use of facemasks in public spaces is mandatory and social distancing protocols must be observed on penalty of fine or custodial sentence.⁴⁷

Planner

19-21 May 2021 **Accra (Ghana)** The **Bank of Ghana (BoG)** (central bank) **Monetary Policy Committee (MPC)** meets;

Chronology

12 Apr 2021 **Accra (Ghana)** *Reuters*. **United States**-based social media corporation **Twitter Inc** announces plans to launch its first **African** office in **Ghana**;

11 Apr 2021 **Accra (Ghana)** *News Ghana*. The **Ghana Ports and Harbours Authority (GPHA)** records an increase in transit traffic of 1.5 million metric tonnes in 2020 compared to 1.3 million metric tonnes in 2019;

6 Apr 2021 (**Africa**) *EMPEA*. Global investor and asset manager **Meridiam Infrastructure Africa Fund** agrees to invest \$48m in **pan-African** data centre developer **Raxio Group** as part of a partnership that will help develop a network of data centres in **Africa**;

2 Apr 2021 (**Africa**) *Sunday Times*. **Africa Centres for Disease Control and Prevention** director **John Nkengasong** says **Africa** has secured 400 million doses of **J&J Covid-19** vaccines, enough to vaccinate more than half its target of 750m people, as it edges towards the third wave of Covid-19 infections;

³⁶ [Graphic Online](#), 5 Mar 2021

³⁷ [CGTN](#), 24 Mar 2021

³⁸ [CGTN](#), 24 Mar 2021

³⁹ [PharmiWeb](#), 23 Feb 2021

⁴⁰ [Reuters](#), 23 Mar 2021

⁴¹ [Reuters](#), 23 Mar 2021

⁴² [Bloomberg](#), 6 Apr 2021

⁴³ [Johns Hopkins JHU](#), 13 Apr 2021

⁴⁴ [Johns Hopkins](#), accessed: 13 Apr 2021

⁴⁵ [World Health Organisation](#), 11 Feb 2021

⁴⁶ [Johns Hopkins JHU](#), 13 Apr 2021

⁴⁷ GardaWorld, 2 Feb 2021

1 Apr 2021 **Accra (Ghana)** *Reuters*. **United Kingdom**-based **Boru Energy Ltd**, backed by **United States (US)**-based private equity corporation **Carlyle Group**, enters discussions with **US**-based **Occidental Petroleum** to acquire Occidental's stake in offshore **Jubilee** and **Tweneboa, Enyenra and Ntomme (TEN)** oil and gas fields in **Ghana** for \$500m;

30 Mar 2021 **(Africa)** *Bloomberg*. Sources familiar with the matter say **Coca-Cola Co** is speaking with potential advisers about exit options – a sale or an IPO – for its 66.5% stake in **Coca-Cola Beverages Africa**, which is valued at about \$6 billion;

30 Mar 2021 **Accra (Ghana)** *Reuters*. Finance minister **Ken Ofori-Atta** announces the successful issuance of a four-year zero-coupon bond for \$3 billion;

29 Mar 2021 **(Africa)** *Financial Times*. **China-Africa Research Initiative** research shows **Chinese** lending to **African** public sector borrowers fell to \$7 billion in 2019, from \$9.9 billion in 2018 and \$28 billion in 2016, suggesting lenders became concerned about the sustainability of rising debt levels on the continent;

26 Mar 2021 **Ouagadougou (Burkina Faso)** *Agence Ecofin*. **Ghanaian** railways development minister **John Peter Amewu** confirms that work on the 1,100-km railway project linking Burkina Faso and Ghana will commence in 2022;

25 Mar 2021 **Accra (Ghana)** *CGTN*. **Ghana** receives the first batch of **South Africa**-based telecommunications company **MTN Group** donated **Covid-19** vaccinations, containing 165,000 doses of **Oxford/AstraZeneca** vaccine;

23 Mar 2021 **Accra (Ghana)** *Reuters*. **Russia**-based developers of the **Sputnik V Covid-19** vaccine announce application for domestic approval of a single-dose version. Clinical trials are in phase III in Russia, **United Arab Emirates** and **Ghana**;

22 Mar 2021 **Accra (Ghana)** *Bloomberg*. **Egypt**-based air carrier **EgyptAir** seeks to develop a new **Ghana**-based air carrier by leasing four **Boeing 737-800** aircraft to the new airline in which EgyptAir will own a 75% stake; The name of the new carrier is yet to be announced but is likely to be **Air Ghana**;

22 Mar 2021 **Accra (Ghana)** *Reuters*. The **Bank of Ghana (BoG)** (central bank) **Monetary Policy Committee (MPC)** holds the prime interest rate at 14.5% and announces headline inflation has exceeded the upper hand of the medium-term target;

15 Mar 2021 **Accra (Ghana)** *AfricaGlobalFunds*. **Catalyst Fund Inclusive Digital Commerce** accelerator, managed by **BFA Global**, in partnership with the **Mastercard Foundation COVID-19 Recovery and Resilience Program** and the **Meltwater Entrepreneurial School of Technology**, jointly invest in **Ghana**-based digital commerce companies **Boost Ghana** and **KudiGo**;

12 Mar 2021 **(Africa)** *AfDB*. Multinational financial institution **African Development Bank Group** forecasts African economies to rebound by 3.4% on average in 2021, following an average contraction of 2.1% last year;

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Getting in touch

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

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