

## AFRICA RISK CONSULTING

### Ghana Monthly Briefing March 2022

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#### Ghana Summary 10 March 2022

*President Nana Akufo-Addo (2017-present) delivers a speech during Ghana's 65<sup>th</sup> Independence Day anniversary celebrations calling for national unity and cooperation to bolster economic recovery efforts. Ghana calls for removal of foreign mercenaries from the West Africa region during the European Union-African Union summit in Brussels (Belgium). German newspaper Deutsche Welle alleges violation of freedom of speech as Ghana arrests three journalists and one social activist. Standard Bank Group's head of Africa describes Ghana's economy as "fragile", citing unsustainable debt and calling for a new deal with the International Monetary Fund (IMF). Finance minister Ken Ofori-Atta rejects calls for a new IMF deal and cautions that Russia's invasion of Ukraine may accelerate inflation, which rose to 15.7% year-on-year in February, almost double the threshold set by the Bank of Ghana (BoG) (central bank). The Minerals Income Investment Fund (MIIF) announces the purchase of \$20m in shares in Canada-headquartered and Toronto- and Frankfurt (Germany) Stock Exchange-listed Asante Gold Corporation. United Kingdom (UK)-based Tullow Oil says it will invest \$350m in the Jubilee Offshore and Tweneboa Enyenra Ntomme (TEN) oilfield in 2022. Covid-19 cases remain low as President Akufo-Addo tours a shipping container mRNA vaccine facility developed by Germany-based pharmaceutical company BioNTech in Marburg (Germany).*

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#### Ghana celebrates Independence Day amid regional and global upheaval ...

Ghana celebrated its 65<sup>th</sup> Independence Day anniversary on 6 March with President **Nana Akufo-Addo** (2017-present) delivering a speech promoting unity and cooperation to drive economic recovery and maintain economic independence. Akufo-Addo called on Ghanaians' support in order to "bounce back together" and "build a Ghana beyond aid",<sup>1</sup> in reference to his presidential campaign promise in 2017 – and core policy direction from his first presidential term – to liberate Ghana from reliance on foreign aid and multilateral lenders such as the **International Monetary Fund (IMF)**.<sup>2</sup> The presidential speech highlighted a continued drive for self-reliance and "Ghanaian solutions to Ghanaian problems".<sup>3</sup>

Akufo-Addo's insular narrative acts as a protection mechanism, not only against foreign intervention and economic reliance, but against an increasingly polarised regional divide and local challenges to democratic rule. Akufo-Addo attended the **European Union–African Union (EU-AU) summit in Brussels (Belgium)** on 18 February, which addressed several topics, including the withdrawal of **French** troops from **Mali**. Akufo-Addo demanded the withdrawal of "foreign mercenaries" from the region, citing ongoing negotiations for a 12-month election timetable at which Mali's military junta would be put to a popular vote.<sup>4</sup> Mali's democratic system was upset in August 2020, with the removal of president **Ibrahim Boubacar Keïta** (2013-2020); the transition government was later removed in a military takeover in May 2021.<sup>5</sup> Mali's current leadership proposes a five-year transition to democratic process which the interim parliament approved on 21 February.<sup>6</sup> Mali's coup is one of three in the past year in the region; **Guinea** experienced a military takeover in September and

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<sup>1</sup> [Ghana Web](#), 7 Mar 2022

<sup>2</sup> [Financial Times](#), 8 Oct 2018

<sup>3</sup> [Ghana Web](#), 7 Mar 2022

<sup>4</sup> [France24](#), 18 Feb 2022

<sup>5</sup> [Accord](#), 17 Jun 2021

<sup>6</sup> [Al Jazeera](#), 21 Feb 2022

**Burkina Faso** a coup in January.<sup>7</sup> Akufo-Addo described **West Africa's** retreat from democracy as a “*contagion*” that may spread if not properly addressed.

Akufo-Addo's call for the withdrawal of foreign mercenaries was timely, given **Russia's** invasion of **Ukraine** on 24 February. The Russia-based guns-for-hire **Wagner Group** was deployed to Mali in 2021, acknowledged and condemned by France and western allies in December.<sup>8</sup> Russia's position as a potential regional threat has accelerated, now posing a global threat to economic recovery. **United Kingdom (UK)**-based newspaper **The Financial Times** reported on 7 March that Russia's invasion of Ukraine threatens global food security.<sup>9</sup> However, President Akufo-Addo's Independence Day speech highlighted Ghana's strong position on food security:

*“[Ghana] is a net exporter of foodstuffs thanks to the success of the programme Planting for Food and Jobs [...] we are processing more of our cocoa in Ghana than at any other time in our history.”*<sup>10</sup>

Although Ghana's successful food programmes have placed it in a strong position to weather rising global food prices, the country may face increasing regional instability as food prices and risk of famine rise. UK-based financial publication **Bloomberg** highlights that despite its position as a net food exporter, Ghana remains heavily reliant on wheat imports. Russia and Ukraine export more than a quarter of the world's wheat, and sanctions are likely to disrupt distribution of the commodity.<sup>11</sup>

### ... and threats to freedom of speech

Akufo-Addo's reference to West Africa's retreat from democracy as a “*contagion*” was not without irony. On 24 February, **Germany**-based newspaper **Deutsche Welle** published an article titled “*Is free speech a crime in President Akufo-Addo's Ghana?*”<sup>12</sup> The article highlighted a spate of arrests since January 2022, including those of three journalists and one prominent social activist and leader of the **FixTheCountry** youth wing, **Oliver Barker-Vormawor**.<sup>13</sup> Barker-Vormawor is accused of treason for cautioning that the controversial e-levy bill, proposed in the 2022 Budget (see *ARC Briefing Ghana December 2021*), could cause a coup.<sup>14</sup>

**Kwabena Bobie Ansah**, a presenter for Ghana-based radio station **Accra FM**, was arrested on 10 February on charges of publishing false news and offensive conduct. Bobie Ansah alleged that First Lady **Rebecca Akufo-Addo** fraudulently obtained state land for personal use.<sup>15</sup> Bobie Ansah was granted bail (\$7,144) with the case to be heard at **Kaneshie District Court** on 14 March.<sup>16</sup>

Plain-clothes police officers, reportedly national security operatives, arrested **Blessed Godsbrain Smart**, a presenter at Ghana-based television station **Media General TV**, on 10 February.<sup>17</sup> Initially charged with making “*unsavoury comments*” about government, Smart was later fined for extortion, allegedly having extorted \$10,000 from businessman **Ahmed Kwabena Nkrumah** by threatening to expose “*shady deals to the Tema Port*”.<sup>18</sup>

An Accra court sentenced **Power FM** radio presenter **Oheneba Boamah Bennie** to two months in prison and a \$468 fine for contempt of court on 8 February.<sup>19</sup> In late 2020, Boamah Bennie posted a video on social media platform **Facebook** alleging that President Nana Akufo-Addo was conspiring

<sup>7</sup> [France24](#), 18 Feb 2022

<sup>8</sup> [Al Jazeera](#), 24 Dec 2021

<sup>9</sup> [Financial Times](#), 7 Mar 2022

<sup>10</sup> [Ghana Web](#), 7 Mar 2022

<sup>11</sup> [Bloomberg](#), 9 Mar 2022

<sup>12</sup> [Deutsche Welle](#), 24 Feb 2022

<sup>13</sup> [Deutsche Welle](#), 24 Feb 2022

<sup>14</sup> [Deutsche Welle](#), 24 Feb 2022

<sup>15</sup> [Deutsche Welle](#), 24 Feb 2022

<sup>16</sup> [Citi News](#), 11 Feb 2022

<sup>17</sup> [Pulse](#), 11 Feb 2022

<sup>18</sup> [Pulse](#), 11 Feb 2022

<sup>19</sup> [Committee to Protect Journalists](#), 9 Feb 2022

with the judiciary to influence the 2020 presidential elections.<sup>20</sup> **United States (US)**-based non-profit organisation **Committee to Protect Journalists** condemned Boamah Bennie’s conviction, stating:

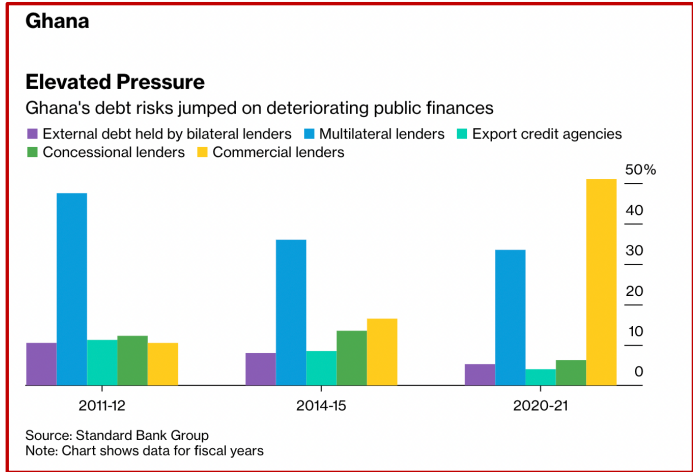
*“Journalists should not be jailed in connection with their reporting or commentary about public figures, whom one would hope have a thicker skin when it comes to criticism.”<sup>21</sup>*

The wave of arrests, which Deutsche Welle calls a threat to the Ghanaian constitutional right to freedom of speech, casts doubt on Akufo-Addo’s recent projection of strength, and continues the erosion of social freedoms in Ghana. **United Nations (UN)** human rights experts branded a bill seeking to criminalise LGBTQ+ individuals and communities in Ghana as “a system of state-sponsored discrimination and violence”<sup>22</sup> after parliament conducted the first reading of the **Promotion of Proper Human Sexual Rights and Ghanaian Family Values Bill** on 2 August (see *ARC Briefing Ghana Aug 2021*).<sup>23</sup> The bill proposes up to five years’ imprisonment for allies of the LGBTQ+ community and ten years’ imprisonment for advocating their rights.

Ghana’s president and legislators would do well to refrain from curtailing individual freedoms and human rights dictated by the constitution. In 2018, the **World Bank** retracted a \$300m loan to **Tanzania** after late former president **John Magufuli** (2015-2021) prevented young mothers from attending classes.<sup>24</sup> **Integrated Social Development Centre (ISDC)** executive director **Bernard Anaba** expects increased diplomatic and economic pressure on Ghana should the family values bill pass.<sup>25</sup> Ghana-based NGO **Centre for Democratic Development (CDD-Ghana)** anticipates the loss of 6% of Ghana’s budget revenue if the controversial bill is passed.<sup>26</sup> If Ghana continues to be pushed toward concessional funding, legislators must be mindful of the conditions it will impose.

**Ghana’s economy branded fragile, as inflation rises...**

**South Africa**-based **Standard Bank Group**’s head of **African** research, **Jibran Qureishi**, has branded Ghana’s economy as “fragile”. Qureishi labelled Ghana, **Kenya**, **Angola**, **Ethiopia** and **Zambia** as Africa’s “fragile five” economies in a report published by the bank on 10 February.<sup>27</sup> The assessment is based on debt sustainability and deteriorating public finances. Ghana’s commercial borrowing accelerated sharply through the pandemic (see below).<sup>28</sup>



1 - Extract Standard Bank Group, Bloomberg

<sup>20</sup> [Deutsche Welle](#), 24 Feb 2022  
<sup>21</sup> [Committee to Protect Journalists](#), 9 Feb 2022  
<sup>22</sup> [Reuters](#), 12 Aug 2021  
<sup>23</sup> [Reuters](#), 4 Aug 2021  
<sup>24</sup> [The Guardian](#), 15 Nov 2018  
<sup>25</sup> [Ghana Web](#), 9 Feb 2022  
<sup>26</sup> [Ghana Web](#), 9 Feb 2022  
<sup>27</sup> [Standard Bank](#), 10 Feb 2022  
<sup>28</sup> [Bloomberg](#), 10 Feb 2022

Qureishi claims that Ghana is likely to need a new package from the **International Monetary Fund (IMF)** given that premiums on Ghana's dollar-denominated bonds currently exceed 1,000 basis points (see *ARC Briefing Ghana Jan & Feb 2022*).<sup>29</sup> However, current rhetoric from the Akufo-Addo administration suggests that Ghana may resist brokering a deal with the IMF for as long as possible. Finance minister **Ken Ofori-Atta** stated on Ghana-based radio station **CitiFM** on 4 February,

*"Whatever we do we are not going to the IMF [...] the consequences are dire. We are a proud nation. We have the resources. We have the capacity. We are not people of short sight."*<sup>30</sup>

Ofori-Atta's stance reflects the widely held belief that *"the IMF only know how to do one thing, austerity."*<sup>31</sup> The Ghanaian administration is concerned about the impact that austerity measures would have on a precariously hung parliament. Parliamentary deadlock could worsen a political and economic landscape plagued by increasing insecurity and headline inflation and tranquilise Ghana's efforts to drive economic recovery.

Inflation is now at its highest rate in five-years.<sup>32</sup> The **Ghana Statistical Service (GSS)** published its **Producer Price Index (PPI)** statistical bulletin on 16 February, illustrating a rise in consumer price inflation of 15.6% year-on-year in January.<sup>33</sup> This rate continued to rise by 0.1% in February, detailed in the PPI bulletin published on 9 March.<sup>34</sup> At 15.7% year-on-year, inflation is almost double the target range set by the **Bank of Ghana (BoG)** (central bank) of 8% (+ or - 2%).<sup>35</sup> The current key drivers of inflation are food prices, which rose to 17.4% in February from 13.7% in January, and housing and fuel.<sup>36</sup>

Government statistician **Samuel Kobina Annim** has indicated that a rate hike may be on the way *"to arrest inflation"*.<sup>37</sup> The BoG held the key policy rate at 14.5% at its January meeting (see *ARC Briefing Ghana Feb 2022*) but cautioned that an extraordinary meeting may be called should global economic conditions continue to deteriorate. The central bank has yet to call an extraordinary meeting and its **Monetary Policy Committee** is due to be hold its regular meeting on 23-25 March.<sup>38</sup>

### ... amid focus on resource investment

In a bid to maintain its economic independence from the IMF and tackle accelerating debt service payments, Ghana's **Minerals Income Investment Fund (MIIF)** has announced the purchase of \$20m in shares in **Canada**-headquartered and **Toronto Stock Exchange (TSE)**- and **Frankfurt Stock Exchange**-listed **Asante Gold Corporation**.<sup>39</sup> The purchase makes Ghana a 3.5% shareholder in Asante, which currently operates the **Bibiani Gold Mine** it acquired from **Australia**-based **Resolute Mining** for \$90m in August.<sup>40</sup>

Ghana's parliament elected in 2019 to entrust the MIIF to manage and invest Ghana's mining royalties. MIIF CEO **Edward Koranteng** said the share acquisition was the first step in a wave of upcoming purchases to obtain shareholding of high-yielding mines in Ghana and abroad:

*"We are looking to cover every class of mineral other than bauxite, which the government is working on in a different way [...] we want to go into an accelerated programme where we have assets of over \$500 million by 2025."*<sup>41</sup>

<sup>29</sup> [Bloomberg](#), 10 Feb 2022

<sup>30</sup> [Bloomberg](#), 10 Feb 2022

<sup>31</sup> ARC source: Senior anti-corruption official

<sup>32</sup> [Market Screener](#), 9 Mar 2022

<sup>33</sup> [Ghana Statistical Service](#), 16 Feb 2022

<sup>34</sup> [Ghana Statistical Service](#), 9 Mar 2022

<sup>35</sup> [Market Screener](#), 9 Mar 2022

<sup>36</sup> [Ghana Statistical Service](#), 9 Mar 2022

<sup>37</sup> [Market Screener](#), 9 Mar 2022

<sup>38</sup> [Bank of Ghana](#), accessed 10 Mar 2022

<sup>39</sup> [Reuters](#), 3 Mar 2022

<sup>40</sup> [Mining Technology](#), 20 Aug 2021

<sup>41</sup> [Reuters](#), 3 Mar 2022

The MIIF currently sits on a \$200m pot, which it will deploy to expand the fund portfolio. Koranteng noted that the fund is reviewing its method of collecting royalties from smaller funds and intends to widen the pool from which royalties can be collected to further grow the fund. From July, the MIIF begins a programme of investment in 400 small-scale mining firms as part of an accelerator programme to grow them into profitable mid-sized operations.<sup>42</sup>

### Petroleum output set to increase

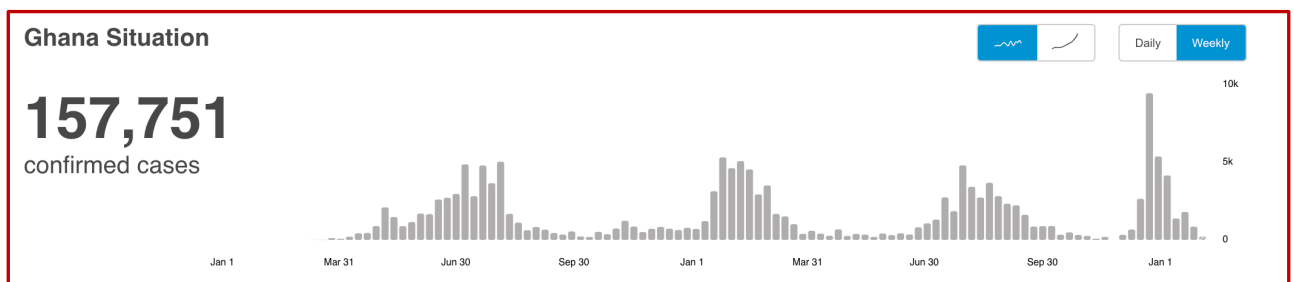
UK-based **Tullow Oil** CEO **Rahul Dhir** announced on 9 March that expected output of two Tullow operations in Ghana could reach 150,000 barrels per day (bpd) by 2025 under current investment plans.<sup>43</sup> Tullow will invest \$350m in Ghana in 2022 with the hope of raising production at the **Jubilee Offshore** oil field to 100,000 bpd and the **Tweneboa Enyenra Ntomme (TEN)** oilfield 50,000 bpd by 2025.<sup>44</sup> Tullow holds a 35.5% stake in the Jubilee field and a 47.2% stake in the TEN field. Tullow's operations currently produce 75,000 and 33,000 bpd respectively.<sup>45</sup>

The success of its Ghana operations is essential to the survival of the company. Tullow currently has a market capitalisation of \$1.2 billion but net debt of \$2.1 billion.<sup>46</sup> In 2020, Tullow's debt position forced it to sell out of its **Ugandan** onshore oilfields, receiving \$500m for its holdings from **France**-based **TotalEnergies**.<sup>47</sup>

Global oil prices continue to rise. In the wake of a raft of western sanctions, it remains uncertain whether major producers can plug the gap formerly occupied by Russia. Ghana is not a member of the **Organization of the Petroleum Exporting Countries (OPEC)** and therefore has no limitations on its oil production, outside of its petroleum infrastructure and operators. Increasing production, paired with a high oil price, will provide much needed revenue for government and improve Ghana's chances of keeping pace with its debt service.

### Cases of Covid-19 remain low

New cases of Covid-19 in Ghana remain relatively low, rising and stabilising at 900 new cases per week in February.<sup>48</sup> The **Omicron** variant, discovered in Ghana in November (see *ARC Briefing Ghana Dec 2021*), drove a fourth wave of infections in December and January. As of 10 March, Ghana had registered 160,028 cases of Covid-19 in its population of 31.7 million, with 1,442 Covid-19-related deaths.<sup>49</sup>



2- Extract World Health Organisation (WHO) data on 7 February 2022

Ghana began implementing new restrictions for international travellers on 10 December, in a bid to prevent an increase in new Covid-19 cases and encourage vaccination uptake (see *ARC Briefing Ghana Jan 2022*). International travellers above the age of 18 arriving in Ghana are required to be fully

<sup>42</sup> [Reuters](#), 3 Mar 2022

<sup>43</sup> [Nasdaq](#), 9 Mar 2022

<sup>44</sup> [Nasdaq](#), 9 Mar 2022

<sup>45</sup> [Nasdaq](#), 9 Mar 2022

<sup>46</sup> [Nasdaq](#), 9 Mar 2022

<sup>47</sup> [Energy Voice](#), 10 Nov 2020

<sup>48</sup> [World Health Organisation](#), accessed 10 Feb 2022

<sup>49</sup> [World Health Organisation](#), accessed 10 Feb 2022

vaccinated against Covid-19 and to have documented proof of their vaccinations. Airlines transporting unvaccinated and undocumented passengers currently face a \$3,500 fine per passenger.<sup>50</sup>

On 16 February, UK-based news agency **Reuters** reported that Germany-based pharmaceutical company **BioNTech** had developed an mRNA vaccine factory housed in shipping containers. BioNTech presented a prototype of the factory, built from twelve 40-foot shipping containers, known as the **Biontainer**, to the presidents of Ghana and **Rwanda** on 16 February at its vaccination production site in **Marburg (Germany)**.<sup>51</sup> The **African Union** plans to establish its first Biontainer mRNA vaccine facility in H2 2022.<sup>52</sup>

The **World Health Organisation (WHO)** vaccine tracker reports that since 2 March 2021 – when Ghana’s vaccination drive began – a total of 12.5 million Covid-19 vaccine doses have been administered in Ghana, with 7.72 million individuals (24.85% of the population) in receipt of a single dose and 4.78 million individuals (15.41% of the population) fully vaccinated.<sup>53</sup>

## Planner

23-25 Mar 2022 **Accra (Ghana) Bank of Ghana (BoG)** (central bank) **Monetary Policy Committee (MPC)** meets;

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

## Chronology

9 Mar 2022 **Accra (Ghana) Nasdaq. United Kingdom (UK)-based Tullow Oil** predicts that the **Jubilee Offshore** oilfield could produce 100,000 barrels per day (bpd) and the **Tweneboa Enyenra Ntomme (TEN)** oilfield 50,000 bpd by 2025;

9 Mar 2022 **Accra (Ghana) Ghana Web.** State-owned **State Transport Company (STC)** CEO **Nana Akomea** condemns recommendations for Ghana to return to the **International Monetary Fund (IMF)** to seek assistance for economic recovery;

7 Mar 2022 **Accra (Ghana) Tech Crunch.** Ghana-based fintech company **Dash** raises \$32.8m in seed funding to facilitate transactions between mobile money and banking platforms in **Africa**;

6 Mar 2022 **Accra (Ghana) BBC.** Ghana celebrates its 65<sup>th</sup> anniversary of Independence Day;

3 Mar 2022 **Accra (Ghana) Reuters.** State mining royalties fund **Minerals Income Investment Fund** says the fund plans to invest up to \$60m this year in companies both within and outside **Ghana**;

20 Feb 2022 **Accra (Ghana) Financial Times.** Finance minister **Ken Ofori-Atta** says the response of rich countries and multilateral institutions to the **Covid-19** pandemic’s financial impact on poor countries was inadequate and ignored the concerns of governments and the private sector;

14 Feb 2022 **Abidjan (Côte d’Ivoire) Koaci.com.** The **United Nations High Commissioner for Refugees (UNHCR)** and **Ghana Refugee Board (GRB)** announce that Ivorian refugees resident in Ghana will lose their refugee status on 30 June and will no longer be under the care of the UNHCR;

10 Feb 2022 **Johannesburg (South Africa) Bloomberg.** **Jibran Qureishi**, head of African research at **South Africa-based Standard Banking Group**, labels **Ghana, Kenya, Angola, Ethiopia** and **Zambia** as the “*fragile five*” economies in Africa;

<sup>50</sup> [Al Jazeera](#), 14 Dec 2021

<sup>51</sup> [Reuters](#), 16 Feb 2022

<sup>52</sup> [Reuters](#), 16 Feb 2022

<sup>53</sup> [World Health Organisation](#), accessed 10 Mar 2022

8 Feb 2022 Accra (Ghana) Bloomberg. African Union-backed panel African Peer Review Mechanism urges global credit ratings agency Moody's Investors Service to review an appeal by the Ghanaian government against the rating company's downgrade of Ghana's debt;

### About Africa Risk Consulting:

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