

## AFRICA RISK CONSULTING

## Ghana Monthly Briefing October 2021

## Ghana Summary 18 October 2021

*President Nana Akufo-Addo (2017-present) confirms that he will attend the United Nations (UN) Conference of Parties (COP26) in Glasgow (United Kingdom) on 31 October. British High Commissioner Harriet Thompson and minister for land and natural resources Samuel Jinapor discuss potential partnerships between the UK and Ghana to mitigate climate change. In an address to the 79<sup>th</sup> General Assembly of the UN, President Akufo-Addo criticises European nations for failing to recognise the India-manufactured Covid-19 vaccine Covishield in vaccine passports. The National Petroleum Authority (NPA) announces the removal of Price Stabilisation and Recovery Levies (PSRL) on petrol, diesel and liquefied petroleum gas (LPG) for a period of two months. The Chamber of Petroleum Consumers (COPEC) confirms it has submitted recommendations to the government ahead of the 2022 Budget to permanently repeal the PSRL and waive other taxes and levies in 2022. The Bank of Ghana (BoG) (central bank) Monetary Policy Committee (MPC) agrees to hold the benchmark interest rate at 13.5%. The MPC reports a significant increase in headline inflation from 7.8% in June to 9.7% in August, close to the upper limit of the medium-term target band. United States (US)-based oil company Occidental Petroleum Corporation announces the sale of its stakes in two Ghanaian oil fields to Ghana state-owned oil company Kosmos Energy Ltd for \$750m. A Ghanaian newspaper alleges misconduct and collusion by energy minister Matthew Opoku-Prempeh surrounding the deal. Covid-19 infections remain low in Ghana. North Tongu member of parliament (MP) Samuel Okudzeto Ablakwa labels Ghana's land and sea border closures "pro-rich".*

## Akufo-Addo to attend COP26...

President **Nana Akufo-Addo** (2017-present) has confirmed that he will attend the **United Nations (UN) Conference of the Parties (COP) (COP26)** to be held in **Glasgow (United Kingdom)** from 31 October to 12 November.<sup>1</sup> President Akufo-Addo currently serves as the co-chair of the **Eminent Group of Advocates for UN Sustainable Development Goals (SDGs)** and will personally lead a delegation from Ghana to the COP26 summit.<sup>2</sup> **British High Commissioner** in Ghana, **Harriet Thompson**, visited lands and natural resources minister **Samuel Jinapor** on 27 September to discuss Akufo-Addo's attendance of COP26 and potential partnership opportunities between Ghana and the UK to mitigate climate change.

Several national leaders have yet to confirm whether they will attend COP26 either in person or online. The list includes **China's** premier, **Xi Jinping** (2013-present), **Russia's** President **Vladimir Putin** (2000-2008; 2012-present) and **Japan's** prime minister **Fumio Kishida** (2021-present).<sup>3</sup> The heads of several Annex II countries (those most likely to be negatively impacted by climate change) have confirmed that they will not be attending the summit. These include **Brazil's** President **Jair Bolsonaro** (2019-present), **Mexico's** President **Andres Manuel Lopez Obrador** (2018-present), and **South Africa's** President **Cyril Ramaphosa** (2018-present).<sup>4</sup> Ramaphosa will be focusing on local elections scheduled to take place on 1 November.

<sup>1</sup> [Reuters](#), 14 Oct 2021

<sup>2</sup> [Ghana Web](#), 28 Sep 2021

<sup>3</sup> [Reuters](#), 14 Oct 2021

<sup>4</sup> [Reuters](#), 14 Oct 2021

Decline in attendance is a poor signal for international cooperation for the management and mitigation of climate change. COP26 comes three months after the oil and gas summit, **Offshore Technology Conference (OTC) 2021**, was hosted in **Texas (United States)** on 16-19 August (see *ARC Briefing Ghana September 2021*). Energy minister **Matthew Opoku Prempeh** attended the conference and stated:

*“I can feel the pressure on **African** countries to conform to the energy transition agenda, even though Africa has contributed marginally to the phenomenon that is driving this agenda [...] our needs and priorities are vastly different from the industrialized countries as we are at different stages of our growth process.”<sup>5</sup>*

Ghana’s desire, and that of other developing economies, to continue producing fossil fuels, particularly **liquefied petroleum gas (LPG)**, which will serve as a ‘transition fuel’ during the energy transition, is likely to be a hot topic at COP26. President Nana Akufo-Addo has yet to indicate the stance he will adopt at the summit.

### ... and tackles Covid vaccine passes at UN General Assembly

In an address to the 76<sup>th</sup> General Assembly of the UN on 22 September, President Akufo-Addo strongly criticised **European** nations for failing to recognise the validity of the **India**-manufactured **Covid-19** vaccine **Covishield** (the **Oxford/AstraZeneca** vaccine manufactured in India) for the purposes of Covid-19 travel requirements.<sup>6</sup> Ghana has received 652,000 doses of Covishield through the **World Health Organisation (WHO) COVAX** scheme and administered it to frontline health workers since February 2021.<sup>7</sup> The WHO has donated Covishield vaccine doses to many **sub-Saharan African** nations through its COVAX scheme.<sup>8</sup> The UK was one of the first European nations to recognise the Indian vaccine, adding it to a travel advisory notice on 22 September. However, the UK government still requires travellers vaccinated with Covishield to isolate for 10 days upon arrival in the UK due to incompatibility of “*vaccine certification methods*”.<sup>9</sup>

Akufo-Addo accused European countries of using the regulatory barrier “*as a tool for immigration control*”, branding the effort a “*truly regressive step*”.<sup>10</sup> This is not the first time President Akufo-Addo has been outspoken on the availability and quality of vaccines offered to African nations. Speaking to **France**-based media house **France24** in May at the **Paris Summit on the Financing of African Economies**, Akufo-Addo used the term “*vaccine apartheid*” and branded low vaccine supply to Africa a “*scandal*”.<sup>11</sup>

Ghana has struggled to obtain sufficient Covid-19 vaccine supply to maintain its national vaccination drive, delaying the administration of second doses by four weeks in April to manage significant supply issues (see *ARC Briefing Ghana May 2021*).<sup>12</sup> The presidency received strong criticism in June when a **Norway**-based investigative journalist revealed that Ghana’s health ministry had acquired 3.4 million doses of the Russia-manufactured **Sputnik** Covid-19 vaccine at a 90% mark-up from international market prices (see *ARC Briefing Ghana June 2021*).<sup>13</sup> Akufo-Addo defended the procurement, deflecting blame on developed nations he accused of seizing supply that should be shared with nations unable to manufacture their own. It remains to be seen whether President Akufo-Addo will pursue questions of accountability and methods to redress the ‘shortages,’ generated by European policy, for both carbon allowances and Covid-19 vaccines at the COP26 summit in Glasgow.

<sup>5</sup> [New Dawn](#), 23 Aug 2021

<sup>6</sup> [The Print](#), 24 Sep 2021

<sup>7</sup> [The Print](#), 24 Sep 2021

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

<sup>9</sup> [UK Gov](#), accessed 18 Oct 2021

<sup>10</sup> [The Print](#), 24 Sep 2021

<sup>11</sup> [France24](#), 21 May 2021

<sup>12</sup> [Pulse](#), 19 Apr 2021

<sup>13</sup> [Ghana Web](#), 8 Jun 2021

## National Petroleum Authority removes price stabilisation and recovery levies...

The corporate affairs department of the **National Petroleum Authority (NPA)** announced on 11 October the removal of **Price Stabilisation and Recovery Levies (PSRL)** on petrol, diesel and LPG for a period of two months.<sup>14</sup> The removal of the PSRL will temporarily reduce prices of petroleum, diesel and LPG. The PSRL has helped to stabilise consumer prices and provide subsidies on premixed fuel and residential fuel oil (RFO).<sup>15</sup> President Nana Akufo-Addo approved the removal at the recommendation of the energy ministry, which seeks to mitigate the impact of international fuel price rises on Ghanaian consumers.<sup>16</sup> The international oil price climb has been triggered by a rise in global demand, unmet by increased supply, notably from member countries of the **Organisation of Petroleum Exporting Countries (OPEC)** and their allies.<sup>17</sup>

The Ghana-based **Chamber of Petroleum Consumers (COPEC)** praised the NPA's decision to zero PSRL for two months.<sup>18</sup> COPEC executive secretary **Duncan Amoah** stated that more must be done to manage prices for Ghanaian consumers.<sup>19</sup> Amoah confirmed that COPEC had submitted a memo for the 2022 Budget to the finance ministry, recommending the removal of some taxes and levies for the financial year, including the PSRL:

*"It is good the president decided to grant the approval before the 2022 Budget is read [...] as a country we will not be able to sustain the market the way we want it."*<sup>20</sup>

A COPEC statement confirmed that removal of the PSRL levy would require legislative change. However, it is not yet clear whether there is the political will to reduce government revenue. Finance and economic planning minister **Ken Ofori-Atta** is expected to deliver the 2022 budget statement before parliament on 15 November.<sup>21</sup>

## MPC holds key interest rate at 15.3%

The **Bank of Ghana (BoG)** (central bank) **Monetary Policy Committee (MPC)** met on 22-24 September and agreed to hold the benchmark interest rate at 13.5%.<sup>22</sup> This is the second consecutive meeting at which it has held the rate. BoG governor **Ernest Addison** stated at a press conference following the MPC meeting:

*"We thought the risk from both ends were balanced [slower growth and higher inflation]; high frequency economic indicators point to continued recovery in economic activity even though below pre-pandemic levels."*<sup>23</sup>

Ghana must exceed Gross Domestic Product (GDP) growth of 6.5% in the second half of 2021 in order to meet government targets of annual GDP growth of 5%. However, the **International Monetary Fund (IMF)** anticipates growth of 4.7% for Ghana in its **World Economic Outlook (WEO)** published on 12 October, behind global growth estimates of 5.9%. Low rates of vaccination against Covid-19 and continuing economic disruption due to the Covid-19 pandemic are likely to curtail Ghana's growth. Addison noted:

*"These forecasts are subject to the evolution of the Covid-19 pandemic including the spread of emerging variants of the virus and the pace of vaccination campaigns around the world."*<sup>24</sup>

<sup>14</sup> [Ghanaian Times](#), 12 Oct 2021

<sup>15</sup> [Ghanaian Times](#), 12 Oct 2021

<sup>16</sup> [Ghanaian Times](#), 12 Oct 2021

<sup>17</sup> [Financial Times](#), 28 Sep 2021

<sup>18</sup> [Modern Ghana](#), 17 Oct 2021

<sup>19</sup> [Modern Ghana](#), 17 Oct 2021

<sup>20</sup> [Modern Ghana](#), 17 Oct 2021

<sup>21</sup> [Ghana Web](#), 30 Sep 2021

<sup>22</sup> [Bank of Ghana](#), 27 Sep 2021

<sup>23</sup> [Bloomberg](#), 27 Sep 2021

<sup>24</sup> [Bank of Ghana](#), 27 Sep 2021

The MPC press release highlighted a significant increase in headline inflation, from 7.8% in June to 9% in July, and further up to 9.7% in August, close to the upper limit of the BoG's medium-term target band.<sup>25</sup> The upward trajectory of inflation is driven by food price inflation, which rose to 10.6% in August, a rise of 1.1 percentage points from July.<sup>26</sup> Non-food price inflation has risen from 8.2% to 8.7% in the same time period. The MPC noted that global inflationary pressure is expected to remain strong in the near term, but that contributing factors including labour market conditions are expected to be temporary.<sup>27</sup>

Ghana's debt stock increased to 76.4% of GDP in July, a rise from 76% in December 2020. Ghana's total debt is composed of domestic debt (39.5% of GDP) and external debt (37% of GDP).<sup>28</sup>

The next MPC meeting is scheduled for 17-19 November and will conclude on 22 November.<sup>29</sup>

### Occidental sell assets to Ghana-state oil company Kosmos...

**United States (US)**-based oil company **Occidental Petroleum Corporation** announced on 13 October the sale of its stakes in the **Jubilee** and **Tweneboia Enyenra Ntomme (TEN)** offshore oil fields to Ghana state-owned oil company **Kosmos Energy Ltd** for \$750m.<sup>30</sup> The sale of Occidental's stakes in the Jubilee and TEN offshore fields will bring Kosmos' share in the fields to 42% and 28% respectively. The sale will be financed with \$550m from Kosmos and \$200m from **Ghana National Petroleum Corporation (GNPC)**.<sup>31</sup> Both fields are operated by UK-based **Tullow Oil Plc**.<sup>32</sup>

Occidental confirmed that "*certain tax claims related to historical operations*" had been settled separately to the negotiations.<sup>33</sup> Occidental president and CEO **Vicki Hollub** noted that proceeds from the sale will be applied to debt reduction:

*"With this transaction, we have achieved our post-Colombia divestiture target [...]. Combined, our divestiture program and free cash flow generation have enhanced our ability to reduce debt."*<sup>34</sup>

Ghana-based newspaper **The Herald**, in a report published on 15 October, alleges that energy minister **Matthew Opoku-Prempeh** may have colluded with a competing bidder to unfairly influence the bidding on Occidental's assets.<sup>35</sup> Other companies competing for a chance to acquire these assets included UK-based **Boru Energy**, led by former Tullow Oil CEO **Aidan Heavey** and backed by UK-based private equity firm **Carlyle Group**, as well as a partnership between Ghana-based **Springfield Energy** and Sweden-based **Lundin Family**.<sup>36</sup> The Herald indicated that a company controlled by Springfield Energy CEO **Kevin Oykere**, Ghana-based **International Petroleum Corporation (IPC)**, approached Opoku-Prempeh offering a higher bid for Occidental's assets. Opoku-Prempeh allegedly frustrated the transaction between Occidental and Kosmos by delaying ministerial approval.<sup>37</sup> The Herald alleges that Opoku-Prempeh flouted a direct instruction from the presidency for two weeks while attempting to establish an alternative deal to that between Occidental and Kosmos.<sup>38</sup> The energy ministry and presidency have yet to acknowledge the allegations. If true, the claims may indicate a deterioration of relations between President Akufo-Addo and energy minister Opoku-Prempeh ahead of the COP26 summit.

<sup>25</sup> [Bank of Ghana](#), 27 Sep 2021

<sup>26</sup> [Bank of Ghana](#), 27 Sep 2021

<sup>27</sup> [Bank of Ghana](#), 27 Sep 2021

<sup>28</sup> [Bank of Ghana](#), 27 Sep 2021

<sup>29</sup> [Bank of Ghana](#), 27 Sep 2021

<sup>30</sup> [Bloomberg](#), 13 Oct 2021

<sup>31</sup> [Bloomberg](#), 13 Oct 2021

<sup>32</sup> [World Oil](#), 15 Oct 2021

<sup>33</sup> [Global Newswire](#), 13 Oct 2021

<sup>34</sup> [Global Newswire](#), 13 Oct 2021

<sup>35</sup> [The Herald Ghana](#), 15 Oct 2021

<sup>36</sup> [Newsbase](#), 8 Oct 2021

<sup>37</sup> [The Herald Ghana](#), 15 Oct 2021

<sup>38</sup> [The Herald Ghana](#), 15 Oct 2021

### Covid-19 update...

Cases of Covid-19 in Ghana remain low following a third wave of infections that peaked in early August (see *ARC Briefing Ghana August 2021*).<sup>39</sup> As of 18 October, Ghana had registered 129,258 cases of Covid-19 in its population of 31.7 million, with 1,165 Covid-19-related deaths.<sup>40</sup> The WHO vaccine tracker reports that as of 20 September, a total of 1.6 million Covid-19 vaccine doses have been administered in Ghana, with 865,422 individuals in receipt of a single dose and 758,160 individuals fully vaccinated.<sup>41</sup>

Member of parliament (MP) for **North Tongu (Volta region)** and member of the parliamentary foreign affairs committee **Samuel Okudzeto Ablakwa** published a post on social media website **Facebook** accusing President Nana Akufo-Addo of poor leadership and hypocrisy for failing to reopen land and sea borders in line with an **Economic Community of West African States (ECOWAS)** agreement. Ablakwa's online statement read:

*"ECOWAS agreed to a phased easing of restrictions in the sub-region with a 31<sup>st</sup> July 2021 deadline by which date all member states should open their land and sea borders for free movement of persons and goods."*<sup>42</sup>

Ghana closed its land and sea borders on 22 March 2020 to prevent the spread of Covid-19. International flights resumed when air borders were re-opened on 1 September. Ablakwa noted that Ghana has failed to meet this deadline and accused Akufo-Addo of hypocrisy owing to his position as chair of ECOWAS and the privileges currently held by those who can afford air travel:

*"Those of us who are privileged to travel by air must spare serious thoughts for our compatriots who far outnumber the few elite air travellers [...] our policy interventions should not leave the vulnerable masses behind. They do not deserve the indirect economic sanctions we have imposed on them."*<sup>43</sup>

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<sup>39</sup> [World Health Organisation](#), accessed 18 Sep 2021

<sup>40</sup> [World Health Organisation](#), accessed 18 Sep 2021

<sup>41</sup> [World Health Organisation](#), accessed 18 Sep 2021

<sup>42</sup> [Ghana Web](#), 15 Oct 2021

<sup>43</sup> [Ghana Web](#), 15 Oct 2021

## Planner

19 Oct 2021 **Accra (Ghana)** Parliament due to reconvene after recess;

15 Nov 2021 **Accra (Ghana)** Finance minister **Ken Ofori-Atta** will present the 2022 Budget to parliament for reading;

17-19 Nov 2021 **Accra (Ghana)** **Bank of Ghana (BoG)** (central bank) **Monetary Policy Committee (MPC)** meets;

## Chronology

18 Oct 2021 **Accra (Ghana)** *Ghana Web*. Former minister for gender, children and social protection **Nana Oye Bampoe Addo** sends a note cautioning ruling **New Patriotic Party (NPP)**, stressing the importance of adhering to democratic principles and advising against the incitement of 'chaos';

17 Oct 2021 **Accra (Ghana)** *Modern Ghana*. The **Chamber of Petroleum Consumers (COPEC)** endorses the removal of **price stabilisation and recovery levies (PSRL)** on petrol, diesel and liquefied petroleum gas (LPG);

15 Oct 2021 **Accra (Ghana)** *Reuters*. President **Nana Akufo-Addo** will personally attend the **United Nations COP26** climate summit in **Glasgow (United Kingdom)** in November;

15 Oct 2021 **Accra (Ghana)** *Modern Ghana*. **North Tongu** MP and parliamentary foreign affairs committee member **Samuel Okudzeto Ablakwa** demands the immediate re-opening of Ghana's land and sea borders, accusing President **Nana Akufo-Addo** of poor leadership;

13 Oct 2021 **Accra (Ghana)** *Business Day*. **United States**-based **Occidental Petroleum Corporation** agrees to sell its stakes in two **Ghanaian** oilfields for \$750m, to **Kosmos Energy** and **Ghana National Petroleum Corporation**, ending a two-year divestment effort aimed at cutting debt;

13 Oct 2021 **Tema (Ghana)** *Modern Ghana*. Finance minister **Ken Ofori-Atta** and **Araki Yasumichi**, chief representative of the **Japan International Cooperation Agency (JICA)**, sign a \$36.5m grant agreement for the **Tema-Motorway Roundabout Phase II** and additional funding of \$3.3m for the rehabilitation of **National Truck Road N8 Phase II**;

12 Oct 2021 **Accra (Ghana)** *Ghanaian Times*. The **National Petroleum Authority (NPA)** announces the removal of the Price Stabilisation and Recovery Levies (PSRL) on petrol, diesel and liquefied petroleum gas (LPG) for two months;

12 Oct 2021 **West Africa** *Bloomberg*. **South Africa**-based **Old Mutual Group** announces plans to make acquisitions and boost its market share in insurance providers in the **West Africa** region within the next five years;

6 Oct 2021 **Tema (Ghana)** *Bloomberg*. **Meridian Port Services** CEO **Mohamed Samara** announces that the **Tema Port** is set to conclude its second phase of expansion following delays due to the Covid-19 pandemic;

28 Oct 2021 **Accra (Ghana)** *Ghana Web*. Lands and natural resources minister **Samuel A Jinapor** meets with **British High Commissioner Harriet Thompson** to discuss President **Nana Akufo-Addo's** delegation to the **United Nations COP26** summit and discuss opportunities to partner with the UK to mitigate climate change ;

27 Sep 2021 **Accra (Ghana)** *Reuters*. The **Bank of Ghana (BoG)** (central bank) concludes a **Monetary Policy Committee (MPC)** meeting and agrees to hold the main interest rate at 13.5%;

24 Sep 2021 **Accra (Ghana)** *The Print*. President **Nana Akufo-Addo** addresses the 76<sup>th</sup> **United Nations General Assembly** and criticises **European** nations for failing to recognise the **India**-manufactured Covid-19 vaccine, **Covishield**, branding the regulation a '*tool for immigration control*';

16 Sep 2021 **Accra (Ghana)** *Modern Ghana*. Presidency director of communications **Eugene Arhin** announces the submission of a final list of nominated **Metropolitan, Municipal and District Chief Executives (MMDCEs)** to work under President **Nana Akufo-Addo** in his second term;

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