

## AFRICA RISK CONSULTING

### Ghana Monthly Briefing February 2021

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#### Ghana Summary 17 February 2021

*A sharp rise in Covid-19 cases closes parliament until March as the government implements new lockdown restrictions to control the spread of the disease. The Central Bank of Ghana voices concern that a new wave of infections may negatively impact Ghana's recovery and incur further costs for government. The Supreme Court continues to review a case launched by former president John Dramani Mahama (2012-2017) to challenge the results of Ghana's December presidential election. Construction of the Tema liquefied natural gas (LNG) terminal is almost complete as piracy in the Gulf of Guinea rises sharply. Ghana improves by two points and six places in Germany-based non-governmental organisation Transparency International's annual index of perceived corruption.*

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#### Second wave of Covid-19 infections threatens economic recovery...

A second wave of **Covid-19** infections has interrupted parliament and threatens **Ghana's** economic recovery, placing pressure on vaccine purchase negotiations. Parliamentary house speaker **Alban Bagbin** announced on 10 February the closure of parliament for sanitisation until 2 March after 17 members of parliament and 151 support staff test positive for Covid-19.<sup>1</sup> The finance ministry issued a statement on 14 February announcing that presidential representative to the finance ministry **Ken Ofori-Atta** had travelled to the **United States (US)** to seek medical treatment following complications from Covid-19 in December.<sup>2</sup>

There has been a significant increase in the spread of Covid-19 in Ghana since the December festive period.<sup>3</sup> As of 9 February, Ghana had recorded over 73,000 cases and 482 Covid-19-related deaths in its population of 31 million people.<sup>4</sup> The average rate of infection increased from 200 cases per day to 700 daily infections at the end of January.<sup>5</sup> President **Nana Addo Dankwa Akufo-Addo** (2017-present) announced additional lockdown measures on 31 January, banning "until further notice funerals, weddings, concerts, theatrical performances and parties".<sup>6</sup>

Land and sea borders remain closed with tight controls on air borders. **Kotoka International Airport (KIA)** has revised Covid-19 arrival protocols including enforcing mandatory testing for Ghanaians, at a cost of \$50, for all individuals returning to Ghana within a week of departure.<sup>7</sup> The **Ghana Health Service** announced on 9 February that 1,158 people had tested positive out of a total 157,678 Covid-19 tests conducted at KIA.<sup>8</sup>

In his 31 January Covid-19 update, President Akufo-Addo confirmed further developments in Ghana's vaccine purchase negotiations.<sup>9</sup> The **Food and Drugs Authority (FDA)** intends to grant emergency-use-authorisation for Covid-19 vaccinations. The government plans to acquire 17.6 million vaccine doses by June 2021 and hopes to begin a vaccination programme in March.<sup>10</sup> The health ministry has

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<sup>1</sup> Reuters, 10 Feb 2021

<sup>2</sup> Bloomberg, 14 Feb 2021

<sup>3</sup> Ghana Health Service, 21 Jan 2021

<sup>4</sup> Johns Hopkins University Coronavirus Resource Centre, 9 Feb 2021

<sup>5</sup> Vanguard, 1 Feb 2021

<sup>6</sup> Vanguard, 1 Feb 2021

<sup>7</sup> Modern Ghana, 9 Feb 2021

<sup>8</sup> Modern Ghana, 9 Feb 2021

<sup>9</sup> Ghana Presidency Twitter, 31 Jan 2021

<sup>10</sup> Graphic Communications Group, 31 Jan 2021

not yet confirmed what type of vaccine Ghana is seeking to acquire. The government's acquisition of Covid-19 vaccines may be influenced by recent developments in **South Africa**. A study conducted by the **Witwatersrand University** has demonstrated that the **Oxford/AstraZeneca** vaccine offers little protection to the **501.V2** Covid-19 variant for mild and moderate disease symptoms.<sup>11</sup> President Akufo-Addo confirmed the presence of "new variants" of the virus in a press conference on 17 January but did not provide further details.<sup>12</sup> However, **United Kingdom (UK)**-based **BBC** confirmed on 12 February that the 501.V2 variant was present in Ghana.<sup>13</sup>

**Central Bank of Ghana (BoG)** governor **Ernest Addison** announced on 1 February that the bank will maintain its policy rate unchanged at 14.5%, adding that the global resurgence of coronavirus increases the uncertainty of Ghana's outlook.<sup>14</sup> The central bank confirmed that sharp fiscal correction in 2021 was unlikely and that the second wave of Covid-19 infections, in combination with testing and vaccine acquisition, are likely to require additional spending by government.<sup>15</sup> However, with some degree of optimism Addison noted:

*"Global growth prospects remain positive, conditioned on a successful vaccine rollout across various countries, a gradual relaxation of the containment measures, and assured policy support."*

### Supreme Court electoral challenge drags on ...

The challenge of former president **John Dramani Mahama** (2012-2017) and the opposition **National Democratic Congress (NDC)** party to the results of the 7 December election continues in the **Supreme Court**. Whilst this has not disrupted the function of government, the case has highlighted sharp divisions within the newly elected parliament. The theatrics of the Supreme Court case have played out the tensions between the NDC and the ruling **New Patriotic Party (NPP)** in parliament, where each party holds 137 seats, and may serve to deepen political deadlock.

Mahama and the NDC launched their petition to annul President Nana Akufo-Addo's electoral victory on 30 December (see *ARC Briefing Ghana January 2021*). A petition to reopen Mahama's case became a source of dispute when **Electoral Commission (EC)** chairperson **Jean Adukwei Mensa** reasserted her right not to testify.<sup>16</sup> The Supreme Court has dismissed 12 requests for information submitted by the NDC and Mahama on 19 January, citing irrelevance. The petition for information accused the EC of error but failed to address the validity of the polling data and the outcome of the election.<sup>17</sup> The Supreme Court began to hear the case on 26 January and is required to deliver a decision within 42 days. The challenge was expected to promote transparency and avoid the protracted delays witnessed in 2012 when an eight-month delay caused significant political uncertainty.

The Supreme Court on 11 February denied the petition of the NDC and Mahama to force the electoral commission to undergo cross-examination.<sup>18</sup> The Supreme Court ruled that the EC was not compelled to serve as a witness, and is "entitled to decide not to testify".<sup>19</sup> Mahama challenged the ruling on 14 February, petitioning the court to reopen his case. The petition to reopen the case referenced a previous affidavit submitted by Mensa, stating her willingness to be cross-examined, if required by the court.<sup>20</sup> However, in an affidavit submitted on 14 February, Mensa urged the Supreme Court not to reopen Mahama's case, stating:

<sup>11</sup> Financial Times, 9 Feb 2021

<sup>12</sup> Reuters, 18 Jan 2021

<sup>13</sup> BBC, 12 Feb 2021

<sup>14</sup> Reuters, 1 Feb 2021

<sup>15</sup> Bank of Ghana, 26 Jan 2021

<sup>16</sup> Ghana Web, 16 Feb 2021

<sup>17</sup> Pulse Ghana, 11 Jan 2021

<sup>18</sup> My Joy Online, 14 Feb 2021

<sup>19</sup> Modern Ghana, 13 Feb 2021

<sup>20</sup> Amended Presidential Election Petition [Affidavit of 1<sup>st</sup> respondent in opposition to motion for leave to re-open case of the petitioner], 14 Feb 2021

*“I am advised that, the petitioner [Mahama] seeks leave to reopen the case of the Petitioner ‘for the purpose of serving a subpoena on me to testify.’ [...] The Petitioner prays in support of this application that I had ‘indicated that the interrogatories were not necessary because the questions could be asked ... in cross-examination,’ and attached my affidavit in support.”<sup>21</sup>*

Justice **Kwasi Anin-Yeboah** dismissed the application to reopen Mahama’s case on 16 February.<sup>22</sup> The court noted that the application lacked merit and the EC is not on trial, before moving to proceed with the case to determine the legitimacy of the results of the 7 December election.<sup>23</sup>

The NDC party is divided following the launch of Mahama’s petition to the Supreme Court with some NDC politicians opposing the supreme court challenge (*see ARC Briefing Ghana January 2021*). The outcome of the petition will have a strong bearing on the 2024 presidential race and NDC party candidate selection.<sup>24</sup> Journalist and pollster **Ben Ephson Junior** stated in a radio interview on 8 February that the NDC will have an advantage with Mahama as their candidate:

*“I would be very surprised if the NDC picks somebody apart from Mahama [by comparison] the NPP is going to navigate a tricky path in terms of a new flagbearer.”<sup>25</sup>*

Mahama secured his candidacy for the 2020 elections with the support of 93.75% of the NDC party congress. **Joshua Alabi** placed second with only 2.01% of the vote.<sup>26</sup> Despite Mahama’s strong popularity, NPP deputy director of communications **Richard Nyamah** has suggested that the primary motivation for Mahama’s supreme court appeal was *“to position himself as the automatic candidate of the NDC”* before the appeal was lodged in December.<sup>27</sup>

Local media have speculated about other potential NDC presidential candidates.<sup>28</sup> Potential candidates not currently in active positions for the NDC include **United Nations (UN)** special envoy to the **African Union** and former **Awutu-Senya West** constituency MP, **Hannah Tetteh**; the special representative to the secretary-general and head of the UN office for **West Africa** and the **Sahel** **Mahamed Ibn Chambas**; former speaker for parliament **Edward Korbly Doe Adjaho**; former **Tema Oil Refinery (TOR)** CEO **Kwame Awuah-Darko**, and former deputy ambassador to **China**, **Horace Nii Ayi Ankrach**.<sup>29</sup>

### Piracy threatens oil and gas operations...

Increasing piracy in the **Gulf of Guinea** is adding to Ghana’s concerns about political and economic uncertainty and may present operational challenges to oil and gas companies in the Gulf of Guinea. The **International Maritime Bureau (IMB)** announced on 13 January that piracy and kidnappings in the Gulf of Guinea reached a record high in 2020.<sup>30</sup>

The IMB reported the kidnap of 130 seafarers in the region in 22 separate incidents in 2020, a rise from 121 in 2019.<sup>31</sup> A single group described by **United States (US)**-based **Maritime Executive** as a *“pirate action group”* is allegedly responsible for five incidents since 6 February.<sup>32</sup> The group successfully boarded a product tanker, **Sea Phantom**, 115 nautical miles from **Cameroon**, and a chemical tanker, the **Maria E**, 100 nautical miles from **Sao Tome**. The group allegedly attempted but failed to board a crude oil tanker, the **Seaking** and LNG-carrier, the **Madrid Spirit**. Four of the attacks

<sup>21</sup> Amended Presidential Election Petition [Affidavit of 1<sup>st</sup> respondent in opposition to motion for leave to re-open case of the petitioner], 14 Feb 2021

<sup>22</sup> Ghana Web, 16 Feb 2021

<sup>23</sup> Ghana Web, 16 Feb 2021

<sup>24</sup> Ghana Web, 9 Feb 2021

<sup>25</sup> Ghana Web, 9 Feb 2021

<sup>26</sup> Ghana Web, 9 Feb 2021

<sup>27</sup> Modern Ghana, 15 Dec 2020

<sup>28</sup> Ghana Web, 9 Feb 2021

<sup>29</sup> Ghana Web, 9 Feb 2021

<sup>30</sup> Reuters, 13 Jan 2021

<sup>31</sup> International Chamber of Commerce, 14 Jan 2021

<sup>32</sup> Maritime Executive, 9 Feb 2021

occurred within 24 hours. UK-based maritime security specialist **Dryad Global** says the likelihood of additional piracy activity remains high.<sup>33</sup>

The increase in piracy activity is not good news for the **Tema Liquefied Natural Gas (LNG)** terminal, which is expected to begin operations in March or April.<sup>34</sup> The \$350m LNG facility is a joint venture between UK-based **Helios Investment Partners** and Germany-based **Gasfin Development**.<sup>35</sup> The terminal began construction in 2018 and is the first LNG import facility to be constructed in **sub-Saharan Africa**. Ghanaian authorities hope that the terminal will reduce reliance on hydropower and improve reliability of gas supply, which will benefit power infrastructure, mining, ceramics and manufacturing industries in Ghana.<sup>36</sup> The **Floating Regasification Unit (FRU)** and storage units are part of a floating installation that will sit outside the entrance to the **Port of Tema**.<sup>37</sup> China-based **Jiangnan Shipbuilding**, a subsidiary of **China State Shipbuilding Corporation**, built the FRU and delivered it on 7 January.<sup>38</sup>

In addition to the refinery developments, UK-based **Tullow Oil** CEO **Rahul Dhir** announced that talks with creditors and bond holders will conclude in Q2 2021. The talks follow a business plan revamp that places pressure on offshore fields in Ghana and sheds assets in other countries.<sup>39</sup>

### Ghana improves in corruption rankings...

Ghana improved by five places and two points in Germany-based non-governmental organisation **Transparency International's 2020 Corruption Perceptions Index (CPI)**, released on 28 January.<sup>40</sup> The index, which is designed to give a sense of public sector corruption, rates countries on a scale of zero (highly corrupt) to 100 (very clean). Ghana scored 43 points, with a ranking of 75 out of 180 countries surveyed, improving from 80<sup>th</sup> place in 2019 with 41 points.

Transparency International CPI Rankings: Ghana					
	2016	2017	2018	2019	2020
<b>Ranking</b>	70/176	81/176	78/180	80/180	75/180
<b>Score</b>	43	40	41	41	43

The 2020 CPI report is reliant upon data gathered in 2019 and may not reflect the anticipated increase in corrupt practice around the presidential election. A senior local business executive warned ARC in March 2019 that business would face increasing risk of corruption as elections drew near (see *ARC Briefing Ghana March 2019*).

*"Whatever anyone says, there is an increase in corruption around elections. It happens every time. Both parties are involved. Both build campaign funds and use corruption to do so."*

**Martin Amidu** resigned from the position of anti-corruption Special Prosecutor on 19 November, three weeks ahead of the presidential elections in December, citing a lack of support from the government and political interference with his work.<sup>41</sup> The Office of the Special Prosecutor was established in 2018 by the incumbent NPP and was a central promise of their 2016 electoral campaign.<sup>42</sup>

<sup>33</sup> Maritime Executive, 9 Feb 2021

<sup>34</sup> The Africa Report, 21 Jan 2021

<sup>35</sup> Offshore Energy, 26 Nov 2020

<sup>36</sup> The Africa Report, 21 Jan 2021

<sup>37</sup> LNG Industry, 12 Jan 2021

<sup>38</sup> LNG Industry, 12 Jan 2021

<sup>39</sup> Reuters, 10 Feb 2021

<sup>40</sup> 'Ghana', Transparency International 2020 Corruption Perceptions Index

<sup>41</sup> World Politics Review, 3 Dec 2020

<sup>42</sup> Voice of America, 19 Nov 2020

Although anti-corruption dominated the 2016 electoral campaigns, the 2020 campaigns were affected by the Covid-19 pandemic and campaign issues centred on government service provision including, healthcare and education.<sup>43</sup>

In the latest CPI report, Ghana compares favourably with its regional peers, particularly **Nigeria** which ranked 149<sup>th</sup> with a score of 25 points. Ghana also ranks higher than **Côte d'Ivoire** (104<sup>th</sup> position with 36 points), and **Guinea** (137<sup>th</sup> position with 28 points) and comes in above the **sub-Saharan Africa** average of 32 points.

TI CPI Rankings 2020: Regional comparison					
	Ghana	Senegal	Côte d'Ivoire	Guinea	Nigeria
<b>Ranking</b>	75/180	67/180	104/180	137/180	149/180
<b>Score</b>	43	45	36	28	25

### Planner

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

22 Mar 2021 **Accra (Ghana) BoG MPC** press release;

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

24 May 2021 **Accra (Ghana) BoG MPC** press release;

21-23 Jul 2021 **Accra (Ghana) Bank of Ghana (BoG)** (central bank) MPC meets;

26 Jul 2021 **Accra (Ghana) BoG MPC** press release;

### Chronology

16 Feb 2021 **Accra (Ghana) Modern Ghana. Supreme Court** rejects a petition to reopen the case of former president **John Mahama**, ruling that Electoral Commission chair Jean Mensa cannot be compelled to act as a witness;

14 Feb 2021 **Accra (Ghana) MyJoyOnline**. Finance minister **Ken Ofori-Atta** travels to the **United States** for post-covid-19 medical treatment that will delay a parliamentary hearing expected to confirm his reappointment to his post;

11 Feb 2021 **Accra (Ghana) Modern Ghana**. The **Supreme Court** rules that the **Electoral Commission** cannot be compelled to serve as a witness in the ongoing case to challenge the results of the 7 December presidential election;

10 Feb 2021 **Accra (Ghana) Reuters**. **Ghana's** parliament is suspended for three weeks after 17 members of parliament and 151 support staff test positive for **Covid-19**;

9 Feb 2021 **Accra (Ghana) Press Release**. **Canada-based Asante Gold Corporation** engages **Ghana-based Black Star Advisors** to act as financial advisor for a proposed secondary listing aiming to raise \$3m capital on the **Ghana Stock Exchange**;

8 Feb 2021 **Accra (Ghana) Venture Burn**. **Ghana-based agritech startup AgroCenta** raises \$790,000 in pre-series A working capital and development funding from **United Kingdom (UK)-based charity Shell Foundation**, the **UK's Foreign, Commonwealth, and Development Office**, **AV Ventures**, and **Rabo Foundation**;

7 Feb 2021 **Accra (Ghana) Tech Nova**. **United Kingdom** -based telecommunications company

<sup>43</sup> Voice of America, 19 Nov 2020

**Vodafone** considers selling a majority stake in its **Ghana** subsidiary to **Vodacom Group** in order to consolidate its **Africa** operations; Sale of the Ghana unit will require approval by Ghanaian government;

4 Feb 2021 **Accra (Ghana)** *UK Government*. **Ghana** and **United Kingdom (UK)** governments announce the finalisation of negotiations for an **Interim Ghana-UK Trade Partnership Agreement**, which includes duty- and quota-free access for Ghana to the UK market and preferential tariff reductions for UK exports to Ghana;

3 Feb 2021 **Atewa Forest (Ghana)** *BirdLife*. Three manufacturing companies, **BMW Group**, **Tetra Pak** and **Schüco International**, oppose plans to mine bauxite in the **Atewa Forest** on the basis of environmental concerns. All three companies are members of the **Aluminium Stewardship Initiative (ASI)**;

1 Feb 2021 **Accra (Ghana)** *MyJoyOnline*. President **Nana Addo Dankwa Akufo-Addo** announces a tightening of **coronavirus**-induced restrictions, including a ban on social gatherings, as Covid-19 cases climb;

1 Feb 2021 **Accra (Ghana)** *Reuters*. The **Bank of Ghana** monetary policy committee maintains the interest rate at 14.5% and predicts headline inflation may return in Q2 2021;

27 Jan 2021 **Accra (Ghana)** *Tech Central*. Sources say **United Kingdom**-based telecom giant **Vodafone Group** is considering options for its **Ghana** business, including selling its majority stake in the unit to **Johannesburg Stock Exchange**-listed **Vodacom Group**, as it focuses on reorganising the group and paying down debt;

### About Africa Risk Consulting:

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