

AFRICA RISK CONSULTING

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Ghana Summary 17 March 2021

The Supreme Court of Ghana rejects a petition by former president John Dramani Mahama (2012-2017) challenging the results of the 7 December presidential election. President Nana Addo Dankwa Akufo-Addo (2017-present) swears in 28 ministers, with two absent due to illness. Caretaker finance minister Osei Kyei-Mensah-Bonsu reads the budget speech, as designate finance minister Ken Ofori-Atta remains in the United States for medical treatment. New taxes are proposed to cover Covid-19 expenditure and the government deficit as international shipping handlers receive criticism for new handling fees at Tema Port. South Africa-based Old Mutual Ltd's subsidiary, African Infrastructure Investment Managers (AIIM), in partnership with United Kingdom (UK)-based Onix Data Centres Ltd, acquires a majority stake in Ghanaian data centre Ngoya Etix DC (Ghana) Ltd.

Supreme Court upholds election results and new ministers sworn in...

The **Supreme Court of Ghana** on 4 March rejected a challenge, launched by former president and opposition leader **John Dramani Mahama** (2012-2017), to the 7 December 2020 presidential election results.¹ The decision upholds the results of the presidential election and confirms the legitimacy of President **Nana Addo Dankwa Akufo-Addo's** (2017-present) victory with 51.59% of the vote.² The court dismissed allegations that the **Electoral Commission (EC)** had inflated the vote tally in favour of President Akufo-Addo, citing a lack of credible evidence. Delivering the ruling, Chief Justice **Kwesi Anin Yeboah** noted:

"We [the court] have [...] no reason to order for a re-run. We accordingly dismiss the petition as having no merit."³

Mahama publicly condemned the supreme court's decision, suggesting that other Ghanaian institutions may adopt opaque practices as a result of the ruling.⁴ The relationship between Mahama and Akufo-Addo remains strained, a source of concern for political analysts in Ghana due to the composition of the 8th parliament.⁵

Ghana's current parliament will remain evenly divided. The ruling **National Patriotic Party (NPP)** and opposition **National Democratic Congress (NDC)** each hold 137 seats. Independent member of parliament (MP) **Andrew Amoako Asiamah** has, however, formally aligned himself with the NPP in parliament in a letter signed on 13 January, allowing the ruling party to retain its majority status.⁶ Days earlier, on 7 January, Asiamah was declared 2nd deputy speaker of parliament following nomination by the NDC.⁷ Formerly a member of the NPP (2016-2020), Asiamah opted to stand as an independent MP after losing out in NPP primaries. NPP secretary general **John Boadu** stated in October that Asiamah had forfeited his party membership according to the NPP constitution.⁸ Speaker for parliament **Aaron Mike Oquaye** ruled on the petition brought by the NPP and expelled

¹ Reuters, 4 Mar 2021

² Reuters, 4 Mar 2021

³ Africa News, 5 Mar 2021

⁴ Africa News, 5 Mar 2021

⁵ Africa News, 5 Mar 2021

⁶ MyJoyOnline, 13 Jan 2021

⁷ MyJoyOnline, 7 Jan 2021

⁸ Graphic Online, 13 Oct 2021

Asiamah in November, removing him from the house of parliament under **Article 97(1)(g)** of the **1992 Constitution**.⁹ An NPP spokesperson clarified:

“For the avoidance of doubt, Article 97(1)(g) of the constitution states that: ‘A member of parliament shall vacate his seat in parliament if he [or she] leaves the party of which he was a member at the time of his [or her] election to parliament to join another party or seeks to remain in parliament as an independent member.’”¹⁰

President Akufo-Addo swore into office 28 of the original 30 nominees for ministerial portfolios (see below) on 5 March as the first wave of appointments in Ghana’s 8th parliament (2020-2024).¹¹ Two designated ministers were absent from the ceremony at **Jubilee House** in **Accra** due to ill health, former and designate minister for finance **Ken Ofori Atta** and minister-designate for chieftaincy and religious affairs **Ebenezer Kojo Kum**.¹² Kojo Kum has been approved by the parliamentary appointments committee¹³ but Ofori Atta has yet to attend the appointments committee that conducts vetting on behalf of parliament, scheduled to take place on 16 February.¹⁴ Ofori Atta missed the appointment after flying to the **United States (US)** on 14 February for a special medical review (see *ARC Briefing Ghana February 2021*).¹⁵ Ofori Atta was allegedly experiencing complications in his recovery following a **Covid-19** infection in December.¹⁶ He appeared in public at a virtual **2021 Budget Seminar**, hosted by auditing firm-**KPMG** on 16 March.¹⁷ However, as of 17 March, he remains in the US.¹⁸

President Akufo-Addo appointed leader of the majority and minister for parliamentary affairs **Osei Kyei-Mensah-Bonsu** as caretaker finance minister in Ofori Atta’s absence, on 11 March.¹⁹ The appointment was made 24 hours before Ghana’s **2021 Budget Statement and Economic Policy** was due to be read to parliament.²⁰

Cabinet ministers sworn in on 5 March 2021²¹

Minister	Position
Ms Ursula Owusu-Ekuful	Minister for Communication and Digitalization
Mr Albert Kan-Dapaah	Minister for National Security
Mr Alan John Kwadwo Kyerematen	Minister for Trade and Industry
Mr Dominic Nitiwul	Minister for Defence
Mr Ambrose Dery	Minister for the Interior
Ms Shirley Ayorkor Botchwey	Minister for Foreign Affairs and Regional Integration
Mr Godfred Yeboah Dame	Justice and Attorney General
Mr Daniel Botwe	Minister for Local Government, Decentralisation and Rural Development

⁹ Ghana Xtra, 7 Nov 2020

¹⁰ Ghana Web, 7 Nov 2020

¹¹ Modern Ghana, 5 Mar 2021

¹² Modern Ghana, 5 Mar 2021

¹³ Modern Ghana, 9 Mar 2021

¹⁴ Ghana Web, 15 Mar 2021

¹⁵ Ghana Web, 15 Mar 2021

¹⁶ Ghana Web, 15 Mar 2021

¹⁷ MyJoyOnline, 17 Mar 2021

¹⁸ Bloomberg, 14 Feb 2021

¹⁹ Modern Ghana, 11 Mar 2021

²⁰ MyJoyOnline, 12 Mar 2021

²¹ Graphic Online, 6 Mar 2021

Mr Osei Kyei-Mensa-Bonsu	Minister for Parliamentary Affairs
Dr Owusu Afriyie Akoto	Minister for Food and Agriculture
Dr Matthew Opoku Prempeh	Minister for Energy
Dr Yaw Osei Adutwum	Minister for Education
Mr Kwaku Agyemang-Manu	Minister for Health
Mr Francis Kwame Asenso-Boakyie	Minister for Works and Housing
Mr Samuel Abdulai Jinapor	Minister for Lands and Natural Resources
Mr Kwasi Amoako Atta	Minister for Roads and Highways
Mr Kwaku Ofori Asiamah	Minister for Transport
Mrs Mavis Hawa Koomson	Minister for Fisheries and Aquaculture Development
Mr John-Peter Amewu	Minister for Railway Development
Ms Cecilia Abena Dapaah	Minister for Sanitation and Water Resources
Dr Mohammed Ibrahim Awal	Minister for Tourism, Arts and Culture
Ms Sarah Adwoa Safo	Minister for Gender, Children and Social Protection
Dr Kwaku Afriyie	Minister for Environment, Science, Technology and Innovation
Mr Ignatius Baffour Awuah	Minister for Employment and Labour Relations
Mr Kojo Opong Nkrumah	Minister for Information
Mr Mustapha Ussif	Minister for Youth and Sports
Mr Joseph Cudjoe	Minister for Public Enterprises
Ms Freda Prempeh	Minister for State, Works and Housing

President Akufo-Addo delivered his first **State of the Nation Address** of his second term on 9 March. In a call for unity, he highlighted:

“The Ghanaian people through the results have made it loud and clear that the two parties, the NPP and the NDC, must work together especially in parliament, for the good of the country.”²²

ARC sources anticipate potential political deadlock due to the even divide in parliament. It remains to be seen if the 1992 constitutional restrictions and parliamentary precedent, which denies MPs the opportunity to cross the floor, will help or hinder efficacy within the Ghanaian parliament.

Budget targets 5% growth in 2021 ...

Interim finance minister Osei Kyei-Mensah-Bonsu read the 2021 Budget Statement and Economic Policy to parliament on 12 March.²³ The budget targets expenditure of GHS 113.75 billion (\$19.9 billion) against revenues and grants of \$12.69 billion, a 31% increase from 2020 and GDP growth of 5% in 2021.²⁴ The **Ghana Revenue Authority (GRA)** is tasked with collecting an additional \$889m in tax revenue to reduce the deficit to 9.5%. The deficit reached 11.7% in 2020, exceeding the 2020 budget target of 6.3%.^{25, 26} The GRA will increase digitalisation of tax collection in order to increase the tax base to 15.5 million persons, a five-fold increase.²⁷

²² Africa News, 5 Mar 2021

²³ Reuters, 12 Mar 2021

²⁴ Reuters, 12 Mar 2021

²⁵ Bloomberg, 11 Mar 2021

The budget proposes additional taxation including an increase of 1% to the **Value-added-Tax Flat Rate Scheme (VFRS)** and additional increases to fuel prices, excess power capacity charges and sanitation and pollution levies.²⁸ Proposed new taxes include a gaming tax to address the \$52.2m (GHS 300m) annual revenue leakage from the sector.²⁹ A **Financial Sector Clean-Up Levy** of 5% on profit-before-tax has been proposed “to defray outstanding commitments in the sector”.³⁰ The levy, if passed, is tabled for review in 2024. Existing road tolls will also be reviewed to align them with current market rates:

“This will form part of the framework for promoting burden sharing as we seek to transform our road and infrastructure sector in the post-Covid era.”³¹

The budget details a plan to review and amend the **Fees and Changes (Miscellaneous Provisions) Act 2018** to allow for automatic annual adjustment pegged to average annual inflation published by the **Ghana Statistical Service (GSS)**.³² In addition to increased revenue from taxation, the government intends to borrow \$5 billion from capital markets in 2021 for debt management.³³ The fiscal deficit reached 11.4% of GDP in 2020, following a budget overrun of 2.4%.³⁴

Economist and banking analyst **Joe Jackson**, speaking on Ghanaian TV show **The Point of View** hosted by Accra-based media network **Citi TV**, criticised the budget:

“When you impose a consumption tax, it hits the poor harder than it hits the rich because, as a percentage of my income, fuel does not constitute that importance [but] when you go down to the bottom of the ladder, transportation to work and back is a major headache. Every cedi increase causes you more trouble, it affects everything and everyone – the cost of food, the cost of drinks, everything.”³⁵

The ruling NPP rejected the criticism in the 2021 Budget seminar where designate finance minister Ofori-Atta likened the budget to a “battle cry” and a call on Ghanaians to share the burden of Covid-19 expenditure.³⁶ The Covid-19 pandemic and measures to curb its spread increased government expenditure by \$4.3 billion (GHS 25 billion) and pushed the budget deficit to 11.7% in 2020.³⁷ Ofori-Atta, speaking at the virtual 2021 budget seminar, noted:

“The target of debt sustainability becomes important. I think that globally, everybody has gone through the matrices, but we need to watch it [...] that is the anchor for this budget. The deficit, we’re bringing it down to 9.5% from 11.7%.”³⁸

The budget has yet to pass through parliament. It remains to be seen whether an evenly divided, hung parliament will cause delay and protracted debate in the pursuit of media coverage – an accusation made of Mahama’s Supreme Court petition, reject by the court on 4 March.³⁹

The budget anticipates inflation to return within the tolerance band of 8% (+ or – 2%) in 2021.⁴⁰ Economist and **University of Ghana** economics lecturer **Adu Owusu-Sarkodie** does not believe the government will meet this target in 2021 due to the dominance of private ownership in the transport

²⁶ Ministry of Finance and Economic Planning, 12 Mar 2021

²⁷ Bloomberg, 11 Mar 2021

²⁸ Modern Ghana, 15 &16 Mar 2021

²⁹ Ministry of Finance and Economic Planning, 12 Mar 2021

³⁰ Ministry of Finance and Economic Planning, 12 Mar 2021

³¹ Ministry of Finance and Economic Planning, 12 Mar 2021

³² Ministry of Finance and Economic Planning, 12 Mar 2021

³³ Reuters, 12 Mar 2021

³⁴ Ministry of Finance and Economic Planning, 12 Mar 2021

³⁴ Ministry of Finance and Economic Planning, 12 Mar 2021

³⁵ Modern Ghana, 16 Mar 2021

³⁶ MyJoyOnline, 17 Mar 2021

³⁷ MyJoyOnline, 17 Mar 2021

³⁸ MyJoyOnline, 17 Mar 2021

³⁹ Reuters, 4 Mar 2021

⁴⁰ Ministry of Finance and Economic Planning, 12 Mar 2021

sector.⁴¹ Private owners are unlikely to reduce transport costs for commodities, especially in light of an increase in fuel prices levied by the 2021 budget.⁴² The **Bank of Ghana (BoG)** (central bank) **Monetary Policy Committee (MPC)** at its meeting in January reported that inflation had risen to 10.4% in December (*see Ghana ARC Briefing January 2021*).⁴³ The MPC meets on 17-19 March and will release its report on 22 March.⁴⁴

The budget has allocated GHS 597m (\$104m) of the GHS 1.9 billion (\$331.6m) **National Health Fund (NHF)** expenditure allocation for 2021 to the Covid-19 health response.⁴⁵ The **World Health Organisation (WHO)** Covid-19 vaccine share programme **COVAX** announced the shipment of 600,000 doses of the **AstraZeneca/Oxford** Covid-19 vaccine to Ghana on 24 February.⁴⁶ The vaccines were shipped from the **India-based Serum Institute of India (SSI)**.⁴⁷ President Akufo-Addo was the first to receive the vaccine on 1 March in a ceremony broadcast live on television.⁴⁸ The vaccination rollout programme intends to prioritise essential workers, those with underlying health conditions and members of the public over the age of 60.⁴⁹

Since 1 March, reported cases of Covid-19 in Ghana have fallen, with 243 new cases reported on 16 March and a seven-day average of 213 cases.⁵⁰

Business will adapt...

In line with the government's desire to implement "burden sharing" (see above) in the extension of Ghana's infrastructure network, **Denmark-based shipping company Maersk A/S** has implemented an **Inland Additional Import Service** fee of \$50 per container for importers at **Tema Port**.⁵¹ The charge is intended to cover **Ghana Port and Harbour (GPHA)** unloading costs of transferring imported goods from Tema port to other yards.⁵² The new charge came into effect on 15 March. A coalition of unions representing Ghanaian importers, including the **Ghana Institute of Freight Forwarders (GIFF)** and **Importers and Exporters Association of Ghana**, have pledged not to pay the additional charges. The coalition criticised the fee as the latest in an "astronomical increment in charges imposed on Ghanaian importers".⁵³ Transport minister **Kwaku Ofori Asiamah** received calls on 15 March to intervene and take action against the fee levied by Maersk.⁵⁴

Maersk remain under additional operational pressures in the **Gulf of Guinea** due to an increase in piracy in 2021 (*see ARC Briefing Ghana February 2021*).⁵⁵ Pirates kidnapped 15 crew members of a chemical tanker 210 nautical miles south of **Cotonou (Benin)** on 12 March. The tanker is owned by **Netherlands-based De Poli Tankers**.⁵⁶ In 2020, the Gulf of Guinea accounted for 95% of all maritime kidnappings, with 130 of 135 cases reported to the **International Maritime Bureau (IMB)**.⁵⁷ Opportunity is created by 'soft spot' of limited foreign naval presence in the Gulf of Guinea due to restrictions on private security presence in **Nigeria**, which requires shipping companies to privately hire a naval escort whilst in Nigerian waters.⁵⁸

⁴¹ Ghana Web, 16 March 2021

⁴² Ghana Web, 16 March 2021

⁴³ Bank of Ghana, 1 Feb 2021

⁴⁴ Bank of Ghana, 16 Mar 2021

⁴⁵ Ministry of Finance and Economic Planning, 12 Mar 2021

⁴⁶ World Health Organisation, 24 Feb 2021

⁴⁷ World Health Organisation, 24 Feb 2021

⁴⁸ BBC, 1 Mar 2021

⁴⁹ BBC, 1 Mar 2021

⁵⁰ Johns Hopkins University Covid-19 Data, 16 Mar 2021

⁵¹ Ghanaian Times, 9 Mar 2021

⁵² Ghanaian Times, 9 Mar 2021

⁵³ Ghanaian Times, 9 Mar 2021

⁵⁴ Africa Intelligence, 15 Mar 2021

⁵⁵ Shipping Watch, 21 Jan 2021

⁵⁶ Hellenic Shipping News, 14 Mar 2021

⁵⁷ Hellenic Shipping News, 14 Mar 2021

⁵⁸ Safety for Sea, 10 Mar 2021

Positive developments continue in less tangible goods. **South Africa**-based **Old Mutual Ltd's** subsidiary, **African Infrastructure Investment Managers (AIIM)**, in partnership with **United Kingdom (UK)**-based **Onix Data Centres Ltd**, acquired a majority stake in Ghana-based data centre **Ngoya Etix DC (Ghana) Ltd**.⁵⁹ The facility will be renamed **Onix Accra 1** and will be the only Tier IV data centre in the country and the largest once expansion plans are completed.⁶⁰ Africa hosts less than 1% of the global data centre capacity but has doubled in capacity since 2018. Demand for data storage is anticipated to soar as smartphone expansion continues and Covid-19 affects working patterns across the continent.⁶¹

Planner

17 -19 Mar 2021 **Accra (Ghana) Bank of Ghana (BoG)** (central bank) **Monetary Policy Committee (MPC)** second meeting in 2021;

22 Mar 2021 **Accra (Ghana) Bank of Ghana (BoG)** (central bank) monetary policy decision press release;

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

24 May 2021 **Accra (Ghana) Bank of Ghana (BoG)** (central bank) monetary policy decision press release;

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

26 Jul 2021 **Accra (Ghana) Bank of Ghana (BoG)** (central bank) monetary policy decision press release;

Chronology

12 Mar 2021 **Accra (Ghana) Modern Ghana**. Caretaker minister for finance **Osei Kyei-Mensah-Bonsu** reads the 2021 Budget Statement and Economic Policy to parliament;

11 Mar 2021 **Accra (Ghana) Bloomberg**. A finance ministry official says **Ghana** plans to raise 5.1 billion cedis (\$889m) from new taxes this year, 1 billion cedi (\$174m) of which will come from an increase in consumption taxes by 1 to 2 percentage points and by hiking taxes on petroleum and on bank profits;

11 Mar 2021 **Accra (Ghana) Modern Ghana**. President **Nana Akufo-Addo** appoints majority leader **Osei Kyei-Mensah-Bonsu** as caretaker minister for finance as proposed and former minister **Ken Ofori-Atta** has not yet completed the vetting process in parliament due to medical complications following recovery from **Covid-19**;

9 Mar 2021 **Accra (Ghana) MyJoyOnline**. President **Nana Akufo-Addo** delivers the **State of the Nation Address**, predicting a sharp economic rebound in 2021 of 5% GDP growth on the back of new mining projects, increased manufacturing and expanded financial services;

9 Mar 2021 **Accra (Ghana) Bloomberg**. President **Nana Akufo-Addo** announces in the **State of the Nation Address** that national identification numbers will also serve as tax identification numbers from 1 April 2021 with the government aiming to increase the tax base to 15.5 million taxpayers;

3 Mar 2021 **Accra (Ghana) Modern Ghana**. President **Nana Akufo-Addo** swears into office 28 of 30 nominees to ministerial positions at **Jubilee House**; designated finance minister **Ken Ofori Atta** and designated chieftaincy and religious affairs minister **Ebenezer Kojo Kum** are not sworn in due to illness-related absence;

4 Mar 2021 **Accra (Ghana) MyJoyOnline**. **Supreme Court of Ghana** upholds President **Nana**

⁵⁹ Tech Africa News, 9 Mar 2021

⁶⁰ Tech Africa News, 9 Mar 2021

⁶¹ Bloomberg, 4 Mar 2021

Akufo-Addo's election victory, rejecting a challenge by runner-up and former president **John Mahama** who had alleged irregularities in the results;

4 Mar 2021 **Accra (Ghana)** *Bloomberg*. **South Africa**-based **Old Mutual Plc** acquire a stake in **Ghana**-based global data centre **Onix Data Centres Ltd** through the **African Infrastructure Investment Managers (AIIM)** fund. The business will be renamed **Onix Accra 1**;

24 Feb 2021 **Accra (Ghana)** *Reuters*. The **World Health Organisation** vaccine share programme **COVAX** deliver 600,000 doses of the **AstraZeneca/Oxford** vaccine to **Ghana**, which were produced at the **Serum Institute of India** and delivered by air;

17 Feb 2021 **Accra (Ghana)** *Bloomberg*. Government official says **Ghana** paid \$50m to energy producers to settle half its debt after the energy producers had threatened to turn power off over their inability to cover operational costs;

About Africa Risk Consulting:

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