

AFRICA RISK CONSULTING

Ghana Monthly Briefing June 2022

Ghana Summary 14 June 2022

National Security deputy coordinator Edward Kwaku Asomani warns that the risk of imminent terrorist attacks in Ghana is high. The Bank of Ghana (BoG) (central bank) has raised its main interest rate by 200 basis points to 19% to control inflationary pressures and promote macroeconomic stability. The Ghana Statistical Service announces that year-on-year inflation reached a new high of 27.6% in May, up from 23.6% in April. Ghana is continuing to advocate for its budding oil industry, currently the eighth largest producer on the continent.

National security ministry puts Ghana on high alert ...

National Security deputy coordinator, **Edward Kwaku Asomani** has warned that the risk of imminent terrorist attacks in **Ghana** is high. Asomani was speaking at the bi-weekly minister's briefing on 22 May where he launched the "See Something Say Something" campaign.¹ The campaign forms part of several that the government has launched to involve citizens in the safety and security of the country.

Asomani referenced the ongoing rise in terrorist attacks across **Africa**, noting that 346 attacks have occurred in the first quarter of 2022, of which 49% were in **West Africa**.² Asomani said access to the coast and mineral resources may be a motivating factor behind possible terrorism spread into Ghana. Other countries in the region that were previously untouched by terrorism have seen an uptick in attacks in recent months and years – namely, **Côte d'Ivoire**, **Benin** and **Togo**.³ While Ghana has not experienced a terror attack, political instability in the region, driven by coups in **Mali**, **Guinea** and **Burkina Faso**, is increasing the threat and, as seen in Asomani's announcement, is causing concern in the government.⁴ **United States (US)** based credit rating agency **Fitch Solutions** ranked Ghana on 2 June as the best investment and trade hub in West Africa.⁵ This can largely be attributed to Ghana's political stability and lack of security threats, which the Ghanaian government's proactive and cautionary approach is seeking to protect.⁶

The **Ministry of National Security** also warned religious bodies on 12 May to enhance security at their public places of worship.⁷ In a letter to religious groups, national security coordinator Major-General **Francis Adu-Amanfoh** recommended that religious groups install closed-circuit television (CCTV) cameras and use the services of private security guards.⁸

The **West African Centre for Counter-Extremism**, an independent research organisation based in **Accra**, also released a report in May highlighting the high risk of a terrorist attack in Ghana. The report indicated that groups are descending from the **Sahel** region and into coastal states to gain maritime access. The organisation warned that the likelihood of an attack increases further if the government does not address Ghana's vulnerability factors – chieftaincy, ethnic disputes, land

¹ Ghanaian Times, 23 May 2022

² Ghanaian Times, 23 May 2022

³ Crisis24.garda.com, 18 May 2022

⁴ ARC Ghana analyst

⁵ MyJoyOnline.com, 2 Jun 2022

⁶ ARC Ghana analyst

⁷ Ghanaian Times, 16 May 2022

⁸ Ghanaian Times, 16 May 2022

conflicts, marginalisation of vulnerable groups and high youth unemployment.⁹ These factors create an environment for the recruitment of members of extremist groups.

In response to the increasing threats, the **United Kingdom (UK)** minister for Africa, **Vicky Ford**, announced a deal on 25 May in terms of which the UK will provide the **Ghana Armed Forces** with 70 armoured vehicles and training in the use of these vehicles.¹⁰ The deal, said to be worth \$10m, aims to boost security along Ghana's northern border, which it shares with Burkina Faso.

US assistant secretary of state bureau of conflict and stabilisation operations **Anne Witkowsky** conducted a visit to the US embassy in Accra at the end of May, addressing the press on 27 May.¹¹ Witkowsky used the opportunity to promote the 10-year strategy announced by the US in April aimed at preventing conflict and promoting stability in several countries worldwide. The initiative is worth \$100m and includes Ghana, Guinea, Côte d'Ivoire, Togo and Benin as the West African beneficiaries.¹² During her visit, Witkowsky engaged with the relevant stakeholders on the strategy, highlighting the preventative announcements the Ghanaian government has made and how the strategy could help address the threat.

Interest rate adjusted again as inflation continues to climb

The **Bank of Ghana (BoG)** (central bank) has raised its main interest rate by 200 basis points to 19% to control inflationary pressures and promote macroeconomic stability.¹³ The **Ghana Statistical Service** announced on 8 June that year-on-year inflation in May reached a new high of 27.6%, up from 23.6% in April 2022 (see *ARC Briefing Ghana May 2022*).¹⁴ Both increases are attributed to the increase in fuel prices, resulting in higher transport fares, and surging food prices.¹⁵ Ghana has seen one of its largest price increases in cereals, approximately one-fifth of which come from **Russia**. Inflation of goods was 30.1% in May versus 26.6% in April.¹⁶

Despite the continuing price increases, BoG research director **Philip Abradu Otoo** says the bank is bullish about the prospect of achieving a lower inflation rate in the coming months.¹⁷ The government and BoG are banking on good rains anticipated for the months ahead, which they hope will lead to a better harvest season and lower food prices.¹⁸ However, BoG governor **Ernest Addison** noted the upside risks to the inflation outlook:

*"The risks to the inflation outlook ... emanate from availability of inputs for food production, imported inflation, continued upward adjustments in ex-pump petroleum prices and transportation costs, possible increases in utility tariffs, and potential wage pressures."*¹⁹

The depreciation of the cedi against the US dollar has also left Ghana closer to a looming debt crisis. The cedi has lost over 21% against the dollar since the beginning of the year.²⁰ **Bloomberg** reports that Ghana has raised \$1 billion in a loan from international banks for budget purposes and to boost the BoG's reserves while stabilising the cedi.²¹ The deal has not yet gone public; however, it is reported the country raised \$750m through syndicated loans with eight African and **European** banks while raising \$250m from multilateral lenders. While further details have yet to be released, the deal may be adding to the optimism of the BoG and government.

⁹ Modern Ghana, 21 May 2022

¹⁰ Ghanaian Times, 26 May 2022

¹¹ Ghanaian Times, 30 May 2022

¹² Ghanaian Times, 30 May 2022

¹³ Reuters, 23 May 2022

¹⁴ Ghana News Agency, 8 Jun 2022

¹⁵ MyJoyOnline.com, 8 Jun 2022

¹⁶ Dailyguidenetwork.com, 8 Jun 2022

¹⁷ MyJoyOnline.com, 13 Jun 2022

¹⁸ Graphic.gh, 8 Jun 2022

¹⁹ Graphic.gh, 24 May 2022

²⁰ The Africa Report, 8 Jun 2022

²¹ Bloomberg, 11 Jun 2022

Oil developments continue to boost the sector

Ghana is continuing to advocate for its burgeoning oil industry, currently the eighth largest producer on the continent.²² On 7 June, parliament moved to ratify Ghana's membership of the **African Petroleum Producers' Organisation (APPO)**, a platform established in 1987 to promote "cooperation and harmonization of efforts, collaboration, sharing of knowledge and expertise among African oil producing countries".²³ Ghana's membership in the organisation allows it access to the **Africa Energy Investment Corporation** to mobilise private-sector funds towards the development of Ghana's Petroleum Hub through eligible African and international financial institutions.²⁴ Membership will cost Ghana \$160,000 per annum, which the parliamentary committee found to be worth the benefits Ghana would reap from joining the organisation.

Ghana also hosted the workshop on the regional validation of the **Economic Community of West African States (ECOWAS) Draft Petroleum Code** between 25 and 28 May.²⁵ ECOWAS believes through establishing a regional petroleum code, member states will be able to attract additional investments and ensure healthy competition between stakeholders both within the same country and in the region, while promoting the integrated development of the oil sector in the region.²⁶ Energy ministry downstream deputy director **Ali Nuhu Abaka** noted that Ghana is not the only hydrocarbons-producing country in the region:

*"Nigeria, Côte d'Ivoire, Niger also produce oil and very soon Senegal, which has discovered large quantities of natural gas in its sedimentary basin. Our region will therefore play a major role in the global energy context in the coming years. In order to capitalize on this opportunity, we must strengthen regional cooperation and promote a regional market for hydrocarbons."*²⁷

Deputy energy minister **Andrew Egyapa Mercer** represented Ghana at the **Africa Energies Summit 2022** held in **London** (UK) between 17 and 19 May.²⁸ During his keynote address, Mercer highlighted how Ghana's growing oil sector is at risk of holding stranded assets with the reduction in investment in fossil fuel projects by western countries. Mercer noted that the government has identified natural gas as a transitional fuel choice in the move to renewable energy sources, however, petroleum products will be needed for some decades to come. In line with this thinking, Ghana launched its Petroleum Hub project in September 2021 and is still open to investment in the hub. The hub will feature three oil refineries, five petrochemical plants, and the relevant storage infrastructure.²⁹

The **Petroleum Commission** projected in December that Ghana's oil revenue would reach \$1 billion in 2022.³⁰

²² Energycapitalpower.com, 8 Jun 2022

²³ Ghana News Agency, 9 Jun 2022

²⁴ Ghana News Agency, 9 Jun 2022

²⁵ Ghanaweb.com, 25 May 2022

²⁶ Ghanaweb.com, 25 May 2022

²⁷ Ghanaweb.com, 25 May 2022

²⁸ Graphic.gh, 1 Jun 2022

²⁹ Graphic.gh, 1 Jun 2022

³⁰ Ghanaian Times, 21 Dec 2021

Planner

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

Chronology

13 Jun 2022 **Accra (Ghana)** *AfricaTimes*. Civil society organisations step up their opposition to the **Agyapa Royalties** gold deal advanced by President **Nana Akufo-Addo** over transparency and corruption concerns;

13 Jun 2022 **London (United Kingdom)** *Graphic.gh*. A four-member delegation of the **Committee of Constitutional, Legal and Parliamentary Affairs of Parliament** begins discussions with the **Commonwealth Parliamentary Association (CPA)** on the anti-LGBTQ+ bill that Ghana's parliament is voting on;

13 Jun 2022 **Accra (Ghana)** *Ghana Business News*. **World Bank** approves financing of \$300m to improve primary health care, resource mobilisation and service delivery;

12 Jun 2022 **Accra (Ghana)** *Ghana News Agency*. **World Bank** recommends policy reforms in investment and trade facilitation to enhance Ghana's trade flows;

10 Jun 2022 **Accra (Ghana)** *Dailyguidenetwork.com*. **Ghana Health Service (GHS)** urges the public to resume wearing face masks amid an increase in **Covid-19** cases in the country;

9 Jun 2022 **Accra (Ghana)** *MyJoyOnline*. **Ghana Statistical Service (GSS)** releases inflation figures, recording that the price of bread recorded the highest rate of inflation at 41.3% year-on-year, while fuel and transport recorded a 39.9% increase;

8 Jun 2022 **Accra (Ghana)** *Africanews*. **Ghana Health Service (GHS)** confirms five cases of **Monkeypox** in the country;

8 Jun 2022 **Accra (Ghana)** *Graphic.gh*. **Bank of Ghana** (central bank) purchases 3,500 ounces of gold from **Newmont Ghana Gold Limited** as part of its domestic gold purchasing programme;

7 Jun 2022 **Accra (Ghana)** *Graphic.gh*. Ghana loses its position as the leading gold producer in **Africa**, with production dropping by 30% in 2021, a 13-year low;

7 Jun 2022 **Accra (Ghana)** *MyJoyOnline*. **New Patriotic Party (NPP)** announces it will open nominations for its national executive positions on 8 June;

7 Jun 2022 **Accra (Ghana)** *Graphic.gh*. **Ghana Shippers' Authority (GSA)** calls for stronger collaboration with **Egypt** to help boost trade ties;

6 Jun 2022 **Accra (Ghana)** *Businessghana.com*. **Ghana Cocoa Board (COCOBOD)** launches the first cocoa farmers' insurance scheme in the country;

3 Jun 2022 **Accra (Ghana)** *MyJoyOnline*. **United States**-based credit rating agency **Fitch Solutions** has ranked Ghana as the best trade and investment hub in **West Africa**;

3 Jun 2022 **Kasoa (Ghana)** *Businessghana.com*. Vice-president **Mahamudu Bawumia** commissions a \$50m bulk supply point to supply electricity to approximately 250,000 consumers in Kasoa and surrounding communities;

2 Jun 2022 **Accra (Ghana)** *France24*. **Economic Community of West African States** leaders fail to agree what action to take against military juntas in **Mali, Burkina Faso** and **Guinea**, postponing a decision until July;

2 Jun 2022 **Accra (Ghana)** *GhanaWeb*. Police chief **George Dampare** accuses **British** high commissioner to Ghana **Harriet Thompson** of interference in state matters after she publicly commented on the controversial arrest of Ghanaian lawyer and social media activist **Oliver Barker-Vormawor**;

1 Jun 2022 **Accra (Ghana)** *US Embassy in Ghana*. **United States** completes its almost six-year \$316m investment in **Ghana's** energy infrastructure;

1 Jun 2022 **Accra (Ghana)** *Dailyguidenetwork.com*. **Institute for Energy Security (IES)** projects a 5-9% increase in the price of fuel in June;

31 May 2022 **Accra (Ghana)** *Graphic.gh*. Finance ministry announces that revenue generated from taxes and grants in the first quarter of 2022 yielded 16.71 billion GHS (\$2.11 billion) against a target of 19.34 billion GHS (\$2.4 billion), representing a shortfall of 2.63 billion GHS (\$328m), approximately 13%;

30 May 2022 **Accra (Ghana)** *Graphic.gh*. Government releases 25m GHS (\$3m) to parliament after speaker **Alban Sumana Kingsford Bagbin** discloses that parliament is running out of money;

27 May 2022 **Accra (Ghana)** *MyJoyOnline*. Government and **African Development Bank** sign \$69.88m financing agreement for off-grid solar electrification systems;

27 May 2022 **Accra (Ghana)** *MyJoyOnline*. The ruling **New Patriotic Party (NPP)** begins its regional executive elections;

26 May 2022 **Accra (Ghana)** *ModernGhana*. **United Kingdom (UK)** Africa minister **Vicky Ford** announces a deal between the UK and **Ghana** that will see some 70 armoured Husky vehicles deployed to northern Ghana to ensure the safety of vulnerable communities;

26 May 2022 **Accra (Ghana)** *MyJoyOnline*. **African Development Bank** forecasts a 5.3% economic growth rate for Ghana in 2022;

24 May 2022 **Accra (Ghana)** *MyJoyOnline*. **Bank of Ghana** (central bank) indicates that the country's Gross International Reserves dropped from \$9.7 billion in December 2021 to \$8.34 billion in April 2022;

24 May 2022 **Accra (Ghana)** *Graphic.gh*. **African Development Bank (AfDB)** holds its 57th annual meeting in Accra;

23 May 2022 **Accra (Ghana)** *MyJoyOnline*. **Bank of Ghana** (central bank) records a trade surplus of \$1.33 billion in the first quarter of 2022;

23 May 2022 **Accra (Ghana)** *Dailyguidenetwork.com*. **National Petroleum Authority** has penalised seven oil companies for engaging in illicit-third party trading of petroleum products;

17 May 2022 **Accra (Ghana)** *Reuters*. **Bank of Ghana** (central bank) begins a bulk purchasing programme to buy gold locally in an attempt to strengthen the cedi;

About Africa Risk Consulting:

Africa Risk Consulting (ARC) is a pan-African consulting company that provides timely, relevant information and advice that enables its clients to take informed investment decisions and to safeguard their reputations.

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