

## AFRICA RISK CONSULTING

### Ghana Monthly Briefing July 2022

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#### Ghana Summary 10 July 2022

*The governing New Patriotic Party (NPP) vets its aspiring leadership candidates ahead of the party's primary elections in November. The NPP will elect its first new leader since 2007 at the primaries. Parliament's status quo will remain after the National Democratic Congress (NDC) candidate James Gyakye Quayson wins the Assin North by-election on 27 June. The NPP and NDC each still hold 137 seats in parliament, with one independent who aligns with the NPP. Despite the divisions between the NPP and NDC in parliament, the parties' members of parliament (MPs) vote on 5 July to adopt the second reading of an anti-LGBTQ+ bill. Local and international human rights organisations criticise the bill yet again. International Monetary Fund (IMF) concludes a staff mission to Ghana on 15 July as part of its regular engagement with Ghana. Government negotiates a major debt restructuring agreement with private sector banks but cedes on its efforts to restructure debt owed to independent power producers (IPPs) after these operators threaten a nationwide shutdown.*

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#### Ruling party vets primary candidates

The ruling **New Patriotic Party** concluded its candidate vetting process ahead of its 4 November party leadership primaries, when the party will elect its first new leader since 2007.<sup>1</sup> President **Nana Akufo-Addo** (2017-present) is in his second and constitutionally final term as president and will not be able to lead the party in the 2024 general elections. Thus far, the party's vetting committee does not appear to have flagged any issues which would prevent any of the aspiring candidates from contesting the NPP leadership. The candidates who were vetted by the party's committee include:

- Vice president **Mahamudu Bawumia**;
- Former trade minister **Alan Kyerematen**;
- Former energy minister **Boakye Kyeremateng Agyarko**;
- Former justice minister **Joe Ghartey**;
- Former agriculture minister **Owusu Akoto Afriyie**;
- Former party general secretary **Kwabena Agyei Agyapong**;
- **Assin Central** Member of Parliament (MP), **Kennedy Agyapong**;
- Former **Offinso North** MP **Kofi Konada Apraku**;
- Former **Mampong** MP **Francis Addai-Nimoh**;
- Party stalwart **Kojo Opoku**.

Although the above ten candidates are all expected to be cleared to contest the leadership election, the race is expected to come down to Bawumia and Kyerematen. Bawumia will be the party's candidate for continuity given that he is the country's current vice president while Kyerematen will position himself as the candidate for change. This was already apparent when the former trade minister resigned from the cabinet in January.

Whoever is the successful NPP candidate in November faces the daunting task of both unifying the party behind them as well as reviving the NPP's public image. The ruling party's popularity has fallen dramatically in the past year amid **Ghana's** economic crisis which has been defined by a sharp depreciation of the currency, the cedi (GHS), and a rapid rise in the cost of living. The winning candidate will then face former president **John Mahama** (2012-2017) in the 2024 general election,

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<sup>1</sup> Citi Newsroom, 6 Jul 2023

which is expected to occur in December. The former president has been selected as the opposition **National Democratic Congress (NDC)** party's flagbearer for the general election.

Given the current state of the economy and the challenges faced by the NPP, the primary will potentially be shaped by the success of the government's ongoing economic recovery plan. If this is successful and has led to improved popularity ratings, Bawumia will likely be viewed as the frontrunner going into the November primary. If the economy is still in a state of malaise, Kyerematen with his strong background in business may have the edge.

### Parliament status quo remains after controversial MP wins re-election

In a secondary political development, the NDC's **James Gyakye Quayson** successfully regained his parliamentary seat after winning the 27 June by-election in the **Assin North** constituency.<sup>2</sup> The by-election was necessitated after the supreme court, on 17 May, declared Quayson's 2020 electoral victory invalid after it was revealed he had failed to declare his **Canadian** citizenship.<sup>3</sup> Quayson was widely expected to win given the NDC's strong support base in the constituency, but the opposition party has used this victory to claim that the NPP is being rejected by the electorate and will lose the 2024 general election.

However, the matter is not settled as the high court is still set to criminally try Quayson on charges of perjury and fraud for failing to declare his dual citizenship.<sup>4</sup> Should he lose his case, another by-election will need to be called in Assin North before the 2024 elections.

Practically, Quayson's victory means that the NPP's tenuous control of parliament remains; both the NPP and NDC each have 137 seats in the legislature with the remaining seat held by independent MP **Andrew Asiamah Amoako** who has aligned himself with the NPP. This tight margin for control of the legislature has made all by-elections high-stakes events which could impact Parliament's ability to function or even control the government.

### Parliament adopts second reading anti-LGBTQ+ bill

Parliament adopted the controversial second reading of the anti-LGBTQ+ bill, the **Promotion of Proper Human Sexual Rights and Ghanaian Family Values Bill, 2021** on 5 July.<sup>5</sup> This proposed law has been before parliament since August 2021 and seeks to would further criminalise same-sex relations as well as mandate a fine or even jail for individuals who participate in public displays of same-sex affection or even cross-dressing. Furthermore, the bill calls for prison sentences of up to ten years for LGBTQ+ couples and even those who advocate for marriage equality. Even more drastic, the bill will empower the government to force intersex people into surgery and LGBTQ+ individuals into so-called 'corrective therapy'.<sup>6</sup>

This second reading of the bill was unanimously passed marking one issue on which the NPP and NDC are in total alignment. <sup>7</sup> As such, the bill is expected to pass its third reading and be passed and signed into law before the end of the year.

The bill has drawn widespread condemnation from international and domestic nongovernmental organisations (NGOs), including the Ghanaian chapter of **United Kingdom**-headquartered human rights NGO **Amnesty International (AI)**.<sup>8</sup> This condemnation should be of concern to the government as it threatens Ghana's reputation of being among the more liberal and business-friendly states in **Africa**. This reputation has played a major role in the government's efforts to position Ghana as an ideal site for multinationals to locate their regional headquarters. In order for the country to maintain

<sup>2</sup> Graphic, 27 Jun 2023

<sup>3</sup> GNA, 5 Jun 2023

<sup>4</sup> Ghana Web, 16 Jun 2023

<sup>5</sup> Ghana Plus, 6 Jul 2023

<sup>6</sup> Advocate, 30 Mar 2023

<sup>7</sup> Ghana Plus, 6 Jul 2023

<sup>8</sup> Citi Newsroom, 6 Jul 2023

this reputation – which has already been damaged by the ongoing economic -turmoil - Ghana needs to ensure that multinationals can send their employees regardless of their sexual orientation.

However, any discomfort felt by the Akufo-Addo government is unlikely to stop the passage of the bill given its unanimous support in parliament. The anti-LGBTQ+ law appears to be sufficiently popular with the public and the political elite that the NPP leadership will not risk opposing it so close to a general election.

### IMF concludes staff visit

A team from the **International Monetary Fund (IMF)** conducted an in-country visit between 8 and 15 July as part of the IMF's regular engagement with the country, however, discussions were largely focused on the 17 May \$3 billion **Extended Credit Facility (ECF)** agreement between the IMF and the government.<sup>9</sup> This was not a formal review of Ghana's progress under the ECF programme, which will take place sometime between September and November, but the IMF team did note that the Ghanaian economy is displaying signs that it is stabilising. This is marked by easing inflation, improved foreign exchange reserves, and less exchange rate volatility.<sup>10</sup> Furthermore, the IMF took stock of Ghana's commitments under the ECF, especially those pertaining to debt restructuring, although this will be fully addressed in the ECF review later in the year.

Ghana has continued to make headway in securing debt restructuring agreements. The country reached an agreement with private sector banks – both domestic and international – on 28 June to restructure an estimated \$1.36 billion in debt<sup>11</sup>. This debt was predominantly in the form of locally issued US dollar bonds and cocoa bills. By securing this restructuring agreement, Ghana appears to have met the end-June deadline laid out by the IMF in order to secure the next tranche of ECF funding.

### Temporary deal reached with independent power producers

State-owned **Electricity Company of Ghana (ECG)** reached an agreement with the country's **independent power producers (IPPs)** on 1 July successfully avoiding a threatened shutdown over the government's proposal to restructure \$1.58 billion in arrears owed to IPPs as part of Ghana's debt restructuring mandated by the IMF.<sup>12</sup>

The averted shutdown is a relief as it would have resulted in an economically damaging electricity shortfall shock and likely forced the ECG to implement rolling blackouts. IPPs are an integral part of Ghana's electricity grid - the nine IPPs currently control approximately 50% of Ghana's energy generation mix.<sup>13</sup> It should be noted that the agreement between the ECG and the IPPs averting the shutdown is a temporary solution. As such, if the government fails to honour its obligations to pay off its arrears, the IPPs could still implement an operational shutdown which would bring the country and economy to a virtual standstill. The **Independent Power Generators Ghana (IPGG)** – which represents the IPPs - have defended their threat, claiming that if the ECG does not pay its debt its members will not be able to ensure the viability of their operations.

This standoff illustrates the downside of Ghana's diversified energy sector. The country's utilisation of IPPs had been praised as a fine example of cooperation between the public and private sectors, enabling private capital to help drive much-needed infrastructure development. However, such partnerships are dependent on the various parties meeting their obligations, especially paying their bills. Ghana further failed to diversify the sector enough to prevent the creation of the current oligopoly. This matter also highlights the fact that Ghana still faces substantial governance and economic challenges despite the IMF approving the \$3 billion bailout under the ECF in May.

<sup>9</sup> IMF, 15 Jun 2023

<sup>10</sup> IMF, 15 Jun 2023

<sup>11</sup> Reuters, 28 Jun 2023

<sup>12</sup> Reuters, 1 Jul 2023

<sup>13</sup> Citi Newsroom, 7 Jul 2023

## Planner

4 Nov 2023 **(Ghana) New Patriotic Party (NPP)** primaries;  
 8–24 Mar 2024 **Accra (Ghana)** Africa Games;  
 Dec 2024 **(Ghana)** General Election

## Chronology

8 Jul 2023 **Accra (Ghana)** *Modern Ghana*. **Zambia's** president **Hakainde Hichilema** and president **Nana Akufo-Addo** sign cooperative agreements aimed at boosting trade and bilateral ties;

6 Jul 2023 **Accra (Ghana)** *Ghana Web*. **S&P Global Ghana Purchasing Managers Index** falls to 50.4 index points in May from 51.3 in April indicating that manufacturing sentiment remains positive despite recent economic headwinds;

5 Jul 2023 **Tamale (Ghana)** *GNA*. **Ghana Armed Forces** stage a security simulation exercise (codenamed Exercise Resolute Response) in **Tamale, Northern Region**, in coordination with the **Bank of Ghana (BoG)**;

5 Jul 2023 **Accra (Ghana)** *Ghanaian Times*. Finance ministry officials reveal that the government is currently indebted to various pension schemes in the country to the sum of GHS 2.63 billion (\$213m);

4 Jul 2023 **Accra (Ghana)** *Global Times*. Officials reopen the **Kwame Nkrumah Memorial Park** in Accra;

3 Jul 2023 **Adaklu (Ghana)** *Ghana Today*. President **Nana Akufo-Addo** commissions EUR 11.5m (\$12.5m) water supply project in Adaklu (**Volta region**);

3 Jul 2023 **Perth (Australia)** *African Report*. **Australia's Moab Minerals** expresses interest in buying out **United Kingdom**-based **CAA Mining's** lithium operations in Ghana, highlighting the importance of such battery minerals and metals to Ghana's economic future;

30 Jun 2023 **Tunis (Tunisia)** *Space in Africa*. **Ghana Space Science and Technology Institute (GSSTI)** and the **Tunisian Space Association** sign a partnership agreement for greater cooperation in space research between the two countries;

29 Jun 2023 **Accra (Ghana)** *Afrik21*. Environment, science, technology and innovation reveal plans to introduce new laws regulating plastic production and waste;

23 Jun 2023 **Accra (Ghana)** *Engineering News*. The **African Export-Import Bank (Afreximbank)** and **Ghana Railway** sign an agreement to finance the development of a 299-kilometre standard gauge railway network connecting Ghana's western corridor to the **Port of Takoradi**;

17 Jun 2023 **Takoradi (Ghana)** *Defence Web*. Ghana's navy receives two **Marine Protector** patrol boats from the **United States (US)**;

13 Jun 2023 **Accra (Ghana)** *Ghanaian Times*. Lands and resources minister **Samuel Abu Jinapor** announces that Ghana has regained its position as **Africa's** top gold producer;

10 Jun 2023 **Accra (Ghana)** *MyJoyOnline*. **Gideon Boako**, spokesperson for vice president **Mahamudu Bawumia**, denies rumours circulating on social media that Bawumia holds **British** citizenship while serving as the vice president of Ghana;

8 Jun 2023 **Accra (Ghana)** *Ghana Web*. **Parliament** debates the need to regulate the use of artificial intelligence (AI), should Ghana pursue this, as it would have ramifications for the country's push to be a technology hub in **West Africa**;

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