

AFRICA RISK CONSULTING

Ghana Monthly Briefing August 2024

Ghana Summary 12 August 2024

The Office of the Special Prosecutor (OSP) clears former president John Mahama (2012-2017) of wrongdoing in the Airbus corruption scandal. The scandal stems from the 2020 allegations that the France-headquartered aerospace giant bribed Ghanaian officials between 2009 and 2015 to secure a military aeroplane supply contract. Ghana's first gold refinery, the Royal Ghana Gold Refinery, opens on 8 August in Accra. The International Cocoa Organisation (ICCO) reports on 18 July that 81% of Ghana's cocoa-growing land is infected with swollen shoot disease which will contribute to the upcoming harvest season falling short of predictions.

Former president cleared in corruption scandal

Ghana's **Office of the Special Prosecutor (OSP)** cleared former president **John Mahama** (2012-2017) of wrongdoing in its report into the **Airbus** corruption scandal released on 8 August.¹ The **United Kingdom's (UK) Serious Fraud Office (SFO)** alleged in January 2020 that the **France**-headquartered aerospace giant had engaged in bribery and corruption in multiple countries including Ghana between 2009 and 2015. The government then tasked the OSP to investigate the alleged corrupt activity by Airbus and Ghanaian officials.

The UK SFO's investigation resulted in Airbus paying a settlement of £3 billion (\$3.83 billion) to avoid criminal charges. The revelations of this alleged corruption led to calls for authorities to investigate the accusations. Mahama quickly became a central figure in this scandal as he had been president for three of the years in question. These allegations specifically pertain to the purchase of military aircraft from Airbus, the agreement for which was finalised in 2015 during Mahama's presidency. Mahama's brother, **Samuel Mahama**, was also alleged to have accepted bribes on the then-president's behalf.

The scandal around Mahama's alleged role intensified in July 2023 after the OSP issued arrest warrants and an **Interpol** red notice for several officials implicated in the scandal, including Samuel Mahama.² Notably, the warrants were issued to compel the officials to appear before the OSP for questioning.

However, the OSP has now concluded that there is insufficient evidence of any corrupt activity by any current or former Ghanaian officials and has closed the investigation. The OSP announced that it will soon rescind the warrants and the Interpol red notice.³ The special prosecutor further stated that the criminal liability established by investigators in the UK only pertains to Airbus and not any Ghanaian officials. Yet, this raises questions about who in Ghana was on the other side of this corrupt activity.

Unsurprisingly, civil society and anti-corruption organisations have criticised the OSP's findings. The **Fix The Country** civil society movement condemned the investigation as a 'whitewash' and called for an independent investigation into the matter.⁴ Fix The Country issued a 14-day ultimatum and threatened to stage protests if a new independent investigation into the Airbus scandal is not announced by 25 August. It is unlikely that any such investigation will be called especially given that it would open the ruling **New Patriotic Party (NPP)** up to allegations of abuse of power given that Mahama is the opposition **National Democratic Congress' (NDC)** candidate for the upcoming 7 December presidential election.

¹ My Joy Online, 11 Aug 2024

² Ghanaweb, 6 Jul 2023

³ Graphic, 9 Aug 2024

⁴ 3News, 11 Aug 2024

The OSP's findings have been a major boost for Mahama's presidential campaign as the Airbus scandal was a major controversy that was used by his opponent, vice president **Mahamudu Bawumia**, to level allegations of corruption against the former president. Mahama will now be able to claim that he has been cleared in the matter which should help entrench his position as the frontrunner in the election ahead of Bawumia.

New gold refinery opened in Accra

In a significant economic development, Ghana's first commercial gold refinery was formally opened on 8 August in **Accra**.⁵ The **Royal Ghana Gold Refinery** was developed as a public-private partnership between **India's Rosy Royal Minerals** and Ghana's central bank, the **Bank of Ghana (BoG)**. Rosy Royal Minerals holds 80% of the refinery while the BoG has a 20% stake.

This new refinery can process up to 400 kilogrammes (kg) of gold per day and has been mandated to source gold ore from small-scale and artisanal gold miners first before it secures any licences to process gold from major mining houses.⁶ Officials believe that the refinery should create at least 500 new jobs, of which around 120 will be located directly at the refinery.

Bawumia oversaw the refinery's launch, a notable development as he has made bolstering Ghana's gold sector a key pillar of his economic policy. According to Bawumia, the fact that the refinery is tasked with sourcing gold from small-scale miners should help contain gold smuggling in the country and bolster revenue generated from gold production in the country.

The development of the refinery is a key part of the government's desire to better develop Ghana's gold sector and reap the benefits from more of the gold sector value chain. Ghana is already the largest gold producer in **Africa** and the sixth largest in the world.⁷ However, the country has underutilised this valuable resource by failing to develop secondary capabilities such as gold refineries. By refining gold locally, Ghana will now be able to export refined gold which fetches a notably higher price than gold ore, allowing Ghana to benefit from increased export revenue and foreign exchange inflows

Bawumia has further expressed a desire to anchor the cedi to gold. The vice president – an economist by training and a former BoG deputy governor – believes that anchoring the cedi to the country's gold reserves would ensure increased exchange rate stability.⁸ Pegging the cedi to Ghana's gold reserves would also force the BoG to rapidly build up these reserves providing a larger domestic market for the metal in Ghana, ensuring stable demand. Such gold reserves would, in turn, reduce Ghana's dependence on foreign exchange reserves to bolster the Cedi.

Bawumia's plans could potentially be supported by the BoG itself. The central bank launched a gold purchase programme in 2021 to help cushion the cedi against external fluctuations and thus far, has purchased around \$5 billion of gold. The bank has also urged its partners at the Royal Ghana Gold Refinery to secure its **London Bullion Market Association (LMA)** certification as fast as possible.⁹ Once this certification is secured, the BoG will be able to purchase bullion produced at the refinery thus ensuring that its gold purchase programme benefits the local sector. Furthermore, the BoG will also receive dividends from the refinery itself which should provide an additional source of foreign exchange.

Ghana's cocoa industry continues to struggle

Bolstering key economic sectors such as gold is necessary, especially given that Ghana's lucrative cocoa industry has continued to struggle. The **International Cocoa Organisation (ICCO)** reported on 18 July that 81% of Ghana's cocoa-growing land was infected with swollen shoot disease, markedly

⁵ Reuters, 8 Aug 2024

⁶ Mining Technology, 12 Aug 2024

⁷ World Gold Council, 25 June 2024

⁸ Bloomberg, 8 Aug 2024

⁹ Reuters, 8 Aug 2024

higher than the 25.7% previously claimed by the government.¹⁰ Swollen shoot disease is caused by the cacao swollen shoot virus and is transmitted by pests such as mealybugs. The disease can cause infected plants to die back and produce smaller pods. As such, it has a strong impact on cocoa production volumes.

The prevalence of swollen shoot disease in Ghana and **Côte d'Ivoire** (which together produce around 60% of the world's cocoa) has been a major driver in the sharp decline in cocoa supplies this year. This has, in turn, led to prices for the commodity nearly doubling.

The outbreak of swollen shoot disease compounded other factors that were already placing strong negative pressure on Ghana's cocoa industry such as recent droughts and the impact of illicit gold mining in the country. Illegal mines in Ghana clear the forests on which cocoa farmers are dependent as well as pollute water in cocoa growing areas. Furthermore, these mines are often run by criminal syndicates which threaten and displace cocoa farmers. As such, measures such as the new Royal Ghana Gold Refinery that help formalise the gold industry could also help salvage the cocoa sector.

Ghana's cocoa sector is essential to the country's economy - not only is it a major cash crop for Ghana providing a large proportion of the country's export earnings but it is an important source of rural employment in the country. Most cocoa plantations are small-to-medium operations and support thousands of households.

Despite the increase in the price of cocoa due to negative supply constraints in Ghana, the country has not benefited. Cocoa trading houses in Ghana are set to face a \$1 billion loss this year.¹¹ The industry's woes have been further compounded as the industry regulator, the **Ghana Cocoa Board**, has still not secured the \$1.5 billion loan needed for the current harvest season. Ghana relies on a syndicated loan every year to finance everything from fertiliser for farmers to purchasing beans at the start of the harvest in October.¹² However, the board's usual creditors are reluctant to issue the loan given the anticipated poor harvest due to the aforementioned challenges. The ICCO estimates that the upcoming harvest could fall short of the government's initial forecast by as much as 40%. If this is the case, it is unclear how the Ghana Cocoa Board would repay the loan.

If these projections are correct, Ghana's cocoa industry will be in for a major shock. Farmers and trading houses will both come under severe financial pressure due to a sharp decline in annual income. The government will be under pressure to intervene to protect this essential industry.

Notably, the scale of the harvest shortfall will likely be known before the 7 December presidential and general election takes place. If the ICCO's predictions are correct, it will provide additional ammunition for Mahama to attack the NPP-led government and drive up his support in rural areas.

Planner

9 Dec 2024 **(Ghana)** General election

Chronology

11 Aug 2024 **Accra (Ghana)** *Ghana Business News*. Health officials confirm two cases of **dengue fever** in **Oti Region**;

8 Aug 2024 **Accra (Ghana)** *GNA*. Speaker of parliament **Alban Sumana Kingsford Bagbin** orders the legislature to reconvene on 3 September to debate urgent government business;

7 Aug 2024 **Accra (Ghana)** *NEI Magazine*. The **United States Department of Energy (DOE)** and **Ghana Atomic Energy Commission's (GAEC) Nuclear Power Institute (NPI)** launch Africa's first regional **Clean Energy Training Centre** in Accra;

¹⁰ Reuters, 18 Jul 2024

¹¹ Business Day, 15 Jul 2024

¹² Bloomberg, 2 Aug 2024

5 Aug 2024 **Accra (Ghana)** *The Herald*. The ruling **New Patriotic Party (NPP)** announces that it will hold its election manifesto launch in **Takoradi (Western Region)** on 18 August;

4 Aug 2024 **Bawku (Ghana)** *GNA*. **Bawku Traditional Area** Paramount Chief **Zugraan Naba Asigri Abugrago Azoka II** endorses former president and **National Democratic Congress (NDC)** presidential candidate **John Mahama**;

4 Aug 2024 **Accra (Ghana)** *GNA*. Vice president **Mahamudu Bawumia** promises to declare faith-based organisations as development partners and re-institute tax waivers if he is elected as president in December;

31 Jul 2024 **Accra (Ghana)** *CNBCAfrica*. The high court bans civil society groups from staging protests in Accra;

31 Jul 2024 **Accra (Ghana)** *CNBCAfrica*. **National Democratic Congress (NDC)** presidential candidate and former president **John Maham** claims that he would renegotiate the terms of Ghana's agreement with the **International Monetary Fund (IMF)** if he is elected in December;

30 Jul 2024 **Accra (Ghana)** *Reuters*. Parliament unanimously passes the **Affirmative Action Gender Bill, 2024**;

29 Jul 2024 **Accra (Ghana)** *CNBCAfrica*. The **Bank of Ghana (BoG) Monetary Policy Committee (MPC)** elects to retain the monetary policy rate at 29%;

28 Jul 2024 **Tamale (Ghana)** *GNA*. **National Democratic Congress (NDC)** presidential candidate and former president **John Maham** claims that the NDC will police the upcoming December election implying that the election may not be free and fair;

22 Jul 2024 **Accra (Ghana)** *GNA*. **President Nana Akufo-Addo** nominates Justice **Sophia Rosseta Bernasko Essah** and Professor **Richard Frimpong Oppong** for appointment as supreme court judges;

18 Jul 2024 **Accra (Ghana)** *AU*. The **6th African Union (AU) Mid-Year Coordination** meeting takes place in Accra;

16 Jul 2024 **Accra (Ghana)** *Bloomberg*. Authorities unveil a \$532m plan to increase access to capital and operational financing for small and medium enterprises;

11 Jul 2024 **Accra (Ghana)** *GNA*. Parliament approves the nominations of **Herbet Krapah** as state of energy minister and **Kofi Ahenkorah Marfo** as the deputy minister for trade and industry.

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