

AFRICA RISK CONSULTING

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Ghana Summary 6 September 2024

The ruling New Patriotic Party (NPP) and opposition National Democratic Congress (NDC) hold their respective election campaign manifesto launches in August. Concerns over food insecurity in Ghana are increasing due to the impacts of recent inclement weather and the persistent effect of food price inflation. Important energy sector developments take place including beginning construction on a new oil refinery, reaching an agreement to develop a nuclear power plant, and securing a loan to help stabilise electricity provision. Ghanaian officials confirm on 26 August plans to develop new gold mines.

Major parties launch manifesto as NDC retains polling lead

The ruling **New Patriotic Party (NPP)** and the opposition **National Democratic Congress (NDC)** both held their campaign manifesto launches over the past month ahead of the 9 December general election. The NPP held its launch in **Takoradi (Western Region)** on 18 August in an event aimed at promoting its presidential candidate, vice president **Mahamudu Bawumia**.¹ The NPP's manifesto includes pledges to combat corruption and excessive government spending. Key among Bawumia's manifesto pledges are a promise to shrink the size of the cabinet to under 50 ministers and to reform the **Ghana Revenue Authority (GRA)**.

Bawumia also attempted to address the widespread discontent with the NPP's management of Ghana's economic struggles over the past four years. Bawumia acknowledged the fact that inflation remains high leading to a higher cost of living but sought to highlight the NPP's successes particularly its comparatively strong record of job creation. As it stands, the NPP is trailing the NDC in opinion polling and needs to noticeably improve its standing with voters if it is to have any chance of winning the upcoming election.

The NDC's lead in the polls contributed to the optimistic atmosphere at its manifesto launch which was held on 24 August in **Winneba (Central Region)**.² Unsurprisingly, the manifesto launch centred on the NDC's election flagbearer, former president **John Mahama** (2012-2017), who is leading the NDC for a fourth consecutive election.

The central policy of the NDC's election manifesto is its proposed \$10 billion 'Big Push' policy - essentially a stimulus programme to drive economic growth. Mahama has also pledged to reduce the size of the cabinet, mobilise investment, and improve public sector debt management. Notably, the campaign launch did not reiterate Mahama's previous claims that he would demand that Ghana renegotiate its \$3 billion bailout with the **International Monetary Fund (IMF)**. This suggests that such pledges were primarily electioneering on Mahama's behalf and not actually policies of his potential future administration.

Electoral campaigning is expected to intensify in the coming weeks now that the NPP and NDC have launched their manifestos. Although Mahama is leading in the presidential election, the legislative election is expected to be a close-run affair. This is due to the set nature of Ghana's politics where various regions are consistently loyal to a particular political party.

¹ Ghanaian Times, 19 Aug 2024

² Ghanaian Times, 26 Aug 2024

However, the NPP is expected to campaign intensely in the southern **Ashanti Region**, the most populated region in Ghana and the NPP's most important stronghold. As such, the ruling party is expected to easily win the region's parliamentary seats. Any chance Bawumia has of winning the presidential election is dependent on a high voter turnout for the NPP in Ashanti.

Highlighting this, regional NPP leaders have announced a plan to try to win 85% of all votes in Ashanti.³ This would be a significant improvement, as according to the **Accra**-based polling firm, **Global InfoAnalytics**, Bawumia is currently only drawing 64% of voters in this critical region.

To address this, the NPP and Bawumia will need to find a way to enthruse disenchanted current and former NPP voters in its strongholds. Given the current political and economic climate, this remains an improbable task.

Food security concerns on the rise

Further compounding the NPP's challenges is the rising cost of living and food insecurity in the country. Consumer price inflation has continued to decline in recent months and fell for a fourth consecutive month in July to 20.9%, a substantial fall from the five-year high of 54.1% recorded in December 2022.⁴ However, 20.9% remains an objectively high rate of inflation and places severe financial strain on Ghanaians.

The price of food has been exacerbated by the cedi's depreciation, making imported food more expensive, and inclement weather damaging and destroying crops in the region. Ghanaian food crops have been negatively impacted in recent months by both the late arrival of the rain season as well as flooding when these rains have occurred.⁵ Illustrative of this heavy rainfall caused flooding in the **Upper East Region's Bawku West** district in the first week of September. These floods damaged crops in at least 20 communities in the area.

Ghana is particularly vulnerable to the effects of inclement weather events as the country is heavenly dependent on domestic food production. The **United Nations (UN) Food and Agriculture Organization (FAO)** reports agriculture accounts for 54% of GDP and provides 90% of the food consumed in the country.⁶ Furthermore, the majority of rural Ghanaians depend on some level of subsistence farming to survive. As such, severe weather patterns including drought and flooding place a strain on food security in the country.

Clearly cognizant of this threat, the government announced on 27 August that it had imposed a temporary ban on essential foodstuffs such as grains.⁷ This ban was imposed to ensure a stable and affordable supply of food in the domestic market. Ghana's government has also revealed plans to approach the **World Bank** to request a \$500m support package from its **Contingency Fund** to help support local farmers impacted by both the late rains and flooding.

Major energy sector developments planned

In positive economic news, several major new announcements have been made regarding increased activity and investment in Ghana's energy sector. On 19 August, President **Nana Akufo-Addo** (2017-present) attended the ground-breaking ceremony for Ghana's planned new **Petroleum Hub Development** in the **Jomoro** district of the **Western Region**.⁸ Once completed the refinery will have a 300,000 barrel-per-day capacity and will elevate Ghana's position as a regional energy hub. Furthermore, the refinery will enable Ghana to better utilise its own oil reserves and produce petroleum products for export.

³ Ghanaian Times, 16 Aug 2024

⁴ Reuters, 14 Aug 2024

⁵ France24, 5 Sep 2024

⁶ FAO, 6 Sep 2024

⁷ Ghana Business News, 27 Aug 2024

⁸ Modern Ghana, 19 Aug 2024

The first phase of this project is estimated to cost \$12 billion and is one of the largest investment projects in Ghana at present.⁹ The refinery is being developed by a consortium comprising the **United Kingdom**-headquartered **Touchstone Capital Group Holdings, UIC Energy Ghana, China Wuhan Engineering Co.,** and **China Construction Third Engineering Bureau Co.**

On 29 August, the **United States (US) Department of State** announced that it had facilitated an agreement between Ghana and a US firm to develop a nuclear power plant in Ghana.¹⁰ Under the agreement, US firm **Regnum Technology Group** will work with the state-owned **Nuclear Power Ghana (NPG)** to develop a small modular reactor nuclear power plant.

This will be Ghana's first commercial nuclear power plant and is intended to substantively improve the country's electricity supply over the long term. Further details about this project have not yet been confirmed, including the project's cost or a viable timeline. Ghana has persistent energy supply challenges which result in rolling blackouts, locally referred to as 'Dumsor'. The government has been considering pursuing nuclear power for several years given the potential for stable high-volume power generation. However, it should be stressed that any such plant will take several years to develop and is not a meaningful solution to the current electricity generation issues.

In a development that will help address Ghana's more immediate electricity supply challenges, parliament on 4 September approved a \$250m loan to support the **Ghana Energy Sector Recovery Programme**. The loan will be provided by the World Bank's **International Development Association**.¹¹ This funding will go towards bolstering efforts to stabilise Ghana's energy supply and rejuvenate the sector.

A large proportion of the \$250m will likely go towards upgrading the country's power generation and transmission grid as well as settling arrears with independent power producers. Ghana's failure to pay these private power producers has presented a serious threat to the country's power grid, as these operators provide a substantial percentage of the country's electricity and had threatened to cease operations if the government did not settle its debt.

New gold mine planned

Ghanaian mining authorities announced on 26 August that the country will commission its first new large-scale gold mine in over a decade this coming November.¹² **Cardinal Resources**, a subsidiary of China's **Shandong Gold**, is developing the 358,000 ounce-per-year **Cardinal Namdini** mine. The project is located outside of **Bolgatanga (Upper East Region)**.

This project is one of four major new resource development projects currently planned in Ghana for the coming years. These include two other large-scale gold mines and a lithium project. After the Cardinal Namdini mine, the next project expected to begin operations will be the new gold mine being developed by US mining firm, **Newmont**, in **Ahofo North (Ashanti)**. These new gold mining projects will cement Ghana's position as the leading gold producer in **Africa**. Gold is an important source of export earnings and employment for Ghana.

However, if the government wants to realise its ambitions to better develop the gold sector, it will need to take steps to address the serious challenges facing the industry. Key among these is the threat posed by illegal mining operations. Illegal miners (known as **galamsey**) are known to break into legitimate mining projects stealing resources and attacking workers. **Galamsey** syndicates have emerged as one of Ghana's most serious organised crime threats in recent years and pose a serious threat to the legitimate gold industry.

⁹ Reuters, 20 Aug 2024

¹⁰ US State Department, 29 Aug 2024

¹¹ GNA, 4 Sep 2024

¹² Reuters, 28 Aug 2024

Planner

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

Chronology

- 5 Sep 2024 **Accra (Ghana)** *My Joy Online*. Ghana invites holders of approximately \$13 billion of its international bonds to swap their holdings for new instruments;
- 4 Sep 2024 **Accra (Ghana)** *News24*. Ghana confirms it will nominate foreign affairs and regional integration minister **Shirley Ayorkor Botchwey** to be the next secretary-general of the **Commonwealth** intergovernmental organisation;
- 4 Sep 2024 **London (United Kingdom)** *The Herald Ghana*. **British** airline, **Virgin Atlantic**, announces that it will resume operating its London-Accra route after a 13-year hiatus from May 2025;
- 4 Sep 2024 **Accra (Ghana)** *Citi Newsroom*. The **Bank of Ghana (BoG)** (central bank) reveals that its **Business Confidence Index** fell to 88.8 from 92.6 in May due to concerns about the declining exchange rate;
- 4 Sep 2024 **Accra (Ghana)** *3news*. Interior minister **Henry Quartey** renews the 22:00 to 04:00 (local time) curfew in **Saboba** township in the **Northern Region**;
- 4 Sep 2024 **Accra (Ghana)** *3news*. The **Bank of Ghana (BoG)** (central bank) issues a report revealing that the total assets held by Ghana's banking sector grew by 33.3% to GHS 323.2 billion (\$20.64m) as of June 2024;
- 4 Sep 2024 **Accra (Ghana)** *Daily Mail*. Members of the **Operation Recover All Loot (ORAL) Brigade**, a youth group associated with the **National Democratic Congress (NDC)** opposition party, clash with security forces during a demonstration outside of the finance ministry;
- 3 Sep 2024 **Accra (Ghana)** *Graphic*. Law enforcement officers clash with illegal miners in **Twifo Praso (Central Region)** arresting four suspects;
- 3 Sep 2024 **Accra (Ghana)** *My Joy Online*. The opposition **National Democratic Congress (NDC)** calls for a forensic audit of the national voters' roll;
- 2 Sep 2024 **Accra (Ghana)** *Reuters*. Officials reveal that it will increase the state-guaranteed price paid to cocoa farmers by 45% in the upcoming 2024/25 season which is expected to begin before the end of September;
- 2 Sep 2024 **Cape Coast (Ghana)** *GNA*. The eight-day **Central Region Trade and Investment Fair (Central Expo 2024)** begins in Cape Coast;
- 30 Aug 2024 **Accra (Ghana)** *GNA*. **Swiss** ambassador to Ghana **Simone Giger** reveals that Ghanaian exports to Switzerland exceeded \$3 billion in 2023 making Switzerland Ghana's leading export destination;
- 25 Aug 2024 **Accra (Ghana)** *My Joy Online*. Vice president and presidential candidate **Mahamudu Bawumia** says he would enact the anti-LGBT **Human Sexual Rights and Family Values Bill** if elected in December;
- 21 Aug 2024 **Accra (Ghana)** *GNA*. The opposition **National Democratic Congress (NDC)** issues a list of six demands for the government to meet in return for the NDC agreeing to sign the **National Peace Council's (NPC)** pre-election peace declaration;
- 20 Aug 2024 **Accra (Ghana)** *Reuters*. Ghana's cocoa regulator **Cocobod** reveals that it will not raise a syndicated loan for the 2024/25 cocoa season and will instead self-finance the necessary capital for the cocoa season;

19 Aug 2024 **Accra (Ghana) News Ghana**. Educators' union, the **College of Education Teachers Association of Ghana (CETAG)**, agrees to suspend its strike after reaching an agreement with the government;

13 Aug 2024 **Accra (Ghana) Ghana Plus**. Health officials reveal that over 100 dengue fever cases have been confirmed across six regions in Ghana.

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