

AFRICA RISK CONSULTING

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Ghana Summary 11 November 2024

Ghana's Speaker of Parliament, Alban Bagbin, adjourns the legislature due to a boycott by the ruling New Patriotic Party (NPP). This follows the defection of four members of parliament (MPs) which likely will result in the NPP losing its parliamentary majority. Global ratings agencies, Fitch and Moody's, upgrade their respective outlooks on Ghana citing the country's ongoing financial recovery and fiscal consolidation. National security ministry denies reports claiming that Islamist insurgents are operating in northern Ghana. However, the ongoing increase in violence in Bawku (Upper East Region) will do little to assuage these concerns.

Parliament suspended following MP defections.

Ghana's parliament was indefinitely adjourned on 22 October after the ruling **New Patriotic Party (NPP)** elected to boycott the legislature in response to speaker **Alban Bagbin** declaring four parliamentary seats vacant on 17 October.¹ Bagbin made this ruling after four members of parliament (MPs) declared that they had changed their party affiliation ahead of the upcoming 7 December general election. Two MPs from the ruling NPP declared their intention to contest the election as independent candidates, as did one **National Democratic Congress (NDC)** candidate. In addition, parliament's current sole independent MP, **Andrew Asiamah Amoako**, decided to file candidacy as an NPP candidate.

Bagbin's decision to declare these seats vacant due to the amended affiliations has resulted in the NPP losing its majority in the legislature. Parliament had been hung with the NPP and NDC holding 137 seats each, but Amoako tipped the balance of power in the NPP's favour by caucusing with the ruling party. However, following Bagbin's declaration, the NDC had a one-seat majority with 136 MPs to the NPP's 135 prompting the NPP's boycott.²

Bagbin attempted to reconvene parliament on 7 November after the supreme court overturned his decision to declare the seats vacant.³ The court ruled that this motion would deny representation to Ghanaians residing in the respective constituencies. However, Bagbin was forced to adjourn it once after it failed to reach a quorum after the NPP maintained its boycott. It is clear the NPP is doubtful that it can rely on the continued support of the two MPs who have registered as independent candidates. If they opted to caucus with the NDC it would hand control of the legislature to the opposition. The ruling party is adamant about preventing the NDC from taking control of the legislature in the final month ahead of the election as this would provide the opposition with a symbolic victory and undermine the ruling party in the final days of the campaign.

The situation has also helped bolster the NDC's electoral campaign. The opposition party is publicly accusing the NPP of stalling government business and threatening a constitutional crisis. The ongoing boycott is particularly concerning as it threatens to prevent the 2025 budget speech from taking place.

Ghana's finance minister typically delivers his annual budget speech in mid-November during which they table the budget for the coming year before parliament. This year's budget speech is scheduled to take place before 15 November.⁴ As such, if the NPP's boycott continues, finance minister

¹ AFP, 22 Oct 2024

² Bloomberg, 17 Oct 2024

³ News Central, 8 Nov 2024

⁴ Ministry of Finance, 24 Sep 2024

Mohammed Amid Adam will not be able to table the budget in a timely manner and the budget may not be passed before the 7 December election.

Even if parliament does reconvene, the recent defections have created uncertainty about the legislature's capacity to pass the budget. Last year, the 2024 budget was passed by a narrow margin of 138 votes for and 136 against with one absent ballot as MPs voted along party lines.⁵ If the NDC again refuses to adopt the budget there is a possibility that the budget will not pass in time. The new parliament will likely only be sworn in January which means that unless this showdown is resolved, Ghana's government will start 2025 without legally approved funding. This could potentially lead to the widespread disruption of public services and government operations in the country.

Ghana's credit ratings upgraded amid financial recovery

In contrast with Ghana's rising political tensions ahead of the election, the country has experienced an improvement in its economic situation. Highlighting the gains made under the government's economic and financial recovery programme, two of the three largest global credit rating agencies upgraded their outlook on Ghana.

On 10 October, **United States (US)**-headquartered **Fitch Ratings** announced that it had upgraded Ghana's Long-Term Local-Currency (LTLC) Issuer Default Rating (IDR) to 'CCC+' from 'CCC'.⁶ In addition, the agency assigned Ghana's new US dollar bonds a 'CCC+' rating. Fitch did affirm its Restricted Default 'RD' rating for Ghana's Long-Term Foreign-Currency (LTFC) IDR but the upgrading of the LTLC IDR and the CCC+ bond rating is a material improvement in Fitch's outlook on Ghana.

This change in outlook was driven by Ghana's successful conclusion of its debt exchange for its 15 outstanding non-performing **Eurobonds**. These were exchanged for the new CCC+-rated US dollar bonds.⁷ Fitch also noted with approval that Ghana's position is improving as a result of its ongoing fiscal consolidation and debt reduction.

In a similar development on 11 October, fellow US-headquartered credit ratings agency **Moody's** upgraded Ghana's long-term local and foreign currency issuer ratings to "Caa2" from "Caa3" and "Ca", respectively.⁸ In addition, Moody's revised Ghana's country outlook to positive from stable. Notably, Moody's also cited Ghana's improved fiscal position resulting from the completion of its debt restructuring, its **International Monetary Fund (IMF)**-backed reform agenda, and ongoing fiscal consolidation as the motivating factors for this improved outlook.

The upgrades by Fitch and Moody's have increased expectations that the remaining member of the 'big three' ratings agencies, **S&P Global**, will also upgrade its outlook on Ghana. These credit ratings upgrades will decrease the perceived risk in investing in Ghana's bonds and enable more institutional investors to buy the country's debt going forward. Furthermore, Ghana will not have to offer such high yields in order to attract investors or secure loans.

In another sign of Ghana's improving economic situation, the IMF has revised its projected economic growth for Ghana in 2024 from 3.1% to 4% of GDP.⁹ The IMF believes Ghana's economy has grown faster than expected due to the positive impacts of its ongoing fiscal and monetary reforms as well as the funding provided under the **Extended Credit Facility (ECF)** arrangement.

Increased economic growth will help fuel Ghana's economic recovery and reverse some of the damage caused by the country's recent economic crisis. However, this recovery has likely manifested too late to bolster the ruling NPP ahead of the election. Instead, the ruling party will likely receive reduced electoral support due to widespread frustration over its economic stewardship.

Authorities deny reports of militant groups operating from northern regions

⁵ GNA, 7 Dec 2023

⁶ Fitch Ratings, 10 Oct 2024

⁷ Fitch Ratings, 10 Oct 2024

⁸ Reuters, 11 Oct 2024

⁹ GNA, 26 Oct 2024

The national security ministry issued a strongly-worded statement on 26 October denying reports that **Islamist** militant groups were operating from the country's northern regions.¹⁰ On 24 October, the **United Kingdom (UK)**-headquartered **Reuters** news agency published reports alleging that Islamist militants from **Burkina Faso** were using northern Ghana as a logistical and rear base to support their ongoing insurgency in the neighbouring country.¹¹ The report cited unnamed sources from Ghana's security services and diplomatic corps. It should be noted that the report did not state in which specific region these insurgents were established. The report also does not confirm which group is operating out of Ghana, but it is most likely the **Jama'at Nusrat al-Islam wal-Muslimin (JNIM)** insurgent group which has a particularly large presence in Burkina Faso, including the areas near the Ghanaian border.

In its statement, the security ministry denounced the report and claimed that Ghana's own counter-terrorism operations have successfully prevented any insurgent group from adopting a permanent presence or carrying out attacks in Ghana. However, the possibility that JNIM or other groups may establish a foothold in northern Ghana still exists. This is particularly true for **Upper East Region** which has experienced a sustained decline in its security environment due to an ongoing chieftaincy dispute.

The contested **Bawku** chieftaincy between the **Mamprusi** and **Kusasi** ethnic groups has led to multiple armed attacks and negatively affected security conditions across Upper East. The situation has continued despite repeated efforts to heighten security in the region. This deteriorated security environment would potentially provide an opening for a group such as JNIM to establish a base, especially if its presence was focused on supplies, logistics, and medical care and not orchestrating attacks on Ghanaian targets. Given these conditions, the reports that insurgents have established a presence in Ghana, albeit lacking in detail, cannot be dismissed.

Underscoring the deteriorated security environment, at least 30 people were killed in clashes and attacks in Bawku between 24 October and 5 November.¹² These incidents are all believed to be related to the ongoing chieftaincy dispute which has fuelled violence in the region for several years.

Worryingly, these recent attacks appeared to mark an increase in apparent random shooting incidents on the region's roads. At least 17 of the 30 fatalities were incurred during attacks on vehicles. This indicates that conflict is becoming less focussed and more destabilising. In response to this increase in attacks on vehicles, youth groups in Bawku petitioned the local government to provide more armed convoys along the region's **Bolgatanga-Bawku-Pulmakom Highway**.

The recent surge in violence in Bawku is likely to persist as each incident increases the likelihood of a retaliatory attack, perpetuating a cycle of violence. Furthermore, no meaningful mediation measures are likely to ease tensions in the area ahead of the elections. In fact, the political tensions will likely aggravate the ethnic tensions in Bawku and lead to increased levels of violence. As a result, Ghanaian security forces will need to dedicate more resources to addressing the conflict in Bawku which will likely reduce the effectiveness of its border security and counter-terrorism operations.

Planner

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

15 – 19 Sep 2024 **Accra (Ghana) Africa Oil Week**

Chronology

¹⁰ Reuters, 26 Oct 2024

¹¹ Reuters, 24 Oct 2024

¹² Ghanaian Times, 5 Nov 2024

9 Nov 2024 **Accra (Ghana)** *SABC News*. President **Nana Akufo-Addo** announces that cocoa farmers will receive GHS 49,600 cedi (\$3,006) per metric tonne, above the GHS 48,000 (\$2,909) announced when the season opened on 1 September;

7 Nov 2024 **Accra (Ghana)** *GNA*. The **Electoral Commission** presents the final certified voters' roll to political parties;

7 Nov 2024 **Accra (Ghana)** *Ghanaian Times*. Former president and current **National Democratic Congress (NDC)** presidential candidate, **John Mahama**, claims that an NDC government will build a bridge over the **River Oti** in the **Oti Region**;

6 Nov 2024 **Accra (Ghana)** *Graphic*. Speaker of parliament **Alban Bagbin** orders the clerk to parliament to re-submit the anti-LGBTQ+ **Promotion of Human Sexual Rights and Family Values Bill** to the **Presidency** so it can be signed into law despite the fact that the bill is still being adjudicated by the supreme court;

6 Nov 2024 **Accra (Ghana)** *GNA*. The **Ghana Statistical Service** reveals that annual inflation in increased to 22.1% in October from 21.5% in September;

6 Nov 2024 **Accra (Ghana)** *GNA*. Land minister **Samuel Abu Jinapor** signs an aide memoire on **Forest Law Enforcement Governance and Trade (FLEGT)** licencing with the **European Union (EU)**;

6 Nov 2024 **Accra (Ghana)** *GNA*. Health officials confirm that at least 10 people have died, and 72 others infected in an ongoing cholera outbreak in the **Greater Accra** and **Central** regions;

6 Nov 2024 **Accra (Ghana)** *Bloomberg*. Former president and current **National Democratic Congress (NDC)** presidential candidate, **John Mahama** claims in an interview that he will seek to renegotiate Ghana's **Extended Credit Facility (ECF)** arrangement with the **International Monetary Fund (IMF)**;

5 Nov 2024 **Accra (Ghana)** *Mining Weekly*. **Australia**-headquartered **Castle Minerals** confirms Ghana's sovereign wealth fund – **Minerals Council Income Investment Fund (MIIF)** – is planning to invest \$2m in its **Kambale** graphite project;

5 Nov 2024 **Accra (Ghana)** *Ghana Today*. The government launches the **Ghana Space Policy** which is aimed at bolstering space science and technology research in the country;

4 Nov 2024 **Accra (Ghana)** *Reuters*. Industry sources report that cocoa farmers are hoarding cocoa beans in anticipation of higher prices as they try to recover from the financial difficulty of last season's poor harvest;

2 Nov 2024 **Accra (Ghana)** *GNA*. Opposition **Movement for Change** stages a large demonstration in Accra in support of the party's leader, **Alan Kyerematen's**, presidential bid;

1 Nov 2024 **Accra (Ghana)** *GNA*. Former president and current **National Democratic Congress (NDC)** presidential candidate, **John Mahama** pledges to prioritise resolving the conflict related to the chieftaincy dispute in **Bawku (Upper East Region)** should he be elected president;

31 Oct 2024 **Accra (Ghana)** *Reuters*. Cocoa farmers file a complaint with the state regulator **Cocobod** over the regulator's price mechanism, environmental concerns, and the failure to combat child labour in the sector;

30 Oct 2024 **Accra (Ghana)** *Asante Gold*. **Canadian**-headquartered **Asante Gold** announces a \$525m financing package to fund its growth plans and recapitalise its short-term liabilities in Ghana;

28 Oct 2024 **Accra (Ghana)** *GNA*. Police announce that they are investigating a shooting incident at a political campaign event in the **Agona West** constituency (**Central Region**) on 27 October;

28 Oct 2024 **Washington D.C. (United States)** *AP*. The **United States (US)** state department warns that it would impose US visa restrictions on any individuals perceived as undermining Ghana's democracy ahead of the country's election;

27 Oct 2024 **Apia (Samoa)** *Business Day*. Foreign affairs minister **Shirley Ayorkor Botchwey** is elected as the secretary-general of the **Commonwealth** at the organisation's **Heads of Government Meeting**;

26 Oct 2024 **Washington D.C. (United States)** *GNA*. Ghana signs a \$260m agreement with the **World Bank** to address Ghana's energy sector challenges;

20 Oct 2024 **Accra (Ghana)** *News24*. Investigative reports allege that a **South African** firm, **Coven Energy**, was involved in a R855m (\$52.27m) fraud scandal in Accra from 2016 to 2019;

17 Oct 2024 **Bali (Indonesia)** *GNA*. President **Nana Akufo-Addo** and Indonesian president **Joko Widodo** pledge to enhance bilateral relations at the **2nd Indonesia-Africa Forum (IAF)** in Bali;

11 Oct 2024 **Accra (Ghana)** *FAO*. The **United Nations (UN) Food and Agriculture Organisation (FAO)** announces that it is rolling out a series of interventions to address food insecurity and support agricultural recovery in northern Ghana in collaboration with the **European Union (EU)**;

9 Oct 2024 **Accra (Ghana)** *Reuters*. **China's Zijin Mining Group** confirms that it will buy the **Akyem Gold Mine Project** in Ghana from **United States (US)**-based **Newmont Corp** for \$1 billion;

8 Oct 2024 **Accra (Ghana)** *Mining*. **Australia's Atlantic Lithium** confirms that it has secured the operating permit for its **Ewoyaa** lithium project in Ghana.

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