

## AFRICA RISK CONSULTING

### Ghana Monthly Briefing March 2024

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#### Ghana Summary 15 March 2024

*President Nana Akufo-Addo (2017-present) reshuffles his cabinet on 14 February, making 13 changes to his government, the most notable of which is replacing Ken Ofori-Atta as finance minister with Mohammed Amin Adam. This new cabinet needs to address Ghana's various pressing governance challenges including the ongoing power supply crisis. Ghana's international bondholders reportedly sign the necessary non-disclosure agreements (NDAs) to enable the debt restructuring negotiations to take place. Parliament on 28 February passes the controversial anti-LGBTQ Promotion of Proper Human Sexual Rights and Ghanaian Family Values Bill, 2021 which seeks to criminalise LGBTQ relations further. The bill could endanger Ghana's ongoing fragments with the International Monetary Fund (IMF) and the World Bank.*

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#### President reshuffles his cabinet

President **Nana Akufo-Addo** (2017-present) reshuffled his cabinet on 14 February making multiple changes to his government, including the notable replacement of **Ken Ofori-Atta** as finance minister with **Mohammed Amin Adam** the former state minister at the finance ministry.<sup>1</sup> Ofori-Atta's ousting had been expected for some time – the now-former finance minister was a widely unpopular figure and had become the face of **Ghana's** ongoing economic challenges and austerity measures. Akufo-Addo was widely believed to have retained Ofori-Atta in his position for as long as he did to avoid disruptions to Ghana's negotiations with its creditors and the **International Monetary Fund (IMF)**. Adam's appointment has been largely welcomed and, in reality, his promotion will result in policy continuity at the finance ministry. The new finance minister reiterated this continuity by using his first address in his new position to pledge to prevent any disruptions to Ghana's \$3 billion **Extended Credit Facility (ECF)** arrangement with the IMF.<sup>2</sup>

In total, Akufo-Addo made thirteen changes to his cabinet, namely, to the finance; interior; health; environment, science, technology, and innovation; information; roads and highways; works and housing; gender, children and social protection; local government, decentralisation and rural development; sanitation and water resources; tourism, arts, and culture; **Greater Accra Region**, and **Oti Region** ministries.<sup>3</sup> In addition, Akufo-Addo replaced 10 deputy ministers.

The president did not provide the reasons for this extensive cabinet reshuffle less than a year before the end of his presidency. Even if the ruling **New Patriotic Party (NPP)** candidate vice president **Mahamudu Bawumia** wins the upcoming 9 December election, he will likely want to accentuate a break with the Akufo-Addo administration by selecting a fresh cabinet. As such, it is unlikely that the new cabinet appointees will have time to make any meaningful policy or operational changes to their respective new ministries. However, the president is likely hoping that his overhauled government can create the impression of renewal and improve the public's view of the NPP as a ruling party.

#### Electricity supply challenges persist

Among the foremost issues that Akufo-Addo's newly constituted cabinet will need to address is the country's ongoing power supply crisis. Ghana has been experiencing frequent power outages, known locally as Dumsor, in recent months. There are many causes of this power supply crisis including insufficient generation capacity, fuel shortages, and failure to pay power providers. This latter point

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<sup>1</sup> Ghana Communications Directorate, 14 Feb 2024

<sup>2</sup> Reuters, 15 Feb 2024.

<sup>3</sup> Ghana Communications Directorate, 14 Feb 2024

was highlighted on 29 February, when the state-owned **Electricity Company of Ghana (ECG)** cut power to parliament during a debate over the president's 27 February **State of the Nation Address (SONA)**.<sup>4</sup> The ECG cut power to the legislature to pressure parliament into paying its outstanding GHS 23m (\$1.78m) electricity bill.

The ECG is under pressure to recoup outstanding debts as the utility is under financial and operational pressure. It needs to honour its own obligations to the country's independent power producers (IPPs) as well as purchase additional fuel reserves.

This situation is exacerbated by the fact that Ghana lacks sufficient generation capacity to successfully weather any disruption to the country's power supply. Illustrative of this, the company was forced to release an 8-day load management timetable for between 30 March and 7 April, when the **Ghana National Gas Company (GNGC)** will conduct maintenance work at its **Atuabo Gas Processing Plant**.<sup>5</sup>

Dumsor is a highly politicised issue in Ghana, one which the opposition **National Democratic Congress (NDC)** has sought to attack the ruling NPP as part of its electoral campaigning.<sup>6</sup> Meanwhile, the government has blamed the power outages on illicit electricity connections in the country as well as poor long-term planning by the administration of former president and current NDC presidential candidate **John Mahama** (2012-2017).<sup>7</sup>

### External debt negotiations continue

Ghana's international bondholders have reportedly signed the necessary non-disclosure agreements (NDAs) to enable the debt restructuring negotiations to take place.<sup>8</sup> Ghana is seeking to restructure approximately \$13 billion in bonded debt which was issued in foreign denominations, namely, euros, and as such has become even more costly as Ghana's currency, the cedi (GHS), has depreciated in recent years.

Ghana's **Eurobond** holders have been resistant to the government's debt restructuring proposals. These bondholders are aware that a debt restructuring deal is likely needed to salvage their investment, but they want highly beneficial terms, specifically wanting the interest payments on any restructured bonds to be linked to Ghana's GDP growth. This means interest payments will increase if Ghana's economy exceeds the IMF-set targets.<sup>9</sup> This proposal is opposed by the government as this ends up costing Ghana significantly more in debt servicing expenses over the long term. Reports indicate that bondholders may be willing to accept upfront losses of between 25% and 30% if Ghana agrees to such a value recovery instrument. Notably, the Eurobond holders appear to have refused to even consider Ghana's last proposal of a 40% upfront loss for bondholders.

Ghana is under pressure to secure an agreement with these bondholders as reaching a debt-restructuring agreement is a requirement under the country's ECF arrangement. As such, if Ghana does not secure a restructuring agreement soon the IMF may delay dispersing the next tranche payment from the ECF.

### Parliament passes anti-LGBT bill potentially threatening Ghana's external funding

In a development that could further complicate Ghana's current arrangement with the IMF, parliament passed a controversial law on 28 February aimed at severely restricting LGBTQ rights in the country.<sup>10</sup> The newly passed **Promotion of Proper Human Sexual Rights and Ghanaian Family Values Bill, 2021** seeks to further criminalise same-sex relations in the country as well as mandate a fine or even jail time for individuals who participate in public displays of same-sex affection or cross-

<sup>4</sup> TimesLive, 1 Mar 2024

<sup>5</sup> Modern Ghana, 15 Mar 2024

<sup>6</sup> My Joy Online, 10 Mar 2024

<sup>7</sup> Pulse, 14 Mar 2024

<sup>8</sup> Reuters, 13 Mar 2024.

<sup>9</sup> Bloomberg, 6 Mar 2024

<sup>10</sup> Al Jazeera, 28 Feb 2024

dressings. 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>11</sup>

Although the bill has been passed it has not yet been signed into law. In fact, Akufo-Addo appears to be actively seeking a means to avoid assenting the bill into legislation. The president has reportedly ordered his staff at the presidency to refuse to accept delivery of the bill from parliament and has stated that he will not sign the bill until the supreme court rules on an ongoing challenge to the proposed law.<sup>12</sup>

Akufo-Addo's resistance to signing the new law is likely rooted in the fact that assenting to the legislation could imperil Ghana's funding relationships with the IMF and the **World Bank**. In August 2023, the World Bank suspended funding to **Uganda** after that country passed a similar law.<sup>13</sup> Ghana's finance ministry is openly concerned that the country could face similar consequences and, as such, recommended on 5 March that Akufo-Addo does not sign the bill into law. Ghana's ECF arrangement with the IMF is worth \$3 billion and the country also has over \$600m in external funding agreements with the World Bank. If either of these were to be suspended over the bill it would risk derailing Ghana's ongoing economic recovery and would likely undermine the ongoing debt restructuring agreements.

However, the government's reluctance to sign the bill into law has angered the proponents of the bill in parliament from both the NDC and NPP. The bill's advocates claim that Ghana's agreements with the IMF and World Bank do not include clauses mandating LGBTQ rights.<sup>14</sup> However, this does not account for the wider principles of agreements needing to be in line with these institutions' espoused values.

Ghana is also facing growing diplomatic pressure. The **United Nations (UN) Office of the High Commissioner for Human Rights (OCHR)** has called on Akufo-Addo to reject the bill outright.<sup>15</sup> Similarly, the **United States (US)** issued an official statement expressing its concern over the passing of the bill and urged Ghana to review the constitutionality of the legislation.<sup>16</sup>

Accordingly, if Akufo-Addo were to sign the bill into law it would not only threaten Ghana's agreements with the IMF and World Bank but also undermine the country's reputation as a business-friendly West-leaning state.

However, these considerations do not seem to matter to the bill's proponents which has resulted in the matter becoming further politicised. The opposition NDC is seeking to use Akufo-Addo's resistance to sign the bill as an opportunity to campaign for support among Ghana's conservative religious and traditional leaders. The NDC is further using this development to highlight its claims that the government is willing to trade Ghana's sovereignty to the IMF.

The politicisation of the bill combined with the fact that it is supported by a majority of members of parliament (MPs) and Ghanaians suggests that it will eventually be signed into law unless the supreme court finds it unconstitutional. Even if Akufo-Addo manages to avoid signing it, whoever his successor is will likely capitulate under the sustained lobbying by the bill's proponents.

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<sup>11</sup> Advocate, 30 Mar 2023

<sup>12</sup> My Joy Online, 4 Mar 2024

<sup>13</sup> Reuters, 10 August 2023

<sup>14</sup> 3News, 9 Mar 2024

<sup>15</sup> Africa News, 29 Feb 2024

<sup>16</sup> Reuters, 29 Feb 2024

## Planner

8–24 Mar 2024 **Accra (Ghana)** Africa Games;  
9 December 2024 **(Ghana)** General election

## Chronology

14 Mar 2024 **Accra (Ghana)** *Citi Newsroom*. Works and housing minister **Kojo Opong Nkrumah** announces that the state has made progress in providing relief to the victims of last year's flooding in **Volta** region;

14 Mar 2024 **Accra (Ghana)** *Graphic*. Ghana experiences widespread internet disruptions after submarine fibre internet cables in the region are damaged;

13 Mar 2024 **Accra (Ghana)** *GNA*. Health officials raise concern over the increasing rate of non-communicable diseases (NCD) such as cardiovascular disease, hypertension, diabetes and cancer in Accra;

13 Mar 2024 **Accra (Ghana)** *Citi Newsroom*. The government launches the **Ghana Apprenticeship Programme**, a **World Bank**-backed initiative to combat youth unemployment in the country;

13 Mar 2024 **Obuasi (Ghana)** *Daily Mail Ghana*. A fire destroys at least 12 shops at the **Obuasi Central Market** in **Ashanti** region;

13 Mar 2024 **Accra (Ghana)** *Bloomberg*. Government statistician **Samuel Kobina Annim** reveals that annual inflation slowed slightly from 23.5% in January to 23.2% in February;

12 Mar 2024 **Accra (Ghana)** *Ghanaian Times*. The inaugural **Africa Energy Technology Conference (AETC)** takes place in Accra;

12 Mar 2024 **Accra (Ghana)** *SA News*. **President Nana Akufo-Addo** attends the 2<sup>nd</sup> session of the **South Africa-Ghana Bi-National Commission** in **Pretoria (South Africa)**;

8 Mar 2024 **Accra (Ghana)** *3News*. **Parliament** approves a \$300m loan to help finance the annual budget;

8 Mar 2024 **Accra (Ghana)** *Ghanaian Times*. President **Nana Akufo-Addo** hosts his **Maltese** counterpart **George William Vella** in Accra for a working meeting during which the two men pledge to enhance cooperation between the two countries;

8 Mar 2024 **Accra (Ghana)** *DW*. The 13<sup>th</sup> **African Games** begin in Accra and will conclude on 24 March;

7 Mar 2024 **Accra (Ghana)** *Africa News*. Ghana's deputy finance minister, **John Kumah**, passes away following a long illness;

6 Mar 2024 **Pretoria (South Africa)** *GroundUp*. Activists protest outside **Ghana's** embassy in Pretoria condemning Ghana's anti-LGBTQ bill;

5 Mar 2024 **Accra (Ghana)** *3News*. A court sentences four members of the **Western Togoland** secessionist movement to 17 years in prison for supporting 'prohibited organisations';

4 Mar 2024 **Accra (Ghana)** *My Joy Online*. The **Bank of Ghana (BoG)** (central bank) announces that it has issued a one-month suspension of the foreign exchange trading licences for **GT Bank** and **FBN Bank** with effect from 18 March over concerns about the lack of effective controls and regulatory adherence at these financial institutions;

4 Mar 2024 **Accra (Ghana)** *3News*. The **Transport Operators Union** and the **Concerned Drivers Association of Ghana** announce a 30% increase in transport fares;

2 Mar 2024 **Accra (Ghana)** *Pulse*. Clashes between protestors and security officers at a gold mine in **Manso Tontokrom** in **Ashanti** region kills three people;

1 Mar 2024 **Accra (Ghana)** *Ghanaian Times*. Former president and opposition **National Democratic Congress (NDC)** presidential candidate **John Mahama** selects former education minister **Jane Naana Opoku-Agyemang** as his running mate ahead of the 9 December election;

29 Feb 2024 **Accra (Ghana)** *ESI Africa*. Ghana's **Mineral Income Investment Fund (MIIF)** confirms its intention to support the development of electric vehicle and battery production in the country;

29 Feb 2024 **Accra (Ghana)** *News24*. **MTN Ghana** announces that it blocked five million SIMs on its network as a result of Ghana's **National Communications Authority's (NCA)** new regulations coming into effect;

28 Feb 2024 **Accra (Ghana)** *Ghanaian Times*. The **German** government commits €1.1m (\$1.2m) to Ghanaian engineering firm **Prefos** to construct a 75MW solar assembly plant in **Ashanti** region;

27 Feb 2024 **Accra (Ghana)** *Ghana Web*. President **Nana Akufo-Addo** delivers his final annual **State of the Nation Address (SONA)**;

26 Feb 2024 **Accra (Ghana)** *MyJoyOnline*. **International Cocoa Organization (ICCO)** warns that Ghana needs to address significant “*structural issues*” within its cocoa sector, highlighting that there has been a 35% year-on-year decrease in graded and sealed cocoa purchases in January 2024;

25 Feb 2024 **Bawku (Ghana)** *Modern Ghana*. The **National Communications Authority (NCA)** orders four radio stations in Bawku to suspend operations after panel shows allegedly included incendiary rhetoric;

22 Feb 2024 **Bawku (Ghana)** *Modern Ghana*. The government renews the ongoing 18:00 to 06:00 (local time) curfew in Bawku;

21 Feb 2024 **Accra (Ghana)** *The Herald Ghana*. The ruling **New Patriotic Party's (NPP)** majority leader in parliament, **Osei Kyei-Mensah-Bonsu** announces his resignation;

20 Feb 2024 **Accra (Ghana)** *Bloomberg*. **National Petroleum Authority (NPA)** says the long-delayed natural gas import terminal will be completed by the end of the year;

11 Feb 2024 **Accra (Ghana)** *Modern Ghana*. Five **Chinese** nationals are attacked and robbed in **Akokoaso, Eastern** region.

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