

## AFRICA RISK CONSULTING

### Ghana Monthly Briefing June 2019

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#### Ghana Summary 18 June 2019

*Ghanaian security agencies rescue two Canadian women a week after assailants kidnapped them in Kumasi (Ashanti Region). The event follows a spike of kidnapping incidents and has raised concerns about Ghana's once-esteemed security environment. Ghana and Cote d'Ivoire win concessions from cocoa industry stakeholders for a \$2,600-floor price for a tonne of cocoa to address inequality and forced labour in the sector. A follow-up meeting will take place in Abidjan (Cote d'Ivoire) on 3 July to discuss its implementation. An Environmental Justice Foundation-published investigation reveals that illegal fishing is costing Ghana's economy \$50m a year and substantially impacting local jobs and incomes.*

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#### Two Canadian women kidnapped for a week in Kumasi

Gunmen kidnapped two **Canadian** women at a golf course in **Kumasi**, in southern **Ghana's Ashanti Region**, on 6 June before Ghanaian security agencies rescued them a week later on 12 June.<sup>1</sup> The security agencies believe it to be a kidnap-for-ransom incident.<sup>2</sup> The event received widespread coverage in global news outlets and followed a spate of similar incidents this year in Ghana, which has raised concerns over the country's security situation. President **Nana Addo Dankwa Akufo-Addo** (2017-present) will need to address the security issue promptly to retain Ghana's reputation as one of the continent's safest destinations.<sup>3</sup> The tourism and business sectors will be most affected if this trend continues.

The Canadian women, aged 19 and 20, were in the country working as volunteers with Canadian charity **Youth Challenge International**. Ghanaian security agencies arrested eight suspects, five Ghanaians and two **Nigerians**, in **Kenyasi**, a suburb of Kumasi, at dawn on 12 June for their alleged involvement in the kidnapping.<sup>4</sup> Information minister **Kojo Oppong Nkrumah** declined to name the suspects in a public announcement on 12 June. Nkrumah said security agencies located the holding place of the two victims and surrounded it before entering and spotting two Nigerians guarding the Canadians.<sup>5</sup> A third Nigerian, believed to be the leader of the group, was arrested later at a separate location. The operation was conducted principally by Ghanaian security agencies, including **National Security**, the **Criminal Investigations Department** of the **Ghana Police Service**, the **Bureau of National Investigations**, the **Special Weapons and Tactics Unit** and **Defence Intelligence**.<sup>6</sup> Nkrumah said:

*"Government continues to encourage the media and commentators to be circumspect in public commentary on security matters in order not to compromise other related operations. Citizens and travellers are once again assured that Ghana remains safe."<sup>7</sup>*

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<sup>1</sup> CNN, 12 Jun 2019

<sup>2</sup> DW, 12 Jun 2019

<sup>3</sup> Source, analyst, London

<sup>4</sup> GhanaWeb, 13 Jun 2019

<sup>5</sup> GhanaWeb, 13 Jun 2019

<sup>6</sup> GhanaWeb, 13 Jun 2019

<sup>7</sup> GhanaWeb, 13 Jun 2019

Kidnapping of local residents and foreigners has increased in recent months in Ghana. Armed men kidnapped a 30-year-old **Indian** man in Kumasi in April and demanded a \$500,000 ransom.<sup>8</sup> Police later rescued the victim. The **Estonian** consul was briefly abducted in **Accra** in April but was released soon after.<sup>9</sup> Three Ghanaian girls were kidnapped in the west of the country several months ago and are still missing.<sup>10</sup> Almost 70 cases were recorded in 2018 but only one person has been convicted and jailed in connection with these cases and another four are currently on trial.<sup>11</sup>

President Nana Akufo-Addo has vowed to end the spate of abductions in the country:

*"We need to do something about it to make sure this does not become a feature of our society. Decisions are being taken that will clearly manifest the determination I have to deal with this matter."*<sup>12</sup>

Akufo-Addo is yet to take decisive action on the issue, which has led to growing criticism.<sup>13</sup> The communications director of Ghana's largest opposition party, the **National Democratic Congress (NDC)**, **Sammy Gyamfi**, said that "*Ghana's security is in complete shambles and tatters*" and that Akufo-Addo's government has failed in its pre-election promise to make Ghana a safer country in the wake of the recent kidnapping cases.<sup>14</sup> Gyamfi also alleges that the ruling **New Patriotic Party (NPP)** is involved in the kidnappings:

*"It is scary to reveal that the kidnapping of the Canadian girls, which has shocked our nation as the latest in the rising spate of kidnappings in Ghana, was largely orchestrated by hoodlums and bandits who are key and active members of militia groups of the NPP."*<sup>15</sup>

Police arrested NDC chairman **Ofuso-Ampofo** in Accra on 11 June in connection with the recent kidnappings, including the abduction of the Canadian women, but released him the same day.<sup>16</sup> The police said they had "*actionable intelligence*" against Ofuso-Ampofo. Police told Ofuso-Ampofo to report back to the **Criminal Investigation Department** on 13 June.

Ghana's kidnapping figures are still relatively low compared to those of other **African** countries. Nigeria records about 250 kidnappings a day while **Kenya** records about 5 kidnappings a day.<sup>17</sup> That said, the global coverage of the abduction of the two Canadian girls and the rise in similar incidents in recent months will considerably damage Ghana's tourism industry, which contributes about 5% to its gross domestic product (GDP).<sup>18</sup> Kumasi, where many of the kidnapping cases have occurred, is Ghana's second largest city and is a popular tourist destination. To prevent further damage, Akufo-Addo needs to address the security issue decisively and swiftly, and retain the country's reputation as one of the most secure places in **West Africa**.<sup>19</sup>

### **Cocoa buyers agree on floor price specified by Ghana and Cote d'Ivoire**

Ghana and **Cote d'Ivoire** announced in a joint statement on 12 June that they had won concessions from cocoa industry stakeholders for a \$2,600-floor price for a tonne of cocoa.<sup>20</sup> The two governments hope to address the imbalance between farmers' income and money made by large commodity merchants. The minimum price is only slightly above the current market rate but could protect

<sup>8</sup> GhanaWeb, 26 Apr 2019

<sup>9</sup> GhanaWeb, 21 Apr 2019

<sup>10</sup> My Joy Online, 29 Jan 2019

<sup>11</sup> DW, 12 Jun 2019

<sup>12</sup> DW, 12 Jun 2019

<sup>13</sup> Source, analyst, Accra

<sup>14</sup> GhanaWeb, 14 Jun 2019

<sup>15</sup> GhanaWeb, 14 Jun 2019

<sup>16</sup> iAfrica, 12 Jun 2019

<sup>17</sup> GhanaWeb, 12 Jun 2019

<sup>18</sup> Source, analyst, London

<sup>19</sup> Source, analyst, London

<sup>20</sup> Reuters, 14 Jun 2019

farmers from fluctuations. A follow-up meeting will be held in **Abidjan** (Cote d'Ivoire) on 3 July to discuss the implementation of the floor price for the next two years' crops.

Following a two-day meeting of about 300 stakeholders in the cocoa value chain, comprising, traders, processors and chocolate manufacturers in Accra on 11 June, the **Ghana Cocoa Board (Cocobod)** and Cote d'Ivoire's **Conseil café-cacao (CCC)** (coffee and cocoa council) announced that they had "suspended the sale of the 2020/2021 crop until further notice for preparation of the implementation of the floor price." Under the arrangement, neither country will sell its products in the international market below the agreed minimum price. Cocobod chief executive **Joseph Boahen Aidoo** told a news conference that their demands had been accepted in principle by the participants. Aidoo praised the cocoa industry's decision, claiming that historically buyers of the cash crop have always been the ones to determine the price for suppliers:

*"This is the first time the producers have called consumers and the first time whereby suppliers have called buyers to come and engage on price."*<sup>21</sup>

According to the **International Cocoa Organisation**, the global daily producer price has fallen 26% from its 2016 peak – from \$3,182 per tonne in January 2016 to \$2,342 per tonne at the start of 2019. The figure had dropped to under \$2,300 per tonne in June. Cocoa industry analysts note that oversupply is the reason for the plummeting price over the past three years.<sup>22</sup>

Ghana and Cote d'Ivoire are the world's top two cocoa producers, together accounting for over 60% of total production. However, a report by **Bloomberg** last year showed that these farmers make "only about 5.5% of a global supply chain worth more than \$100 billion."<sup>23</sup> This figure is even less than the 15% many governments take as the value-added tax on the sale of chocolate products in **Western** countries where chocolate is most consumed.

Research shows that the floor price may help reduce forced and child labour in the industry. The findings of a **United States** study published in June show that Ghana could keep children out of cocoa fields by increasing the price it pays farmers by about 50%, but that increasing incomes by just 3% could stop children doing the most dangerous tasks, like using machetes. About 1.6 million children are estimated to work in cocoa production in Ghana and Ivory Coast.<sup>24</sup> Poverty is a root cause, leaving many cocoa farmers unable to hire adult workers. According to the **International Cocoa Initiative (ICI)**, a **Switzerland**-based foundation for child rights, most cocoa producing families live below the **World Bank's** poverty line of \$2 a day.

Experts in the cocoa industry have applauded Ghana and Cote d'Ivoire's move, and hope that it the first step towards establishing fairer profit sharing in the industry. However, setting a floor price is not sufficient to tackle child labour; it must be part of a broader strategy on poverty by local and international governments and shareholders.<sup>25</sup> The effectiveness of the floor price also depends on how well it is implemented.

### Fisheries industry in crisis

Ghana's fisheries sector is facing a crisis of overfishing and severe stock depletion as a result of widespread illegal, unreported and unregulated fishing, which is costing the economy tens of millions of dollars a year.<sup>26</sup> Fisheries constitute an important sector in national economic development, creating jobs for 20% of the active labour force (about 2.7 million people) and contributing 3% of the total GDP and 5% of GDP in agriculture.<sup>27</sup> About 10% of the country's population is engaged in various

<sup>21</sup> Joseph Boahen Aidoo quoted in Reuters, 14 Jun 2019

<sup>22</sup> Source, analyst, Accra

<sup>23</sup> Bloomberg, 4 Jun 2018

<sup>24</sup> Bitter Sweets: Prevalence of forced labour & child labour in the cocoa sectors of Cote d'Ivoire & Ghana, Walk Free Foundation, 2018

<sup>25</sup> Source, analyst, Accra (Ghana)

<sup>26</sup> Mail & Guardian, 16 Jun 2019

<sup>27</sup> www.gipcghana.com

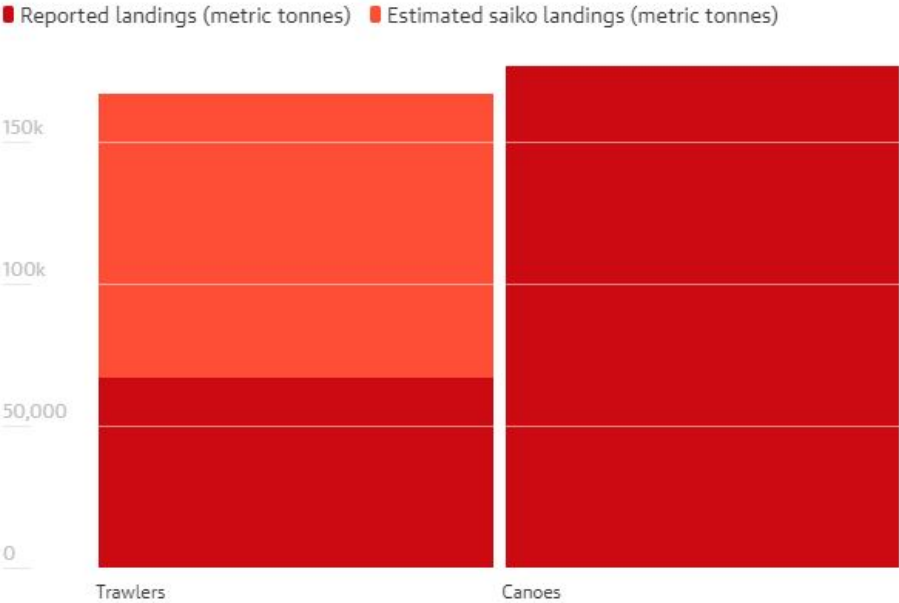
aspects of the fishing industry. Political obstacles and a failure to adopt and enforce strict restriction have caused the fisheries crisis. According to **Norwegian Institute of International Affairs** research professor **Stein Sundstøl Eriksen**:

*“Elite interests in preserving the current system, limited administrative capacity, lack of trust in authorities, lack of alternative livelihoods and electoral risks make it very difficult to limit fishing activities.”<sup>28</sup>*

The **United Kingdom**-based non-profit organisation **Environmental Justice Foundation (EJF)** published an investigation on 17 June that claims illegal fishing is costing Ghana’s economy \$50m a year.<sup>29</sup> The research claims “*saiko*” fishing, whereby trawlers illegally target the staple catch of Ghanaian canoe fishers and sell it back to fishing communities at a profit, landed approximately 100,000 tonnes of fish in 2017, worth \$50m when sold at sea and up to \$81m when sold at the port. EJF executive director **Steve Trent** warned that fish stock could be exhausted by 2020, and described the problem as “*corporate, organised crime*”.<sup>30</sup>

The EJF filmed illegal offshore trades between industrial and artisanal fishing vessels and monitored port landings to gauge the scale of saiko catches. The findings indicate that around 40% of all the trawler catches in 2017 were landed legally. Saiko is severely impacting local jobs and incomes, with a 40% drop in small-scale fishers’ incomes over the past 10 to 15 years. Approximately 100,000 people are employed in artisanal fishing in coastal villages.

**Landings of industrial trawlers v artisanal canoes in Ghana in 2017**



Guardian Graphic | Source: Environmental Justice Foundation

The EJF claims that over 90% of Ghana’s industrial trawl fleet are under **Chinese** ownership, which use Ghanaian “*front*” companies to bypass national laws forbidding their operation. China is now Ghana’s top trade partner (bilateral trade was worth an estimated \$8.4 billion in 2017) as well as its primary source of investment.

Regulations are not as strict as necessary to deter trawlers from committing offences. Trawlers caught violating rules are either prosecuted in law courts or they may choose to go through an arbitration arrangement known as **Alternative Dispute Resolution**, which often assigns less severe punishment.

<sup>28</sup> Mail & Guardian, 16 Jun 2019

<sup>29</sup> EJF, 17 Jun 2019

<sup>30</sup> EJF, 17 Jun 2019

Additionally, many government officials allegedly have stakes in businesses in the fishing industry, which creates a vested interest in keeping restrictions lax.

There are currently 82 registered industrial trawlers operating in the Ghanaian waters, down from the peak number of 103 in 2014.<sup>31</sup> Trawlers are obliged to acquire licences to function. The licensing fees are the primary source of government revenue from the trawling sector. According to official data, catches from the trawlers constitute about 6% of total marine catches. However, this figure is likely to be an underestimation by a significant margin due to self-reporting of catches and illegal activities. The **Fisheries Commission (FC)** cannot determine actual catches: catch figures are based on self-reporting by the trawlers, which is subject to manipulation.

Eriksen blames the lack of political will as the primary reason for the crisis in Ghana's fisheries industry:

*"Ultimately, the challenges are political. There are strong political interests, such as risks of electoral losses and resistance from political elites who profit from overfishing, that prevent the implementation of more sustainable fisheries management policies. Addressing them requires a strong political will and capacity to challenge the interests of those benefitting from the current situation."*<sup>32</sup>

Like the industrial fisheries, illegal, unreported and unregulated fishing activities characterise the artisanal sector.<sup>33</sup> Canoe fishing is at severe overcapacity, and there are no licence requirements or fishing quotas. Moreover, the government has limited capacity to enforce existing rules and regulations and has been unable to prevent the use of illegal fishing methods. Canoe fishing constitutes the most substantial part of the fishing industry with more than 200 coastal villages relying on the industry.

## Planner

17-19 Jul 2019 **Accra (Ghana) Bank of Ghana Monetary Policy Committee** meets;  
 22 Jul 2019 **Accra (Ghana) Bank of Ghana Monetary Policy Committee** press release;  
 17-19 Sep 2019 **Accra (Ghana) Bank of Ghana Monetary Policy Committee** meets;  
 20 Sep 2019 **Accra (Ghana) Bank of Ghana Monetary Policy Committee** press release;  
 20-22 Nov 2019 **Accra (Ghana) Bank of Ghana Monetary Policy Committee** meets;  
 25 Nov 2019 **Accra (Ghana) Bank of Ghana Monetary Policy Committee** press release;  
 2020 **(Ghana)** Presidential elections;

## Chronology

17 Jun 2019 **London (United Kingdom) Environmental Justice Foundation**. **United Kingdom**-based non-profit organisation **Environmental Justice Foundation** publishes an investigation into **Ghana's** illegal fishing industry;  
 13 Jun 2019 **Accra (Ghana) GhanaWeb**. Works and housing minister **Samuel Atta Kyea** pledges free land for architects partnering with the government's **Green Building initiative**;  
 13 Jun 2019 **Accra (Ghana) My Joy Online**. Trade and industry minister, **Alan Kyeremanten** calls **European Union** businesses to establish their presence in Ghana;  
 12 Jun 2019 **Accra (Ghana) CNN**. Police rescue two kidnapped **Canadian** women a week after

<sup>31</sup> Mail & Guardian, 16 Jun 2019

<sup>32</sup> Mail & Guardian, 16 Jun 2019

<sup>33</sup> Mail & Guardian, 16 Jun 2019

their kidnapping;

12 Jun 2019 **Accra (Ghana)** *Ghanaian Times*. **AngloGold Ashanti Limited** contracts **United Kingdom**-based **Invest in Africa** to enhance capacities of 100 small and medium sized Ghanaian enterprises;

12 Jun 2019 **Accra (Ghana)** *iAfrica*. Opposition **National Democratic Congress** party chairman **Ofuso-Ampofo** is arrested and released the same day in connection with a spate of kidnappings;

12 Jun 2019 **Accra (Ghana)** *Ghanaian Times*. Ghana and **Cote d'Ivoire** plan to suspend the sale of cocoa beans on the open market, beginning the 2020/2021 season until further notice;

12 Jun 2019 **Accra (Ghana)** *Presidential Office*. Ghana offers free technical assistance to **Guyana** following offshore oil and gas discoveries;

6 Jun 2019 **Kumasi (Ghana)** *National Post*. Unknown assailants kidnap two **Canadian** women in **Kumasi**;

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