



GHANA

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COUNTRY REPORT

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GHANA
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TABLE OF CONTENTS

COUNTRY REPORTS & ECONOMIC FORECASTS (CREF)

- 2 Map
- 3 Key Takeaways
- 5 Regime, Business & Investment Forecasts
- 7 Econometric Data
- 9 Intra-Regional Comparisons
- 11 Geopolitical & Economic Analysis
- 15 International Country Risk Guide (ICRG) Ratings



MAP



KEY TAKEAWAYS

MOST LIKELY REGIMES & THEIR PROBABILITIES

18-MONTH	NPP 60%
FIVE-YEAR	*NDC 50%

FORECASTS OF RISK TO INTERNATIONAL BUSINESS

	TURMOIL	FINANCIAL TRANSFER	DIRECT INVESTMENT	EXPORT MARKET
18-MONTH	Moderate	C-	B+	C+
FIVE-YEAR	Moderate	C-	B	C

() Indicates change in rating

* Indicates forecast of a new regime

KEY ECONOMIC FORECASTS

	REAL GDP GROWTH (%)	INFLATION (%)	CURRENT ACCOUNT (\$bn)
2018-2022(AVG)	4.3	13.7	-2.02
2023(F)	1.6	44.3	-0.90
2024-2028(F)	4.4	10.7	-2.40

DEBT WOES DIM NPP'S PROSPECTS

The governing center-right NPP is hoping to win an unprecedented third consecutive four-year term at the presidential election scheduled for December 2024. The prospects for success are not bright, for reasons that go well beyond the electorate's well-established inclination to change the party in power every eight years.

Protests over corruption scandals and rising living costs have mostly abated since mid-2022, in part due to legal pressure from authorities and the intimidation tactics of NPP partisans directed at key figures in the anti-government #FixTheCountry movement. However, discontent continues to run high, and the government has little room to soothe public anger with generous government spending following a sovereign default in late 2022 that forced Accra to seek a rescue package from the IMF that is conditioned in part on the implementation of a program of aggressive fiscal consolidation.

National elections in Ghana are typically closely fought affairs, and the results of recent by-elections suggest that the next one will be no different. Nevertheless, the NPP will struggle to convince undecided voters that it deserves another four years at the helm, and its chances of success would be further diminished if an upcoming contest to choose a presidential candidate leaves the party divided heading into the campaign.

Mahamudu Bawumia, the current vice president, won more than two-thirds of the first-stage vote, putting him in pole position to secure the nomination. However, it is unclear whether he enjoys similar support among the broader party membership that will determine who becomes the candidate, and some of Bawumia’s rivals have openly questioned whether the vice president, a Muslim from the Northern Region, is the best choice to head the ticket of a predominantly ethnic-Akan party that enjoys its strongest support in the south and west.

Appeals to ethnic, regional, and religious loyalties carry a high risk of dividing the party, and the NDC has made clear that it is poised to exploit any rifts created by an ugly primary campaign. In contrast, the NDC’s John Mahama, a former president, can count on the united support of his party, having won 98.9% of the vote at a primary held in May.

The government finalized terms for an ECF arrangement with the IMF in May that makes available \$3 billion in financing over three years, but the Fund’s support beyond an initial disbursement of \$600 million is conditioned on the conclusion of a debt-restructuring deal with foreign creditors and the implementation of fiscal reforms designed to rapidly shrink the public-sector debt burden. The \$10.5 billion decrease that is to be realized via debt restructuring through 2026 implies a significant haircut for external creditors. Even if bondholders are willing to cooperate, the risk of a fresh crisis will persist unless the government implements structural reforms that strengthen the fiscal foundation and enable Ghana to attract the higher levels of foreign investment needed to create jobs, fuel healthy economic expansion, and reduce the need for public-sector borrowing.

The fiscal consolidation required under the IMF agreement will contribute to slower growth in the second half of 2023, holding the annual rate of real expansion to less than 2%. A rebound that results in real growth of 3% or more is possible in 2024, as global demand revives, but there are numerous downside risks, the most obvious being the potential for a delay in the release of additional financing from the IMF due to the government’s failure to conclude a debt-restructuring deal with foreign creditors in a timely manner.

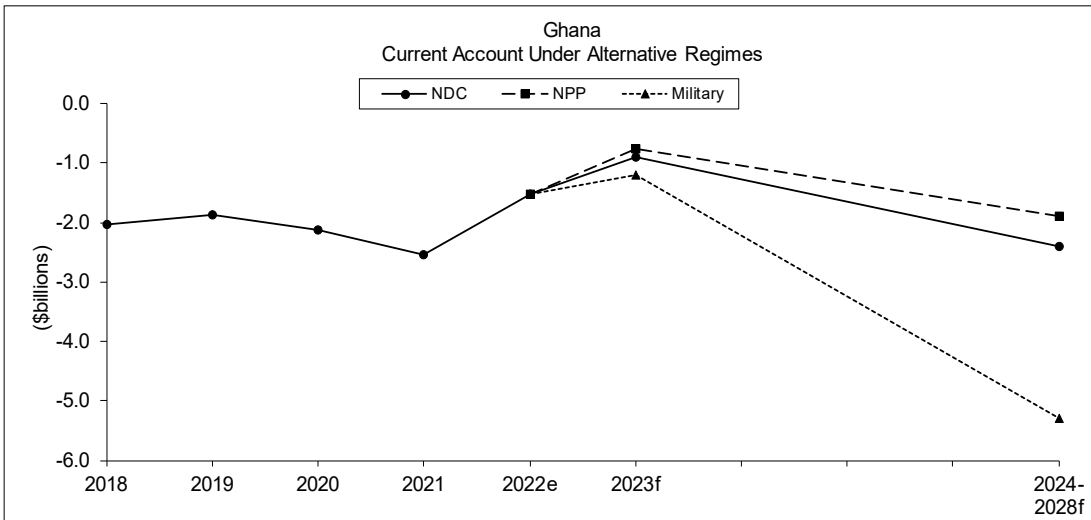
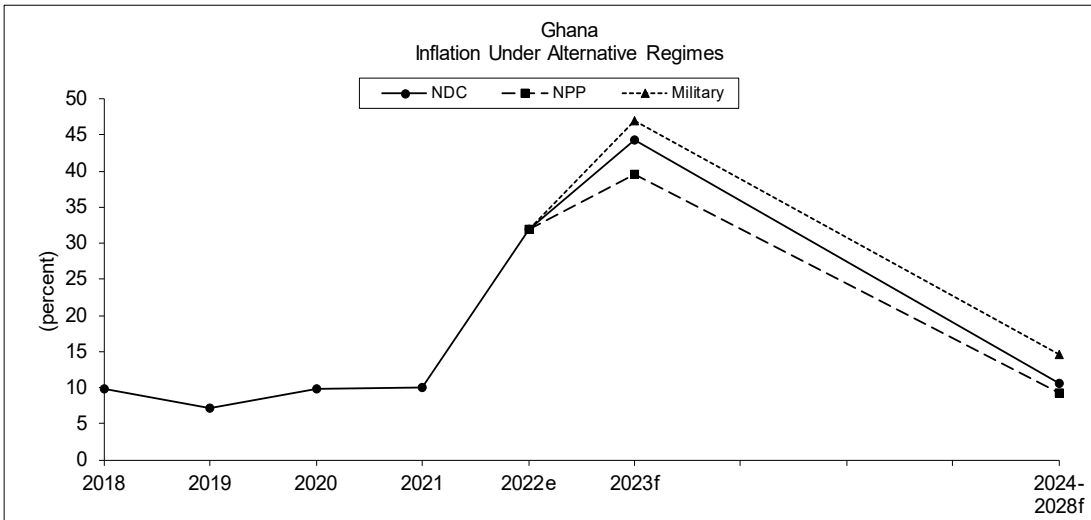
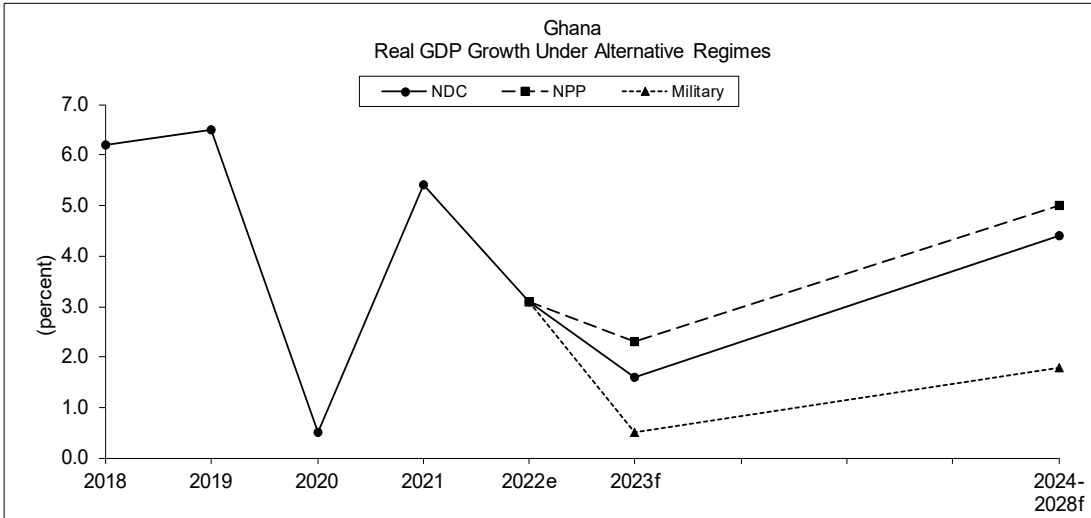
ECONOMIC FORECASTS FOR THE THREE ALTERNATIVE REGIMES

	NDC			NPP			Military		
	GROWTH (%)	INFLATION (%)	CACC (\$bn)	GROWTH (%)	INFLATION (%)	CACC (\$bn)	GROWTH (%)	INFLATION (%)	CACC (\$bn)
2023	1.6	44.3	-0.90	2.3	39.6	-0.75	0.5	47.0	-1.20
2024-2028	4.4	10.7	-2.40	5.0	9.3	-1.90	1.8	14.6	-5.30

REGIME, BUSINESS & INVESTMENT FORECASTS

SUMMARY OF 18-MONTH FORECAST				
REGIMES & PROBABILITIES		*NDC 50%	NPP 40%	Military 10%
RISK FACTORS	CURRENT			
Turmoil	Moderate	Same	Same	MORE
Investment				
Equity	Low	Same	SLIGHTLY LESS	Same
Operations	Moderate	SLIGHTLY MORE	Same	MORE
Taxation	Moderate	Same	Same	Same
Repatriation	Low	Same	Same	MORE
Exchange	Moderate	Same	Same	SLIGHTLY MORE
Trade				
Tariffs	Moderate	Same	Same	Same
Other Barriers	High	Same	SLIGHTLY LESS	SLIGHTLY MORE
Payment Delays	Moderate	Same	Same	MORE
Economic Policy				
Expansion	Very High	Same	Same	SLIGHTLY MORE
Labor Costs	Moderate	Same	Same	Same
Foreign Debt	Very High	SLIGHTLY MORE	SLIGHTLY MORE	MORE
SUMMARY OF FIVE-YEAR FORECAST				
REGIMES & PROBABILITIES		*NDC 50%	NPP 40%	Military 10%
RISK FACTORS	BASE			
Turmoil	Moderate	Same	Same	MORE
Restrictions				
Investment	Moderate	SLIGHTLY LESS	SLIGHTLY LESS	Same
Trade	Moderate	Same	SLIGHTLY LESS	Same
Economic Problems				
Domestic	High	Same	SLIGHTLY LESS	MORE
International	Very High	Same	SLIGHTLY LESS	SLIGHTLY MORE

* When present, indicates forecast of a new regime



Ghana

Econometric Data

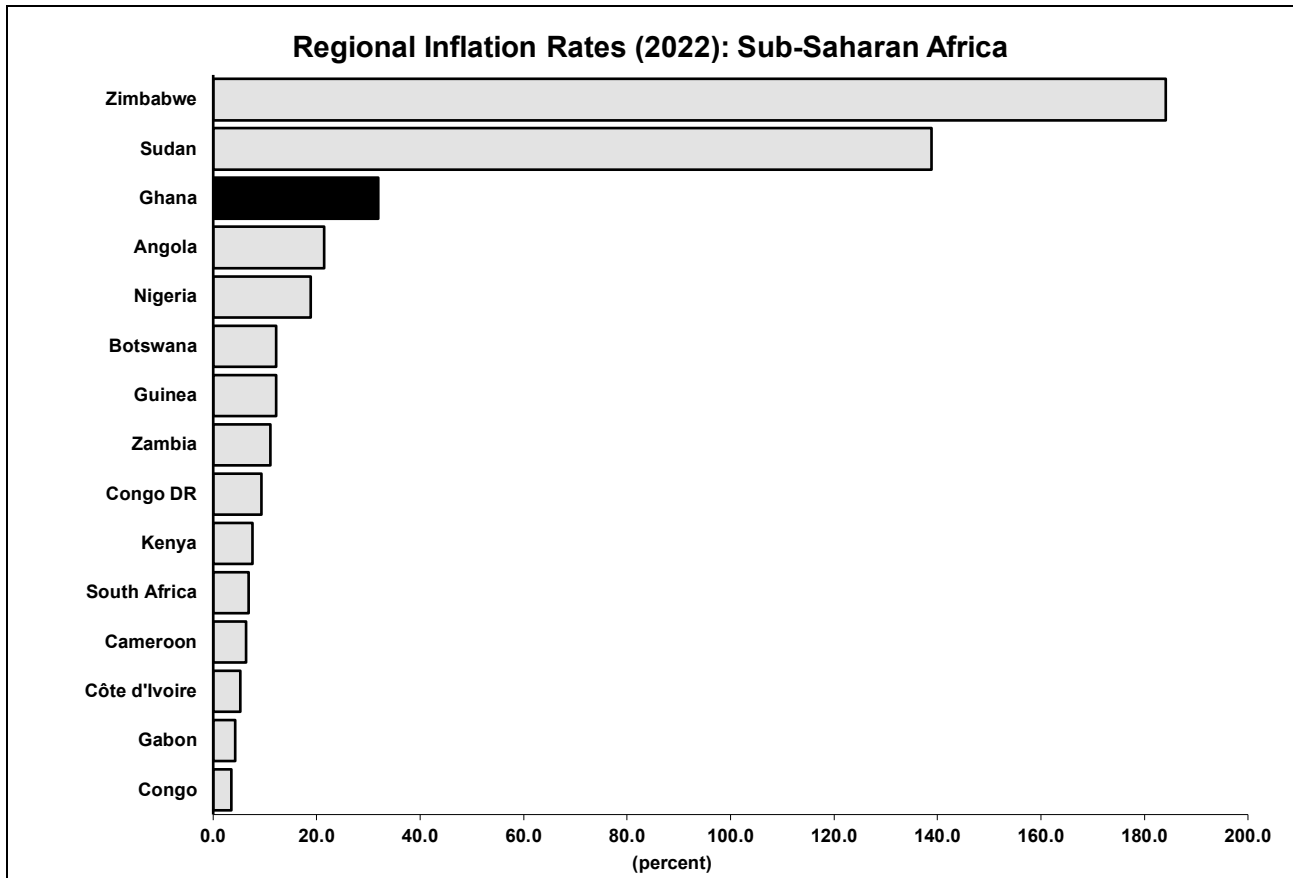
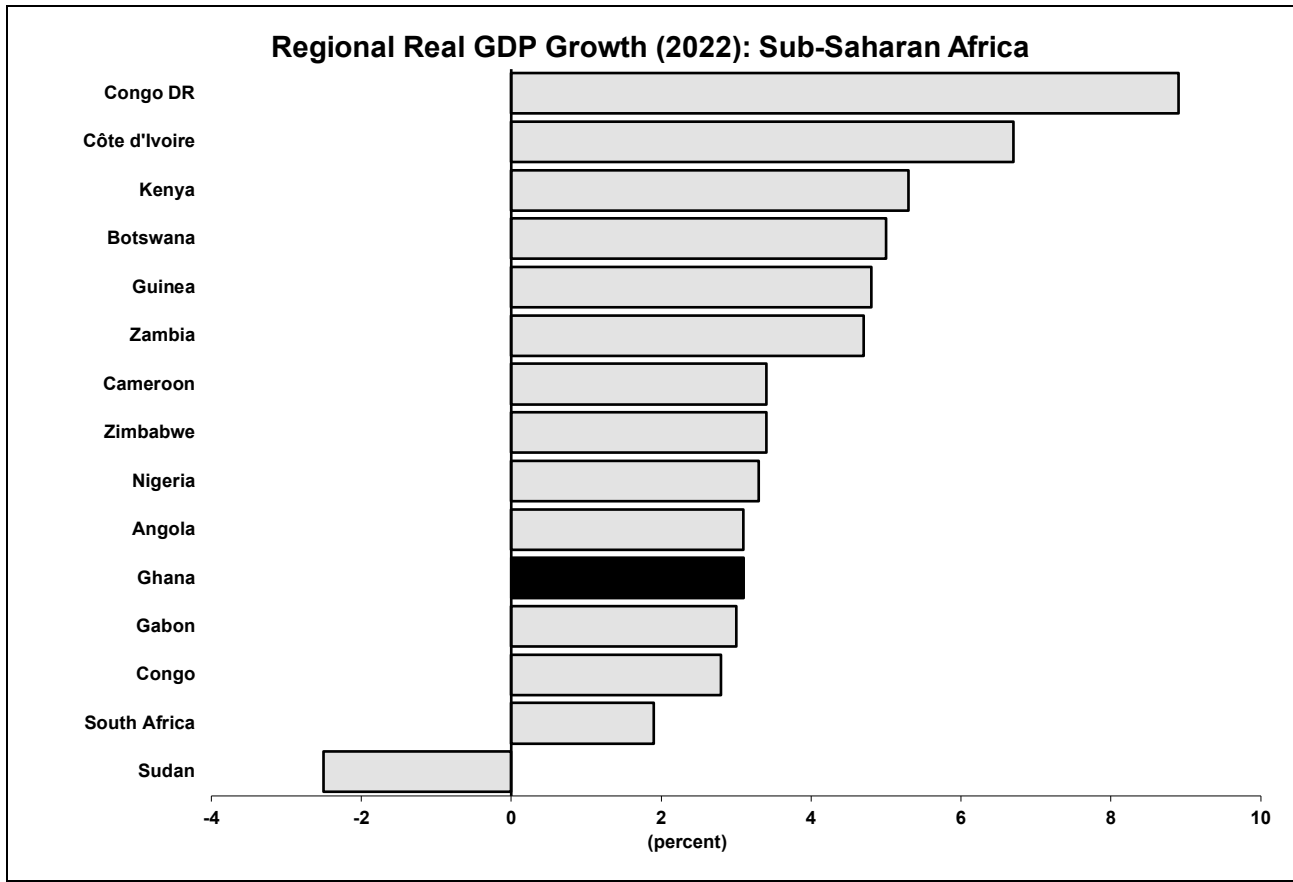
	2013-2017 Average	2018-2022 Average	2013	2014	2015	2016	2017
Domestic Economic Indicators							
GDP (Nominal, \$bn)	56.79	71.75	63.70	54.27	49.44	56.14	60.41
Per Capita GDP (\$)	2055	2309	2410	2007	1787	1983	2086
Real GDP Growth Rate (%)	4.7	4.3	7.2	2.9	2.1	3.4	8.1
Inflation Rate (%)	14.9	13.7	11.7	15.5	17.2	17.5	12.4
Capital Investment (\$bn)	13.91	12.81	15.42	14.65	13.60	14.20	11.66
Capital Investment/GDP (%)	24.7	17.9	24.2	27.0	27.5	25.3	19.3
Budget Revenues (\$bn)	8.77	10.65	9.36	8.15	8.25	8.56	9.54
Budget Revenues/GDP (%)	15.5	14.8	14.7	15.0	16.7	15.3	15.8
Budget Expenditures (\$bn)	11.68	18.59	13.11	10.41	9.91	13.00	11.95
Budget Expenditures/GDP (%)	20.6	25.8	20.6	19.2	20.0	23.2	19.8
Budget Balance (\$bn)	-2.90	-7.93	-3.75	-2.26	-1.66	-4.44	-2.41
Budget Balance/GDP (%)	-5.1	-11.0	-5.9	-4.2	-3.4	-7.9	-4.0
Money Supply (M1, \$bn)	6.12	9.09	6.47	5.61	5.78	6.63	6.09
Change in Real Wages (%)	-0.9	-2.3	0.2	-0.5	-1.0	-0.6	-2.4
Unemployment Rate (%)	11.8	12.4	11.5	11.9	11.9	11.9	11.7
International Economic Indicators							
Foreign Direct Investment (\$bn)	3.30	2.25	3.23	3.36	3.19	3.49	3.24
Forex Reserves (\$bn)	5.73	7.25	4.88	5.21	5.63	6.02	6.92
Gross Reserves (ex gold, \$bn)	6.07	7.58	5.25	5.58	5.98	6.27	7.28
Gold Reserves (\$bn)	0.28	0.35	0.33	0.25	0.30	0.24	0.27
Gross reserves (inc gold, \$bn)	6.35	7.93	5.58	5.83	6.28	6.51	7.55
Total Foreign Debt (\$bn)	15.07	26.95	11.90	13.87	15.78	16.46	17.32
Total Foreign Debt/GDP (%)	26.8	37.2	18.7	25.6	31.9	29.3	28.7
Debt Service (\$bn)	1.23	3.13	0.63	0.90	1.19	1.76	1.69
Debt Service/XGS (%)	6.2	11.1	3.4	5.2	6.1	9.2	7.3
Current Account (\$bn)	-3.41	-2.02	-5.70	-3.69	-2.82	-2.84	-2.00
Current Account/GDP (%)	-6.0	-2.8	-9.0	-6.8	-5.7	-5.1	-3.3
Current Account/XGS (%)	-18.0	-7.3	-30.9	-21.2	-14.5	-14.8	-8.6
Exports (\$bn)	12.45	15.46	13.75	13.22	10.32	11.14	13.84
Imports (\$bn)	14.25	13.44	17.60	14.60	13.47	12.92	12.65
Trade Balance (\$bn)	-1.79	2.02	-3.85	-1.38	-3.15	-1.78	1.19
Exports of Services (\$bn)	4.71	8.50	2.45	2.04	6.14	6.33	6.60
Income, credit (\$bn)	0.27	0.68	0.28	0.11	0.39	0.24	0.31
Transfers, credit (\$bn)	2.09	3.33	1.94	2.01	2.60	1.46	2.42
Exports G&S (\$bn)	19.52	27.97	18.42	17.38	19.45	19.17	23.17
Liabilities (\$bn)	2.66	5.49	2.50	2.26	2.71	2.81	3.04
Net Reserves (\$bn)	3.69	2.45	3.08	3.57	3.57	3.70	4.51
Liquidity (months import cover)	3.2	2.3	2.1	2.9	3.2	3.4	4.3
Currency Exchange Rate	3.434	5.903	2.081	3.037	3.767	3.933	4.350
Currency Change (%)	-15.0	-11.5	-10.3	-31.5	-19.4	-4.2	-9.6
Social Indicators							
Population (million)	27.68	31.06	26.43	27.04	27.67	28.31	28.96
Population Growth (%)	2.4	2.3	2.7	2.3	2.3	2.3	2.3
Infant Deaths/1000	38	34	40	39	37	37	35
Persons under Age 15 (%)	38	38	39	39	38	38	38
Urban Population (%)	54	57	52	53	54	54	55
Urban Growth (%)	3.6	2.5	2.7	4.3	4.3	2.3	4.2
Literacy % pop.	76	77	72	77	77	77	77
Agricultural Work Force (%)	49	36	56	56	45	45	45
Industry-Commerce Work Force (%)	14	17	15	15	14	14	14
Services Work Force (%)	36	47	29	29	41	41	41
Unionized Work Force (%)	14	14	14	14	14	14	14
Energy - total consumption (10 ¹⁵ Btu)	0.27	0.37	0.26	0.26	0.28	0.28	0.28
Energy - consumption/head (10 ⁹ Btu)	0.01	0.01	0.01	0.01	0.01	0.01	0.01

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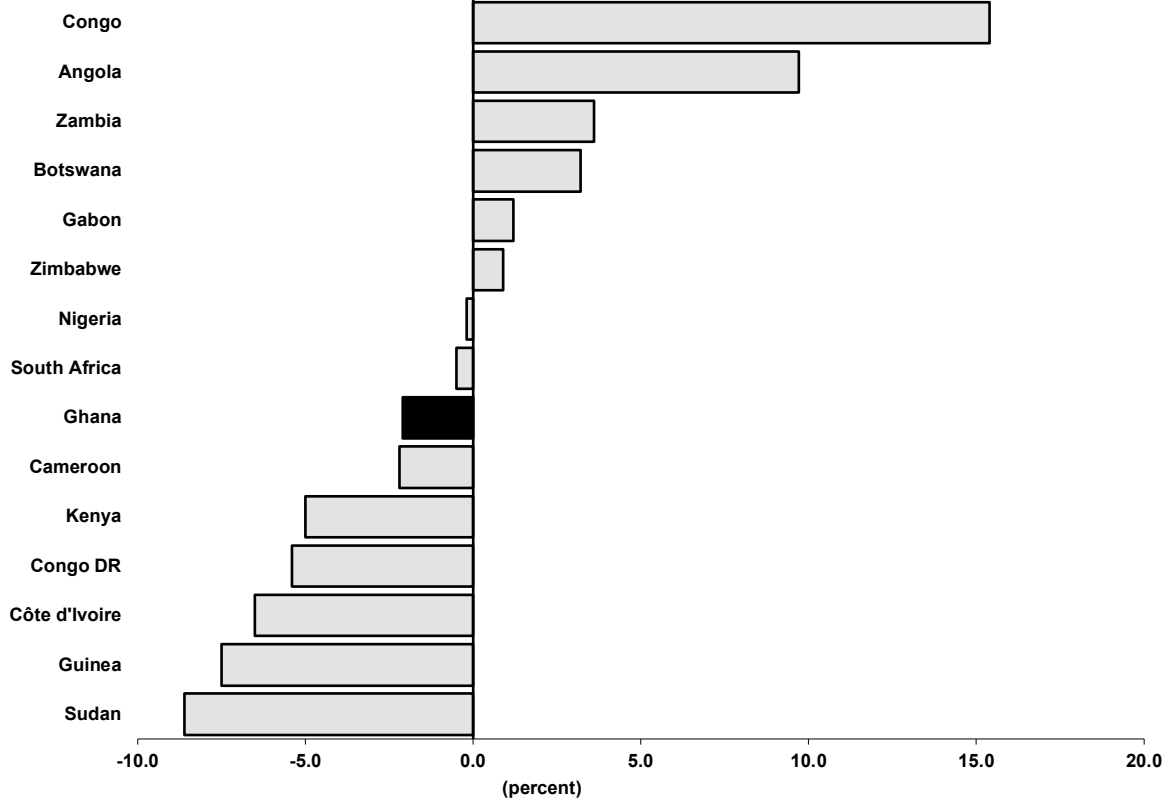
Econometric Data

	2013-2017 Average	2018-2022 Average	2018	2019	2020	2021	2022
Domestic Economic Indicators							
GDP (Nominal, \$bn)	56.79	71.75	67.26	68.36	70.01	79.08	74.06
Per Capita GDP (\$)	2055	2309	2272	2247	2253	2492	2281
Real GDP Growth Rate (%)	4.7	4.3	6.2	6.5	0.5	5.4	3.1
Inflation Rate (%)	14.9	13.7	9.8	7.1	9.9	10.0	31.9
Capital Investment (\$bn)	13.91	12.81	14.66	12.30	12.39	13.29	11.43
Capital Investment/GDP (%)	24.7	17.9	21.8	18.0	17.7	16.8	15.4
Budget Revenues (\$bn)	8.77	10.65	9.48	10.23	9.85	12.07	11.63
Budget Revenues/GDP (%)	15.5	14.8	14.1	15.0	14.1	15.3	15.7
Budget Expenditures (\$bn)	11.68	18.59	14.06	15.38	22.05	21.67	19.77
Budget Expenditures/GDP (%)	20.6	25.8	20.9	22.5	31.5	27.4	26.7
Budget Balance (\$bn)	-2.90	-7.93	-4.58	-5.15	-12.20	-9.60	-8.14
Budget Balance/GDP (%)	-5.1	-11.0	-6.8	-7.5	-17.4	-12.1	-11.0
Money Supply (M1, \$bn)	6.12	9.09	7.42	7.54	7.89	11.95	10.65
Change in Real Wages (%)	-0.9	-2.3	-1.8	-2.3	-2.6	-3.3	-1.3
Unemployment Rate (%)	11.8	12.4	11.4	11.5	11.9	13.4	13.7
International Economic Indicators							
Foreign Direct Investment (\$bn)	3.30	2.25	2.91	2.32	2.12	2.41	1.47
Forex Reserves (\$bn)	5.73	7.25	6.53	7.62	8.10	8.86	5.14
Gross Reserves (ex gold, \$bn)	6.07	7.58	6.76	7.85	8.32	9.31	5.68
Gold Reserves (\$bn)	0.28	0.35	0.26	0.25	0.31	0.39	0.54
Gross reserves (inc gold, \$bn)	6.35	7.93	7.02	8.10	8.63	9.70	6.22
Total Foreign Debt (\$bn)	15.07	26.95	18.51	21.15	24.30	29.24	41.53
Total Foreign Debt/GDP (%)	26.8	37.2	27.5	30.9	34.7	37.0	56.1
Debt Service (\$bn)	1.23	3.13	2.49	2.95	2.68	3.08	4.47
Debt Service/XGS (%)	6.2	11.1	9.7	10.0	10.1	11.0	14.8
Current Account (\$bn)	-3.41	-2.02	-2.04	-1.86	-2.13	-2.54	-1.52
Current Account/GDP (%)	-6.0	-2.8	-3.0	-2.7	-3.0	-3.2	-2.1
Current Account/XGS (%)	-18.0	-7.3	-7.9	-6.3	-8.0	-9.1	-5.0
Exports (\$bn)	12.45	15.46	14.94	15.67	14.47	14.73	17.50
Imports (\$bn)	14.25	13.44	13.13	13.41	12.43	13.63	14.62
Trade Balance (\$bn)	-1.79	2.02	1.81	2.26	2.04	1.10	2.88
Exports of Services (\$bn)	4.71	8.50	7.57	9.92	7.61	9.17	8.25
Income, credit (\$bn)	0.27	0.68	0.60	0.48	0.74	0.72	0.85
Transfers, credit (\$bn)	2.09	3.33	2.58	3.40	3.73	3.35	3.57
Exports G&S (\$bn)	19.52	27.97	25.69	29.47	26.55	27.97	30.17
Liabilities (\$bn)	2.66	5.49	2.69	4.04	5.78	7.51	7.42
Net Reserves (\$bn)	3.69	2.45	4.33	4.06	2.85	2.19	-1.20
Liquidity (months import cover)	3.2	2.3	4.0	3.6	2.8	1.9	-1.0
Currency Exchange Rate	3.434	5.903	4.588	5.216	5.598	5.806	8.308
Currency Change (%)	-15.0	-11.5	-5.2	-12.0	-6.8	-3.6	-30.1
Social Indicators							
Population (million)	27.68	31.06	29.61	30.42	31.07	31.73	32.47
Population Growth (%)	2.4	2.3	2.2	2.7	2.1	2.1	2.3
Infant Deaths/1000	38	34	34	33	33	34	34
Persons under Age 15 (%)	38	38	38	38	38	38	38
Urban Population (%)	54	57	56	57	57	57	57
Urban Growth (%)	3.6	2.5	4.1	4.6	2.1	-0.5	2.3
Literacy % pop.	76	77	77	77	77	77	77
Agricultural Work Force (%)	49	36	41	34	35	35	33
Industry-Commerce Work Force (%)	14	17	14	19	18	17	17
Services Work Force (%)	36	47	45	47	47	48	50
Unionized Work Force (%)	14	14	14	14	14	14	14
Energy - total consumption (10 ¹⁵ Btu)	0.27	0.37	0.33	0.34	0.38	0.39	0.40
Energy - consumption/head (10 ⁹ Btu)	0.01	0.01	0.01	0.01	0.01	0.01	0.01

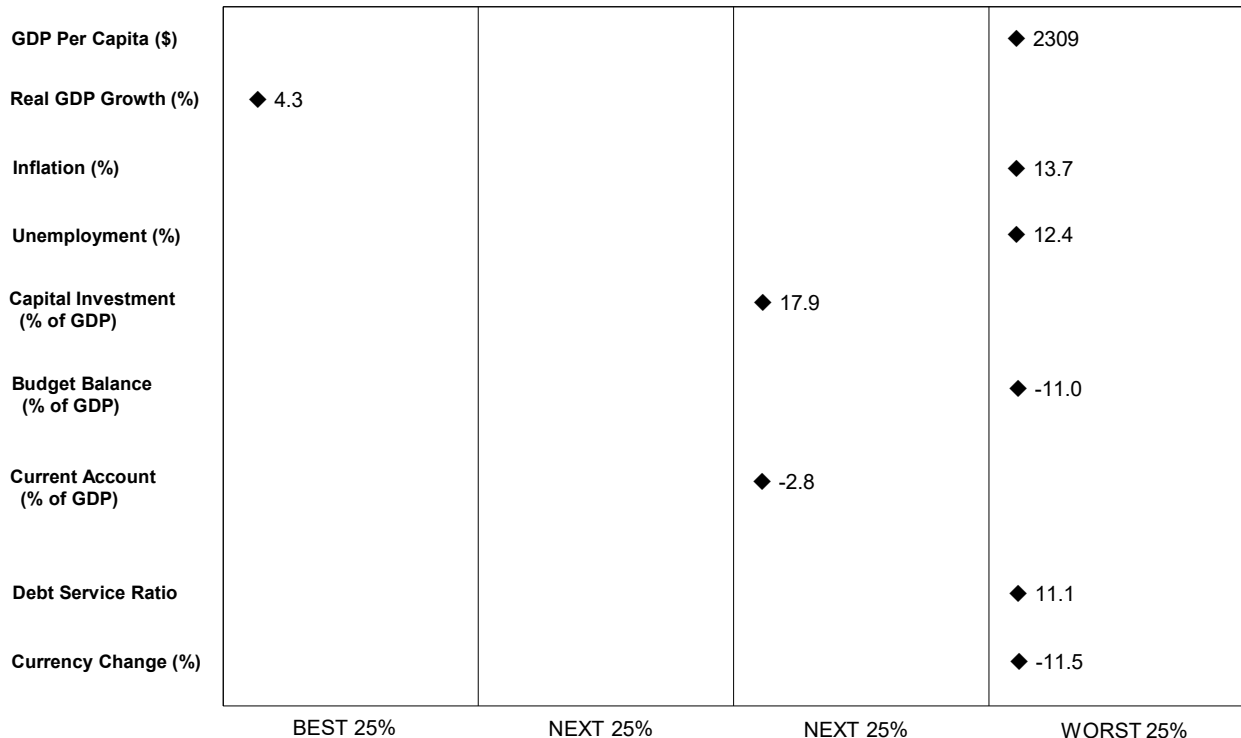
INTRA-REGIONAL COMPARISONS



Regional Current Account/GDP (2022): Sub-Saharan Africa



Economic Performance Profile Country's Ranking Relative to All Countries Covered by Political Risk Services 2018-2022



GEOPOLITICAL & ECONOMIC ANALYSIS

NPP FACES UPHILL BATTLE FOR THIRD TERM

The governing center-right New Patriotic Party (NPP) is hoping to win an unprecedented third consecutive four-year term at the presidential election scheduled for December 2024. The prospects for success are not bright, for reasons that go well beyond the electorate's well-established inclination to change the party in power every eight years.

The NPP only barely retained the upper hand in 2020. President Nana Akufo-Addo secured re-election with just 51.3% of the vote, and the main parties each claimed 137 seats in the concurrent legislative elections, a result that left independent lawmaker Andrew Asiamah Amoako holding the balance of power in the 275-member Parliament. The NPP administration's record over the last three years adds up to a weak case for extending the party's stay in power beyond the end of the current term.

Protests over corruption scandals and rising living costs have mostly abated since mid-2022, in part due to legal pressure from authorities and the intimidation tactics of NPP partisans directed at key figures in the anti-government #FixTheCountry movement. However, discontent continues to run high, and the government has little room to soothe public anger with generous government spending following a sovereign default in late 2022 that forced Accra to seek a rescue package from the IMF that is conditioned in part on the implementation of a program of aggressive fiscal consolidation.

The results of recent by-elections underscore the challenges for the NPP. The incumbent retained control of the seat for the Kumawu constituency in May, but the very low turnout (63%, compared to 84% in 2020) for a contest with implications for the government's parliamentary majority points to growing disaffection with the NPP even in its traditional strongholds. The NPP's reduced vote share compared to 2020 in a losing effort to take the Assin North seat held by the NDC at a by-election held the following month also bodes ill for its chances in 2024.

That said, the results did not give the NDC much to cheer about. The opposition increased its vote total in Kumawu compared to 2020, but not by enough to win, and the NDC's winning vote total in Assin North was lower than the 2020 figure, an indication that the party is failing to take advantage of dissatisfaction with the NPP in the swing constituencies that will determine the victor in the general election.

National elections in Ghana are typically closely fought affairs, and the results of the by-elections suggest that the next one will be no different. Nevertheless, the NPP will struggle to convince undecided voters that it deserves another four years at the helm, and its chances of success would be further

diminished if an upcoming contest to choose a presidential candidate leaves the party divided heading into the campaign.

The constitution bars Akufo-Addo from seeking a third term, and the NPP will choose a new standard-bearer in a primary scheduled for November 4. The crowded field of aspirants was narrowed to five contenders chosen by a panel of party superdelegates on August 26. Mahamudu Bawumia, the current vice president, won more than two-thirds of the first-stage vote, putting him in pole position to secure the nomination.

However, it is unclear whether he enjoys similar support among the broader party membership that will determine who becomes the candidate, and some of Bawumia's rivals have openly questioned whether the vice president, a Muslim from the Northern Region, is the best choice to head the ticket of a predominantly ethnic-Akan party that enjoys its strongest support in the south and west. Appeals to ethnic, regional, and religious loyalties carry a high risk of dividing the party, and the NDC has made clear that it is poised to exploit any rifts created by an ugly primary campaign.

The NDC is once again backing John Mahama, a former president who claimed victory in 2012 (running as the incumbent after assuming the presidency following the death of John Atta Mills earlier that year) but lost to Akufo-Addo in both 2016 and 2020. Despite his mixed electoral success, Mahama can count on the united support of his party, having won 98.9% of the vote at a primary held in May.

PRESSURE TO SLASH DEBT

The rapid accumulation of both domestic and foreign debt over the past several years left the economy poorly protected against the damaging effects of the COVID-19 pandemic and the global supply shocks generated by the war in Ukraine, and a default became unavoidable amid delays in securing emergency lending from the IMF. The government finalized terms for an extended credit facility (ECF) arrangement with the IMF in May that makes available \$3 billion in financing over three years, but the Fund's support beyond an initial disbursement of \$600 million is conditioned on the conclusion of a debt-restructuring deal with foreign creditors and the implementation of fiscal reforms designed to rapidly shrink the public-sector debt burden.

In addition to external debt totaling more than \$20 billion (of which, roughly three-quarters is held by commercial creditors), the government owed about \$35 billion to domestic lenders, primarily local banks and pension funds. The government has so far implemented a series of swaps involving some \$4 billion of domestic debt, operations that Finance Minister Ken Ofori-Atta described as "punitive," and Fitch has designated to be distressed exchanges.

However, the domestic debt exchange program (DDEP) reduces the financing requirement by just a fraction of the \$10.5 billion decrease that is to be realized via debt restructuring through 2026. Achievement of that goal implies a significant haircut for external creditors, and the obstacles encountered by Zambia in its post-default restructuring efforts suggest that Accra can take nothing for granted.

Even assuming success with debt restructuring, it will only be a matter of time before the next crisis unless the government implements structural reforms that strengthen the fiscal foundation and enable Ghana to attract the higher levels of foreign investment needed to create jobs, fuel healthy economic expansion, and reduce the need for public-sector borrowing.

Under the agreement with the IMF, Ghana is to reduce a public-sector debt burden that Fitch is projecting will push up to near 100% of GDP by the end of this year, to no more than 55% of GDP by 2028. In addition to slashing state spending, beginning with deep cuts to pay and perks for government officials, the Electricity Company of Ghana (ECG) has begun interrupting service to state entities that owe an estimated \$480 million in unpaid power bills.

Policy makers are targeting an increase in the tax take from 15.6% of GDP in 2022 to 17.2% of GDP this year. Toward that end, the Parliament approved new tax measures in March that are projected to generate an additional \$350 million (about 0.5% of GDP) in revenue, and the mid-year budget review unveiled in July included various proposals to strengthen enforcement of tax rules.

BARRIERS TO RESTORING CONFIDENCE

Any chance of coming close to the medium-term debt and revenue targets hinges on consistent healthy economic growth and a reduction of the fiscal pressures generated by very high inflation, which exceeded 40% (year-on-year) for an 11th consecutive month in August. The uncertainty surrounding the prospects for a debt-restructuring deal and the NDC's allegations of mismanagement at the central bank that have undermined the credibility of monetary authorities pose obstacles to sustaining the market confidence required to meet those conditions.

A botched deal with South Africa's PetroSA involving the disposition of stakes in the Jubilee and TEN oil fields sold by Anadarko to state-owned Jubilee Oil Holdings, Ltd. (JOHL) in 2021 has raised questions about transparency in the management of state resources and the lines of authority between the Ministry of Energy and the Ghana National Petroleum Company (GNPC), none of which will benefit Ghana's reputation among foreign investors. Among the red flags are the fact that JOHL is registered in the Cayman Islands, despite being a wholly owned subsidiary of GNPC, and has effectively functioned as a department of the state oil company, rather than operating under its own management, as prescribed by law.

The government's scramble to boost tax revenues has also contributed to tensions with foreign investors, several of whom have received large bills for unpaid taxes. South Africa's MTN successfully challenged a \$773 million claim from the state tax agency, which was withdrawn when the telecoms firm cast doubt over the reliability of the methods used by the Kenyan firm that audited MTN's accounts.

Security threats are another obstacle to attracting higher levels of foreign investment. Large mine operators have expressed concern about the rising number of attacks by small-scale illegal miners from local communities that have resulted in substantial property losses and in some cases escalated to deadly physical violence. The Ghana Chamber of Mines has called for government intervention to address the problem, citing the potential for tensions between mining operations and host communities to create an exploitable opportunity for terrorist groups seeking to foment political instability.

WEAKER GROWTH, PERSISTENT HIGH INFLATION

Real GDP growth slowed to 3.2% in 2022, as high inflation and monetary tightening contributed to weaker domestic demand, and year-on-year growth was held in check in the first half of 2023 amid global tightening that dampened demand for exports in key markets. The fiscal consolidation required under the IMF agreement is expected to produce a more pronounced slowdown in the second half of the year, holding the annual growth rate to less than 2%. A rebound that results in real growth of 3% or more is possible in 2024, as global demand revives, but there are numerous downside risks, the most obvious being the potential for a delay in the release of additional financing from the IMF due to the government's failure to conclude a debt-restructuring deal with foreign creditors in a timely manner.

Inflation eased to 40.1% (year-on-year) in August, falling from 43.1% in July, reflecting the combined effects of monetary tightening, the stabilization of the currency at around GHS11.8 to the dollar, and a base effect. Those same factors are expected to keep inflation on a downward trajectory over the coming months, although any domestic political developments or global shocks that contribute to renewed currency volatility and/or a spike in the cost of staple imports would pose challenges. In any case, average inflation is forecast to top 40% this year, and is unlikely to fall below 20% before 2025.

The suspension of external debt service payments will have a positive impact on the current account deficit, which is forecast to narrow to 1%-1.5% of GDP this year, from 2.1% of GDP in 2022, despite less favorable conditions for exporters. However, the timely delivery of loans from the IMF will be crucial to preventing an erosion of reserves that increases the risk of damaging currency volatility.

INTERNATIONAL COUNTRY RISK GUIDE (ICRG) RATINGS

PRS' Country Reports and Economic Forecasts (CREF) and the International Country Risk Guide (ICRG) have been independently back-tested for accuracy and relevance for over 40 years.

In a landmark 2014 study published in the International Journal of Business Studies* – using data on political risk claims and a unique textual-based database of risk realizations – both CREF and ICRG forecasts were found to have “predictive power for both political risk insurance claims as well as political risk events measured by news coverage.”

It is therefore instructive to present the scores from Table 1 of the ICRG for a complimentary look at the composite risk scores – calculated by using a combination of the overall political, financial, and economic risk metrics – for the 141+ countries covered each month. Please contact custserv@prsgroup.com for more information.

TABLE 1
COUNTRY RISK, RANKED BY COMPOSITE RISK RATING
SEPTEMBER 2023 VERSUS OCTOBER 2022

RANK IN 09/23	COUNTRY	COMPOSITE RISK RATING 09/23	COMPOSITE RISK RATING 10/22	09/23 VERSUS 10/22	RANK IN 10/22
<i>Very Low Risk</i>					
1	Norway	86.8	86.3	0.5	2
2	Switzerland	86.0	87.0	-1.0	1
3	Luxembourg	85.8	85.5	0.3	4
4	Denmark	84.8	83.8	1.0	6
5	Taiwan	84.5	83.8	0.8	6
6	Singapore	84.3	85.8	-1.5	3
7	Ireland	83.8	81.8	2.0	9
8	Saudi Arabia	82.5	85.5	-3.0	4
9	Brunei	81.5	79.5	2.0	15
10	Canada	80.8	81.3	-0.5	10
10	Iceland	80.8	80.0	0.8	14
10	Qatar	80.8	78.8	2.0	17

* C Harvey, et al., “Political Risk Spreads,” Journal of International Business Studies, (2014), 471-493.

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RANK IN 09/23	COUNTRY	COMPOSITE RISK RATING 09/23	COMPOSITE RISK RATING 10/22	09/23 VERSUS 10/22	RANK IN 10/22
13	Japan	80.5	75.8	4.8	25
13	Netherlands	80.5	79.3	1.3	16
13	United Arab Emirates	80.5	82.3	-1.8	8
16	Korea, Republic	80.3	77.0	3.3	23
17	Kuwait	80.0	80.8	-0.8	11
17	Sweden	80.0	80.3	-0.3	13
<i>Low Risk</i>					
19	Australia	79.5	80.8	-1.3	11
19	Botswana	79.5	76.3	3.3	24
21	Germany	79.3	78.3	1.0	18
22	Finland	78.8	78.0	0.8	20
23	Hong Kong	78.0	73.8	4.3	36
24	New Zealand	77.8	74.8	3.0	32
25	Portugal	77.0	75.0	2.0	31
25	Trinidad & Tobago	77.0	77.5	-0.5	22
27	Austria	76.5	78.0	-1.5	20
27	Oman	76.5	78.3	-1.8	18
29	Czech Republic	76.0	75.5	0.5	28
30	Kazakhstan	75.5	75.5	0.0	28
31	Guyana	75.3	75.8	-0.5	25
32	Malaysia	75.0	73.0	2.0	40
33	Uzbekistan	74.8	72	2.5	43
34	Bahamas	74.5	70.8	3.8	55
34	Belgium	74.5	74.0	0.5	35
34	Italy	74.5	72.8	1.8	41
37	Israel	74.3	74.8	-0.5	32
38	Slovenia	74.0	72.3	1.8	43
38	United Kingdom	74.0	75.8	-1.8	25

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RANK IN 09/23	COUNTRY	COMPOSITE RISK RATING 09/23	COMPOSITE RISK RATING 10/22	09/23 VERSUS 10/22	RANK IN 10/22
40	Azerbaijan	73.8	73.3	0.5	38
40	Croatia	73.8	73.3	0.5	38
40	Libya	73.8	70.5	3.3	59
40	Malta	73.8	74.3	-0.5	34
40	Panama	73.8	73.5	0.3	37
40	Uruguay	73.8	75.5	-1.8	28
46	Costa Rica	73.0	72.0	1.0	45
47	Latvia	72.8	71.0	1.8	52
48	France	72.5	71.8	0.8	48
48	Jamaica	72.5	72.0	0.5	45
50	Chile	72.0	70.5	1.5	59
50	Dominican Republic	72.0	72.5	-0.5	42
50	Spain	72.0	72.0	0.0	45
53	Philippines	71.8	70.0	1.8	61
54	Bulgaria	71.5	70.0	1.5	61
54	Vietnam	71.5	70.8	0.8	55
56	Poland	71.3	70.8	0.5	55
57	Brazil	71.0	69.0	2.0	70
58	Hungary	70.8	71.3	-0.5	50
59	Thailand	70.5	64.3	6.3	91
60	Guatemala	70.3	71.0	-0.8	52
60	India	70.3	69.5	0.8	64
60	United States	70.3	71.5	-1.3	49
63	Cyprus	70.0	69.5	0.5	64
63	Gabon	70.0	66.0	4.0	85
Moderate Risk					
65	China, Peoples' Rep.	69.8	69.5	0.3	64
65	Lithuania	69.8	69.8	0.0	63

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RANK IN 09/23	COUNTRY	COMPOSITE RISK RATING 09/23	COMPOSITE RISK RATING 10/22	09/23 VERSUS 10/22	RANK IN 10/22
67	Greece	69.5	67.3	2.3	78
68	Bahrain	69.3	68.8	0.5	71
68	Estonia	69.3	70.8	-1.5	55
68	Indonesia	69.3	68.3	1.0	73
68	Papua New Guinea	69.3	69.3	0.0	67
72	Namibia	69.0	71.0	-2.0	52
73	Iraq	68.8	71.3	-2.5	50
74	Congo, Republic	68.5	63.8	4.8	96
74	Mexico	68.5	68.8	-0.3	71
74	Peru	68.5	68.0	0.5	75
77	Algeria	67.8	69.3	-1.5	67
78	Slovakia	67.5	68.3	-0.8	73
79	Romania	67.3	66.3	1.0	84
79	South Africa	67.3	66.8	0.5	81
81	Honduras	67.0	66.8	0.3	81
82	Gambia	66.8	65.8	1.0	88
82	Russia	66.8	66.0	0.8	85
84	El Salvador	66.5	63.5	3.0	98
84	Mongolia	66.5	65.5	1.0	89
84	Serbia	66.5	66.8	-0.3	81
87	Morocco	66.3	64.3	2.0	91
88	Ecuador	66.0	67.5	-1.5	76
88	Tanzania	66.0	64.8	1.3	90
90	Guinea-Bissau	65.3	62.5	2.8	103
90	Jordan	65.3	64.0	1.3	95
92	Paraguay	65.3	64.3	1.0	91
93	Albania	64.8	67.5	-2.8	76
94	Bolivia	64.5	66.0	-1.5	85

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RANK IN 09/23	COUNTRY	COMPOSITE RISK RATING 09/23	COMPOSITE RISK RATING 10/22	09/23 VERSUS 10/22	RANK IN 10/22
95	Nicaragua	63.8	62.8	1.0	100
96	Bangladesh	63.5	62.5	1.0	103
96	Cote d'Ivoire	63.5	61.0	2.5	107
96	Togo	63.5	62.8	0.8	100
99	Colombia	63.3	63.8	-0.5	96
100	Iran	63.0	67.0	-4.0	79
101	Madagascar	62.8	62.8	0.0	100
102	Angola	62.3	67.0	-4.8	79
103	Zambia	62.0	63.0	-1.0	99
104	Belarus	61.8	56.5	5.3	126
104	Cuba	61.8	69.3	-7.5	67
104	Ghana	61.8	59.0	2.8	114
107	Cameroon	61.5	59.8	1.8	110
108	Moldova	61.3	58.8	2.5	116
108	Ukraine	61.3	56.3	5.0	127
110	Armenia	61.0	60.5	0.5	108
111	Guinea	60.0	57.3	2.8	124
111	Mozambique	60.0	53.5	6.5	132
111	Uganda	60.0	59.3	0.8	112
High Risk					
114	Tunisia	59.8	61.3	-1.5	106
115	Burkina Faso	59.0	58.3	0.8	118
116	Suriname	58.8	59.0	-0.3	114
117	Senegal	58.5	58.0	0.5	122
118	Ethiopia	58.0	58.0	0.0	122
119	Mali	57.8	58.3	-0.5	118
120	Zimbabwe	57.5	61.5	-4.0	105
121	Congo, Dem. Republic	57.0	60.3	-3.3	109

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121	Kenya	57.0	58.3	-1.3	118
121	Myanmar	57.0	55.8	1.3	128
124	Haiti	56.5	54.8	1.8	130
125	Argentina	56.3	64.3	-8.0	91
125	Sierra Leone	56.3	53.8	2.5	131
127	Egypt	56.0	59.3	-3.3	112
128	Yemen, Republic	55.8	48.3	7.5	138
129	Nigeria	55.5	59.8	-4.3	110
130	Turkey	55.3	55.8	-0.5	128
131	Liberia	55.0	58.3	-3.3	118
131	Venezuela	55.0	58.5	-3.5	117
133	Sri Lanka	54.5	48.5	6.0	137
134	Malawi	52.8	51.0	1.8	135
135	Somalia	51.8	52.0	-0.3	133
Very High Risk					
136	Korea, D.P.R.	49.3	51.0	-1.8	135
136	Pakistan	49.3	52.0	-2.8	133
138	Niger	46.8	56.8	-10.0	125
139	Syria	45.0	43.8	1.3	139
140	Sudan	44.8	43.0	1.8	140
141	Lebanon	35.0	41.5	-6.5	141

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