



# Ghana: Recent Developments and U.S. Relations

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## Summary

### **Ghana: Bilateral Cooperation and Leadership Engagement**

Ghana is considered a model for many of the outcomes that many Members of Congress have long sought to achieve in sub-Saharan Africa in the areas of authorizations; appropriations and program guidance; and oversight. Ghana has received a large U.S. Millennium Challenge Corporation (MCC) Compact and may soon receive a second. It is also a recipient of substantial U.S. Agency for International Development (USAID) and State Department bilateral aid, much of which is channeled through three presidential development initiatives:

- the Global Climate Change (GCC) initiative;
- Feed the Future (FtF), a global food security and poverty reduction initiative; and
- the President's Malaria Initiative (PMI) and the Global Health Initiative (GHI).

Ghana also hosts USAID and U.S. Drug Enforcement Agency (DEA) regional offices and the USAID-administered West Africa Trade Hub. The Hub focuses on expanding intra-regional and bilateral trade with countries in the region, a key area of current congressional interest and a pillar of the Obama Administration's *U.S. Strategy Toward Sub-Saharan Africa*, released in June 2012.

Ghana is also one of four initial Partnerships for Growth (PfG) countries. PfG, implementation of which began in 2011 in El Salvador, is intended to advance public and private bilateral cooperation with selected countries whose top leaders demonstrate commitment to good governance and sustainable development. Ghana hosts regular visits by Members of Congress, and in 2009 President Barack Obama signaled that ties remain close by traveling to Ghana, the only sub-Saharan African country that he has visited as president.

### **Good Governance and Stability**

President Obama's visit was premised on Ghana's record of having built a relatively robust democracy and a growing economy, albeit in the face of widespread poverty and diverse development challenges, making it a stable country in an often unstable region. During his visit he lauded its democratic and economic development record and made a major policy address relating these issues to good governance in Africa and the wider developing world. Ghana's stability is maintained, in part, by its citizens' commitment to constitutional governance. Since undergoing a transition from single party rule in the early 1990s, it has held a series of peaceful but close elections, two involving inter-party transfers of state power. The most recent elections, held in early December 2012, were closely contested. In all cases, opposition challengers have either accepted poll results outright or contested them through the courts, rather than through the use of violence or street protests. Constitutional governance was also upheld in July 2012, when state power was rapidly and transparently transferred to the current president, John Dramani Mahama, after the death of President John Atta Mills.

Ghana has also contributed to efforts to maintain stability and end conflict in the surrounding West Africa region, and regularly contributes to international peacekeeping operations elsewhere. It receives U.S. capacity-building assistance in this area, as well as aid to help counter threats posed by international narcotics trafficking.

## **Development and Economy: Progress and Challenges**

Ghana's economy has grown substantially in recent years, based both on increases in farm and mining exports and, more recently, oil production, which is likely to increase its strategic importance to the United States. Growing oil earnings may help fund development, but may also pose resource governance and fiscal management challenges. Economic growth has led to socio-economic and infrastructure construction gains, but Ghana continues to face profound development challenges and threats to the rule of law linked to corruption and trafficking in illegal drugs and persons.

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## Overview

U.S.-Ghanaian relations are warm, as signaled by President Barack Obama's travel in 2009 to Ghana, where he laid out his views on democratization and governance in Africa in his single major Africa-focused policy address. Ghana is the only sub-Saharan African country to which Mr. Obama has thus far traveled while serving as president. Then-President George W. Bush also traveled there, in 2008, and Members of Congress regularly visit Ghana, which is widely seen as a key U.S. partner in West Africa and as an African success story. It has built a relatively robust democracy and a growing economy, although it faces persistent, widespread poverty and a range of profound development challenges.<sup>1</sup>

Ghana, which last held national elections in early December 2012 (see below), is considered a model for many of the outcomes that congressional and executive branch policy-makers have long sought to achieve in the region under diverse programs that have drawn substantial congressional engagement. Ghana has received a large U.S. Millennium Challenge Corporation (MCC) Compact and may soon receive a second one. It also participates in three presidential development initiatives, the Global Climate Change (GCC) initiative, Feed the Future (FtF), and the Global Health Initiative (GHI), and hosts U.S. Agency for International Development (USAID) and U.S. Drug Enforcement Agency (DEA) regional offices and the USAID-administered West Africa Trade Hub.

The Hub activities seek to expand intra-regional and bilateral trade with West African countries, a focus of renewed congressional interest and a key pillar of the Obama Administration's June 2012 *U.S. Strategy Toward Sub-Saharan Africa*. Ghana has also drawn U.S. attention because of its recent discovery of sizable oil reserves and its potential contributions to global and U.S. energy security. Energy production may boost national income and development prospects, but may also pose good governance and resource management challenges, as is common in oil-rich developing countries.

Ghana has evolved into a U.S. partner in the region, in part, because in recent decades—after two politically tumultuous decades following independence—it developed into a stable country in an often volatile sub-region. Commitment to constitutional governance has become increasingly ingrained, as illustrated by successful inter-party transfers of state power following close recent national elections. Similarly,

### Ghana at a glance

**Geography & Resources:** About the size of the United Kingdom. Large offshore oil fields; metal and mineral deposits; timber.

**Population:** 24.65 million (2012)

**Population growth rate:** 1.8% (2012)

**Gross Domestic Product (GDP):** \$39.2 billion (2011)

**GDP per Capita:** \$1,570 (2011)

**Key Exports:** Cocoa, gold, timber, tuna, bauxite & aluminum, manganese, diamonds, horticulture.

**Languages:** English (official) and 75-plus local languages/dialects, most of the Kwa and Gur language groups.

**Religions:** Christian 69% (Pentecostal 24.1%, Protestant 18.6%, Catholic 15.1%, other 11%), Muslim 16%, traditional 9%, other 1%, none 6% (2000)

**Literacy:** Male: 73%; Female: 61% (2010)

**Under-5 Mortality:** 74.4 deaths/1,000 live births (2010)

**HIV/AIDS adult infection rate:** 1.8% (2009)

**Life Expectancy, years at birth:** 61.45 (2012)

**Sources:** CIA *World Factbook* 2012; World Bank Development Indicators; Ethnologue.com.

<sup>1</sup> E. Gyimah-Boadi and Theo Yakah, *Ghana: The Limits of External Democracy Assistance*, Working Paper No. 2012/40, United Nations University World Institute for Development Economics Research, April 2012.

when President John Atta Mills died in July 2012, state power was transferred to then-Vice President John Dramani Mahama, as constitutionally mandated, within hours.

### **President Obama's 2009 Trip to Ghana**

President Barack Obama traveled to Ghana in July 2009 after attending the G-8 Summit in Italy, in what the White House characterized as “the earliest visit to sub-Saharan Africa by any President.”<sup>2</sup> One aim of the trip was to highlight Ghana as one of the United States’ “most trusted partners in sub-Saharan Africa” and as “a shining example...of the importance of free and fair elections.”<sup>3</sup> The president also used his visit to underscore what his spokesman called “the critical role that sound governance and civil society play in promoting lasting development” in Africa, and to stress continued U.S. commitment to such goals.<sup>4</sup> He also highlighted Africa as an integral member of the global community, while asserting “that Africa’s future is up to Africans.”<sup>5</sup> He stated that his trip signaled that “we have a continuing interest in Africa’s security, in Africa’s economy, in Africa’s social and political development because we live in an interrelated world and what happens here has an impact everywhere.”<sup>6</sup> The cornerstone of the visit was the President’s speech to Ghana’s parliament, cast as the last of a four-part thematic series of major overseas speeches setting out President Obama’s key foreign policy views. It centered on the integral relationship between democracy, good governance, and development in Africa and in the wider developing world.

Ghana’s regional stability and international peace efforts have dovetailed with those of the United States, which has often sought to support regional solutions to regional political crises and to mitigate the effects of conflict in West Africa by providing large amounts of humanitarian assistance. Ghana’s government has helped to mediate several armed civil conflicts in West Africa in recent decades and has hosted refugees fleeing such crises. In late 2012, the last of a residual long-term Liberian refugee population in Ghana was repatriated, but Ghana continues to host refugees from Côte d’Ivoire who fled during or following that country’s 2011 civil-military crisis. Such populations are generally peaceful, but can contain politically restive elements, some opposed to their home governments, as was the case with a small number of the Liberian refugees. In recent months, Ghana has detained or deported multiple Ivoirian who, while in Ghana, have allegedly participated in efforts to destabilize the government of Côte d’Ivoire or are accused of crimes during the Ivoirian crisis. Ghana has pledged not to allow such activities and, in coordination with Ivoirian officials, is investigating attacks allegedly carried out from its territory. Still, critics contend that it has taken insufficient action to counter such acts.<sup>7</sup>

Ghana is a steady contributor of troops to international peacekeeping operations, both in Africa and elsewhere, and is a recipient of U.S. training and assistance aimed at supporting such deployments.<sup>8</sup> Ghana also faces threats from illicit narcotics trafficking, notably related to a rise

<sup>2</sup> White House, “Fact Sheet: The President’s Engagement in Africa,” August 3, 2010.

<sup>3</sup> Obama stated that Ghana had “a set of institutions ... that are sustaining democracy and openness and participation. You have an economy that has been well managed. [...] and] there’s been a greater level of transparency and openness, the growth strategy here in Ghana have been ones that are actually delivering improved standards of living for the people [and...] can be an extraordinary model for success” in Africa. He said he would seek to strengthen an “already a strong friendship between the United States and Ghana.” White House, “Remarks by President Obama and President Mills of Ghana After Bilateral Meeting,” July 11, 2009.

<sup>4</sup> White House, *Statement by the Press Secretary*, May 16, 2009.

<sup>5</sup> White House, “Remarks by the President to the Ghanaian Parliament,” July 11, 2009.

<sup>6</sup> White House, “Remarks by President Obama and President Mills of Ghana After Bilateral Meeting,” July 11, 2009.

<sup>7</sup> Those arrested are linked to the regime of the former Ivoirian president, Laurent Gbagbo, and are opposed to the government of the current president, Alassane Ouattara. Côte d’Ivoire experienced a brief civil conflict that grew out of Gbagbo’s refusal to recognize Ouattara’s run-off victory in presidential polls held in late 2010. The conflict ended in April 2011, but Côte d’Ivoire remains unstable. For background, see CRS Report RS21989, *Côte d’Ivoire Post-Gbagbo: Crisis Recovery*, by Nicolas Cook.

<sup>8</sup> Ghanaian troops have received training under the U.S. Global Peace Operations Initiative (GPOI) and its Africa- (continued...)

in cocaine being transported from South America to Europe via West Africa. Shared interest in countering such trafficking is a growing area of U.S.-Ghanaian cooperation.

Ghana is viewed as having achieved substantial progress in its socio-economic development, despite many remaining challenges. In FY2013, it met or greatly exceeded the minimum score on 18 out of 20 Millennium Challenge Corporation (MCC) policy performance criteria that are prerequisites for MCC compact eligibility. These criteria pertain to three broad eligibility assessment categories: Economic Freedom, Investing in People, and Ruling Justly. Its FY2012 performance had also been strong, especially in the area of governance; it ranked among the top 5% “of all low-income countries on every single Ruling Justly indicator, including control of corruption, government effectiveness and democratic rights.” Ghana completed a five-year \$547 million MCC compact in February 2012, and is a likely recipient of a second MCC compact.<sup>9</sup>

The anticipated compact, for which Ghana had been found eligible to apply in early 2011, is expected to support higher rates of economic growth by increasing access to credit, secure land tenure, and electrical power. These goals were identified as national development priorities under joint Partnership for Growth and MCC analyses. Power sector enhancements are seen by the MCC as offering “an opportunity to advance U.S. interests by addressing problems in the power sector that are a brake on economic growth in one of Africa’s most important regional anchors.”<sup>10</sup> An economic constraints analysis for the proposed compact was completed in November 2011.

Ghana was selected as one of four initial U.S. Partnership for Growth countries globally for several reasons. These include its positive MCC scores and compact completion record; potential synergies between the expected second MCC compact and other U.S. assistance programs; and increases in other types of U.S.-Ghanaian engagement, including private sector business deals.

### **U.S. Partnership for Growth and Ghana**

Partnerships for Growth (PFG) is a relatively new White House development initiative that, along with the three presidential development initiatives (GCC, FtF, and GHI), flows from President Obama’s September 2010 Presidential Policy Directive on Global Development (PPD-6).<sup>11</sup> PFG agreements are pursued between the United States and selected countries whose leaders demonstrate high-level commitment to democratic governance and sustainable development. PFG seeks to support “well-governed countries with potential for broad-based economic growth” in which “U.S. programs will help to seed a new generation of emerging markets, which in turn are likely to become” U.S. trade and investment partners.

PFG is touted as a new kind of development investment approach that seeks to “engage governments, the private sector and civil society with a broad range of tools to unlock constraints to growth through new sources of cooperation and investment, including domestic resources and foreign direct investment.” A key goal is to improve

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focused train-and-equip effort, the Africa Contingency Operations Training and Assistance (ACOTA) program, which train and equip foreign troops to help ensure that there are adequate foreign military personnel to deploy to international peacekeeping operations. See CRS Report RL32773, *The Global Peace Operations Initiative: Background and Issues for Congress*, by Nina M. Serafino.

<sup>9</sup> The 2007 compact supported investments in agriculture, production, business training, and income growth (e.g., increasing exports and value-added business capacity, and improved irrigation and land tenure systems); in transportation (e.g., investments in roads and ferry services); and programs to support rural government capacity, social services, and automated financial services.

<sup>10</sup> MCC, *Congressional Budget Justification (CBJ)*, FY2013, the source of all direct quotes in this paragraph.

<sup>11</sup> PPD-6 is “a policy framework that elevates global development as a key pillar of American power alongside defense and diplomacy in order to create the conditions where assistance is no longer needed.” State Department CBJ FY2012.

bilateral and U.S. whole-of-government "coordination, leveraging private investment, and focusing political commitment throughout both governments" to enhance development outcomes.<sup>12</sup> PfG countries are leading bilateral aid cooperation partners, but the initiative does not automatically guarantee increased U.S. aid flows. As a U.S. whole-of-government initiative, multiple agencies may play a part in a given partnership, but in general, PfG policy guidance is set out by the National Security Council. Program planning and implementation is coordinated through an inter-agency process, although the State Department generally leads negotiations with partner governments. PfG countries selected to date, including Ghana, were chosen based upon their positive MCC scores and general policy performance, strong record of U.S. bilateral partnership, and potential for continued economic growth.

A U.S.-Ghanaian PfG Statement of Principles (SoP) was signed on March 9, 2012, following performance of a joint economic growth constraints analysis in 2011. It identified inadequate access to electrical power, credit, secure land rights, and potable water as key impediments to growth. As a result, under the SoP, the two governments agreed to use diverse policy tools "to increase measurable developmental outcome impacts through the use of "assistance and non-assistance tools, using assistance to leverage private capital, convening the private sector to increase investment, and supporting efforts to create an enabling environment for economic growth."<sup>13</sup> Specifically, they agreed to develop a Joint Country Action Plan, under which coordinated sectoral reforms, investment, and technical capacity building efforts would be pursued in order to increase access to reliable, adequate electrical power supplies. They also agreed to designate increased access to credit as a second-tier priority, and to address two other growth impediments, lack of access to secure land rights and potable water, in the future.

## Government and Politics

### Mills Administration and Succession

Ghana's most recently elected president, John Atta Mills, died on July 24, 2012, of natural causes. Mills, a former academic and national office holder,<sup>14</sup> was elected in 2008 and took office in early 2009, succeeding former President John Kufuor of the New Patriotic Party (NPP).<sup>15</sup> Key Mills policies were rooted in his National Democratic Congress (NDC) party's election platform, *A Better Ghana: Investing in People, Jobs and the Economy* (2008) and were detailed in various policy statements. They included:

- good governance and anti-corruption efforts, including passage of a Right to Information Bill, security force capacity building, prioritization of female appointments in government, and greater representative, decentralized governance and accountability;
- economic growth and investment, notably through what the NDC platform called "activist and enabling state" policies and actions, such as efforts to spur business growth

<sup>12</sup> PfG emphasizes country responsibility and bilateral partnership defined by joint decision-making on prioritization and targeting of investments and use of "catalytic policy change" strategies and "institutional reform, aid, diplomatic engagement, and other 'non-assistance' policy tools." It is defined by "rigorous joint analysis of constraints to growth, the development of joint action plans to address these constraints, and high-level mutual accountability for results." All preceding quotes from State Department, "Partnership for Growth," March 27, 2012.

<sup>13</sup> *United States-Ghana Partnership for Growth Joint Statement of Principles*, March 9, 2012.

<sup>14</sup> Mills was a former professor of taxation and finance who held several advanced higher education degrees. He had served as a Commissioner of Ghana's Internal Revenue Service and later as national vice president, from 1997 to 2001, under then-President Jerry Rawlings. He reportedly of throat cancer, although an official cause was not made public, and his brother publicly stated that he had died of a massive stroke.

<sup>15</sup> Kufuor first won the presidency in 2000, besting Mills in a poll that led to Ghana's widely praised, first-ever democratic presidential and inter-political party succession. In 2004, he again triumphed over Mills, winning 52% of votes in a poll that was generally calm, peaceful, and transparent, though marred by limited violence.

- by increasing access to credit, enact business-friendly regulatory and tax reforms, and boost Ghanaian exports and diversified local industrial and agricultural production;
- investment in people, especially in health, education, and poverty reduction efforts; and
  - investments in infrastructure, including public housing construction, water and sanitation improvements, and reforms, and investments in roads, rails, and the electricity sector.

## **President Mahama**

President John Dramani Mahama was elected president in Ghana's December 2012 national elections and is scheduled to be inaugurated on January 7, 2013, despite an NPP legal suit challenging his election.<sup>16</sup> Mahama, former Vice President under Mills, had initially assumed the presidency in July 2012, succeeding Mills hours after his death, in accordance with the constitution. Mahama is a Christian from northern Ghana, and a former non-governmental organization manager, Communications Minister, Member of Parliament (MP), and national NDC party leader who also served on several national functional agencies.<sup>17</sup>

## **Politics and Elections**

Polling during the December 7, 2012, presidential and legislative elections was peaceful, but limited technical challenges and late poll openings hindered voting in some places. Key problems included malfunctions associated with a new biometric voter identification system used by Ghana's Electoral Commission (EC) to register and identify Ghana's 14.03 million voters, 80.2% of whom (11.25 million) cast ballots. In response to these technical delays, voting was extended by a day at hundreds of polling places.

The presidential race featured a close contest between the NDC's Mahama and Nana Addo Dankwa Akufo-Addo of the NPP. Akufo-Addo served as Foreign Affairs Minister and Justice Minister under Kufuor, is a former MP, and was Mills's rival in the 2008 election. The 2012 election resulted in Mahama's election as president, with nearly 50.8% of votes. Akufo-Addo garnered over 47.7% of votes, while six minor candidates each won a 0.6% or lower vote share.<sup>18</sup> Domestic and international observers reported that, apart from the limited technical problems—primarily those noted above—polling and the vote counting processes were carried out in a transparent, free, and largely proficient manner, and that the process overall was credible and

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<sup>16</sup> A U.S. presidential delegation led by MCC CEO Daniel W. Yohannes is scheduled to attend the ceremony. The delegation will also include three State Department officials: Gene Cretz, the U.S. Ambassador to Ghana; Johnnie Carson, Assistant Secretary of State for African Affairs; and Donald Teitelbaum, Deputy Assistant Secretary of State for African Affairs. White House, "President Obama Announces Presidential Delegation to Ghana to Attend the Inauguration of His Excellency John Dramani Mahama," January 3, 2013; and Peter Clotey, "Ghana Presidential Inauguration to Proceed Despite Opposition," VOA, January 2, 2013.

<sup>17</sup> Government of Ghana, "The President," *The Presidency*, n.d.; among other sources.

<sup>18</sup> These are the official results. A parallel vote tabulation (PVT) by the Coalition of Domestic Election Observers (CODEO), a U.S.-supported group of non-governmental organizations, found that Mahama had won 51.38% of votes, with Akufo-Addo earning 47.17%. The PVT's margin of error was 1.35% for Akufo-Addo, suggesting that he could potentially have won a maximum of 48.52% of votes. PVTs seek to independently compile polling station results as a means of verifying official vote tabulations and results. The CODEO findings were based on poll results reported by 1,492 PVT observers located at polling stations in all 275 constituencies at which 635,014 voters cast ballots. CODEO, *CODEO's Statement on the Official 2012 Presidential Results*, December 9, 2012.

legitimate. The United States recognized the re-election of President Mahama and congratulated him and the Ghanaian people for a “successful election.”<sup>19</sup>

Despite such findings, following the announcement of the presidential election results, NPP supporters staged boisterous street protests questioning the election results and the neutrality of the Electoral Commission, and the Akufo-Addo campaign and the NPP announced that they would challenge the legitimacy of the vote in court.<sup>20</sup> They did so in a December 28 suit, filed in the Supreme Court, naming President Mahama and the Electoral Commission as respondents. Their suit alleged that there had been “diverse and flagrant violations of the statutory provisions and regulations governing the conduct” of the presidential election “which substantially and materially affected the results of the elections.” The suit contended that the announced election results were “vitiating by gross and widespread irregularities and/or malpractices which fundamentally impugned the validity of the results” reported for 4,709 polling stations, resulting in the recording of 1.34 million “irregular votes.” The plaintiffs further asserted that these allegedly irregular votes should be annulled. Once they were discounted, the plaintiffs claimed, the results would show that Mahama had garnered 4.66 million votes (48.26%), while Akufo-Addo had won 4.85 million (50.28%), making him the “duly and validly elected” winner of the election.<sup>21</sup> The initial suit may reportedly be followed by further NPP suits in 2013.<sup>22</sup>

In the legislative races, 275 parliamentary seats were contested—45 more than the 230 seats in the previous parliament.<sup>23</sup> According to official Electoral Commission results, the NDC won 148 seats, while the NPP won 123 seats, with the balance going to the small People’s National Convention (PNC, one seat) and independents (three seats). Despite winning fewer seats than the NDC, the NPP’s share of the aggregate popular parliamentary vote was reportedly 120,000 votes larger than that of the NDC. Due to the geographic concentration of its supporters, however, this advantage was not reflected in the overall results.<sup>24</sup>

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<sup>19</sup> CODEO, *Preliminary Statement on Ghana’s December 7 to 8, 2012 Presidential and General Elections*, December 9, 2012; Commonwealth, *Commonwealth Observer Group at Ghana elections Interim Statement*, December 9, 2012; Economic Community of West African States, *Preliminary Declaration On the Elections in Ghana*, December 10, 2012; and White House, “Statement by the Press Secretary on the Presidential Election in Ghana,” December 10, 2012.

<sup>20</sup> The NPP/Akufo-Addo campaign stated in an undated statement released days after the election that “the ruling National Democratic Congress led by President John Mahama conspired with certain EC staff in constituencies across the country to falsify the election results and thereby abuse the mandate of the people of Ghana.” NPP/Akufo-Addo campaign, “John Mahama and the NDC’s Unacceptable Systematic Rigging of Election 2012,” [akufoaddo2012.com](http://akufoaddo2012.com); see also Daniel Nonor, “Nana Heads Legal Team to State NPP’s Case at the Supreme Court,” *The Chronicle*, December 17, 2012; and *Africa Confidential*, “Ghana: The Mahama Factor,” December 14, 2012.

<sup>21</sup> The suit set out numerous alleged procedural and legal aberrations in the electoral process. Putative irregularities related primarily to disparities in the number of reported voters registered; procedurally faulty vote collation, recording, and transmission of vote results; lack of biometric voter verification; and instances of over-voting, often through the issuance of excess ballot papers to voters. It also alleged that in some instances, votes for Akufo-Addo were deliberately misallocated in favor of Mahama. The plaintiffs called the actions of the respondents “a deliberate, well-calculated and executed ploy or a contrivance” aimed at “unlawfully assisting” Mahama to win the presidential election. A facsimile of the suit, petition J1/6/13, is available online at <http://www.dailyguideghana.com/wp-content/uploads/2012/12/Suprem-Court-petition-pdf-doc.pdf>.

<sup>22</sup> Joy Online, “NPP to File More Suits Next Year,” December 29, 2012.

<sup>23</sup> A proposed expansion of the size of parliament by 45 seats and associated constituency demarcations were announced in July 2012 by the Electoral Commission based on a review of the 2010 census, which showed a growth in the population. A law establishing the new constituencies was passed in early October 2012. The decision to create these constituencies just months before the elections drew substantial criticism, both from some opposition parties and civil society groups, and there were calls for the creation of the constituencies to be postponed until after the elections.

<sup>24</sup> Electoral Commission of Ghana, “Election 2012 Results: National Summary (Parliamentary)”<sup>24</sup>; and Economist (continued...)

### Significance of 2008 Election

Ghana's penultimate national election was held in December 2008. It gave the NDC a narrow parliamentary majority and a slim presidential runoff victory for Mills, who had run as the opposition presidential candidate.<sup>25</sup> The 2008 election campaign was contested vigorously and was reportedly free, fair, and largely peaceful, with a few highly localized exceptions. Ghana generally enjoys inter-ethnic harmony, although regional rivalries and socio-economic disparities are sometimes viewed in ethnic terms,<sup>26</sup> voting tends to occur in ethnic blocs, and occasional, very limited interethnic tensions and violence occurs.<sup>27</sup> Overt ethnic antagonism does not appear to have played a key role in recent elections. The 2008 elections were viewed by some as a test of the depth of democratization in Africa broadly, following highly contested, violent, and procedurally flawed elections in Kenya, Zimbabwe, and Nigeria, and a range of democratic challenges elsewhere on the continent. At the presidential level, Ghana's elections were reportedly among the closest ever in post-colonial Africa, based on official returns.<sup>28</sup> The elections also drew international attention because they marked Ghana's fifth consecutive democratic national election and led to its second democratic transfer of power from one political party to another. U.S. assistance, which helped train local election observers prior to the 2008 elections (see U.S. Elections Assistance textbox below), is believed to have contributed to public confidence in the legitimacy of the poll results.

The 2008 election also signified Ghana's continued maturation as a democracy following a transition from "no-party" rule, beginning in the early 1990s, by a government that initially came to power in a coup d'état. In 1992, Ghana's leader, Jerry Rawlings, retired from the military to run as a civilian presidential candidate in multiparty elections, which he won. Rawlings had first come to power in a 1979 military coup, after which elections were held. He then led a second military coup in 1981, establishing a populist, reform-oriented ruling civil-military entity, the Provisional National Defense Council (PNDC). The PNDC coup followed 15 years of coups d'état and a string of military-dominated, often corrupt governments that ruled after the military ousted Kwame Nkrumah, Ghana's first elected Prime Minister, in 1966. He was toppled shortly after he transformed Ghana into a one-party state. Nkrumah, a famous advocate of African unity and socialism, led Ghana to independence from Britain in 1957.

Some polls during the pre-election period, which featured very limited political violence, indicated that the two parties were very evenly matched, but that many voters—as many as a third—were undecided.<sup>29</sup> In early November, incumbent politicians, but most notably the majority NDC government, received a potentially politically damaging blow when it was reported that president Mahama had authorized a large, backdated pay raise quietly passed by parliament in late October for himself, ministers, and parliamentarians. The increases were harshly criticized by government transparency activists and raised a public furor. In early November, Mahama

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Intelligence Unit, "Final Parliamentary Election Results Announced," January 3 2013.

<sup>25</sup> Mills won the presidency with a 50.2% share of votes against 49.8% for his NPP rival, former Foreign Affairs Minister Nana Akufo-Addo. The NDC took 115 of the 230 open seats, while the NPP won 108 and two smaller parties and several independents won the balance.

<sup>26</sup> The NPP is viewed as predominating in ethnic Akan area. It has fielded an Akan presidential and a vice-presidential candidate from the north since 1992. The NDC's traditional base of support has been more diffuse; it has drawn from the multi-ethnic, largely Islamic north, the east, Ewes in the south, and from some Akan areas.

<sup>27</sup> The most notable have been sometimes long-running, violent conflicts—some involving fatalities—in the north of Ghana arising out of contestation over local chieftainships. Limited conflict also periodically occurs over control of land, politically allocated resources, ancestry claims, unequal socio-economic status and access to education, and other factors. Another source of ethnic tension involves clashes between regionally pastoral ethnic Fulani herders and sedentary agriculturalist groups in northern Ghana.

<sup>28</sup> In several African elections, opposition parties have contested official returns, bringing some election results into question.

<sup>29</sup> Polling also showed regional variations; the NDC is seen as commanding strong support in central Ghana and Accra, while the NPP is strong in the oil-rich west. However, polls prior to Mills's death yielded various markedly different findings, and have sometimes been questioned by critics on methodological or political grounds. *Africa Confidential*, "Ghana: The Mahama Swing," September 7, 2012, and "Ghana: After a Unifying Funeral, A Divisive Election," August 2012.

ordered that the salaries not go into effect and asked parliament to rescind them, but the incident may have politically damaged the NDC.<sup>30</sup> Another negative signal for NDC prospects was a survey suggesting that as many as 63% of Ghanaians in 2012 are dissatisfied with economic trends, up from 45% in 2008, when the NDC took power from the NPP.<sup>31</sup>

### **U.S. Elections Assistance**

The United States, through USAID, provided \$1.7 million in Development Assistance funding (\$712,000 in FY2011 and \$1 million in FY2012 funds) to support pre- and post-electoral process monitoring and participation and to help CODEO observe the 2012 vote. The CODEO assistance was channeled through the Center for Democratic Development in Ghana (CDD-Ghana), an independent, non-partisan, and nonprofit good governance promotion organization. The assistance package also supported Ghana Elections Commission efforts to advance public understanding of the electoral process through media training and outreach and training for civil society and community-based organizations (CSOs and CBOs). The CSO and CBO training sought to advance these groups' members' knowledge about the electoral system with the aim of helping them to monitor voting and bolster the transparency and credibility of the elections; and increase the engagement of marginalized populations in the electoral process.

U.S. assistance helped ensure that the 2008 election was transparent and successful. USAID and National Endowment for Democracy (NED)-funded projects implemented by the Ghana Center for Democratic Development, partly in partnership with the National Democratic Institute (NDI), helped train CODEO election observers prior to the elections. These monitors played a key role in ensuring transparency and public confidence in the pre-election and election polling processes. CODEO issued a series of assessments of the pre-election environment and conditions during polling, and carried out statistically significant parallel vote tabulations (PVT) based on actual polling data. The PVTs accurately predicted the election outcome and helped assure the public that the polling results were legitimate and accurate. In November 2009, NDI, IFES, and other U.S. and international non-profit elections organizations held a Colloquium on African Elections focusing on models of best practice from the African continent - drawing, in particular, on lessons from Ghana's 2008 experience - which other African countries might apply to improve their own election processes. U.S. elections organizations also report having drawn from Ghana's success in 2008 by employing Ghanaians to help train elections workers in other African countries.<sup>32</sup>

### **Election Stakes and Campaign**

The primary stakes in the hard-fought election were control over rapidly rising oil revenues and influence over the direction and political and financial fruits of a vibrant economy, potentially for some time to come. The winner of the 2012 election was also seen as well placed to win the 2016 election. In late October, a live televised presidential debate was held between Mahama, Akufo-Addo, and the candidates of two minor parties that hold seats in the parliament. The debate, the first to feature a sitting Ghanaian president, was reportedly fiercely contested. It featured allegations by Akufo-Addo of NDC corruption, and a stiff defense by Mahama of the NDC record, especially regarding economic growth. Key issues included the economy, job creation,

<sup>30</sup> MPs' salaries were increased nearly 70% while presidential pay increased by nearly 50%. Defenders of the raise asserted that while large, the new salaries remained far below those received by some state agency heads. BBC News, "Anger at Ghana Salary Increases for Politicians," November 2, 2012; and Martin Roberts, "Ghanaian President Blocks Huge Pay Increases for Ministers After Outcry," *IHS Global Insight Daily Analysis*, November 5, 2012, among others.

<sup>31</sup> Afrobarometer/CDD-Ghana, "Economic and Social Conditions of Ghanaians: What the Afrobarometer Says," August 29, 2012.

<sup>32</sup> Information provided to CRS by NDI, IFES, and USAID, various dates.

and the agricultural and energy sectors; education and healthcare; and taxation, among other issues addressed in the two parties' 2012 election manifestos, which were broadly similar.<sup>33</sup> A vice presidential debate was also held in early November, as was a second presidential debate later in the month.

After taking power following Mills's death, Mahama worked to unify a somewhat divided NDC and to counter a major contracting corruption scandal that rocked the Mills government and threatened to hurt NDC electoral prospects (see textbox). In early September he also set out a policy plan that used Mills's *Better Ghana* priorities as a general point of departure but also laid out a range of specific actions that Mahama used to guide his administration in the period leading up to the elections.<sup>34</sup> One of the objectives in his agenda was tighter regulation of state-private business transactions, possibly as a means of averting corruption-focused criticism of the NDC by the political opposition.<sup>35</sup>

A key source of internal NDC divisions had been personalized, often barbed criticism of Mills by former president Rawlings, the founder of the NDC, whose wife, Nana Konadu Agyeman-Rawlings, had unsuccessfully challenged Mills for the 2012 NDC presidential spot prior to his death. Rawlings appeared to view Mills, who had served as his vice president, as his political protégé and to have resented the independent political support base that Mills built within the NDC. After Mills's death, Rawlings initially endorsed Mahama and pledged to support party unity, but then threw his support behind his wife after her October 2012 selection as the presidential candidate of the newly formed National Democratic Party. Agyeman-Rawlings's candidacy was rejected by the Electoral Commission on technical grounds, a decision that she legally contested.<sup>36</sup> She later announced her support for the NPP, and her husband reportedly declined to campaign for the NDC. Some analysts have concluded that Agyeman-Rawlings failed presidential bids and the NDC's victory, notwithstanding Rawlings's absence from the NDC campaign hustings, indicate that Rawlings's past strong influence over the NDC and Ghanaian politics generally has waned considerably.

### **Woyome Scandal**

The Woyome scandal, named after a reputed NDC financier, involved a government payment, variously reported as valued at between \$30 million and \$38 million, related to a "financial engineering" contract. While details remain murky, Woyome reportedly paid the resulting funds to various senior government officials, contractors building an NDC building, and the presidency (albeit not to Mills himself), and may have used some of the money as collateral for a loan from a bank with NDC links that then tried to conceal the loan. The affair was the subject of a major Ghana

<sup>33</sup> Historically, the NPP was seen as emphasizing a private sector-focused approach to development and growth, while the NDC supported a more social democratic-oriented approach underpinned by a free market system with a prominent state investment role. The two parties' manifestos and policy priorities while in power suggest that such contrasts are less prominent today. Both parties prioritize social welfare and a free market-driven approach to growth and development complemented by public investments. NDC, *Manifesto 2012: Advancing the Better Ghana Agenda*, 2012; and NPP, *Transforming Lives, Transforming Ghana: Building a Free, Fair and Prosperous Society*, 2012.

<sup>34</sup> Government of Ghana, *Critical Policy Actions of the John Dramani Mahama Administration September to December 2012*, September 4, 2012; and Agence de Presse Africaine (APA), "Ghana's Ruling NDC Launches 2012 Campaign Manifesto Thursday," October 3, 2012.

<sup>35</sup> Questionable business billing claims on government for allegedly overdue payments have been the focus of several contracting corruption cases. A large payout was at the heart of a major contracting scandal involving an alleged NDC financier that rocked the NDC in 2011 and 2012 and was seen as impugning Mills's reputation for fighting corruption.

<sup>36</sup> Martin Roberts, "Election 2012: Ghana Disqualifies Former Leader's Wife From Presidential Race," October 19, 2012, *IHS Global Insight Daily Analysis*; and BBC News, "Ghana's Jerry Rawlings 'Backs' Wife's Presidential Bid," October 15, 2012.

Economic and Organized Crime Office (EOCO) investigation, and resulted in the firing of the Attorney General for alleging that major NDC figures were involved in the matter, and the Education Minister for validating the payments while earlier serving as Attorney General and Justice Minister. The scandal eventually also threatened the opposition NPP, as Woyome had reportedly channeled funds to NPP interests while the NPP was in power.<sup>37</sup>

## Economy

Ghana's economy has grown steadily in recent years; gross domestic product (GDP) totaled \$32 billion in 2010, rose to \$39 billion in 2011, and is projected to rise further.<sup>38</sup> Goods export earnings have also grown; estimated at \$8 billion in 2010, they grew to \$13 billion in 2011, with additional gradual growth projected in the next three years.<sup>39</sup> Spurred by new oil sector investment and production (discussed further below), the economy grew at an estimated annual rate of 14.4% in 2011, according to the Economist Intelligence Unit (EIU, a private economic analysis firm), which projected a decline to 7.3% in 2012 and 7.6% in 2013. The International Monetary Fund also estimated that the economy grew by 14.4% in 2011, but provided a slightly more optimistic estimate of 8.1% for 2012 and 7.8% in 2013. This prospective decline is attributable, in part, to slowing new investment in the oil sector, lower-than-expected initial oil output, and a temporary dip in prices for cocoa. In general, rising commodity prices and production, notably for key exports like cocoa and gold, along with growth in tourism, have helped propel economic growth in recent years.<sup>40</sup>

Despite diversification into oil, mining and, to a lesser extent, financial services and offshore information processing,<sup>41</sup> and even though about 52% of Ghanaians are urban, farming remains a cornerstone of the economy. Agriculture employs over half of workers, and contributes about 27% of annual GDP, although its share has dropped since the mid-2000s. The government, with donor backing, is investing heavily in agricultural productivity gains, including in the cocoa sector. Services have expanded rapidly, and contributed 47% of GDP in 2011. Industry, notably the gold mining sector, has also grown markedly; it provides about 25% of GDP. In recent years, gold has contributed a high share of export revenues, in part due to high global prices. Government policies are supportive of the extensive small-scale and informal sectors. The Ghana Stock Exchange, which has performed well in recent years, plans to establish a separate exchange for small firms, the Ghana Alternative Market.<sup>42</sup> Ghana cooperates closely with international financial institutions and received substantial

<sup>37</sup> *Africa Confidential*, "Ghana: It's Woyome Time," February 3, 2012, and "Ghana: The Woyome Scandal and Its Casualties" and "Ghana: Who Paid Whom For What?," February 17, 2012, among other sources.

<sup>38</sup> The Economist Intelligence Unit (EIU) projects that GDP will decrease slightly to about \$37.0 billion in 2012 and \$38.3 billion in 2013 before growing to \$42.5 billion in 2014.

<sup>39</sup> EIU projects further rises, to \$13.8 billion in 2012 and \$14.6 billion in 2013, with a drop to \$14.3 billion in 2014.

<sup>40</sup> Data from EIU, *Ghana Country Report*, January 2013; World Bank *World Development Indicators* database; and IMF, *World Economic Outlook* database, October 2012.

<sup>41</sup> The latter includes offshore call centers and information/transaction processing operations. The U.S. firm Affiliated Computer Services, a Xerox affiliate, maintains data processing operations in Ghana, as does a smaller U.S. firm, Rising Data Solutions. VOA, "US-based Company Opens Call Center in Accra," October 31, 2009; Ghana Business news, "Bharti Airtel to establish call centers across Africa," October 29, 2010; and Beatrice Quarshie Smith, *Reading and Writing in the Global Workplace: Gender, Literacy, and Outsourcing in Ghana*, Rowman & Littlefield, 2012.

<sup>42</sup> Moses Mozart Dzawu, "Ghana Stock Exchange to Start Alternative Market in March," *Bloomberg News*, December 19, 2012.

foreign debt relief in the mid- 2000s. In recent years, the World Bank’s annual *Doing Business* report has consistently rated Ghana positively—better than all but four countries in sub-Saharan Africa.<sup>43</sup>

Ghanaians enjoy better access to public goods and services than is typical in West Africa, and poverty rates are slowly declining. Average annual per capita income, at \$1,570 in 2011, has grown markedly from \$310 in 2003.<sup>44</sup> Rates of access to cell phones are high, and most social indicators have also steadily improved in recent years. Rates of access to electricity are also relatively high, although there are regular periodic electricity shortages. Insufficient electricity supplies have long hindered economic growth, but several national and international regional power generation/distribution projects and efforts to liberalize the electricity sector are under way. Development of Ghana’s natural gas reserves (see below) for use in fueling electricity generation—notably at Asogi, a major power plant—and other types of longer term industrial development has been beset by technical problems associated with piping the gas from offshore and construction of a new gas processing plant. Asogi has also been idled due to a break in Chevron-operated West African Gas Pipeline, designed to ferry gas from Nigeria to Ghana and other coastal countries.<sup>45</sup>

Despite significant economic success, poverty is widespread, notably in rural areas, and income distribution is unequal. Slightly more than half of Ghanaians have access to piped water, tarred roads, sewage systems, and health clinics, leaving many without access to these public goods and services, according to a recent survey of economic and social conditions.<sup>46</sup> As discussed previously, the survey also found that 63% of respondents rated national economic conditions as “bad” or “very bad”; in contrast, only 30% described conditions as “good” or “very good,” and six percent were neutral on the matter. Such views have generally remained roughly similar over the past decade, apart from the most recent prior survey, undertaken in 2008. At that time, the proportion of respondents who saw conditions as “bad or very bad” and as “good or very good” was equal, at 45% for each group, indicating that a growing number of Ghanaians have become dissatisfied with economic trends. Rising import demand, spurred by the oil sector, has also driven a substantial devaluation in 2012 of the national currency, the *cedi*. This, in turn, has led to a nascent rise in smuggling of cocoa into Côte d’Ivoire, where sellers can obtain relatively more stable Euro-pegged CFA *francs*, reversing a trend in which large amounts of Ivoirian cocoa were reportedly smuggled into Ghana.<sup>47</sup>

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<sup>43</sup> The survey ranks countries by the comparative ease of starting a business; construction permitting; obtaining electricity; accessing credit; registering property; protecting investors; paying taxes; trading across borders; and enforcing contracts. Despite its positive comparative ranking, Ghana’s rank in the most recent (2013) *Doing Business* update dropped by a point, from 63<sup>rd</sup> to 64<sup>th</sup> out of 185 countries.

<sup>44</sup> Part of this growth trend, however, is an artifact of changes in how GDP is measured. In late 2010, after finding that GDP was being underestimated under the formula used to calculate GDP, Ghana’s Statistical Service (GSS) adjusted the method and base year it uses to determine GDP, leading to a one-time 60% rise in estimated GDP. Morten Jerven and Magnus Ebo Duncan, “Revising GDP estimates in Sub-Saharan Africa: Lessons from Ghana,” *The African Statistical Journal*, Vol. 15, August 2012.

<sup>45</sup> *Africa Energy Intelligence*, “Accra’s Hopes Dim for Gas in Electoral Year,” September 12, 2012; “No Gas Before Second Quarter 2013-Accra,” November 21, 2012; and “More Woes for WAGP,” December 4, 2012.

<sup>46</sup> Afrobarometer/CDD-Ghana, “Economic and Social Conditions of Ghanaians,” *op. cit.*

<sup>47</sup> Between the start of 2012 and early August 2012 the *cedi* had depreciated 20%, but has since recovered somewhat. Loucoumane Coulibaly, “Ghana Currency Woes Drive Contraband Cocoa to Ivory Coast,” Reuters, November 8, 2012.

## Energy Sector

The start of oil production in late 2010, from the first of several sizable, recently discovered offshore oil fields, and the reported likelihood that other finds being assessed will prove positive have boosted export and state revenue projections. The advent of large-scale oil and gas production is a game-changer for Ghana's economic future. Production from Ghana's large Jubilee field alone is projected to place it among the world's top 50 oil-producing countries. The potential for greater rates of production and additional reserve confirmations is high.

Ghana's total oil and gas reserves (i.e., deposits for which production is technically and economically viable) are difficult to estimate; most of its oil and gas deposits have been discovered relatively recently, and new discoveries and estimates continue. According to U.S. government estimates, Ghana has 660 million barrels of oil (MMBO) of proven reserves, the 45<sup>th</sup> largest globally. The Jubilee field alone has been very conservatively estimated as containing 278 MMBO, but is widely believed to house much larger reserves, in the 500-600 MMBO range and potentially as much as 1,500 MMBO. Total national oil reserves are thought to range between 3 billion and 4.5 billion barrels, with more optimistic projections suggesting that reserves might be larger by a factor of two or more. Most of Ghana's oil fields also contain natural gas condensate, and there have been several significant gas finds. Ghana's proven natural gas reserves, according to U.S. government estimates, stand at 22.65 billion cubic meters, the 75<sup>th</sup> largest globally.<sup>48</sup>

Production at Jubilee started in late 2010 under a \$3 billion-plus "Phase 1" operation focusing on a core area where reserves are best documented. It is led by UK-based Tullow Oil, in partnership with five other firms; three are U.S.-based (Anadarko, 23.5%; Kosmos, 23.5%; and Sabre, 2.8%). About 120,000 barrels of oil per day were projected to be produced once full production rates were reached, and Phase 2 production in 2014 was projected to increase production to 240,000 barrels per day, and possibly eventually 500,000 barrels per day.<sup>49</sup> Initial production, however, was substantially below the level initially projected, due to technical problems, as noted above.<sup>50</sup>

### Oil Development Controversies and Challenges

In the late 2000s, development of the Jubilee field was controversial, primarily due to U.S.-based Kosmos Energy's relations with the E.O. Group, a firm whose principals were seen as close to the Kufuor government and were accused of shady dealings. Kosmos Energy's efforts to sell its stake in Jubilee to Exxon-Mobil for about \$4.2 billion also generated controversy, and for a time threatened to become an impediment in U.S.-Ghanaian relations. This was because the Ghanaian government was seen as interfering in a free market transaction between two U.S. firms and due to the role of Chinese firms—among other international firms—as possible Ghanaian government partners in purchasing Kosmos's Ghanaian assets. Several Chinese firms' purchase proposals were reportedly entertained but ultimately rebuffed by Ghana National Petroleum Corporation (GNPC). Ultimately, the deal foundered after the Ghanaian government refused to endorse the sale and Kosmos subsequently publicly stated that would remain fully

<sup>48</sup> CIA, "Ghana," *World Factbook* 2012.

<sup>49</sup> *Daily Graphic*, "Ghana's Jubilee Field Is 92% Ready," October 25, 2010; and Tullow Oil, "Phase 1 Development," "Key Facts," and "FPSO Progress," August 25, 2010.

<sup>50</sup> Initial production rates were variable. In July 2012, the lead Jubilee operator, Tullow, reported that production had averaged 63,100 barrels per day during the first half of the year and projected a rise to 90,000 at the year's end, with average annual production estimated at 70,000 to 80,000 barrels per day. In December 2012, Tullow's partner operator, Kosmos, reported that production had risen to 105,000 barrels of oil per day. Kosmos and Tullow attributed the rise to their use of acid stimulation to remove fine particles that had clogged well screens. Kosmos Energy, "Kosmos Energy Provides Operations Update," December 19, 2012; and Tullow Oil, *2012 Half-Yearly Results*, July 25, 2012, "Operational Update," December 11, 2012, and January 3, 2013 response to CRS. For more on the oil sector, see CRS Report RS22809, *Ghana, an Emergent Oil Producer: Background and U.S. Relations*, by Nicolas Cook.

involved as a long-term oil production partner in Ghana. Kosmos was also accused of an oil field environmental infraction. Kosmos and the Mills government reportedly settled their differences over these issues, however, and Kosmos agreed to pay the government \$15 million to settle all past disputes.<sup>51</sup> International oil firms are reportedly currently concerned about a proposed energy sector local content law that would require that Ghanaians fill 60% of executive posts within five years and 80% of executive and 100% of lesser posts within ten years.<sup>52</sup>

The start of oil production has spurred an increase in public spending and borrowing based on projected future oil earnings. External debt climbed from \$3.32 billion in 2006, after Ghana received international financial institution-mediated debt forgiveness, to an estimated \$9.7 billion in late 2011. The Economist Intelligence Unit estimates that debt will have grown to \$11.6 in 2012 and \$18.5 billion by 2018.<sup>53</sup> Critics have warned that this could lead to financial over-commitments and excessive state reliance on oil revenues.<sup>54</sup> However, Ghana may be able to continue to rely on its generally positive record of economic growth and diversification to borrow on international bond markets.<sup>55</sup>

There are also concerns that Ghana lacks adequate environmental oversight and oil spill response capacities. In March 2011, a Petroleum Revenue Management Act was enacted after months of debate, but a proposed Petroleum Exploration and Production Act has yet to be passed. Civil society groups are closely monitoring the government's actions as a signatory of the Extractive Industries Transparency Initiative (EITI), an internationally-backed effort to promote governance accountability in resource-rich countries. In October 2009, Ghana became the second African EITI signatory, and one of five countries worldwide to be judged EITI Compliant at the time. Despite such developments, energy sector governance—notably transparency, accountability, and efficacy regarding public uses of oil revenue receipts and expenditures—is a key issue facing Ghanaians.<sup>56</sup>

<sup>51</sup> Bradley Olson and Lee Spears, "Kosmos Energy Climbs 1.3% in First Day of New York Trading," Bloomberg, May 11, 2011; Africa Confidential, "Ghana/United States: Storm in an Oil Barrel," July 23, 2010, and "The Politics of No" and "A Government Team in the Oil Battle," August 27, 2010; and numerous press reports.

<sup>52</sup> *Africa Energy Intelligence*, "Accra's Hopes Dim for Gas in Electoral Year," September 12, 2012, and "Misgivings on Local Content," November 7, 2012.

<sup>53</sup> World Bank *World Development Indicators* database (2006 data); CIA, "Ghana," *World Factbook 2012* (2011 data); and Economist Intelligence Unit, *Ghana Country Report*, December 19, 2012 (2012 and 2018 projections).

<sup>54</sup> Under Ghana's Petroleum Revenue Management Act, passed in March 2011, up to 70% of oil revenues may be used to fund the public budget and up to 70% may be used as collateral for foreign loans by the government. The remaining 30% is allocated to a stabilization fund to be used to subsidize public spending during periods of economic volatility and a heritage fund to be used to fund future socio-economic development after Ghana's energy resources are depleted. Marné Beukes, "Ghana Passes Oil Revenue Bill After Long Delay," *IHS Global Insight Daily Analysis*, March 3, 2011; and CRS Report RS22809, *Ghana, an Emergent Oil Producer: Background and U.S. Relations*, by Nicolas Cook.

<sup>55</sup> Ghana, which successfully sold a highly oversubscribed \$750 million Eurobond offering in 2007 and was recently given a B1 (medium to high) investment risk by the Moody's, a credit assessment firm, is reportedly planning to make a second offering for the same amount. Zambia, which also has a B1 rating, sold a \$750 million Eurobond offering in September 2012 that was oversubscribed by a factor of 24. Eurobonds are Euro-denominated international bearer bonds sold in international markets, primarily in Europe. Veronica Navarro Espinosa, "Ghana Rated B1 in New Coverage at Moody's as Bond Sales Looms," December 20, 2012, and Matthew Hill, "Zambian Capital Lusaka Seeks Advisers for Debut Municipal Bond," *Bloomberg News*, among others.

<sup>56</sup> A 2009 report (*Ghana's Big Test: Oil's Challenge to Democratic Development*) and more recent work by Oxfam America and Integrated Social Development Center-Ghana have focused public attention on energy, transparency, and development issues. In April 2011, a large coalition of Ghanaian non-governmental organizations (NGOs) Civil Society Platform on Oil and Gas – Ghana, issued a report entitled *Ghana's Oil Boom A Readiness Report Card*. It examined the status of oil sector governance and related transparency, accountability, regulatory processes, and developmental impacts in ten areas; overall, on a scale of A (excellent) to E (failing) it concluded that according that Ghana's performance with respect to the criteria measured ranked at C (fair). See also Ransford Edward Van Gyampo, "Saving Ghana from Its Oil: A Critical Assessment of Preparations so Far Made," *Africa Today*, (57:4), Summer 2011.

The World Bank has been providing technical assistance aimed at addressing environmental protection and management challenges, as well as promoting transparency regarding extractive industry contracting, licensing, and revenue payments.<sup>57</sup>

## Rule of Law Issues

### Corruption

Public sector bribery in Ghana is reportedly common and there have been several high profile corruption cases involving top officials, although by some measures, Ghana is significantly less corrupt than many of its regional peers.<sup>58</sup> According to Transparency International's (TI) *Global Corruption Barometer (GCB) 2010/11*, 60% of Ghanaian respondents thought corruption had worsened in the past three years and 40% reported that they had paid a bribe in the last 12 months. About 55% of Ghanaians viewed their government's anti-corruption efforts as effective, while another 36% reported them as ineffective. According to the State Department and *GCB*, petty police corruption is widespread.

President Mills pledged to reduce corruption "to the barest minimum and make the penalty for corruption so high that it will become something to avoid at all cost." His primary tactics for doing so included efforts to improve the capabilities of anti-corruption government agencies, to "rigorously" enforce Ghana's Whistleblower's Act, and to "vigorously" prosecute official corruption. The government also planned "a massive education campaign against corruption" involving state anti-corruption institutions and civil society anti-corruption agencies and organizations.<sup>59</sup> How effective these efforts have been is not clear. As previously noted, President Mahama has pledged to continue Mills's policies, including regarding transparency issues.

### Trafficking: Narcotics

Ghana faces illicit drug trafficking challenges, notably as a result of a rise in recent years of cocaine from South America and heroin from southwest Asia. These drugs are typically shipped onward to Europe and, to a lesser extent, to South Africa and North America, often via couriers on commercial flights. In the early to mid-2000s, cocaine was reported to arrive on small aircraft and small freighters, with local transfers to smaller coastal vessels, such as fishing boats. These methods reportedly continue to be used, but in recent years there has been a reported increase in cocaine shipments via containerized ship freight, sometimes from non-traditional shipment points, such as Chile and Panama. A nascent methamphetamine production and export trade servicing local and foreign markets has also emerged in recent years.

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<sup>57</sup> World Bank, *Ghana: Natural Resources and Environmental Governance (NREG) Program*, n.d.

<sup>58</sup> According to the TI *2011 Corruption Perceptions Index*, Ghana ranked as the 69<sup>th</sup> least corrupt country among 182 surveyed, and the 8<sup>th</sup> least corrupt country in sub-Saharan Africa.

<sup>59</sup> Mills, *State of the Nation*, 2010. A probe into the EO Group (see textbox on oil sector) attracted widespread attention in Ghana, as have several cocaine cases involving police officials. Another politically sensitive contract bribery case dating back to the previous NDC government of Jerry Rawlings involving a UK firm, Mabey and Johnson, also drew notice in Ghana in late 2009. AC, "Corruption Claims and Rows Tarnish Accra's Record" and "Britain and Bribes in Ghana," October 23, 2009, *inter alia*.

Ghana has served as a departure point for human drug couriers, known as mules, who swallow their shipments or otherwise transport them while traveling on commercial passenger flights. There have been other indications of Ghanaian ties to international drug trafficking, as indicated by periodic arrests of Ghanaians in other countries, including in the United States, West Africa, and Europe. Several years ago, there were also several high-profile cocaine-corruption cases involving government officials. In some instances, suspected large-scale seizures disappeared prior to or after being confiscated, allegedly with official connivance. According to the State Department's 2012 *International Narcotics Control Strategy Report (INCSR)*,

Gangs trafficking South American cocaine have increased their foothold in Ghana, establishing distribution networks run by Nigerian and Ghanaian criminals. Ghana's interest in attracting investment provides good cover for foreign drug barons to enter the country under the guise of legitimate business. However, South American traffickers limit their personal involvement in Ghana by relying on local partners, thus insulating themselves from possible arrest by local authorities.<sup>60</sup>

Ghana engages in counternarcotics cooperation with multiple members of the international community, including the United States, but its capabilities are seen as limited. The State Department reports in the 2012 *INCSR* that

Corruption, a lack of resources, and porous borders seriously impede interdiction efforts. While law enforcement authorities continue to arrest low-level narcotics traffickers, Ghana has had relatively less success pursuing the so-called drug barons. Narcotics-related cases and others involving serious crimes can sometimes take years to prosecute, due to lack of expertise for prosecutors and judges, overbooked attorneys and the failure of witnesses to appear in court. Interagency coordination among law enforcement agencies remains a challenge.

The U.S. Drug Enforcement Agency (DEA), which opened a regional office in Ghana in 2009, has initiated several extradition cases and carried out other law enforcement operations with Ghana. Beginning in FY2010, the DEA also developed a Sensitive Investigative Unit (SIU) in Ghana. SIUs are composed of specialized host country counternarcotics investigators and police who are vetted, or screened, by the DEA through drug tests, background investigations, and polygraphs. They receive additional DEA-funded training, as well as mentoring, including during cooperation on sensitive bilateral investigations. Drug-related law enforcement activities and liaisons in several West African countries are coordinated through the DEA country office in Accra.<sup>61</sup> The Department of Defense (DoD) also provides counternarcotics-related training and equipment-related assistance to Ghana. Examples include airport scanners and related trace detection machines, and the U.S. military's Africa Command has funded the construction of several small physical facilities to house counter-narcotics machinery and seizures.<sup>62</sup>

### **DEA Cooperation with Ghana**

DEA activities in coordination with Ghanaian officials have resulted in several criminal cases. For instance:

<sup>60</sup> State Department, *2012 International Narcotics Control Strategy Report (INCSR)*, March 7, 2012.

<sup>61</sup> These countries include Ghana, Burkina Faso, Cote d'Ivoire, Liberia, Sierra Leone, and Togo. DEA response to CRS inquiry, May 2, 2012.

<sup>62</sup> This aid is provided under two authorities, Section 1004 of the National Defense Authorization Act (NDAA) for Fiscal Year 1991 (P.L. 101-510), as amended and extended, and Section 1033 of the NDAA for FY1998 (P.L. 105-85), as amended and extended. Consultation with Liana Wyler, CRS Analyst in International Crime and Narcotics.

- In July 2011, the DEA and Narcotics Control Board (NACOB) "jointly dismantled a heroin trafficking ring in the U.S. and Ghana, arresting eight individuals, including the ringleader." Five suspects in the case arrested in Ghana were extradited to the U.S. for prosecution. The operation later led to the arrest of eight Ghanaian security service officials on accusations of "assisting drug traffickers to transport drugs through Kotoka International Airport."<sup>63</sup>
- In late 2009, DEA announced the extradition from Ghana and arrest of three West African individuals on narco-terrorism charges. The indictees, reportedly self-described associates of Al Qaeda, allegedly agreed to transport cocaine for purported representatives of the Colombian drug trafficking and terrorist organization, the FARC, from Mali through North Africa into Spain with the assistance and protection of Al Qaeda. A key charge in the indictment was the allegation that the indictees' actions would have helped finance Al Qaeda and Al Qaeda in the Islamic Maghreb (AQIM), a regional affiliate. All three defendants have pled guilty to charges in the case.<sup>64</sup> It is not clear, however, how direct an actual link the defendants may have had to AQIM, as the case involved an undercover false front sting operation and conspiracy charges.
- In 2006 and 2007, a DEA investigation disrupted an Afghanistan-based drug trafficking organization that was smuggling heroin through West Africa en route to the United States; two of the targets of the investigation were expelled from Ghana and convicted of drug trafficking charges in the United States.<sup>65</sup>

## Trafficking: Persons

The State Department classifies Ghana as a "Tier 2" country with respect to trafficking in persons (TIP). This means that the government "does not fully comply with the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so," according to the State Department's most recent annual *Trafficking in Persons Report*, released in June 2012.<sup>66</sup> According to the report, "Ghana is a country of origin, transit, and destination for men, women, and children subjected to forced labor and sex trafficking." Ghanaian nationals, notably children, make up the bulk of trafficking victims within the country, although transnational TIP operations also regularly victimize foreign migrants. Ghanaians are also trafficked into other countries in the region and further abroad.

## U.S. Relations

U.S.-Ghanaian relations are close. A small population of Americans, many of African-American descent, has settled permanently in Ghana, and many prominent Ghanaians have received education in the United States. In its foreign aid *Congressional Budget Justification* (CBJ) for FY2013, the Obama Administration stated that the United States supports the Ghanaian government's "efforts to improve on and sustain middle-income status, and to solidify its position

<sup>63</sup> State Department, *2012 International Narcotics Control Strategy Report (INCSR)*, March 7, 2012.

<sup>64</sup> DEA, "Three Al Qaeda Associates Arrested on Drug and Terrorism Charges," Press Release, December 18, 2009 and *United States of America v. Oumar Issa, Harouna Toure, and Idriss Abelrahman*, Defendants, indictment filed in the Southern District of New York; and Justice Department, "Two Malian Men Plead Guilty In Manhattan Federal Court to Conspiring to Provide Material Support to Terrorists," April 17, 2012.

<sup>65</sup> Testimony of Thomas M. Harrigan, DEA, before the Senate Foreign Relations Committee, Subcommittee on African Affairs: *Confronting Drug Trafficking in West Africa*, June 23, 2009.

<sup>66</sup> The congressionally-mandated report describes general TIP trends in Ghana and government efforts to prevent and prosecute TIP crimes and protect TIP victims; and lays out recommendations for decreasing TIP. U.S. anti-TIP efforts are required under the Victims of Trafficking and Violence Protection Act of 2000 (P.L. 106-386), the Trafficking Victims Protection Reauthorization Act of 2003 (P.L. 108-193), the Trafficking Victims Protection Reauthorization Act of 2005 (P.L. 109-164), and the Trafficking Victims Protection Reauthorization Act of 2008 (P.L. 110-457).

as a regional leader in an area better known for civil strife and economic stagnation.” It also pledged to help Ghana to achieve the poverty reduction and development-focused United Nations Millennium Development Goals by 2015. The United States also sponsors a variety of exchange visits for Ghanaian government officials, focused on increasing Ghanaian familiarization with U.S. legislative and other governance practices, and a variety of educational programs for students and civil society organizations.

A 130-member Peace Corps program, funded at \$3.8 million in FY2012, with \$3.9 million requested for FY2013, supports work in information technology, education and business development, health, and food security.<sup>67</sup>

## Bilateral Assistance<sup>68</sup>

The Administration has requested combined FY2013 State Department and U.S. Agency for International Development (USAID) assistance of \$179.3 million. An estimated \$172.7 million in aid is being provided in FY2012, while \$165.9 was provided in FY2011. A large portion of the FY2013 aid request (89%) would support education (16% of the total); agricultural development (29%), mostly under Feed the Future programs; and health-related capacity development (44%), under the Global Health Initiative. This pattern of allocations closely mirrors that of FY2011 and FY2012. Some Development Assistance funding is provided under the Global Climate Change Initiative. As discussed previously, Ghana is a likely candidate for a second MCC compact.

### U.S. Assistance Program Areas

**Governance:** U.S. assistance helped ensure that the 2008 election was transparent and successful, as discussed previously (see “U.S. Elections Assistance” text box above). Planned FY2013 aid in support of more effective, democratic governance would be closely coordinated with the government and other donors to maximize impacts and prevent duplication. It would maintain the same programmatic emphases pursued in recent years. The Obama Administration will seek to “advance the decentralization process and reinforce the principles of accountability, transparency, and good governance in Ghana by strengthening social service delivery at the local government level, combating corruption through fiscal decentralization, and building the capacity of civil society organizations and parliamentary committees in oversight functions, particularly with respect to extractive industries.”

**Investing in People:** Of about \$69 million in Global Health Program assistance planned for FY2013, roughly a fifth (\$14.2 million) would support programs to counter HIV/AIDS, under the President’s Emergency Plan for AIDS Relief (PEPFAR). About 41% (\$28.0 million) would support anti-malaria programs under the President’s Malaria Initiative (PMI).<sup>69</sup> Additional centrally-allocated funds may also be devoted to Ghana PMI programs. A range of capacity-building assistance is planned in the areas of maternal and child health, family planning and reproductive health, and nutrition.<sup>70</sup> USAID technical assistance will also help to build tuberculosis (TB) detection and treatment capacities and help Ghana

<sup>67</sup> Peace Corps, *Congressional Budget Justification*, Fiscal Year 2012 and “Ghana,” online country program webpage.

<sup>68</sup> Unless otherwise noted, all quotations and information in this section is derived from State Department, *Congressional Budget Justification* (CBJ) for FY2013, and past CBJs.

<sup>69</sup> Key PEPFAR goals include the provision of integrated nationwide HIV prevention, care, and treatment, and support for orphans and vulnerable children. PMI seeks to attain a nationwide 50% reduction in malaria-related morbidity by scaling up preventive and treatment interventions targeting populations that are the most vulnerable to malaria.

<sup>70</sup> These areas would receive, respectively, 12% (\$8.0 million), 19% (\$13.0 million), and 8% (\$5.8 million). An additional \$4.6 million in Development Assistance would support increased access to clean water and sanitation. U.S. health program strategies are described in detail in State Department/USAID/Centers for Diseases Control and Prevention (CDC), *Ghana Global Health Initiative Strategy, 2012-2017*. The PEPFAR website [<http://www.pepfar.gov>] provides detailed HIV/AIDS and TB program information, while the PMI Ghana webpage [[www.pmi.gov/countries/contracts/ghana.html](http://www.pmi.gov/countries/contracts/ghana.html)] and the operational plans webpage [[www.pmi.gov/countries/mops/index.html](http://www.pmi.gov/countries/mops/index.html)] provide information on malaria-related interventions.

to administer a \$31 million Global Fund TB grant. Similar goals have defined U.S. health sector assistance to Ghana in recent years. Education is another key focus of U.S. social services capacity-building aid. Education assistance focuses on basic education, and seeks to help boost the rate of child reading proficiency from 35% to 60%. FY 2013 aid would support improved literacy instruction and bolster educational quality oversight and student assessment. It would also seek to increase education system accountability and effectiveness through administrative and decentralization reforms.

**Economic Growth:** Core goals of U.S. economic growth aid programs in Ghana are to enhance agricultural productivity and efficiency, and thereby increase access to food and higher incomes, especially for the rural poor. These objectives are pursued under the Feed the Future (FtF) initiative. It seeks to help improve access to nutrition for nearly 2 million food-insecure Ghanaians; make Ghana a regional source of food supplies; and diversify and add value to agricultural activities, spurring economic growth and incomes. Of a proposed FY 2013 allocation of \$68.6 million in economic growth aid, all in the form of Development Assistance, 87% would support agricultural investments. Aid in this area would support improvements to rice, maize, and soybean commercial value chains and reduce harvest-related losses by farmers. Assistance to smallholder farmers would focus on improving their production techniques; increasing access to and use of high yield seeds, basic mechanization, and other inputs; and building farm-to-market linkages and value added agro-processing activities. Policy reform technical assistance focusing on land tenure and marine fisheries is also planned.<sup>71</sup>

Nearly 12% of economic growth funding would support projects in the areas of financial sector and infrastructure capacity-building, increased economic opportunity, and environmental management and conservation. A key focus would be on continued provision of negotiation advice related to public-private power projects “that, once completed, will add 450 megawatts of generation capacity to Ghana’s power generation system.” Aid would also support capacity-building targeting to enable ‘small and medium firms to provide services to the growing oil and gas industry in the Western Region and efforts to “enhance the government’s capacity to monitor, report, verify and inventory greenhouse gas emissions... [and] enhance Ghana’s access to emerging carbon markets and various climate change-funding mechanisms.”

**Peace and Security:** U.S. peace and security aid seeks to help Ghana to continue its contributions to international peacekeeping operations and combat narcotics trafficking. Ghana participates in African Contingency Operations Training and Assistance (ACOTA) peacekeeping troop training under the State Department Global Peace Operations Initiative (GPOI). A proposed \$700,000 FY 2013 International Military Education and Training program would support military leadership professionalization, technical and tactical skills-building, and defense resource management focused primarily on helping to address maritime security and peacekeeping challenges. A \$350,000 Foreign Military Financing program would also provide equipment, services, and training focused on meeting these challenges.

In recent years, Ghana has received State Department International Narcotics Control and Law Enforcement assistance funds. The Defense Department has also provided ship traffic monitoring equipment and patrol boats, administered training, and pursued maritime cooperation. Ghana also acts as a base for periodic U.S. military regional activities, such as crisis response actions and exercises. It participates in the National Guard State Partnership Program, which links U.S. states, North Dakota in the case of Ghana, with partner nations in support of U.S. security cooperation goals. It also hosts and benefits from various Africa Command (AFRICOM)-facilitated or implemented programs, such as Africa Deployment Assistance Partnership Team (ADAPT) and the AFRICOM/U.S. Navy Africa Partnership Station (APS) West.<sup>72</sup> Ghana has long been used as a deployment base for periodic U.S. emergency evacuations of citizens or embassy personnel in the region. It hosts a U.S. military Exercise Reception Facility used to expedite troop deployments for exercises and crisis responses within West Africa, as well as an associated fuel hub.

<sup>71</sup> FtF efforts are pursued under and are counted as a U.S. contribution toward the New Alliance for Food Security and Nutrition, a recent Group of Eight donor cooperation initiative. New Alliance plans lay out a set of specific technical and program Ghanaian government and donor pledges that seek to “generate greater private investment in agricultural development, scale innovation, achieve sustainable food security outcomes, reduce poverty and end hunger.” The Alliance also incorporates public-private partnerships in the form of business investment pledges; under the plan, 15 firms have committed to invest in a range of specific projects in support of Alliance policy goals. State Department, *G8 Cooperation Framework to Support the “New Alliance for Food Security and Nutrition” in Ghana*, 2012.

<sup>72</sup> ADAPT, a complement to the State Department’s ACOTA/GPOI program, helps build deployment capacity for African militaries for peacekeeping and other operations. APS is a regional U.S. Navy-led, ship-based, interagency, multi-disciplinary effort that provides training and other capacity-building assistance focused on bolstering maritime security in the region. For background on SPP, see CRS Report R41957, *The National Guard State Partnership Program: Background, Issues, and Options for Congress*, by Lawrence Kapp and Nina M. Serafino.

## Trade and Investment

Ghana is a leading African buyer of U.S. goods, and while bilateral trade is relatively small compared to U.S. trade with countries in other regions, it has grown exponentially—by 638%—over the last decade. Total bilateral trade in 2002 stood at \$309 million; by 2011, it had grown to \$1.97 billion. In 2009, U.S. exports to Ghana totaled \$634 million, but they jumped to \$983 million in 2010 and \$1.2 billion in 2011. These increases appear attributable to inputs for the oil sector. U.S. imports from Ghana stood at \$135 million in 2009, and rose to \$273 million in 2010 and \$779 million in 2011. There is a highly variable but large U.S. trade surplus with Ghana. In 2009, the total value of U.S. exports to Ghana was 4.7 times as large as that for U.S. imports from Ghana, and over the past decade the trade surplus ratio in favor of the United States has averaged nearly 2.5 to 1.<sup>73</sup> Ghana is eligible for trade benefits under the U.S. African Growth and Opportunity Act (AGOA, P.L. 106-200, Title I, as amended).<sup>74</sup> Exports under AGOA, however, have declined sharply, from a high of 41% of exports to the United States in 2004 to under 1% in 2010, although there was a jump to just over 9% in 2011.<sup>75</sup> Furthermore, AGOA exports were undiversified, made up mostly of processed fuel products and a range of textile and apparel products. Multiple factors may account for the general decline in exports under AGOA as a share of all exports to the United States, which have risen, but one study attributes these trends to Ghana’s “lack of supply capacity, the result of low industrialization; its lack of financial resources; and its lack of a national strategy on AGOA.”<sup>76</sup>

Three bilateral trade and investment agreements are in force. They include an Overseas Private Investment Corporation (OPIC) Investment Incentive Agreement, a Trade and Investment Framework Agreement (TIFA), and an Open Skies aviation agreement.<sup>77</sup> U.S. firms are key investors in Ghana.<sup>78</sup> U.S. foreign direct investment (FDI) in Ghana (investments in which U.S. firms own 10% or more of an overseas firm or other business asset) have risen steadily in recent years. It totaled \$2.3 billion in 2011, \$2.1 billion in 2010, and \$1.6 billion in 2009. Most of this investment is likely associated with oil sector and mining investments.<sup>79</sup>

Corruption (see above) can negatively affect trade and investment, but foreign investors can generally operate far more easily in Ghana than in many other countries in the region. Accra, the capital, along with several smaller cities in the interior, offers relatively advanced and steadily

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<sup>73</sup> Data and CRS calculations based on data from U.S. International Trade Commission, Trade DataWeb.

<sup>74</sup> For a discussion of AGOA, its provisions, and status, see CRS Report RL31772, *U.S. Trade and Investment Relations with sub-Saharan Africa and the African Growth and Opportunity Act*, by Vivian C. Jones and Brock R. Williams.

<sup>75</sup> These trends were generally due to mainly to patterns in exports of non-crude petroleum products.

<sup>76</sup> Elizabeth A. Asante, Simon Bawakyillenuo, and Clemente Ahiadeke, “AGOA: Market Opportunity and Supply Capacity in Ghana,” Brookings Institution, *Africa Growth Initiative*, 2011.

<sup>77</sup> State Department, *Investment Climate Statement - Ghana*, 2011 and 2012 editions.

<sup>78</sup> Leading U.S. firms active in Ghana include Chevron West Africa Gas Ltd. (West Africa Gas Pipeline operator); Kosmos Energy, Anadarko, Hess, and Vanco (oil/gas sector); Newmont Mining (gold mining); Archer Daniels Midland and Cargill (cocoa); Affiliated Computer Services (data processing); IBM; and General Electric. State Department, *2011 Investment Climate Statement Ghana*; and White House, “Fact Sheet on the U.S.-Ghana Development and Economic Relationship,” March 8, 2012.

<sup>79</sup> FDI figures, which are from the Commerce Department’s Bureau of Economic Analysis (BEA), do not reflect trade in services, aggregate reporting on which is generally not available for African countries other than South Africa. BEA collects U.S. FDI data by sector, but breakouts by sector for many African countries, including Ghana—and, in some cases, total FDI in a country (e.g., Ghana in 2008)—are often not available because the BEA suppresses this detailed reporting to avoid disclosure of data of individual companies.

improving cell phone and Internet access. In many areas of commercial activity, doing business is relatively straightforward and subject to effective legal protections, including from nationalization or expropriation, with limited exceptions. In rare cases where expropriation has occurred, legal redress and/or compensation have been forthcoming. Legal processes, however, are often slow and enforcement of legal judgments can present challenges. Alternative commercial dispute resolution is both allowed and practiced, and such services are provided by the Commercial Conciliation Center of the American Chamber of Commerce (Ghana).

### *Trade Assistance*

U.S. trade capacity-building (TCB) assistance in Ghana, mostly in the form of activities authorized, mandated, or encouraged under AGOA, is diverse.<sup>80</sup> Ghana hosts the USAID regional office and USAID's West Africa Trade Hub, which seeks to increase exports from countries in the region. Trade hub export promotion focuses on expanding exports of selected products that are competitively produced by small scale manufacturers and other types of firms in the region (e.g., apparel, cashew, fish and seafood, home decor & accessories, shea nut butter and products, and specialty foods). The hub educates buyers and sellers regarding how to export and access their target markets and obtain financing. It also connects importers and exporters through trade shows and other forums, and helps build producer industry alliances. Hub staff coordinate with other USAID units to address regional trade and competition-inhibiting challenges related to transportation and telecommunications, lack of access to finance and business services, and poor business environments. For instance, the hub issues regular reports on checkpoints, bribes and delays on West Africa trade corridors and other aspects of road governance. It also sponsors regional capacity-building projects that support initiatives such as the Economic Community of West African States (ECOWAS) free trade area. This initiative aims to facilitate the free movement of transport, goods, and persons within ECOWAS member states and remove tariff and non-tariff barriers to trade, but faces numerous implementation challenges.

Ghana receives bilateral TCB assistance administered by various U.S. development and trade agencies in all major TCB categories. The majority of aid supports:

- construction of communications, transport, and power infrastructure for trade-related industrial zones and trade-related agricultural, agribusiness, and services capacity-building;
- trade facilitation (e.g., customs operations; market expansion-based trade promotion; business networking and trade-related information technology capacity-building, and skills training; and free trade agreement implementation assistance); and
- trade-related labor improvements (support for labor standards, worker rights and the elimination of child labor, and workforce development), financial sector development, and environment-related capacity-building).<sup>81</sup>

U.S. TCB assistance to Ghana is primarily provided by the Department of Treasury, MCC, Overseas Private Investment Corporation (OPIC), U.S. Trade and Development Agency (USTDA), Department of Agriculture (USDA), and USAID. From FY2007 through FY2011, bilateral TCB assistance from all agencies totaled \$312.5 million, but varied considerably by year

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<sup>80</sup> For a discussion of TCB and how it is provided, see CRS Report RL33628, *Trade Capacity Building: Foreign Assistance for Trade and Development*, by Danielle Langton.

<sup>81</sup> USAID, *Trade Capacity Building Database*.

(e.g., ranging between \$248.2 million in FY2007 and \$7.1 million in 2008).<sup>82</sup> Large variations are usually attributable to one-time obligations of funds for large projects, such as multi-year outlays of MCC compacts (e.g., FY2007) or, as in the case of FY2011, a large OPIC project.<sup>83</sup>

## Outlook

Close U.S.-Ghanaian relations are growing stronger, as reflected by Ghana's selection as a Partnership for Growth country, and appear likely to remain positive. Ghana is a key target for increased and more diverse public-private development cooperation and investment under several U.S. initiatives, and has a growing and increasingly diverse economy. Ghana's role as a new oil producer is also likely to increase its strategic importance to the United States. Prospects for growing trade and investment relations may spur new congressional interest in Ghana. Development cooperation is likely to remain a key area of congressional engagement; despite its economic successes, Ghana faces deep-seated socio-economic development challenges. It also may face natural resource governance challenges—a growing area of policy interest among some Members—associated with its anticipated oil export earnings windfall.

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<sup>82</sup> The annual TCB aid amounts for these years were: \$248.2 million (FY2007); \$7.1 million (FY2008); \$14.8 million (FY2009); \$7.7 million (FY2010); and \$34.7 million (FY2011).

<sup>83</sup> Recent OPIC projects in Ghana have included:

- an FY2012 \$119.5 million in insurance guarantees for a private bond-funded investment in agricultural storage and livestock breeding facilities, and information technology (IT) for use in national statistical research and agricultural monitoring; and an FY2012 \$0.95 million project to finance school dormitories; and
- an FY2011 \$245.1 million finance project in support of Ghanaian Ministry of Health procurement of medical, dental and hospital equipment and supplies.

Figure I. Map of Ghana



Source: United Nations, "Ghana," Map No. 4186, Rev. 3, February 2005.

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