



Ghana: Background and U.S. Relations

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Summary

This report provides information on current developments in Ghana and Ghana's relations with the United States, which are close. It describes the purpose of President Barack Obama's forthcoming trip to Ghana, which will focus on issues of good governance and socio-economic and political development, and characterizes the current state of play in bilateral relations. It also summarizes the policy agenda of Ghana's president, John Atta Mills, who won office by a narrow margin in elections in late 2008. The dynamics of that election are described in the report, as are recent policy-centered developments, economic challenges and performance, and socio-economic prospects. Ghana's international relations and bilateral development cooperation with the United States are also covered in the report.

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Overview and Current Developments

President Barack Obama is slated to travel to Ghana from July 10 to 11, following the president's attendance at the G-8 Summit in L'Aquila, Italy. Key purposes of the trip, discussed further below, are to highlight Ghana as "a shining example" in Africa "of the importance of free and fair elections"; to underscore "the critical role that sound governance and civil society play in promoting lasting development" in Africa; and to stress the continuing commitment of the United States to invest in such development.¹ The trip will also provide a forum for discussions between President Obama and President John Atta Mills of Ghana, one of the United States' "most trusted partners in sub-Saharan Africa" on "a range of bilateral and regional issues."²

President Obama's trip to Ghana comes almost exactly six months after the inauguration of President Mills, following presidential and parliamentary elections in December 2008. President Obama had previously characterized these elections, which at the presidential level were reportedly among the closest ever in post-colonial Africa, as demonstrating "the Ghanaian people's commitment to democratic governance" and as an exemplar of Ghana's "democratic leadership in Africa, particularly in light of the troubling coups in Mauritania, Guinea, and Madagascar."³ The 2008 election marked Ghana's fifth consecutive democratic national election and preceded its second democratic transfer of power from one political party to another. This watershed, a rare occurrence in post-independence sub-Saharan Africa, signified Ghana's further maturation as a democracy following a transition from "no-party" rule that began in 1992.

U.S.-Ghanaian relations are warm. President Obama's trip follows an early 2008 trip by former President George W. Bush to Ghana, which in 2006 signed a \$547 million U.S. Millennium Challenge Corporation (MCC) Compact. The goal of President Bush's 2008 trip, during which he also visited several other African countries, was to personally review MCC and other U.S. aid programs in Africa. He held talks with former Ghanaian President John Agyekum Kufuor and other African leaders on prospective continued U.S.-African partnership to sustain "democratic reform, respect for human rights, free trade, open investment regimes, and economic opportunity" across Africa. His visit to Ghana focused on improved health prospects for Ghana resulting from its designation in 2008 as a President's Malaria Initiative focus country; prospective education improvements resulting from Ghana's participation in the President's Expanded Education Initiative; and trade growth efforts under the U.S. African Global Competitiveness Initiative (AGCI). The AGCI West Africa Trade Hub, which promotes intra-African and U.S.-African trade,

¹ White House, *Statement by the Press Secretary on Upcoming Travel by the President*, May 16, 2009 and *Press Briefing by Press Secretary Robert Gibbs*, June 22, 2009

² White House, *Statement by the Press Secretary on Upcoming Travel...*

³ White House, *Readout of the President's call with President Mills of Ghana*, Office of the Press Secretary, April 10, 2009. Mills won the run-off by garnering a 0.45% vote margin (40,586 votes of more than 9 million cast) over that of his opponent, New Patriotic Party (NPP) candidate Nana Akufo-Addo. Mills entered the run-off by coming in second in a preceding eight-candidate first round election, with 47.06% votes cast, behind Akufo-Addo, who won a 47.55% vote share. Akufo-Addo's vote margin allowed him win the first round, but he failed to garner the 50% threshold needed to win the presidency outright, thus triggering the run-off. Electoral Commission of Ghana "Presidential (Runoff)," *Election Results*, January 3, 2009 and "2008 Results Summary - Final Results," online at <http://ec.gov.gh/results>; and; and BBC News, "Profile: Ghana President John Mills," January 3, 2009.

is based in Ghana, which also hosts the U.S. Agency for International Development (USAID) regional development program.

Apart from development cooperation, Ghana is widely seen as a key U.S. partner in the region and as an African “success story” in light of its successful transition to democracy and attainment of substantial economic gains in recent years, albeit in the face of continuing widespread poverty rates. It is a stable country in an often volatile sub-region, and has helped to mediate several political and/or military conflicts in West Africa over the last quarter century. It is also praised for its near-constant contribution of troops to international peacekeeping operations in Africa and elsewhere. Ghana has also drawn attention recently because of its recent discovery of a sizable reserve of crude oil. This reserve promises to boost national income and development prospects, but—based on the experience of many other oil-rich developing countries—may also pose substantial good governance and resource management challenges. Ghana, like the United States, also faces challenges with respect to narcotics trafficking, notably with respect to a rise in recent years of cocaine being transported from South America to Europe via West Africa, and a shared interest in countering such trafficking is a growing area of U.S.-Ghanaian cooperation.⁴

President Obama’s Trip to Ghana

President Obama’s trip to Ghana is being preceded by a multi-leg trip to other countries, including a visit to Russia for bilateral talks and to Italy and the Vatican for bilateral meetings, the G8 summit and related meetings.⁵ The latter are substantially to focus on African and developing country issues. They include a “G8-plus-5-plus-1” meeting (i.e., a meeting of the G8 plus five major emerging economies, China, India, South Africa, Mexico, and Brazil, plus Egypt, which was invited to participate by Italy) and a working breakfast of the G8 plus African countries and five international organizations, as well as a U.S. bilateral meeting with South Africa, among other meetings.

According to presidential African affairs aide Michelle Gavin, President Obama’s trip to Ghana is meant to signal his particular interest “in emphasizing themes of governance—the importance of governance for making development progress [and...] for stability” in Africa and the broader developing world. Ghana was chosen, she said, because “Ghana is a truly admirable example of a place where governance is getting stronger, a thriving democracy,” a status exemplified by the election of 2008. The election was laudable, she suggested, because despite the narrow margin between the two run-off contestants, and in contrast to many political crisis-generating elections in multiple other African countries, in Ghana “power was transferred peacefully” to a new government that “continue[s] to pursue a development agenda and bolster the rule of law.”⁶

⁴ White House, *Readout of the President’s call...*; and U.S. Congress, Senate Committee on Foreign Relations, *Confronting Drug Trafficking in West Africa*, 111th Cong., 1st sess., June 23, 2009; and CRS report, forthcoming.

⁵ This section, and all direct quotations within it, is drawn from a July 1, 2009 White House Press briefing on the President’s trip to Russia, Italy, and Africa by Denis McDonough, Deputy National Security Advisor for Strategic Communications, Michael Froman, Deputy National Security Advisor for International Economic Affairs, Michelle Gavin, Special Assistant to the President and Senior Director for African Affairs, and Michael McFaul, Special Assistant to the President and Senior Director for Russian and Eurasian Affairs, and in particular from comments made by Ms. Gavin.

⁶ In a response to a reporter’s question following the briefing, Ms. Gavin cited as examples of undemocratic changes of (continued...)

Gavin stated that while in Ghana, President Obama would have discussions with President Mills “about a number of important issues” in furtherance of what she characterized as a “strong bilateral relationship.” Issues to be discussed include “development priorities, including agricultural development” and “governance issues,” the latter contextualized in Ghana’s anticipated “challenges as a new oil wealth is slated to come online within the next couple years” which, she said, “always creates an interesting governance challenge.” Other issues slated to be addressed, Gavin said, include food security, maternal health and mortality, and “regional issues... relating to stability, governance, counternarcotics, which is an important issue in West Africa”—all issues of current interest within the 111th Congress.⁷

The President is also slated to give a speech about some of the themes that are being addressed in his discussions with President Mills. The speech is the last of a four-part thematic series of overseas speeches laying out some of President Obama’s key foreign policy views, and is to center on the relationship between democracy and development in Africa and in the wider developing world.⁸ It is slated, in particular, to focus on the importance of good governance and the need to institutionalize of an interplay between elected officials, voters, civil society and local initiatives in achieving that end. The speech is also expected to focus on the key role played by national self determination and achievement in attaining socio-economic and political development, in contrast to donor-led development. Following the speech, President Obama and Mrs. Obama are slated to visit to Cape Coast, along Ghana’s central coast, which is the location of the Cape Coast Slave Castle, a key holding point for slaves prior to their forced trans-Atlantic passage to the Americas.

In contextualizing the Africa portion of President Obama’s trip in relation to his preceding visit to Russia and Italy, Ms. Gavin characterized the Ghana visit as “quite intentional” and meant to underscore “the point that Africa is integrated broadly into” the Administration’s foreign policy strategy and that “African voices are an important part of global discussions on key global issues.” She and other briefers highlighted the fact that African governments would participate in a number of meetings at the G8 summit. Gavin also drew a correlation between the issue themes being discussed at the G8 summit and policy challenges faced by African countries, such as a need for economic resilience, a capacity to weather the current economic downturn, achieve socio-economic development goals, as well as global issues, such as climate change—and what

(...continued)

government in Africa coups d’état in Mauritania, Madagascar, and Guinea. She also cited as “problematic” elections in Nigeria, Kenya, Zimbabwe, and pointed to a further emerging challenge to democratic governance in Niger. Niger’s President Mamadou Tandja has asserted a right to rule by emergency decree after failing to secure a constitutional change overturning term limits that would have allowed him to extend his tenure.

⁷ See, for instance, U.S. Congress, Senate Committee on Foreign Relations, *Confronting Drug Trafficking in West Africa*, 111th Cong., 1st sess., June 23, 2009; H.R. 1410, Newborn, Child, and Mother Survival Act of 2009 (McCollum); H.Res. 550, Recognizing the “Day of the African Child” on June 16, 2009, devoted to the theme of child survival and to emphasize the importance of reducing maternal, newborn, and child deaths in Africa (Payne); and recent Dear Colleague letters on maternal health; and multiple bills and hearings focusing on food security in the 100th and 111th Congresses.

⁸ According to the briefers, the first speech, in Prague, the Czech Republic, expressed President Obama’s views on proliferation and the role of small states in the international system and in the context of U.S. national security goals. The second, in Cairo, Egypt, set out a vision for U.S. relations with communities in the Muslim world and associated issues faced jointly with those communities, e.g., terrorism, extremism, and lasting peace in the Middle East. A third speech, in Moscow, focused on U.S.-Russia relations and the role of great powers in the current century.

she characterized as the underlying importance of good governance in successfully addressing them.

Mills Administration

President Mills took office on January 7, 2009, succeeding former President Kufuor after the latter's second term in office. The new government's first priority reportedly centered on gaining control over economic policy administration and the government's administrative apparatus from the departing NPP government. In particular, it reportedly sought to stabilize the declining exchange rate of the national currency, the *cedi*; halt a rapid rise in fiscal spending, leading to a rising current account deficit; and check inflation. These challenges have been compounded by the global recession, a strengthening dollar, a slowing economy, due in part to weakening commodity prices and a contraction of access to international and local credit, but have been aided by a decline in imports and growth in exports.⁹

Policy Agenda

Mills, as stated in his 2009 state of the nation address to parliament, has pledged to fulfill the goals outlined in the NDC party election platform.¹⁰ Key policy areas addressed under the manifesto include governance; economic growth and investment; investment in people (e.g., health sector and education); and investments in infrastructure for growth.¹¹

Governance

The Mills government has pledged to undertake a number of administrative reforms to prevent government corruption and strengthen the organizations that investigate and prosecute corruption, including by insulating the Serious Fraud Office from political interference, and by passing a Freedom of Information Bill to ensure public access to official information. It also proposes substantial capacity building of computer-based systems to enforce efficient and transparent use of public funds and bolster administrative oversight of government activities. It also seeks to ensure increased and equitable access to justice, through judicial system capacity-building, the use of alternative dispute resolution mechanisms and legal aid, and efforts to prevent the corrupt or political manipulation of justice. The NDC has also promised increased national and public security through diverse efforts to build national border control, police, intelligence, and military capacities and personnel diversity, and resolve several political murders. The government is, in particular, seeking to bring such assets to bear on counternarcotics activities. The manifesto states that Mills's NDC government will seek to "reverse Ghana's image as an easy target for money

⁹ Africa Confidential, "Lining up the Mills team," February 6, 2009; and Economist Intelligence Unit (EIU), Ghana Country Report, June 2009.

¹⁰ NDC, *A Better Ghana: Investing in People, Jobs and the Economy*, 2008; and Parliament of Ghana, *State of the Nation Address by His Excellency John Evans Mills, President of the Republic of Ghana*, February 19, 2009

¹¹ The manifesto states that the calls for "the NDC government" will establish a "Monitoring Unit that will watch and measure the implementation of the pledges and promise[s]" outlined in the document. All direct quotations in the following sections on Mills Administration policy are from the manifesto. NDC, *A Better Ghana*...

laundering and [illicit] drug transport” through asset seizures, correlate drug prosecution assets and the severity of resulting sentences with the “seriousness of the crime,” including by targeting high-level drug criminals and “their powerful allies.” The Mills Administration also seeks to

Profile: President John Mills

Ghana’s current president, Dr. John Evans Fiifi Mills, popularly known as the “The Prof,” was born in July 1944 at Tarkwa in Ghana’s Western Region. Prior to being elected in 2008, he had twice—in 2000 and in 2004—unsuccessfully competed for the presidency as the candidate of the National Democratic Congress (NDC) against former President Kufuor of the New Patriotic Party (NPP). Mills had previously served as Ghana’s national Vice President from 1997 to 2001 in the administration of former president Jerry Rawlings. A former national tax commissioner and professor of law at the University of Ghana, Legon, Mills holds a BA in law from the University of Ghana, Legon and a PhD in Law from the School of Oriental and African Studies in London, the United Kingdom, where he wrote a dissertation focusing on taxation and economic development. He also attended Stanford Law School as a Fulbright scholar and has taught and lectured at several foreign institution of higher learning. He has served as a board or executive member or examiner at multiple high-level Ghanaian national financial, economic, and business institutions. President Mills is married to Ernestina Naadu Mills, an educator, and has a son, Sam Kofi Mills. The relationship between Mills and Rawlings is a delicate one for Mills. Rawlings, the founder of the NDC, is a charismatic former president who, despite having no reported further aspirations for public office, is viewed as maintaining a popular base of support within the NDC. He regularly comments on current events and national political personalities, often in a no-holds barred manner that often provokes controversy. He is viewed as having brought Mills to national political prominence by selecting Mills as his vice presidential NDC party running mate in the 1996 election. There has long been speculation in the Ghanaian press over whether Rawlings wields influence over Mills, who once provoked controversy by stating that he would consult with Rawlings if elected. While there is some concordance between some policy actions advocated by Rawlings and those taken by Mills, it is not clear that these reflect Rawlings’s influence, and not simply shared policy views. There are also some signs of differences between the two men. Rawlings has criticized Mills’s selection of nominees for government leadership posts, and accused him of failing to more forcefully push for probes or prosecution of allegedly corrupt Kufuor Administration figures. In addition, while some former Rawlings administration officials occupy posts in the Mills Administration, Mills has reportedly sidelines other Rawlings associates, suggesting that Mills is his own man.

Sources: NDC, “The Candidate,” n.d., <http://www.attamills2008.com> ; Ghana Review International, “Professor John Evans Mills (NDC),” n.d., <http://www.ghanareview.com>; Africa Confidential, “Is Rawlings the back-seat driver?,” February 6, 2009 and “The Mills grind slowly,” April 17, 2009; and BBC News, “Profile: Ghana President John Mills,” January 3, 2009.

increase the role of women in government decision and policy-making by increasing to “at least 40%” the representation of women in government, public service and in the NDC; increase the role of women in education; make “reproductive and other female health issues central” to social and health policy; and promote education and legislative measures to ensure women’s rights. It also seeks to increase representative and decentralized governance and accountability at the local level through various means; enhance operational proficiency, profitability, and the accountability of public sector companies.

Economic Growth

The NDC manifesto calls for pursuit of an “activist and enabling state” that will help boost business growth and credit access, notably to small businesses, many part of the large informal sector, including through the provision of tax breaks to financial institutions that help achieve these goals. It also calls for the government to facilitate “fair” and legal access to land and property ownership titles; enact business-friendly regulatory reform; and boost job creation, especially for Ghana’s youthful population. It also seeks to promote Ghana’s access to international markets by pursuing efforts to gain “relief in international trade arrangements to protect domestic industry”; increase export promotion efforts; providing aid to Economic Community of West African States (ECOWAS) countries “in exchange for export markets for Ghanaian made goods”; and by privileging public procurement purchases of Ghanaian goods.

The document also calls for efforts to make Ghana a financial hub for finance in West Africa, build the local banking sector, and enhance bank regulation by the Bank of Ghana. It also lays out a local industrial support policy focused particularly on decentralization of industrialization, duty-free treatment for industries targeted for high-priority growth. These include agriculture processing, textiles, mining, petro-chemicals, fertilizer, salt, and cement production, pharmaceuticals, afro-forestry and wood products, shea, housing and road construction. Agricultural growth is a particular target of the government's economic growth policy, and the manifesto lays out a wide range of efforts to aid the farm sector, ranging from diverse production growth and technology enhancing strategies to increased access to credit and markets to diverse types of agricultural infrastructure growth. The key cocoa industry, as well as the cotton, cashew, rubber, oil palm, soy, fruit, shea nut, timber, and coconut crop sectors, along with bio-fuel and medicinal plants and fisheries, are especially targeted to receive such assistance. Mining reforms, particularly in support of local mining communities, are another focal policy area for the government.

Social and Infrastructure Investment

Key foci of the social investment to investment policies of the Mills Administration, as outlined in the NDC manifesto, include health Care-related efforts to address “malnutrition, poor sanitation, unsafe water, poverty and a shortage of health care providers’ equal high infant and maternal mortality, [and] large gaps in health care between urban and rural, rich and poor.” The means for achieving such ends include expanding access to quality, affordable basic primary health services through diverse administrative reforms, greater medical personnel training and compensation. Increased access to education is another key policy goal, and efforts in this area center on increasing teacher training, motivation, and retention and expanding access to free primary; technical and vocational education; and tertiary education. The government also supports a wide range of programs to alleviate poverty, ranging from adult illiteracy efforts to increased transparency in government development efforts to increased access to water, sanitation and social services. Urban slum renovation and increased access to housing and jobs by the poor in cities is another major element of poverty alleviation efforts by the government, but it also seeks to decrease rural poverty, primarily by boosting agriculture and access to infrastructure and transportation.

Infrastructure growth is the final major policy priority of the Mills Administration. According to the NDC manifesto, the government will seek to expand housing, access to water and sanitation, and transport infrastructure through a mix of regulatory reforms, technical efficiency advancements, and basic construction investments. Electricity sector reforms and investment and transparent effective governance and use of what is expected to be a very large influx of oil revenues in future years are among the other major policy elements of the Administration's policy agenda.

2008 Election

Ghana held presidential and parliamentary elections on December 7, 2008, resulting in a marginal electoral win for the NDC. The election campaign was contested vigorously but was reportedly largely peaceful. Focal electoral issues included public dissatisfaction over electricity and water shortages, rising food, fuel, and utility prices, and reports of corruption.¹² Recent economic expansion and prospective oil revenue-fueled growth, however, were seen as benefitting the NPP, as were divisions in the NDC, from which a dissenting faction broke away to form a new splinter party. While Mills was selected as the NDC presidential candidate, notwithstanding his two earlier losses as NDC flag bearer, 18 NPP candidates fiercely vied for the NPP nomination in the run-up to the NPP party congress in late 2007. Akufo-Addo won the nomination in the first round of voting, surprising some observers, given that President Kufuor had reportedly favored another candidate. The NPP nomination process drew some criticism because the \$25,000 party nomination fee, in a country with an average income of about \$520, was seen as barring contenders who lacked wealth or could not raise large amounts of cash to rally support.¹³ Ghana generally enjoys inter-ethnic harmony, but regional rivalries and disparities that are sometimes viewed in ethnic terms play a role in politics.¹⁴ Ethnicity, however, does not appear to have played an overt or key role in the election.

With some minor, mostly technical exceptions, voting on December 7 was free, open, and transparent, according to reports by national and international observers who monitored the vote, along with a large number of national political party observers.¹⁵ The election elicited widespread praise internationally, despite some minor shortcomings.¹⁶ These reportedly included temporary shortages of voting materials at some polling places, along with limited, minor allegations of irregularities, mainly in two constituencies, Asutifi South and Akwatia.¹⁷ In the initial presidential vote, John Mills of the opposition National Democratic Congress (NDC) party won a 47.92%

¹² See, among others, United Nations Integrated Regional Information Networks (IRIN), "Ghana: Critical issues in 7 December elections," December 4, 2008.

¹³ Several leading contenders, dubbed the "monetocracy," reportedly funded expensive campaigns to court NPP delegates. Press reports raised questions over the funding sources of some NPP contenders. *Africa Confidential*, "Ghana: 'Who spends, wins'," November 30, 2007 and *Africa Confidential*, "Ghana, Race to the top," December 14, 2007, among others.

¹⁴ The NPP has always fielded an ethnic Akan presidential and a vice-presidential candidate from the north since the reinstatement of multiparty politics in 1992, and is viewed as predominating in the Akan south and southeast. The NDC's traditional base of support, by contrast, is in the multi-ethnic, largely Islamic north and among Ewes in the south. *Africa Confidential*, "Ghana: 'Who spends...,'" *inter alia*.

¹⁵ Coalition of Domestic Election Observers (CODEO), "Press Release (Close of Day)," December 7, 2008; EU Election Observation Mission, Republic of Ghana 2008, "Parliamentary and Presidential elections in Ghana conducted in an open, transparent and competitive environment," [press release], December 9, 2008; EU, European Union Election Observation Mission Ghana, "A Competitive Campaign and a High Degree of Transparency on Election Day Reflect Ghana's Democratic Culture," Presidential and Parliamentary Elections, 7 December 2008, Preliminary Statement, December 9, 2008; and Electoral Commission of Ghana, "AU observer team call on Minister," December 11, 2008, *inter alia*.

¹⁶ Scott Stearns, "World Leaders Congratulate Ghana on Democratic Election," Voice of America, January 5, 2009.

¹⁷ *Ibid.* Also see Ghana News Today via PeaceFMOnline.com, "5th Parliament to be Ushered in on Jan. 7th," January 3, 2009; Ghana News Agency (GNA) via Myjoyonline.Com, "Electoral offenders before court," January 6, 2009; and GNA via Myjoyonline.Com, "EC suspends Akwatia constituency parliamentary election," December 27, 2008.

vote share. His main rival, former Foreign Affairs Minister Nana Addo Dankwa Akufo-Addo of the New Patriotic Party (NPP)—President Kufuor’s party and the majority party after the previous election in 2004—won a 49.13% vote share. Given that neither leading candidate attained a 50% vote share, a requirement for electoral victory, a run-off vote was later held. In the December 7 parliamentary vote, the opposition NDC achieved a narrow majority, winning 114 (50%) of 228 seats for which results had been determined as of January 6, 2009—of a total of 230 seats—against 107 (nearly 47%) seats for the NPP. Seven additional seats were won by two minor parties and independent candidates. The winners of two seats had not been certified as of January 6, 2009.

A presidential run-off vote between Mills and Akufo-Addo was held in 229 constituencies on December 28, resulting in a 50.13% vote share for Mills, with Akufo-Addo winning 49.87% of the vote, 23,050 votes fewer than Mills.¹⁸ These results failed to decide the election, however, because incorrect allocations of voting materials were delivered to one constituency, Tain District, in the central Brong Ahafo Region, potentially disenfranchising voters.¹⁹ This discrepancy prompted the Electoral Commission to order a repeat of runoff balloting in Tain, an outcome that conferred on Tain’s estimated 53,000 voters the potential power to decide the outcome of the race.²⁰ Although the NPP considered a legal challenge to and later a political boycott of the Tain vote, which was controversial and spurred some very minor, isolated post-election violence, it later accepted the outcome.²¹ After Tain was added to the national run-off totals, Mills garnered a winning 50.23% share of votes cast against a 49.77% vote share for Akufo-Addo.²²

Kufuor Record

Kufuor, a former veteran opposition figure and Oxford-trained lawyer, businessman, and former deputy foreign minister and parliamentarian, was ineligible to run for the presidency in 2008 due to constitutional term limits. He first won the presidency in 2000, having bested Mills in a poll that led to Ghana’s widely praised, first-ever democratic presidential and political party succession. In 2004, he again triumphed over Mills, winning 52% of votes in a poll that was

¹⁸ Kwasi Kpodo, “Ghana presidential hopefuls in last-ditch vote race,” Reuters, December 31, 2008.

¹⁹ Carter Center, “Carter Center Deploys Observers to Ghana’s Brong-Ahafo Region to Observe Tain Constituency’s Elections,” December 31, 2008.

²⁰ Such an outcome was viewed as unlikely by press commentators, however, because in the first round, only 59% of Tain’s voters had turned out. Of these voters, about 97% had reportedly split their ballots between the two leading candidates, with about 52% of these voters selecting Mills and about 48% choosing Akufo-Addo. CRS analysis and Xinhua, “Ghana presidential election results not declared for disputed votes in some areas,” December 31, 2008, *inter alia*.

²¹ Joy FM, “Ghanaian ruling party withdraws legal concerns relating to run-off polls,” via OSC, January 2, 2009; Agence France Presse (AFP), “Violent protest over Ghana poll results,” December 31, 2008; Kissy Agyeman, “Election 2008: Tensions Mount in Ghana as Electoral Commission Stalls Presidential Poll Announcement,” *Global Insight Daily Analysis*, December 31, 2008; Media Foundation for West Africa, “Ghana: Opposition Party Supporters ‘Allegedly’ Assault Journalist in Accra,” via OSC, January 3, 2009; Joy FM, “Defeated Ghanaian presidential candidate congratulates winner,” via OSC, January 3, 2009; Ghanaian TV3, “Ghanaian ruling party presidential hopeful concedes defeat,” via OSC January 3, 2009; and AFP, “Ghana: The Country Prepares for 2nd Alternate Power Handover in 10 Years,” via OSC, January 4, 2009.

²² Electoral Commission, “Latest News” and “Final Figures of the Presidential Run-off Elections,” January 6, 2009.

generally calm, peaceful, and transparent, though marred by limited violence.²³ In simultaneous parliamentary elections, Kufuor's New Patriotic Party (NPP) increased its legislative margin by 26%, winning 128 seats, while the NDC won 94. Two smaller parties and an independent won all other seats.²⁴ Kufuor used the slogan "So far, so good" to claim a solid record of economic stability, market-based reforms and growth, and broad quality of life improvements after a period of economic stagnation under the NDC.

Kufuor's reelection in 2004 marked Ghana's fourth consecutive democratic election. Ghana appeared to have durably consolidated a transition to democratic rule that began in 1992, when the then-military leader, Jerry Rawlings, retired from the military to run as a civilian presidential candidate in multiparty elections. Rawlings had first come to power in a 1979 military coup, after which elections were held. He 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, famous advocate of African unity and socialism, led Ghana to independence from Britain in 1957. Ghana celebrated its 50th year of independence in 2007.

Kufuor's first-term agenda emphasized efforts to bolster national unity and social equity after the 2000 election; to fight reportedly widespread corruption; to reassert the rule of law; and to revive a flagging economy. Upon taking office, he faced diverse poor economic indicators: flat growth; currency deflation; poor or declining prices for key commodity exports (gold and cocoa); high inflation, interest, and unemployment; and dependence on foreign aid. Kufuor vowed to tackle these problems aggressively, but faced a roughly evenly party-divided legislature and a NDC-dominated bureaucracy. He met these challenges by taking steps to privatize state firms, diversify the economy, increase Ghana's world market access, and pursue politically difficult fiscal austerity policies. Ghana continues to face multiple economic challenges, but the Kufuor administration has achieved many of its initial goals, including substantial utility deregulation, an increase in hard currency reserves, and high economic growth rates.

Economy

Ghana's export earnings have grown in recent years; they stood at about \$5.2 billion in 2008, are estimated at \$5.7 billion in 2009, and are projected to rise to \$5.9 billion in 2010.²⁵ In June 2007, the discovery of offshore light crude oil reserves conservatively estimated in the 450-550 million barrel range, has boosted future export earning prospects. The economy grew at an estimated annual rate of 7.3% in 2008 but fell to 4.7% in 2009, according to the Economist Intelligence Unit, which forecasts a slightly higher rate of growth of 5.4% in 2010. Inflation, which had been around 10% in 2008, low by historical standards, rose to an estimated 16.8% in 2009, but is expected to decline to around 11% in 2010.²⁶ Domestic savings rates are rising, and a large influx

²³ CIA 2008 *World Factbook*, among other sources.

²⁴ Interparliamentary Union data.

²⁵ Economist Intelligence Unit [EIU], *Ghana Country Report*, June 2009

²⁶ *Ibid*; and past EIU data.

of expatriate remittances has boosted growth, notably in construction. The small Ghana Stock Exchange has boomed in recent years, and in 2003 Ghana received its first sovereign credit rating, which has since been upgraded. In September 2007, it successfully and for the first time raised \$750 million in international Eurobond issues. Ghana largely successfully fulfilled its World Bank and International Monetary Fund (IMF)-backed Ghana Poverty Reduction Strategy (GPRS). In part due to this, Ghana has received debt relief under the Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative. This is leading to additional international financial institution assistance, and has resulted in a series of actual or planned debt write-offs by bilateral creditors totaling about \$3.5 billion. The World Bank's 2006/07 *Doing Business* report ranked Ghana third among 10 global "Top Reformers" based on gains in public service provision, contract mediation, import operations, and reductions in red tape for property and business start-ups.

Social indicators have steadily improved. Ghana reportedly may become the first African country to surpass the United Nations Millennium Development Goal of halving poverty by 2015. Rising commodity prices, notably of key exports like cocoa and gold, as well as growth in tourism, have played a major role in economic growth. The Kufuor administration also attributed Ghana's recent economic successes to fiscal discipline, improved revenue collection, and to the government's policy agenda. It emphasized liberal, private sector-focused economic reform goals and efforts to promote good governance and improve living standards. The Kufuor government also reportedly boosted investment in education, healthcare delivery, communications, and infrastructure. The latter is fairly developed by regional standards but in many cases is aging or inadequate to meet future demands. The Kufuor government also sought to address possible socio-economic and regulatory challenges arising from a forecast rise in oil earnings. The Kufuor Administration established a state task force to study ways to ensure that such funds are used for socially equitable economic diversification projects and to develop the nascent oil sector. The Kufuor Administration also planned to create a national stabilization fund to minimize economic growth shocks and revenue volatility associated with its dependence on cocoa, gold, timber and oil exports. Oil management and transparency issues and policy challenges are discussed in detail in a recent report by Oxfam America and the Integrated Social Development Center (ISODEC), a Ghanaian policy institute.²⁷

Economic and Related Policy Prospects

Despite much economic success, poverty remains widespread, notably among the rural majority. From 1997-2003, 40% of Ghanaians lived below the poverty line. Joblessness also remains high. Poverty rates are slowly declining, however, and the average annual income of \$590 in 2007 has grown markedly from the 2003 level of \$300. The economy remains highly rural and agricultural, even though about 47% of the population is urban, which is high by regional standards. Agriculture employs about 60% of workers, and contributes about 37% of annual gross domestic product (GDP). Services, notably the information technology and financial sectors, have expanded rapidly and are eclipsing agriculture; they contribute an estimated 37-40% of GDP.

²⁷ See Oxfam America and the Integrated Social Development Center (ISODEC-Ghana), *Ghana's Big Test: Oil's Challenge to Democratic Development*, February 2009. See also commentary published by the Center for Global Development (CGD) Todd Moss, "Obama Right to Highlight Ghana's Success, But Will Oil Be the Spoiler?," CGD, July 6, 2009.

Ghana has established a small offshore call and information processing industry, and several new banks have been created. Industry, notably the gold mining sector, has also grown substantially; it provides nearly 25% of annual GDP. The government supports the extensive small-scale and informal sectors through the use of micro-loans and small business-friendly policies. A key challenge is an insufficient electricity supply. The Kufuor government pursued several national and international regional power generation or distribution projects and efforts to liberalize the electricity sector. One regional effort, the U.S.-backed West African Gas Pipeline, which is slated to bring natural gas from Nigeria to Ghana and its eastern neighbors, had faced repeated delays, but came online in mid-December 2007.²⁸ Other key economic challenges include low wages and productivity rates, and high oil and food prices. Floods in 2007 also devastated northern towns and farms.

Transparency and accountability were key goals of the Kufuor administration, as they are for that of President Mills. The Kufuor administration backed passage of several anti-corruption and public sector transparency laws, made Ghana a participant in the Extractive Industries Transparency Initiative (EITI, an international revenue transparency effort), and signed and ratified the African Union convention on corruption, among other actions. Corruption, nevertheless, has remained a problem. Public sector bribery is reportedly common, and there have been several high profile corruption cases involving top officials. Some critics contend that anti-corruption law enforcement is often weak. Notwithstanding the Kufuor government's private sector orientation and diverse achievements, the State Department's FY2008 Congressional Budget Justification, mirroring the views of some other observers, stated that Ghana "remains a difficult place to do business; contract sanctity, clear land title, and expeditious licensing regimes present daunting challenges. Schools are inadequate, and quality health care is unavailable for many, particularly, for the poor and the disenfranchised."

International Relations

Ghana's government has actively mediated in crises in Liberia, Cote d'Ivoire, and Togo. Some observers believe that its close relations with the late Gnassingbe Eyadema, former president of Togo, may have caused it to take a moderate stance vis-à-vis Togo's 2005 leadership succession and electoral crisis, which led about 12,000 Togolese to enter Ghana as refugees. Some human rights advocates also criticized Ghana's decision to facilitate the return of Charles Taylor, former president of Liberia, to his country from peace talks in 2003 in Ghana after he was indicted for war crimes by the U.S.-backed Special Court for Sierra Leone.²⁹ Ghana contributes a considerable number of troops to international peacekeeping operations, notably within Africa. It is seen as having an increasingly professional military, following decades of military intervention in state politics. Ghana is also active in helping to develop African peacekeeping capacities; it hosts a regional peacekeeping training center. The United States has provided training and equipment to the center. Ghana was elected to chair the African Union in 2007 and hosted the 9th African Union Summit in July 2007. It also served as a U.N. Security Council member, 2006-

²⁸ West African Gas Pipeline Company (WAPCo), "First Gas Reaches Ghana," December 11, 2008; Kwasi Kpodo, "Ghana pipeline gets first Nigerian gas," Reuters via Thomson Financial News/Forbes, December 13, 2008; and Bank Information Center, "Update: West African Gas Pipeline comes online at last," December 18, 2008.

²⁹ Human Rights Watch, "Liberian President Must Be Arrested," June 4, 2003.

2007. Like many African countries, Ghana is pursuing greater economic cooperation and trade ties with China, and has increased its exports to China, notably manganese and cocoa.

U.S. Relations

U.S.-Ghanaian relations are close — as discussed in the Overview and Current Developments of this report — and a small population of Americans, many of African-American descent, has settled permanently in Ghana. The Obama Administration regards Ghana as “a stable and democratic country” and as among the “most trusted partners” of the United States in Africa,³⁰ a sentiment that reflects broad continuity with the Bush Administration’s view of Ghana.³⁰ In part, this strong partnership is due to the Obama Administration’s view of Ghana’s status as “a leader in promoting peaceful conflict resolution in Africa” and as a major troop contributor to international peacekeeping missions.³¹ Ghana is a leading African buyer of U.S. goods, but bilateral trade, while growing, is relatively small. In 2008, U.S. exports to Ghana totaled \$609million, up from \$416 million in 2007 and a \$314 million average in 2005 and 2006. U.S. imports from Ghana stood at \$222 million in 2008, up from \$199 million in 2007 and an average of \$175 million in 2005 and 2006. They have grown steadily, from \$115 million in 2002. Ghana is eligible for all trade benefits under the U.S. African Growth and Opportunity Act (AGOA) and in mid-2007 hosted the 6th AGOA Forum.

Bilateral Assistance

While the Obama Administration views Ghana positively, it also sees it as facing a number of substantial development and other challenges. According to the State Department’s FY 2010 *Congressional Budget Justification for Foreign Operations*, Ghana

faces numerous challenges, including weak institutions, over-centralization of authority, corruption, and a growing narcotics trafficking problem. In addition, the Ghanaian health system is struggling, while Ghanaians suffer from a heavy burden of disease, especially malaria. In the past decade, there has been no improvement in maternal and infant mortality rates. HIV infects almost 20,000 people each year. Access to education has improved, but quality remains poor and only about a quarter of primary school students can read at grade level.

U.S. assistance is targeted at helping Ghana to address these challenges.³²

³⁰ State Department, *Congressional Budget Justification for Foreign Operations* [CBJ], FY2010; and White House, *Statement by the Press Secretary on Upcoming Travel...* In its FY2008 CBJ, for instance, the Bush Administration labeled Ghana “a key African partner” due to its role in promoting international security; its development of a “vibrant and stable” democracy; and its role as a key African market-oriented U.S. trading partner.

³¹ CBJ, FY2010.

³² The following bilateral assistance section draws from recent annual Congressional Budget Justifications (CBJ) for Foreign Operations and current and past USAID sectoral assistance fact sheets, among other sources. References to the Obama Administration’s plans refer to and are drawn from the FY2010 CBJ entry for Ghana. Unless otherwise noted, all direct quotations within the assistance section are from the FY 2010 CBJ.

Governance

Recent U.S. Agency for International Development (USAID)-administered democratization assistance to Ghana has supported decentralization efforts and greater citizen participation in governance, notably at the local and regional level; improved parliamentary law-making and oversight skills; better local government service capacity; and efforts to build civil society capacities to influence government policy making. It has also supported anti-corruption reform, in particular efforts to strengthen public official assets declaration requirements, bolster public support for the creation of public official conflict of interest guidelines, and to expand information sharing among accountability institutions.³³

U.S. assistance helped ensure that the 2008 election was transparent and successful. A USAID-funded project implemented by the National Democratic Institute in partnership with the Ghana Center for Democratic Development (CDD) helped train election observers prior to the 2008 elections. The resulting Coalition of Domestic Election Observers (CODEO) played a key role in ensuring transparency and public confidence in the 2008 pre-election and election polling processes.³⁴ CODEO issued a series of assessments of the pre-election environment, conditions during polling, and carried out a statistically significant parallel sample vote tabulation based on actual polling data that very accurately predicted the election outcome and helped to assure the public that the polling results were legitimate and accurate.³⁵

U.S. assistance planned by the Obama Administration in FY 2010 calls for USAID to provide direct technical assistance to continue fiscal decentralization and strengthening of local government skills to enable them to more effectively and transparently plan, budget, implement, and monitor programs. In addition it is to support local development-focused engagement between local government entities and citizen advocacy groups regarding local priorities and strategies for achieving them. U.S. assistance is also slated to support governance and institutional capacity building pertaining to such policy and program areas as health, education, water access, and economic growth. In part, this aid is aimed at bolstering the general ability of state institutions to effectively and responsibly manage public resources prior to the anticipated large increases in oil revenues in coming years.

Investing in People

Recent U.S. USAID-administered health sector assistance to Ghana focuses on preventing HIV/AIDS, malaria, and tuberculosis; increasing health services delivery, particularly focused on maternal health and child survival and malnutrition; and improving state healthcare planning, management, and accountability capabilities. Ghana became a President's Malaria Initiative (PMI) country in FY2008. The Obama Administration's FY 2010 CBJ assistance plan for Ghana calls for continued USAID support in these areas, particularly with respect to preventive and other health services, including increased access to voluntary family planning methods, at the

³³ USAID, *Governing Justly and Democratically*, Activity Brief, May 2009; and FY 2008 and FY 2009 CBJs.

³⁴ Observers came from representatives of the 34 "independent, non-partisan civil society organizations" that make up the federation. See CODEO, "About CODEO," <http://www.codeogh.org>.

³⁵ A finding that was reflected by international observers; see, for instance, European Union Election Observation Mission, *Ghana: Presidential and Parliamentary Elections 2008*, Final Report, February 2009.

community and district-level; a Ghana Ministry of Health plan to promote results-based management and performance-based financing in the health sector.

It also calls for infrastructure development, behavior change communication related to water and sanitation access and use, and development of local government and civil society organizations to manage such infrastructure. PMI assistance is slated to focus on scaling up “proven preventive and treatment interventions to achieve of 85% coverage among vulnerable groups in order to reach the PMI goal of reducing malaria-related morbidity by 50%,” particularly centering on increasing access to insecticide-treated bed-nets. The Obama Administration also plans to provide Ghana with substantial support under the President’s Emergency Plan for AIDS Relief (PEPFAR) focused on strengthening integrated HIV/AIDS prevention, care and treatment programs across Ghana and supporting orphans and vulnerable children. U.S. Basic Education assistance is slated to support efforts to improve early grade competencies, e.g. “literacy, numeracy, arithmetic, and basic personal finance, basic scientific concepts, general health, including awareness of malaria and HIV/AIDS.” U.S. assistance will also focus on improving teacher training, “dramatically increasing” access to learning materials, and monitoring and evaluating progress of the programs using empirical and quantifiable metrics.

Economic Growth

Recent USAID Development Assistance program activity has focused on boosting agricultural marketing and export potential, small business capacity building, and market liberalization reforms. It has also supported policy reforms aimed at supporting macro-economic stability, liberalizing agricultural input markets, and supporting policy-making capacities related to finance, labor and land regulation, energy, natural resource management, and information and communication technology. FY 2010 Development Assistance planned by the Obama Administration is intended to continue to support many of these objectives, but will in particular focus on objectives set out in various Ghanaian government sectoral plans and programs (e.g., those focusing on trade, the financial sector, and the food and agricultural sectors).

In particular, U.S. assistance will seek to strengthen Ghanaian government policy-making aimed at boosting private sector performance and will also help small-and medium-sized agricultural businesses meet regulatory and market-based standards and attract foreign investors. USAID is also designing a new Agriculture Trade and Investment program intended to scale up prior USAID programs to help increase commercial relations between producer organizations and buyers and expand assistance targeting small-holder farmers, particularly with respect to high-value horticulture crops. U.S. assistance will also help Ghana to achieve food security by boosting market-based production, processing, transport and marketing and trade of staple foods, e.g., maize, cassava and soybeans, and improving the balance between food supplies and demands within the entire sub-regional of which Ghana is a part. In part, this end will be pursued through diverse competitiveness, credit access, transport, trade capacity building programs and business policy reforms under the U.S. Global Food Security Response (GFSR) program. GFSR seeks to rapidly improve access to and production and distribution of staple foods.³⁶ Ghanaians also benefit from trade and export-related technical assistance under the regional USAID African

³⁶ USAID, *Status of the Global Food Security Response in West Africa and Ghana*, May 2009.

Global Competitiveness Initiative (AGCI). A sub-regional AGCI Trade Hub is located in Ghana. It provides trade, investment, and business information and technical assistance to African and U.S. public and private sector business, trade, and policy entities.³⁷

Peace, Security, and Counternarcotics

Limited Foreign Military Financing, International Narcotics Control and Law Enforcement, and Nonproliferation, Antiterrorism, and Demining and Related Project funds support peace and security and law enforcement capacity-building.³⁸ Military and police assistance centers on helping Ghana to counter its growing use as a key cocaine transshipment point in the region, in large part by increasing its ability to control its borders and key entry and trade points, in part to ensure that “Ghana does not serve as a base or transit point for illicit shipments of people, goods, and narcotics to the United States.”

In addition to capacity building assistance administered by the State Department’s Bureau of International Narcotics and Law Enforcement Affairs (INL), U.S. counternarcotics assistance to Ghana is being pursued by the Drug Enforcement Administration (DEA). DEA recently set up a country office in Ghana, and is in the process of vetting a Ghanaian police unit, whose members will then be trained by the DEA and for purposes of increasing Ghanaian counternarcotics interdiction capabilities and engaging in bilateral law enforcement operations with the DEA. In early 2009, a Colombian organized crime figure was extradited to the United States to face U.S. drug charges under the aegis of Ghanaian-DEA cooperation that involved use of DEA’s extraterritorial authority, which facilitates U.S. prosecution of certain crimes committed overseas.³⁹

A modest International Military Education and Training (IMET) program supports military professionalism. Ghana was among the first recipients of peacekeeper training under the African Contingency Operations Training and Assistance program, a component of the State Department’s Global Peace Operations Initiative (GPOI). In FY 2010, GPOI is slated to continue to help train and equip Ghanaian forces deployed to international peace support operations, which has become a routine activity for Ghana. In FY 2010, U.S. assistance will also “support Ghana in meeting its military pledges to the Economic Community of West African States Standby Force and international peacekeeping missions.” The Department of Defense (DoD) has also provided Automated Identification System (AIS, a ship identifying system) equipment and fast patrol boats to Ghana. DoD has also engaged the Ghanaian military and civilian groups through its Africa Partnership Station, a DOD-sponsored effort to improve maritime security in West Africa that includes participation from U.S. civilian agencies and non-governmental actors. Ghana also acts as a base for periodic regional U.S. military activities, such as crisis response actions or exercises. It also participates in the National Guard State Partnership Program, which links U.S. states

³⁷ See USAID, *African Global Competitiveness Initiative (AGCI)*, http://www.usaid.gov/locations/sub-saharan_africa/initiatives/agci.html.

³⁸ Funding for these purposes comprised an average total of 1.4% of all State Department and USAID funding for Ghana between FY 2008 and projected FY 2010 funding.

³⁹ U.S. Congress, Senate Committee on Foreign Relations, *Confronting Drug Trafficking in West Africa*, 111th Cong., 1st sess., June 23, 2009.

(North Dakota in the case of Ghana) with partner nations in support of U.S security cooperation and broad bilateral goals.

Other Bilateral Assistance and Cooperation

A 171-member U.S. Peace Corps volunteer program pursues diverse projects, mostly in education, small business growth, environmental sustainability, and healthcare. After widespread flood damage in northern Ghana in September 2007, USAID's Office of U.S. Foreign Disaster Assistance provided \$50,000 in emergency relief supplies to 5,000 recipients. The Treasury Department has also provided technical assistance to Ghana to help it issue Eurobonds.

Millennium Challenge Corporation

In August 2006, Ghana signed a \$547 million, five-year MCC Compact. It supports investments in agriculture, production, business, and income growth (e.g., increasing exports and value-added business capacity, and improving irrigation and land tenure systems); in transportation; and programs to support rural government, social, and financial services. The MCC-Ghana partnership is intended to support the role of sound and institutionalized good governance and strong civil society engagement in sustainable development. Examples of current and recently completed achievements include the rehabilitation of 30 schools, and the on-going construction of 35 more, along with procurement to construct dozens more. In addition, Wide Area Network equipment aimed at automating and linking the payment systems of over 120 rural banks is currently being procured. Preparatory work on upgrading of the key N-1 Highway, which connects Ghana's major port to agricultural areas, is also on-going. Initial Farmer Based Organization (FBO) business plan development and crop productivity training has also been completed. Seven pineapple farms have also received pre-coolers and the design of a cold chain facility at Accra's Kotoka International Airport is being negotiated.⁴⁰

State Department and USAID Assistance Summary

Under the Administration's FY2010 budget request, core assistance to Ghana (exclusive of MCC, Peace Corps, and Defense Department assistance and food aid) would increase from the FY 2009 level of \$115.4 million to \$143.4 million. The level of such assistance in FY2008 totaled \$80.9 million. Food aid in FY2009 totaled \$4.5 million, and an estimated \$6.9 million in FY2008. The Administration did not request food aid specifically for Ghana in FY2010. Food aid may be allocated to Ghana in FY 2010, however, and may rise in FY 2009, as food aid is allocated from central accounts in response to need throughout the year.

⁴⁰ Ghana Compact documents online at <http://www.mcc.gov>; MCC, *Ghana and MCC: An Innovative Partnership Delivering on America's Promise to Africa*, June 5, 2009; and MCC, *Compact Implementation Status Report*, April-June 2009, *inter alia*.

Table I. Bilateral State Department and USAID Assistance to Ghana, FY2008 to FY2010

(\$ millions)

	FY 2008 Actual	FY 2009 Estimate	FY 2010 Request
Development Assistance	25.4	59.5	71.1
Foreign Military Financing	0.3	0.3	0.5
Global Health and Child Survival-State	12.0	11.5	11.5
Global Health and Child Survival-USAID	35.1	38.5	59.0
International Military Education and Training	0.6	0.6	0.9
International Narcotics Control and Law Enforcement	0.5	0.5	0.5
Nonproliferation, Antiterrorism, Demining and Related Programs	0.1	-	-
Public Law 480 (Food Aid)	6.9	4.5	-
Total	80.9	115.4	143.4

Source: State Department, Congressional Budget Justification for Foreign Operations, FY 2010

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