

GHANA RESEARCH NOTE

Ghana Agonistes - A Greek Tragedy in the Making(?)

Given the scale of Ghana's chronic fiscal imbalances and its addiction to debt, it was *only a matter of time before the economic chickens came home to roost*.

① Somehow, **Moody's decision to downgrade the Republic's credit rating to Caa1**¹ last Friday appears to have hit the competent authorities like a bolt from the blue, prompting a string of fatuous objections². By far the most outrageous of these was the accusation of **"an institutionalized (sic) bias against African economies"**³ – a line brings to mind the aphorism attributed to the sages of ancient Greece, **"Whom the gods would destroy they first make mad"**.

② In fact, the more one reflects upon Ghana's spectacular fall from grace, the more one is struck by how **many elements of classical Greek tragedy** are present. These include, most notably:

- In the role of **tragic hero**, the embattled Finance minister;
- His **fatal flaw: hubris**⁴;
- A sense of **inevitability**, with the implacable laws of economics playing the role of *Nemesis*⁵;
- For the drama's **chorus**⁶, the gaggle of sovereign analysts.

③ In fairness, it must be acknowledged that our hero's succumbing to hubris was, to a certain extent, **encouraged by a number of 'exogenous' factors** that do not exactly fit the classical mould⁷. Under this heading, we would include:

- The **extraordinary run of good fortune** that accompanied the Akufo-Addo administration's first two years in office⁸;
- The pernicious role played by **presumably well-meaning cheer-leaders**⁹.

¹ The rating, one level below the B- rating to which Fitch had downgraded Ghana barely three weeks earlier, indicates a high risk of debt default.

² See Ministry of Finance Press Release dated Feb. 6, 2022.

³ The disgraceful claim recalls an even more shocking sortie in June 2020, when the Minister lamented, *"The western world can print \$8 trillion to support their economies in these extraordinary times, while Africans are judged by the old rules. You really feel like shouting 'I can't breathe.'* (sic)"

⁴ Generally defined as 'unwearing pride', this was epitomized by Nana's matter-of-fact announcement, in September 2018, that **"The Ministry of Finance ... are looking at floating a \$50 billion century bond"**. Hubris would also seem to be a fair description of the casual disregard with which the Minister has repeatedly dismissed warnings about fiscal excess and debt- sustainability over the last 3 years. Another example might be the claim, **"We need to be given credit where credit is due"** – one that road-show attendees have heard all too often in recent years and even appears to have been served up to Moody's.

⁵ Defined, in classical terms, as divine retribution for the sin of hubris (often perceived in ancient Greece as an offence against the gods).

⁶ The role of this set of actors was to describe and comment upon the main events in the drama.

⁷ It could however be argued that they are manifestations of the propensity for caprice that the citizens of ancient Greece often attributed to the denizens of Mt. Olympus.

⁸ These witnessed, inter alia: a favourable ITLOS ruling on Ghana's maritime border dispute with Côte d'Ivoire; the achievement of first oil from the Sankofa field almost six months ahead of schedule; a significant improvement in the oil-price environment; the fruits of the IMF programme that had actually been launched under the previous administration. This hot streak prompted one's repeated caveat, **"The gods are wearing kente cloth for now."**

⁹ Witness the absurdly premature verdict by the AfDB President that **"Ghana is back!"** – delivered during his Accra visit, less than three months after Nana's inauguration. Similarly, Ken received the award for African Banker of the Year in 2018 – largely on the strength of a high-visibility, USD 2 billion Cedi-equivalent bond deal ... that violated one of the most basic rules of liability-management(!) Nor can one ignore the fact that during the 2018 Spring Sessions of the IMF and World Bank, the Ghanaian minister received the imprimatur of featuring in no fewer than three separate forums.

④ There is one final element, contributed from ‘off-stage’, that might well have been delivered by the chorus. This is **Ayi Kwei Armah’s vignette of the forlorn man-child**¹⁰, who had completed the human life-cycle - from birth through childhood, adolescence, adulthood and then a frail senescence - all in the space of seven short years.

⑤ This **metaphor for the precocious decadence of the First Republic** seems disturbingly applicable to Ghana’s recent economic history. The only question now is, **will the competent authorities acknowledge the cliff-edge** towards which they are hurtling and change course in time to avert an economic meltdown? **Or will Nemesis have her way ... as usual**¹¹?

¹⁰ In Armah’s 1968 classic, *The Beautiful Ones Are Not Yet Born*, the tragic figure is described by the narrator’s childhood friend, Agboliba “The Frog”, based on account he has run across in a discarded medical handbook.

¹¹ The initial portents are less than encouraging. Doubling down on its preposterous objections to the Moody’s downgrade, the Government has today elicited from the AU’s African Peer Review Mechanism a surreal statement captioned **“Moody’s Inaccurate Downgrade against the Government of Ghana”**. See Press Release APRM/07/2022

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