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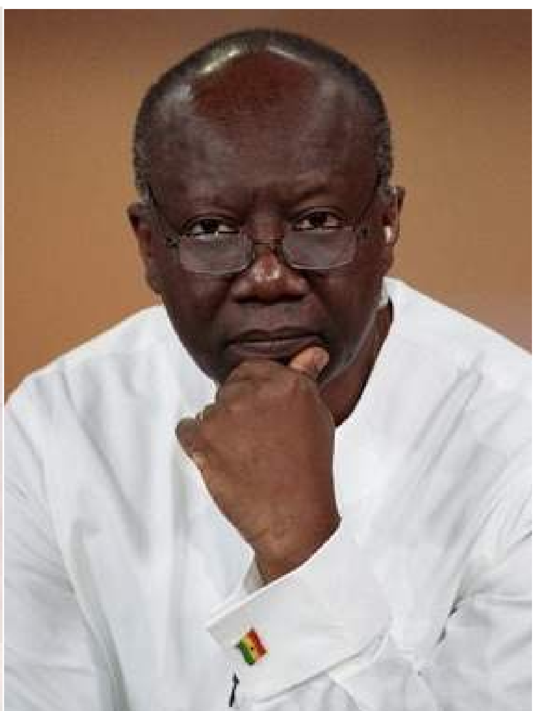
Debt Exchange: Experts Hint Of Another Massive

BANKING CLEANUP

Professor Godfred Alufar Bokpin, An Economist



Ken Ofori-Atta, Minister of Finance

Alex Mould

By Adnan Adams Mohammed

Financial industry experts have expressed alarm over what they suspect to be looming and imminent banking cleanup exercise as the country grapples with its debt restructuring programme.

This comes as the local economy is yet to recover from the first ever financial sector cleanup exercise initiated in 2019 by the Nana Akufo-Addo led administration.

The experts explained that, Debt Exchange Programme which the debt-ridden country is to undertake will usher Ghanaians into unprecedented hardship likened to the era of 1979-83 hardship in Ghana. A former Executive Director at Standard Chartered has indicated that, the debt restructuring will result in sequence of events that will end with many borrowers defaulting on their loans or funds borrowed. This will affect many financial institutions.

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Save The Nation Threatens To Sue Govt Over Burning Of Weed

Kwadwo Atta Appeakorang

Kwadwo Atta Appeakorang, Founder and President of Save the Nation for Future Leaders, a civil society group, has threatened to sue the government if it does not rethink its stance on the burning of marijuana.

According to him, there the need for Ghana to reconsider its

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The INSIGHT

— EDITORIAL

HANDS OFF OUR FORESTS!

The continued degradation of the country's lands, forests and ecosystem is very worrying.
This is in spite of warning from environmentalists about the dangers associated with continued deterioration of the country's natural reserve due to exploitation of natural resources.
Only recently, some group of professors renewed the warning to government about the exploitation of the Atiwa forests of its bauxite.
The warning was as a result of the fact that most river bodies generate their source of water from the Atiwa Forest reserve.
That warning has not been heeded and there are clear indications that the Chinese engineers will soon enter the forest.
There are also some forests which are facing similar such threats.
The World Bank recently cautioned Ghana against the continuous wanton degradation of its land, forest and other natural resources warning that the country risked not achieving the Sustainable Development Goal (SDG) 15, which is protecting the ecosystem to promote biodiversity.
It is the hope of this paper that somebody somewhere would see wisdom in taking steps to stop the land degradation and reverse the trend by embarking on reforestation to win back degraded lands and forests.
There is clearly the need, in the face of the facts presented, for the government to hands off the Atiwa forest and other natural resource.

Save The Nation Threatens To Sue Govt Over Burning Of Weed

from front page

position on burning marijuana seized from people.

According to him, it is not economically wise for the Police or our security agencies to burn these substances when they have economic value.
He was of the view that if the Police and our security agencies are planning to burn these substances recently seized in an arrest, they should rescind the decision, bring him the items so he would sell them, and return the money to the state.
He said Ghana's economy is facing a crisis and one way we could salvage the situation is to consider amending our laws to commercialize Indian hemp or marijuana.
Police intelligence operation on 5th January 2023, led to the arrest of four suspects for the unlawful possession of over 104 bags of substances suspected to be narcotics. The suspects were arrested at Lolonya near Sege in the Greater Accra region. The four suspects, Ntow Prince, Felix Owusu, Jery Quartey and Daitey Mashack were arrested while discharging sacks of the compressed plant materials into a boat at the seaside at Sege.
During the arrest, suspect Daitey Mashack who is the Assemblyman of the area attempted to bribe the arresting officers with an amount of Twenty Thousand Ghana Cedis (GH₵ 20,000.00).
The loaded truck with the substances has been impounded at the Regional Police Headquarters together with the attempted bribe money. Commenting on the seized bags suspected to be Indian hemp, he threatened to sue the Police and the Narcotics Board should the items be burnt.
To him, that would be causing financial loss to the state. "If they don't know how to do it, they should call me, I will sell the narcotics and bring back the money to

Kwadwo Atta Appeakorang

Ghana. Why do these smugglers able to sell to foreigners when they can beat the system? I have said without a number, let's legalize the commercial use of marijuana. It has more benefits than we see."

THE INSIGHT

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Debt Exchange: Experts Hint Of Another Massive BANKING CLEANUP

from front page

"Many will be borrowing funds which they won't be paying back (so let us say they will be given grants, but lenders don't know this yet)", Alex Mould intuited in an interview last with the media.

"He itemised the expected economic situations due to the debt restructuring program as that: in this year, there will be less spending power, little or no savings; companies will borrow less and less production due to less demand (only essentials like food staples); Many businesses will fold and eventually lay off workers; Most contracts will not be honoured; and Many rentals will be unoccupied. This will lead to low Gross Domestic Product (GDP) growth."

To this, the Dean of University of Cape Coast School of Business, Prof. John Gatsi has also warned that the country will experience another round of banking sector cleanup if care is not taken.

According to the economist, the "Debt exchange programme is default announcement and a call for support to resolve debt servicing burden by government", but was quick to add that "This does not in any way take away the solemn and legal commitment to pay principal at maturity and also pay periodic coupon to the bond holders."

Implicitly, this legal obligation or covenant is such that the debtor (government of Ghana) is still a debtor whether there is cash flow / revenue challenges or not.

In the financial terms, the fact that government has declared default does not mean government has triggered a different status for itself. Government is still a debtor he noted.

Prof Gatsi emphasizing on this aspect stressed that, "The Ministry of Finance is not a court to determine that individual bond holders will not get favorable judgment in any legal action especially when the process was described as voluntary."

"In a democracy, individual bond holders are at liberty to go to court. The court has the choice to determine whether or not people should be scared about government and her debt instruments going forward. Government indeed needs the support of bond holders in the debt exchange program but the critical question is whether government should determine what it wants and not a negotiated deal."

Consequently, the Economics Professor cum Lawyer juxtaposed that, the debt restructuring will lead to liquidity challenge in the financial sector of the economy.

"The challenge now is that government debt restructuring in a high interest rate regime, may trigger a certain percentage of default by private sector debtors such as households, micro, small and medium size enterprises . So we await a boom in the non-performing loan portfolio of banks soon with reclassification of assets with huge assets expected for impairment. This will create liquidity and capital challenges. We are in for another round of bank sector cleanup if care is not taken", he added.

"The debt exchange must be negotiated fairly for bond holders to accept the difficulties government is facing to share part of the burden with government. If this is not done then the entire process becomes hostile. The exercise should be fair to the financial system in general to foster a negotiated debt exchange program and this will keep bond holders still trusting government. Everything must be done to maintain investor confidence to achieve trustworthy and credit worthiness of government instruments along the long term path."

Meanwhile, the Finance Minister, Ken Ofori-Atta has noted in the 'Invitation to Exchange' to individual bondholders that, the principals of eligible individual bondholders will not be touched in the debt exchange programme but the interests will get a haircut.

This invitation is to exchange certain domestic notes and bonds of the Republic of Ghana, E.S.L.A. Plc, and Daakye Trust Plc (collectively, the "Eligible Bonds") for new bonds of the Republic of Ghana.

The exchange, the minister noted, will rather involve an exchange for new government of Ghana bonds with a coupon that steps up to rates ranging from 9.15% to 10.65% (depending on the specific series of new bonds) as soon as 2025 and longer average maturity.

The minister said the domestic debt exchange is part of a more comprehensive programme to restore debt and financial sustainability.

In the Amended and Restated Exchange Memorandum to individual bondholders, he noted: "The successful completion of this domestic debt exchange is a critical component of both the debt reduction programme and the International Monetary Fund programme discussions; it will contribute to unlocking the support of the international community and will allow Ghana to reach debt targets agreed with the IMF".

"We need the full participation of all bondholders in this transaction. Anything less will not make us eligible for assistance. There can be no exception", he added.

Apart from that, he said contingency plans have been prepared with applicable regulators to assist certain sectors of the economy (including the financial sector) after its participation in the exchange, to minimise negative spill-overs and safeguard the domestic economy including the establishment of a financial stability fund to provide a backstop for liquidity.

Professor Godfred Alufar Bokpin, An Economist | Ken Ofori-Atta, Minister of Finance | Alex Mould

The minister indicated that, the alternative to the debt exchange would be a far worse economic crisis, with protracted closure from international markets including imported goods and services and further domestic economic instability both for the real economy and the financial sector.

"It would also mean depleted fiscal resources to support the neediest."

"We are acutely aware of the upfront cost of this transaction, and other aspects of our adjustment programme, to participating holders. To that end we are carving out from this exchange treasury bills (up to one-year maturity) typically held by retail investors", he explained.

"Further, there is also a positive trade-off for debtholders as a group: this transaction, though resulting in reduced coupon payments from 2023, will make a positive contribution to a safer and brighter future for all Ghanaians", he argued.

PURC Increases Electricity And Water Tariffs By 29.96% And 8.3%

The Public Utilities Regulatory Commission (PURC) has increased the tariffs for utility services.

According to state broadcaster GTV, the PURC agreed on increasing electricity and water tariffs by 29.96 percent and 8.3 percent, respectively.

"Public Utilities Regulatory Commission (PURC) increases electricity tariffs by 29.96% and water tariffs by 8.3%.

"All tariff increments take effect on February 1, 2023," parts of a tweet shared by GTV on January, 16, 2023 read.

It can be recalled that PURC, on Monday, August 15, 2022, announced an increment in electricity and water tariffs, which took effect on Thursday, September 1, 2022.

Electricity tariffs were increased by 27.15 percent, whiles water tariffs were pegged at 21.55 percent.

INTERNATIONAL NEWS

INTERNATIONAL NEWS REPORT

Compiled By Peoples Dispatch

Amid Record Power Outages, South Africans Now Brace For Hike In Electricity Prices

Image used for representative purposes only. Photo: IndustriAll. South Africa's national energy regulator has approved an 18.65% hike in electricity tariffs by state-owned electricity utility company Eskom. The decision comes amid record power outages and a years-long energy crisis

Outrage has grown across South Africa following the decision by the National Energy Regulator of South Africa (Nersa) to approve an 18.65% hike in electricity tariffs. The decision was announced last Thursday, January 12, in response to an application by state-owned energy utility company Eskom, which supplies over 90% of South Africa's electricity.

Eskom had initially sought a 32% increase in tariffs for 2023-24, set to take effect from April. It had also sought a 22.52% hike for 2024-25, however, Nersa only approved a 12.74% hike for that period.

The decision came just a day after Eskom declared that it was extending its "Stage 6" rolling blackouts, or load-shedding, "until further notice," adding that 11 of its generators across eight power plants had undergone breakdowns since Tuesday.

Stage 6 power outages, deemed the "worst outage level on record," mean electricity cuts for up to eight hours a day. Eskom had first upgraded the power cuts from Stage 4 to Stage 6 in December last year, stating that eight power units had broken down.

The company had already been implementing rotational blackouts throughout 2022, crossing 200 days of power cuts as December drew to a close. While the extent of outages last year was considered to be the worst in years, Eskom's coal-dependent power plants have failed to properly meet energy needs for at least the last 15 years.

Regular outages have led to a substantial economic fallout, with the World Bank placing the estimated cost of rationing in 2022 at $24 billion.

Frequent and extended power outages also have serious implications for critical public infrastructure like hospitals and sewage systems.

As electricity costs are set to rise even further, and are likely to disproportionately affect the 55% of South Africa's population that is already living in poverty, the crisis at Eskom is symptomatic of the broader consequences of austerity and privatization adopted by the ruling African National Congress (ANC).

"We see this as an example of how energy generation in this country is going to be privatized because as long as there is no solution to load-shedding, then we will accept any cost for the price of energy as long as whoever the service provider is able to guarantee energy supply," Phakamile Hlubi-Majola, national spokesperson of the National Union of Metalworkers of South Africa (NUMSA), told *Peoples Dispatch*.

"South Africa is subjected to the highest levels of load-shedding in the history of Eskom's existence…The ANC is driving the privatization of State Owned Enterprises (SOEs) and as long as we don't have a solution to load shedding then it becomes easier to justify the involvement of private energy companies in the provision of energy generation in South Africa," she said.

In a statement on December 13 last year, NUMSA had asserted that "Load Shedding is a consciously engineered crisis which the capitalist class, including [President] Ramaphosa and his family are directly benefiting from."

One of the major factors behind Eskom's soaring debt, which currently stands at 400 billion rand ($23.5 billion), has been identified as its high primary energy costs due to purchase of energy from private generators. Eskom's contracts with private Independent Power Producers (IPPs) are among the reasons it is seeking a tariff hike. Instead of investing and upgrading the coal-dependent infrastructure of state-owned Eskom, the recent push towards renewables in South Africa, particularly the $8.5 billion dollar Just Energy Transition Investment Plan funded by Western countries, is focused on expanding the private sector's role in energy generation.

This approach has raised some glaring issues, including the fact that the bulk of the funding is in the form of loans. There also seems to be no plan in place to mitigate the social impact of decommissioning Eskom's coal plants on communities and workers dependent on them for their livelihoods.

"If we are genuine about dealing with the issue of dealing with climate change… and how it's affecting the poor and the working class, then the thing that would actually make sense would be to give Eskom 70% of the renewable energy market, because, in doing so, you are forcing Eskom as an entity to transition, and to depend less on coal, and to also form a part of this process, to be able to contribute and to provide renewable energy…," Hlubi-Majola stressed.

"The fact that the ANC government has not allocated Eskom a role in this, means that they are not serious about adhering to the principles of a just transition, which really are about protecting communities, protecting workers, and their jobs and livelihoods," she said.

"Electricity will cost more and it will mean that the poor and the working class again will be denied access to something that can really assist in development… What will this mean for South Africa's development agenda when we are beholden to Western Europe in the form of extremely costly loans?"

NUMSA has instead consistently called for a greater role for Eskom in the generation and provision of renewable energy and for a just transition that results in the "long term sustainability of the masses, not in the enrichment of an elite minority," she added.

Leftists Slam Croatia's Eurozone Entry Amid Soaring Inflation

Left-wing sections in Croatia have criticized the country's entry into the Eurozone from January 1, 2023, amid soaring inflation. Various left-wing, working class groups and parties slammed the conservative government led by Andrej Plenković for dragging Croatia into the Eurozone under the influence of European Union (EU) bureaucrats, without enough preparations and without considering its consequences amid the ongoing cost of living crisis.

Katarina Peović, MP from the Workers' Front (RF), alleged that the move was politically motivated. She said the entry was formalized "without meeting the inflation criteria, in a situation of galloping inflation not seen for decades, and it will further worsen the standard of living of the majority of citizens."

The Mozemo (We Can) – Political Platform stated that further increase in prices is "evidence of a poorly-guided process and the neglect of consumer protection in the process of introducing the euro" in Croatia.

Croatia, which has been a member of the EU since 2013, adopted the euro as its currency on January 1, and also joined the EU's border-free Schengen zone. As pointed out by many experts and groups, the conversion to euro from the previous currency, the Croatian Kuna, has resulted in a general price increase for consumers, that too in the midst of a cost of living crisis across Europe triggered by the Russia-Ukraine war as well as profiteering by energy sector corporates.

BalkanInsight reported that the consumer protection association in Croatia has stated that "buyers reported noticeable price increases, likely because prices were rounded upwards when they were converted." The report added that "The price of bread has already risen in real terms by 30% last year. Prices of oil, gas, and wheat also jumped, posing a challenge for many citizens on an already low standard of living."

Peović told *Peoples Dispatch* on Tuesday, January 10, that "price increases after entering the Eurozone are the last nail in the standard of living of the working majority. After an inflation rate of 13% and a 20% increase in food and drink prices over the past year, now the conversion is making prices rise even more. Croatia is the first in the history of the Eurozone to introduce the euro in a situation of galloping inflation not seen for decades, which increases the likelihood that such a move will further worsen the standard of [of living] for the majority."

"Joining the Schengen zone is obviously in the interest of the richer Western Europeans to abolish the customs regime, as tourists are increasingly coming to the Croatian shore and buying real estate – which at the same time is becoming less and less accessible to local people,for whom Schengen mainly means even easier emigration. 17.6% of the working population emigrated from the Republic of Croatia, the EU average is only 3.8% (we are the third most displaced country in the EU, preceded only by Romania and Lithuania)," she claimed.

Mozemo said that "in 2022, we have repeatedly warned, suggested and asked the government to introduce a black list of traders who will take the opportunity to raise prices when introducing the euro. The government unfortunately rejected our proposal."

"The government is now miraculously surprised by the additional price rise, but the basic problem is that instead of setting up protection mechanisms at the start and sending messages that they will strictly punish those who unjustly raise prices, they relativized the problem even when preparing, such that it can't be controlled in any way because of inflation," Mozemo added.

Debt Exchange Programme: Senyo Hosi Insists Individual Bondholders To Face 88.2% Loss At Current Inflation Rate


Justin Welby

The Ghana Individual Bondholders Forum has stated that at the current inflation, they risk losing 88.2% of their investments at the current inflation rate of 54.1%.
In a petition to the President, the bondholders referred him to when he addressed the country on December 5, 2022, saying there would be no haircuts on investments.
According to the President, all rumours of haircuts should be ignored and discarded.
However, the government later announced that due to its high debts, there is a need to restructure.
The individual bondholders however said the government did not have prior negotiations with them before announcing their inclusion in the programme on December 24, 2022.

They said: "But today, our coupons face absolute haircuts and when we discount your proposed benchmark bonds at the coupon rates of the original bonds, we are losing effectively 50% of our investments. When discounted at current T-bill rates, we are losing 71% of our investments, and at prevailing inflation, we face an 88.2% loss."
This they noted was a complete deviation from what was promised by the government.
The statement however said "nothing was missing, small or great. I say to you, nothing will be lost, nothing will be missing, and nothing will be broken. We will, together, recover all" as quoted by the President has now become "Great will be lost, too much is missing, everything is broken, you will not recover, your livelihoods shall be destroyed."
The bondholders in their petition want the government to exclude all individual bondholders of all types of government bonds from the domestic debt exchange programme.
They explained that individual bondholders are not a critical factor in the success of the programme.
"In our estimation, the direct individual bondholding and holdings through collective investment schemes stand at about GHS15.5bn, representing about 11% of the eligible bonds and the capitalized interest. With your set target of 80% of eligible bonds, Individual Bondholders are not a critical success factor to the viability of the DDE programme as you envisage, yet the impact of their inclusion has incalculable consequences. Please exclude us and save 1.3mn livelihoods and dependents from shackled penury," they said.
The forum led by Senyo Hosi and David Tetteh pleaded with the President to ensure that it is "not said ever that during your tenure, your policies impoverished citizens whose primary duty to country was service and love through hard work and taxes. Your DDE as proposed for Individual Bondholders takes away our liberty to self-sustain, mocks hard work, and robs us of legally acquired property. None of these reflect the tenets of good governance."

The Church of England spending £100 million on an apology fund is a shameful waste
This money could fix church roofs, help house the homeless, or provide clergy for growing congregations
TELEGRAPH VIEW12 January 2023 6:00am
Anglican parishioners and clergy who have lamented the decline of church infrastructure on cost grounds will be perplexed to discover that £100 million has been found for a fund to atone for the "past wrongs of slavery".
The sum was announced by Justin Welby, the Archbishop of Canterbury, after a commission investigating Church investments concluded that some of the institution's wealth was accumulated after initial investments with the South Sea Company. At the time, it traded in slaves.
We are talking about the early 18th century and it can have come as no surprise, surely, to anyone that this appalling activity took place then. Indeed, stalwarts of the Christian faith such as William Wilberforce were in the vanguard of the campaign to bring about its demise. This is not a revelation uncovered only in recent times, so why has the current Archbishop taken it upon himself to offer such a sum at a time of financial difficulties?
The Archbishop insisted that "it is now time to take action to address our shameful past". But why is it? This has become a political imperative for so-called "progressives" only in the past few years in response to the Black Lives Matter movement.
Nobody suggests today that slavery was anything other than a grotesque and dehumanising condition dating back thousands of years.
The fund is to pay for a programme of "investment, research and engagement" and to "help communities affected by historic slavery". How will this be decided? Church leaders would do better by directing resources at present-day problems such as

NCA Grants Conditional Approval For Sale Of Vodafone Ghana To Telecel

The National Communications Authority (NCA) says it has granted conditional approval for the transfer of 70 percent of government's shares in Ghana Telecommunications Company Limited held by Vodafone Ghana to Telecel Group.
The development comes after government had earlier received and later rejected an application by Vodafone Ghana to transfer its majority share of 70 percent from the seller [Vodafone International Holdings B.V] to the Buyer [Telecel].
A statement issued by the NCA explained that in accordance with due process, the Authority had evaluated the application on various criteria and engaged with Vodafone Ghana and Buyer.
It noted the NCA however concluded that the earlier request did not meet the regulatory threshold for approval.

"Following the NCA's decision, the Buyer resubmitted a revised financial and technical proposal in December 2022 which demonstrated the needed capital investment to extend the deployment of 4G and launch innovative Fintech solutions," the statement explained.

"The NCA found that the revised proposal provided more clarity and certainty in terms of the funding required for the acquisition and the commitments from both the Seller and Buyer. In addition, the Buyer has strengthened the overall governance and management team and made firm commitments towards meeting the regulatory requirements of the NCA," it added.
It further pointed out that the revised proposal from the Buyer now meets the regulatory threshold and hence has granted conditional approval for the transfer of shares to the Buyer including the submission of strategies for employee retention.
Meanwhile, a Bloomberg report in July 2022 noted that Telecel plans to help fund the acquisition of the company by offloading its mobile towers.
Vodafone is also reported to have paid $900 million to the government of Ghana for a 70 percent stake in the company while the government maintains a 30 percent stake.

Sweden Hustled Into Military Pact With US

Turkish President Recep Tayyip Erdogan (right) meets Swedish Prime Minister Ulf Kristersson in Ankara, on Nov. 8, 2022. Photo by Mustafa: Kaya/Xinhua. The US and NATO assumed that it would be easy to convince Turkey to let Sweden enter NATO. However, Erdoğan kept shifting the goal post and refined his conditions

By M. K. Bhadrakumar

The Biden administration's efforts to put on fast track Sweden's accession as a NATO member petered out as Turkey balked, exercising its prerogative to withhold approval unless its conditions regarding Stockholm's past dalliance with Kurdish separatist elements is fully addressed.

President Biden was bullish and insisted publicly that Sweden's NATO membership was a foregone conclusion. He underestimated President Recep Tayyip Erdoğan's tenacity and overlooked the geopolitical ramifications.

Biden and NATO Secretary-General Jens Stoltenberg assumed that all that was needed was a face-saving formula to pander Erdoğan's vanity — ie., a few Kurdish militants in Sweden would be extradited and Ankara and Stockholm would thereupon kiss and make up.

However, as time passed, Erdoğan kept shifting the goal post and refined his conditions to include issues such as Sweden lifting its arms embargo against Turkey, joining Ankara's fight against banned Kurdish militants as well as extradition of people linked to US-based Muslim cleric Fethullah Gülen, whom the Turkish government accuses of masterminding the 2016 failed coup attempt, reportedly with US backing.

Evidently, Swedes didn't realize that Turkey had such deep knowledge of the covert activities of their intelligence.

To cut the story short, Swedish Prime Minister Ulf Kristersson finally took the exit route saying on Sunday in exasperation that "Turkey has confirmed that we have done what we said we would do, but it also says that it wants things that we can't, that we don't want to, give it."

"We are convinced that Turkey will make a decision, we just don't know when," he said, adding that it will depend on internal politics inside Turkey as well as "Sweden's capacity to show its seriousness."

Stoltenberg has reacted stoically, saying, "I am confident that Sweden will become a member of NATO. I do not want to give a precise date for when that happens. So far, it has been a rare, unusual and fast membership process. Normally, it takes several years."

Meanwhile, Sweden's Defense Ministry announced on Monday that negotiations have begun for a bilateral security pact with Washington — so-called Defense Cooperation Agreement — which makes it possible for US troops to operate in Sweden.

As Defence Minister Pal Jonson put it, "It could entail storage of military supplies, investments in infrastructure to enable support and the legal status of American troops in Sweden. The negotiations are started because Sweden is on its way of becoming an ally of the United States, through the NATO membership."

That is to say, the US is no longer waiting for the formalization of Sweden's accession as a NATO member but will simply assume it is a de facto NATO ally!

A press release on Monday by the US State Department said the bilateral security pact will "deepen our close security partnership, enhance our cooperation in multilateral security operations, and, together, strengthen transatlantic security." It referred to US commitment to "strengthening and reinvigorating America's partnerships to meet common security challenges while protecting shared interests and values."

The crux of the matter is that security will provide the necessary underpinning for US deployment to Sweden on an immediate basis, which is not possible otherwise without Stockholm formally jettisoning its decades-old policy of military non-alignment.

This ingenuous route signifies a monumental shift for Sweden which has a long history of wartime neutrality. Put differently, Russia strongly opposes Sweden's NATO membership, but Washington is reaching its objective anyway.

Interestingly though, Finland, which also had thrown its hand in the NATO ring under US pressure, doesn't seem to be in a tearing hurry to negotiate a pact with Washington, although it has a 1,340km border with Russia. Finland's stance is that it would join NATO at the same time as Sweden.

Finnish Foreign Minister Pekka Haavisto told reporters on Sunday, "Finland is not in such a rush to join NATO that we can't wait until Sweden gets the green light." Former Finnish President Tarja Halonen had once said that Finland and Sweden are "sisters but not twins." They have commonalities, but their motivations are not the same.

Unlike Sweden which was all along in the Western orbit and provided secret intelligence to Western powers throughout the Cold War, both bilaterally and through NATO, Finland had a unique relationship with Russia, which was a result of its history.

Finland positioned itself as a neutral country during the Cold War maintaining good relations with the Soviet Union, riveted on the doctrine enabled by the Agreement of Friendship, Cooperation and Mutual Assistance (1948) with Moscow, which served well as the main instrument in Finnish-Soviet relations all the way until 1992 when the Soviet Union got disbanded.

For sure, the 1948 pact granted Finland enough freedom to become a prosperous democracy, while, in comparison, despite Sweden's public posture of neutrality throughout much of the Cold War, behind closed doors it had become a key partner of NATO in Northern Europe.

Conceivably, neutrality still could remain an appealing alternative for Finland. Of course, it is a different matter if the balance of power in the region changes dramatically in the event of a large-scale conflict in Europe.

Sweden's (or Finland's) NATO membership isn't exactly round the corner. Sweden is either unable or unwilling to fulfil Turkey's demands. Besides, there are other variables at work here.

Most important, the trajectory of the current Russian-brokered rapprochement between Ankara and Damascus will profoundly impact the fate of the Kurdish groups in the region — and the Kurdish-US axis in Syria. Washington has warned Erdoğan against seeking rapprochement with President Bashar Al-Assad.

What complicates matters further is that presidential and parliamentary elections are due in Turkey in June and Erdoğan's political compass is set. Any change in his calculus can only happen in the second half of 2023 at the earliest.

Now, six months is a long time in West Asian politics. Meanwhile, the Ukraine war will also have phenomenally changed by summer.

Finland is ready to wait till summer, but Sweden (and the US) cannot. The heart of the matter is that Sweden's NATO membership is not really about the war in Ukraine but is about containing the Russian presence and strategy in the Arctic and North Pole. There is a massive economic dimension to it, too.

Thanks to climate change, the Arctic is increasingly becoming a navigable sea route. The expert opinion is that nations bordering the Arctic (eg., Sweden) will have an enormous stake in who has access to and control of the resources of this energy- and mineral-rich region as well as the new sea routes for global commerce the melt-off is creating.

It is estimated that 43 of the nearly 60 large oil and natural-gas fields that have been discovered in the Arctic are in Russian territory, while 11 are in Canada, six in Alaska [US] and one in Norway. Simply put, the specter that is haunting the US is: "The Arctic is Russian."

Just look at the map above. Sweden can bring quite a bit to the table to secure the Arctic through NATO. Finland may have a strong icebreaker-ship building industry, but it is Sweden's highly effective submarine fleet that will be crucial — both for polar defense and for blocking Russia's access to the world oceans.

***MK Bhadrakumar** is a former*

Revealed: How The Debt Exchange Programme Will Impact Your Pocket

Ghana plans to undertake a Domestic Debt Exchange Programme

The Government of Ghana announced on December 5, 2022, a Domestic Debt Exchange (DDE) of approximately GH¢137.3 billion in principal amount of certain bondholders of E.S.L.A. Plc or Daakye Trust Plc to exchange their Eligible Bonds for a package of new bonds to be issued by the Government as part of its efforts to address the country's ongoing economic crisis.
The government had extended the deadline for voluntary participation in the Debt Exchange Programme from December 30, 2022, to January 16, 2023. The Exchange is a government-led debt restructuring policy. It should be noted that the government has been hit by a massive economic downturn characterized by high-interest rates, soaring inflation, record-breaking cedi depreciation, and multiple credit downgrades of the economy.
This programme was introduced with the expectation that it would significantly reduce the burden of interest payments on the Ghanaian government and save approximately US$1.2 billion in interest between 2023 and 2028, or 7% to 8% of the country's GDP.
If the debt exchange is successful, the government of Ghana will gain significant fiscal space, while local bondholders will suffer significant losses on their investment in government domestic bonds and notes.

New Terms of Debt Exchange Programme

The Government announced the following modifications to the Invitation to Exchange, which are set forth;

Offering accrued and unpaid interest on Eligible Bonds, and a cash tender fee payment to holders of Eligible Bonds maturing in 2023;

Increasing the New Bonds offered by adding eight new instruments to the composition of the New Bonds, for a total of 12 New Bonds, one maturing each year starting January 2027 and ending January 2038;

Modifying the Exchange Consideration Ratios for each New Bond. The Exchange Consideration Ratio applicable to Eligible Bonds maturing in 2023 will be different from other Eligible Bonds;

Setting a non-binding target minimum level of overall participation of 80% of the aggregate principal amount outstanding of Eligible Bonds; and

Expanding the type of investors that can participate in the Exchange to now include Individual Investors.

Impact on Individual Investors

The investing community, the most average Ghanaian, has raised concerns upon hearing this news of restructuring debts owed them by Government. Many people have imitated that this news will worsen their living conditions because they use these coupon payments to pay for expenses such as daily living cost, rent, school fees and a host of others.
Again, a good number of investors in government bonds are pensioners who have invested their pension payouts as a way to receive a periodic stream of income whilst on retirement.
Others who require their investment for any profitable project will be impacted as well, as they will be unable to do so at this time.
Holders of bonds maturing in 2023 will receive coupons starting from 2027 to 2033, while those with bonds maturing in 2024 will receive coupons starting from 2027 to 2038.
Imagine a 62-year-old pensioner who owns a Government of Ghana (GOG) bond and will receive its full principal in 12 years. My question is, what happens to this pensioner if he or she dies before the 12-year period is up? This is the reality for many Ghanaians who have purchased GOG bonds. Many of these bondholders will suffer from depression and die prematurely as a result of this situation.

Impact on businesses

Companies that purchased bonds to fund future business expansion with principal payments will be unable to do so from now (2023) until 2027 because they will not be paid (except coupon payments) according to the terms of their bond. As a result, businesses will miss out on much-needed capital injections to help them expand.
This is likely to have an impact on productivity and, to a greater extent, lead to staff layoffs, because if a company is unable to meet its economic obligations or perform at its usual optimal level, the easiest way out is layoffs.

Impact on financial institutions

The financial sector, which includes stakeholders such as local banks, would be greatly impacted by the implementation of this domestic debt exchange, owing to excessive exposure to government-issued bonds. Bank capital reserves would be severely depleted, resulting in liquidity shortages and, in the long run, financial instability in the economy.
The depreciation of their restructured assets, such as government bonds, may cause the asset side of banks' balance sheets to suffer a direct hit. On the liability side, banks may face deposit withdrawals and the interruption of interbank credit lines. These issues may jeopardize their ability to mobilize resources.

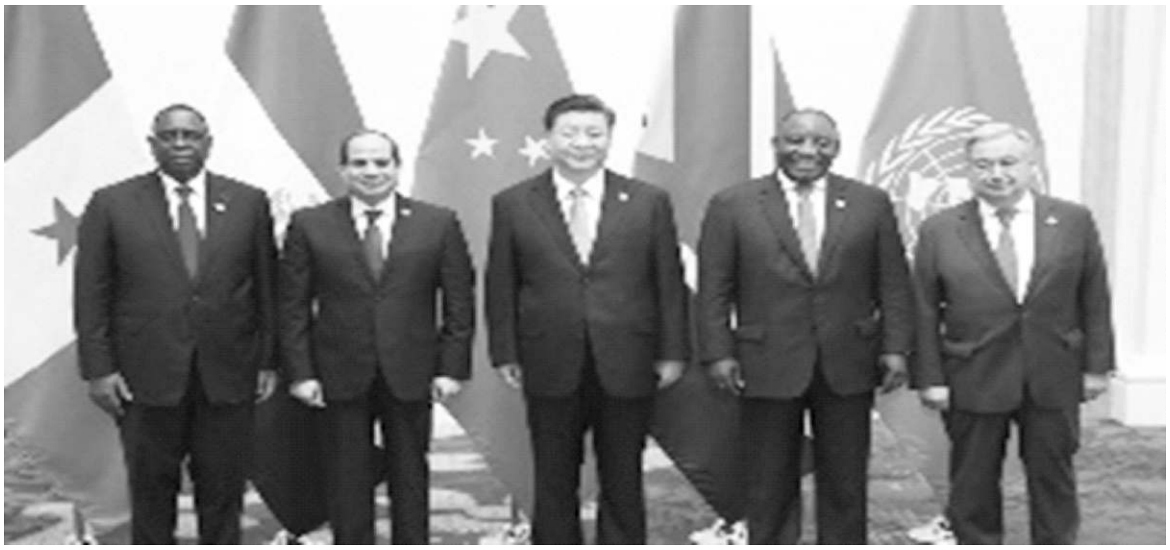
Way forward

The government needs to be more transparent about the bondholders' choices if they choose not to accept the DDE. As it stands, the exchange document is not clear on what happens if a bondholder refuses the exchange.
The government should also give bondholders an opportunity to discuss and bargain the offered terms since, in my opinion, doing so will result in a fair resolution moving forward.
Also, government needs to assume more burden in resolving the current economic situation. The just-passed budget still has line items that can be shelved for now to create fiscal space to either continue paying investors their coupons and principals, or reduce the impact of the exchange program with favourable terms.
Additionally, I advise the government to immediately halt the Domestic Debt Exchange Programme and promote greater stakeholder

Man Commits Suicide At Aburi Botanical Gardens Over Economic Hardship

A man believed to be in his fifties has allegedly committed suicide in the Aburi Botanical gardens in the Eastern region.
The man identified as Agya Awuah was found hanging dead with a rope on his neck tied to a tree in the garden last Friday, January 13, 2023.
The deceased allegedly used an unapproved route to enter the gardens at dawn to commit the act.
The branch of the tree broke down during his first attempt but the second attempt unfortunately succeeded.
The deceased is alleged to have threatened to commit suicide over hardship days before the incident.
According to the Assembly member for Aburi north Electoral Area Seth Asare, the body of the deceased was removed by the Police and deposited at the hospital pending further investigation.
This is the second suicide incident recorded this year in the Eastern region.
On Tuesday January 3, 2023, at about 6:00 pm a young man believed to be about 26 years of age was found hanging dead on a tree at Yohe, a farming community in Lower Manya Krobo Municipality in the Eastern region.
The victim identified only as Teye was a native of the community.

China-Africa Report: Cooperation Mechanism, Achievements And Future Development



Macky Sall, Abdel Fattah El-Sisi, Xi Jinping, Cyril Ramaphosa, António Guterres at 2019 G20 summit

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Infrastructure investment like TEDA Suez unlocks the manufacturing potential and generates positive impacts on job creation and local industrialization. Other well-known examples of manufacturing investments include Huajian Group in Ethiopia and Humanwell Healthcare Group in Mali and Ethiopia.[44]

Green energy

Chinese investments play important roles in financing Africa's renewable energy (including hydropower, solar PV, wind, and geothermal). According to the China Global Investment tracker from the American Enterprise Institute (AEI), as shown in Figure 7, Chinese investment in renewable energy in Africa has increased from USD 3.36 billion in 2012 to a record high of USD 6.18 billion in 2019, although it has fluctuated over this period. However, the investment in renewable energy has decreased significantly since 2019 and in 2021 the figure valued at USD 0.84 billion, accounting for 1.9% of the total Chinese FDI stocks in Africa.

Figure 7: Chinese investment in Renewable Energy in Africa between 2012-2022 (in USD billion) Source: China Global Investment Tracker, American Enterprise Institute

As shown in the Figure 8 below, over the past decade, Chinese renewable energy investment in Africa has concentrated in hydropower. Although the investment has also been in the solar and wind sectors, the share is relatively small.

Figure 8: Chinese investment in Hydropower vs. Other Renewable

Source: China Global Investment Tracker, American Enterprise Institute **Figure 9: Chinese investment in renewable energy deals by regions**

Source: China Global Investment Tracker, American Enterprise Institute and Crunchbase with the author's own calculation **What are other trends in China-Africa investment cooperation?**

In recent years, responding to the call of FOCAC as well as the demand for quality agro-products from Africa, the agriculture sector in Africa is receiving increasing interest from Chinese investors. Agriculture is the economic pillar of many African countries, accounting for 23% of the total GDP and providing 60% of employment in sub-Saharan Africa. It is not only important to economic growth but also critical to Africa's food security. Although current Chinese FDI into Africa's agriculture is rather limited, the high potential of the industry as well as the surging bilateral agriculture trade are attracting more and more Chinese investors to invest in Africa. Chinese investment projects, such as sugar in Mali, rice in Mozambique, Madagascar and Nigeria, cotton in Malawi and Zambia, and agro-processing in Ethiopia, Kenya and Tanzania are all contributing to strengthened food security in Africa.

Overall, Chinese FDI in Africa has played its role in encouraging value chain development, improving logistics and connectivity, increasing productivity and trade, and enhancing food security. But much more is required, and both FOCAC and BRI call for more comprehensive investment, promotion of tech transfers and empowerment of local SMEs in the coming years.

Chapter 3: Future Development

Enhancing economic ties in traditional areas of cooperation such as trade and investment continues to be a priority. To realize the target of increasing trade with Africa, China will diversify import products from Africa and improve trade facilitation with Africa. More specifically, China also increases imports through 'green lanes' for agricultural products, accelerates inspection and quarantine, offers tariff preferences for LDCs, and innovates marketing tools like live streaming. If the target is achieved, China will be Africa's biggest trade partner for both imports and exports. On investment, China pledges to invest another USD 60 billion in Africa by 2035 in industries that support African agriculture, infrastructure, manufacturing capacity, environmental protection, digital economy, blue economy etc. Besides, the Chinese side will encourage technology transfer and the employment of innovative methods such as Build-Operate-Transfer (BOT) and PublicPrivate Partnerships (PPP).

The establishment of AfCFTA will contribute to closer economic ties between China and Africa. China and the Secretariat of AfCFTA will form an expert group to foster collaboration and knowledge exchange in areas including intellectual property rights, customs cooperation, digital trade, and competition policy. While free trade under AfCFTA takes hold, it will produce new trading and investment opportunities in various sectors for Chinese business and it will provide an impetus for China-Africa economic cooperation.

Climate change is an increasingly crucial area of engagement between China and Africa. FOCAC 8 adopted an important blueprint document on climate change - the Declaration on China-Africa Cooperation on Combating Climate Change. This document acknowledges the urgency of climate change and the imperative of joint actions to tackle it. The two sides will strengthen strategic cooperation in multiple areas including clean energy, climate technologies, agriculture, forest, ocean, low-carbon infrastructure, disaster prevention and mitigation, etc. One of the practical measures for collaboration is to fund and invest in gas-to-power and green energy development projects.

Another key development is the establishment of the 'Global Development Initiative' (GDI) which joins FOCAC and BRI for stronger international cooperation for development. Proposed by President Xi Jinping at the General Debate of the 76th United Nations General Assembly in September 2021, GDI was established to help all nations, especially developing countries address challenges caused by COVID-19 pandemic and to assist the attainment of the Sustainable Development Goals (SDGs).[50] To achieve the two goals, it will focus on cooperation on eight priority areas including poverty alleviation, food security, COVID-19 and vaccines, development financing, climate change, industrialization, digital economy, and connectivity. Africa is an important partner of China to achieve this initiative. The African Union and 53 African nations have shown strong support for GDI. The Dakar Declaration of the Eighth Ministerial Conference of FOCAC and the Dakar Action Plan both stated that African countries welcome and support the GDI, and that GDI will dock with the AU's Agenda 2063.

Under the framework of FOCAC, BRI and GDI, guided by Vision 2035, China and Africa will further strengthen their cooperation in infrastructure development, economic and commercial exchanges, agriculture and food security, climate change, people-to-people exchanges, security and health, with the goal of realizing AU's Agenda 2063 and improving lives of both peoples.

The next FOCAC is in 2024 - during and beyond that period, African governments and institutions need to engage proactively with Chinese stakeholders to implement the commitments made at FOCAC, BRI and GDI.