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**ABOUT THE COMPANY**

DaMina is a preeminent independent frontier markets risk advisory, research and consulting firm.

With a special focus on African capital and commodities markets, DaMina provides exclusive, highly-tailored, 360-degree and around-the-clock regulatory and political risk advisory and consulting services to a range of marquee global corporations and investment firms.

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**DaMina Advisors Frontier Markets Reaction Note: Ghana's ruling NDC narrowly escapes defeat to win election by 50.7%; Opposition NPP facing likely 12 year hiatus from power, cites election irregularities, refuses to concede and may challenge verdict in courts - IMPLICATIONS for foreign investors, capital markets etc.**

Contrary to our two pre-election statistical turnout models which forecasted that Ghana's main opposition party, the New Patriotic Party (NPP) will likely win a first round victory at the December 7 polls – a surge in voter turnout above the historic norm of 70% to almost 80% saw the ruling party winning the election by the skin of their teeth. The close shave with defeat happened despite the ruling party presiding over the most dramatic increases in Ghana's GDP growth in over four decades, the lowest inflation levels in a decade and raking in almost half a billion dollars in new oil revenues since 2010. Ghana's independent electoral commission on December 9 declared the ruling National Democratic Party (NDC) candidate, President John Mahama as the winner of the December 7 presidential polls. The commission says Mahama won 50.7%, with the leading opposition NPP candidate Nana Akufo-Addo winning 47.7% of the valid votes cast. However, as our statistical turnout models rightly forecasted the smaller parties did not win even 2% of the vote.

Despite the declaration of election results by the Electoral Commission, Ghana's opposition NPP is yet to concede the race. NPP cites as a constitutional violation the unusual decision by the Electoral Commission on the night of December 7 to extend the voting day by another 24 hours, without agreement by all the political parties, in several constituencies where the newly acquired biometric machines for voting had broken down, even after results from yet other constituencies had been tallied and published. The opposition alleges that the 24 extra hours, allowed the ruling party to rally more of its voters to the polls to reverse the NPP's winning margins and compromised the integrity of the elections. The party also cites the loss of several sitting cabinet ministers at the polls as indicative of widespread public opposition to the ruling party, which the final validated vote tally does not capture.

While most Ghanaians who voted for the NPP have accepted the painful loss, the NPP party hierarchy sensing that the December 7 loss means that it will have to endure a likely 12 hiatus from power in Ghana's winner-takes-all political system is considering a legal challenge to the results. The party's national executive council will meet on December 11 to take a decision on the way forward. It may yet launch a formal legal challenge against the results and plunge the country into a months-long political paralysis. Ghana's courts are often accused of being a bastion of NPP sympathetic judges.

For foreign investors with exposure to Ghana and for Ghana's capital markets, any uncertainty will be unwelcome news. If the opposition gracefully concedes defeat despite its strong reservations, President-elect Mahama will have the peace of mind to reconstitute a new government. A formal legal challenge by the NPP will however keep political tensions high and mar the Christmas and New Year festivities. Economic activity will slump, more forex will be withdrawn from banks, major investment decisions by companies for 2013 companies will be delayed, and the Ghanaian cedi may come under speculative attack. Capital flight may ensue, and the stocks of major companies such as **Tullow, AngloGold Ashanti, Newmont, Goldfields** and others who are heavily invested in Ghana may also fall.

*For more in-depth analysis on the Ghanaian elections, please contact:*

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