



REPUBLIC OF GHANA

MINISTRY OF FINANCE

MONTHLY PRESS BRIEFING ON THE ECONOMY

ON THE OCCASION OF

**MOF-BOG-IMF JOINT PRESS CONFERENCE ON
2ND REVIEW OF IMF-SUPPORTED PROGRAMME**

BY

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Colleague Hon. Ministers

Governor of the Bank of Ghana

Deputy Governors

IMF Mission Chief for Ghana

The IMF Resident Representative

Chief Director, MoF

Directors and Technical team of MoF and BoG

Distinguished Media personalities

Invited Guests

Ladies and Gentlemen

A. INTRODUCTION

1. Good afternoon to you all.
2. I am delighted to share with you once again a brief update on the state of our nation's economy and the progress we have made in the implementation of our IMF-supported Post Covid-19 Programme for Economic Growth (PC-PEG). Although I am speaking today, 1st July 2024, this update will serve as the June 2024 economic briefing, a tradition, we started in March 2024 at the Ministry of Finance.
3. First and foremost, I would like to express my deepest gratitude to the people of Ghana for their resilience and support in these challenging times. The good news is that the implementation of the policies, measures, and interventions we developed to address the economic challenges facing our dear nation are yielding positive results. Despite a challenging global environment, the strong leadership provided by His Excellency, President Nana Addo Dankwa Akufo-Addo and his government coupled with the support and input of the people of Ghana have undoubtedly contributed to the successes we are seeing today. It is our conviction that in the near term, we would see even greater results as we ramp up our implementation efforts.



4. In today's media briefing on the economy, I will provide updates on the following key areas: the performance of the economy to date, progress made on the implementation of the IMF-supported PC-PEG, the status of Ghana's debt restructuring programme, and the status of Independent Power Producers (IPP) legacy debt and Power Purchase Agreement (PPA) renegotiations, among others.

B. CURRENT STATE OF THE ECONOMY

5. Ladies and Gentlemen, let me summarise some of the remarkable achievements we have witnessed in recent times:
 - i. Generally, the macroeconomic environment continues to remain stable as Government implements the IMF-supported PC-PEG;
 - ii. Growth is proving to be more resilient and robust than initially programmed and the economy continues to show strong signs of recovery in Q1 of 2024. Overall Real GDP growth for Q1 2024 was 4.7%, the highest since Q1 of 2022. This growth performance is better than the 3.1% growth recorded in the same period in 2023. Industry grew the most at 6.8%, followed by Agriculture at 4.1% and Services at 3.3%. The 2024 Q1 GDP growth rate for industry is the highest since Q4 of 2020.
 - iii. Inflation is declining with a strong disinflation process since the beginning of 2023 in response to the ongoing fiscal consolidation, appropriate tightening of monetary policy, and relative stability in the exchange rate. Headline Inflation declined by 1.9 percentage points to 23.1% in May 2024 from 25.0% in April 2024 after peaking at 54.1% in December 2022.
 - iv. The Cedi has been under pressure in recent times, however, the exchange rate has largely stabilised since 2023. Year-to-date depreciation of the cedi against the US\$ is 18.4% compared to 22.0% recorded in the same period in 2023. The key measures we are implementing to deal with the recent depreciation include:



- tight monetary policy by the BoG;
 - deepening the ongoing fiscal consolidation programme;
 - intensifying the gold-for-oil programme and the BoG's gold-for-reserves programme; and
 - anticipated Forex inflows from disbursements from our multilateral and bilateral institutions as well as private sector financial institutions. These include
 - the IMF 3rd Tranche of US\$360 million which will be disbursed to Ghana by close of business today Monday 1st July 2024, following the IMF Executive Board approval of the 2nd Review last Friday;
 - the IMF 4th Tranche of US\$360 million expected in Q4 of 2024 after IMF Executive Board approves the 3rd Review;
 - the World Bank DP02 tranche of US\$300 million expected in Q3 of 2024;
 - and disbursements from bilateral institutions/financial institutions including the World Bank GARID Project (US\$150 million), EBID facility of US\$200 million for SME support, and anticipated proceeds from 2024/2025 Cocobod syndication of up to US\$1.5 billion in Q4 of 2024.
- v. Gross International Reserves (GIR) is improving, and the external balances continue to improve. The GIR improved to cover 3 months of import at April 2024, up from 2.7 months in Dec 2023. The trade and current balances remain positive;
- vi. Interest rates are falling with the 91-Day treasury bill rate presently at 25.7% down from 29.4% at the end of 2023;
- vii. The fiscal consolidation programme is progressing smoothly as Ghana's primary fiscal balance improved by over 4



percentage points of GDP in 2023 and we are committed to further improve the primary balance to a surplus of 0.5% of GDP this year and 1.5% of GDP in the 2025-2028 period. The fiscal efforts are supported by reforms to enhance revenue mobilisation and streamline and streamline non-priority expenditures, whilst expanding social protection programmes to mitigate the impact of fiscal adjustment on the poor;

- viii. After successfully securing a Staff Level Agreement (SLA) under the 2nd Review of the IMF-supported PC-PEG in April 2024, the IMF Executive Board approved the 2nd Review of Ghana's programme last Friday, 28th June 2024. We, therefore, expect the Fund to disburse the 3rd tranche of \$360 million by cob today Monday, 1st July 2024, bringing the total disbursements so far to US\$1.6 billion;
- ix. We have finally reached agreement with IPPs to restructure legacy arrears and PPAs after six (6) years or so of negotiations. This will certainly provide some fiscal relief and savings over the life of the PPAs as well as guarantee a more reliable supply of power;
- x. Following the completion of domestic debt structuring of about Ghs203.4 billion in 2023, we reached agreement with the Official Creditor Committee (OCC) under the G20 Common Framework on 11th June, 2024 to restructure Ghana's official bilateral loans totalling \$5.1 billion with an estimated debt service relief of \$2.8 billion between 2023-2026;
- xi. We also reached agreement with our Eurobond holders on 19th June 2024 to restructure Eurobonds amounting to \$13.1 billion with a debt cancellation of roughly US\$4.7 billion and debt service savings from 2023 to 2026 of about US\$4.4 billion;
- xii. The rate of accumulation of public debt is declining following the good progress we have made in our debt restructuring effort and the success of the fiscal consolidation programme; and



- xiii. Additionally, key structural reforms to support growth, improve the PFM system, improve revenue mobilisation, and support sound monetary and exchange policy are beginning to yield positive results.

C. UPDATE ON THE IMPLEMENTATION OF THE IMF-SUPPORTED PROGRAMME

6. Ladies and gentlemen, consistent with our resolve to stay the course on the implementation of the US\$3 billion 3-year IMF-supported Post Covid-19 Programme for Economic Growth (PC-PEG), we successfully hosted an IMF Mission in April 2024 to undertake the 2nd Review of the implementation of the Programme following the approval of the Programme in May 2023 and the completion of the 1st Review in January 2024.
7. The 2nd Review Mission by the IMF Staff was successfully concluded on 13th April 2024, enabling Ghana to reach a Staff Level Agreement (SLA) on the Review.
8. After meeting the requirements for the 2nd review following the SLA, I am glad to announce that the IMF Executive Board approved Ghana's 2nd Review, last Friday 28th June 2024 with overwhelming support for Ghana from the Executive Directors. We expect to receive the 3rd tranche of US\$360 million by cob today, 1st July 2024, bringing the total disbursements to US\$1.6 billion.
9. The IMF has acknowledged Ghana's strong performance, as attested to by Stephane Roudette, the IMF Mission Chief for Ghana. Ghana's performance under the programme has been generally strong with all the quantitative performance criteria for the second review and all indicative targets met, except one and good progress is being made on key structural reforms. The structural reforms executed under the second review include the following:
 - i. We expanded GIFMIS infrastructure to cover 280 IGF-reliant institutions with all the available functionalities in December 2023;
 - ii. We published on PURC's website, the final report of the first quarterly audit of ECG's single account in Feb 2024;



- iii. The BoG in March 2024, took the requisite action against banks that did not comply with the one-third recapitalization and the non-negative CAR requirements in 2023;
 - iv. The BoG and MoF designed and began the implementation of a credible, comprehensive, and cost-effective plan that seeks to address NIB's insolvency challenges by end-2024, with approval from Cabinet;
 - v. We also developed and Cabinet approved a centralized inventory of all ongoing and planned public investment projects in March 2024; and
 - vi. Cabinet has approved proposed amendments to the BoG Act aimed at addressing the recommendations by the IMF's safeguard assessment to strengthen BoG's autonomy;
10. We are committed to sustaining our macroeconomic policy adjustment and reforms to fully restore macroeconomic stability and debt sustainability, while fostering a sustainable increase in economic growth and poverty reduction.
 11. Despite the fact that 2024 is an election year, we are committed to enhancing domestic revenue mobilization and tightening expenditure commitment controls to avoid policy slippages.

D. UPDATE ON DEBT RESTRUCTURING PROGRAMME

12. Ladies and Gentlemen, I am pleased to report significant progress in our debt restructuring efforts which began in 2022. Our debt exchange offers have resulted in a substantial reduction of our debt burden and an extension of our repayment period.

Domestic Debt Restructuring Programme

13. The Domestic Debt Exchange Programme (DDEP) which involved the restructuring of some GHS203.4 billion of our



domestic debt was successfully completed in September 2023 with an overall participation rate of about 95%.

14. On behalf of H.E. the President of the Republic of Ghana, I would like to use this opportunity to once again express our sincere appreciation and gratitude to all Ghanaians for your continued support and sacrifices which contributed significantly to the success of the domestic debt restructuring programme.

Official Bilateral Debt Restructuring

15. Ladies and Gentlemen, you may recall that Ghana announced a debt standstill on 19th December 2022 as part of the external debt restructuring process.
16. We had earlier, on 13th December 2022, requested from the Paris Club for their G20 Common Framework for Debt Treatments Beyond the Debt Service Suspension Initiative. Later on 10th January 2024, Ghana formally requested for debt relief through the G20 Common Framework for debt treatment.
17. The Size of OCC debt to be restructured at end-2022 was US\$5.1billion with OCC eventually agreeing on a Cut-Off Date (CoD) of 31st December 2022 for the debt restructuring.
18. Following several months of negotiations, we reached an agreement on the terms of the MoU with our official bilateral creditors on 11th June 2024. The MoU will serve as the guiding document for the amendment of all claims by individual countries.
19. We are currently in the implementation stage of the MoU with the expectation that each Bilateral Creditor will have separate agreement to implement the MOU signed with the OCC on debt treatment with GoG within the next few months at the latest. With the MOU now agreed upon, it is expected that our Official Bilateral Creditors will resume disbursements on projects that stalled as a result of the debt standstill but within the agreed fiscal limits.
20. The restructuring of our official bilateral loans will lead to debt service relief of \$2.8 billion between 2023-2026.



Update on Commercial Debt Restructuring

21. Ladies and gentlemen, I am pleased to report on the progress we have made in our restructuring negotiation with our Eurobond Holders.
22. After several rounds of negotiations on proposals and counterproposals on the Eurobond Treatment, we reached agreement on both the financial and non-financial terms on 19th June 2024.
23. We successfully negotiated a 37 % nominal principal haircut, equivalent to a 45% market value loss, with no contingent compensation mechanism as seen in the Zambia and Sri Lanka cases. The debt cancellation involved is US\$4.7 billion and debt service savings from 2023 to 2026 is US\$4.4 billion.
24. This achievement is significant, given the ambitious timeline and the fact that it is the fastest agreement reached under the Common Framework since its inception in 2020. The time from public announcement of an intention to restructure to when an agreement in principle is reached for Ghana was 18 months compared to Mozambique (30 months), Suriname (30 months), Chad (20 months), and Sri Lanka (ongoing for 2 years and 2 months so far).
25. This landmark achievement demonstrates the confidence in our country's leadership and administration's ability to steer economic recovery, marking the first instance in recent memory where a debt restructuring has been both requested and concluded by the same administration.
26. The IMF has confirmed that the terms of the agreement are consistent with programme parameters. The OCC secretariat has also assessed the terms and confirmed that the Agreement in Principle provides a solid basis for consultation with its members for collective assessment of the comparability of treatment principles.



27. The next step is to prepare for the launch of the consent solicitation and the exchange memorandum on the international capital market which we expect to commence in July and conclude by September 2024. We urge all Bondholders to accept the terms agreed in principle. We remain committed to engaging and resolving our non-bonded commercial indebtedness.
28. While the restructuring process has been challenging, we deliberately chose to implement an economic reset, recognizing that starting anew in the post-COVID-19 pandemic and global inflation era would provide Ghana with the best opportunity to achieve sustainable growth and development.
29. The government's significant economic policy measures, including strong fiscal consolidation, and structural reforms were key to re-establishing trust with creditors in Ghana's commitment to maintaining fiscal discipline, leading to the credibility of our debt restructuring efforts.
30. We acknowledge the support of bilateral and multilateral partners, including the OCC, the IMF, and the World Bank who provided financial assistance and facilitated the restructuring process.
31. Ladies and gentlemen, there are many unique features of Ghana's Eurobond debt restructuring:
 - i. It was completed in record time, demonstrating our commitment to efficiency and swift action;
 - ii. It marks the first time that an international debt restructuring is commenced and completed by the same administration, demonstrating our dedication to seeing our commitments through fruition; and
 - iii. we avoided complex contingent instruments, but instead negotiated a simple plain vanilla terms, reflecting our commitment to secondary market trading, transparency, and simplicity.
32. Indeed, Ghana's 2027 bonds jumped to rank among the top performers in emerging markets after Monday's announcement. The price of debt due in March 2027 climbed to 52.69 cents on



the dollar on the same day. A close at that level would be the highest since August 2022, according to Bloomberg.

33. While Ghana completed a comprehensive restructuring of its debt in record time, there have been too many costly delays suffered by both debtor countries and creditors. We urge all stakeholders in the international debt architecture to work together to strengthen the Common Framework for faster and more effective debt resolution and improve on the prevailing international architecture for sovereign debt restructuring.
34. Ladies and gentlemen, I would like to use this moment to thank the bondholders for their constructive engagement and extend our gratitude to our OCC co-chairs, China and France, for their leadership and support. Reaching an agreement with both the Bondholders Committees and the Official Creditors demonstrates the confidence of the international community and financial markets in Ghana.
35. The Government of Ghana wants to deeply thank the International Monetary Fund (IMF), the World Bank, our bilateral creditors, the private creditors and their advisors Rothschild & Co and Orrick; and our Advisors Lazard and Hogan Lovells, Global Sovereign Advisors (GSA), Lee Buchheit and the strategic advisor Algest for their relentless efforts and commitment in the success of this important debt restructuring.

E. UPDATE ON ENERGY SECTOR IPP LEGACY DEBT & PPA NEGOTIATIONS

36. As part of the implementation of the Energy Sector Recovery Programme (ESRP), Government has, for some time now, been negotiating with the energy sector Independent Power Producers (IPPs) to restructure legacy debt of over a US\$1 billion owed to the IPPs and Power Purchase Agreements (PPAs) to address the accumulation of arrears in the energy sector and work towards implementing critically needed reforms to make the sector more financially sustainable.



37. A Government Negotiating Team (GNT) was mandated to restructure legacy debt owed to the IPPs, namely AKSA, Amandi, CENIT, Cenpower, Karpowership, Early Power and Sunon Asogli. In addition, the GNT was tasked to finalize any outstanding matters pertaining to the restructuring of the respective PPAs of the IPPs with the Electricity Company of Ghana (ECG).
38. The key objective of the exercise was centred on the restructuring of legacy debt, necessary amendments to the PPAs and other project documents arising from the restructuring exercise, as well as ensuring that ECG remains current on its payment obligations to IPPs under the respective PPAs going forward.
39. The final round of negotiations in June 2024 after several months of negotiations resulted in the following:
 - i. commercial agreements have been reached on headline debt restructuring terms and renegotiated PPA terms with Amandi, Cenpower, Early Power, CENIT and AKSA.
 - ii. The amended Amandi, Cenpower and Early Power documentation will require Parliamentary approval, and the GNT is pursuing an aggressive timeline aimed at securing various regulatory, Ministerial and other approvals prior to presentation of the amended documentation to Parliament for approval before Parliament rises at the end of July 2024;
 - iii. Work on closing out and execution of the Sunon Asogli restructuring package/documentation is also in progress;
 - iv. ECG and GNPC have agreed all commercial terms under master gas supply arrangements (with final technical details being considered) under which GNPC will sell to ECG fuel in bulk for onward supply to the IPPs, as part of the conversion to a tolling arrangement. The master gas supply arrangements between ECG and GNPC are central to the restructuring exercise; and
 - v. The GNT is further engaging Karpowership to close out the Karpowership restructuring as soon as possible.



F. CONCLUSION

40. Ladies and gentlemen, with all these developments so far. I am confident that our economy is certainly on the path of sustained recovery, and we will continue to work tirelessly to ensure sustainable growth and prosperity for all Ghanaians.
41. The month of June 2024 is one to remember, ladies and gentlemen, with all the hard work coming together in the month:
 - i. we have reached an agreement with OCC on the restructuring of \$5.1 billion. This will lead to debt service relief of \$2.8 billion between 2023-2026;
 - ii. we have also reached an agreement with our Eurobond holders on the restructuring of \$13.1 billion, which will lead to the cancellation of \$4.7 billion of our debt and provide debt service relief of \$4.4 billion between 2023-2026;
 - iii. the IMF Executive Board Approval of the second review of Ghana's programme implementation on Friday, 28th June 2024 with a disbursement of the 3rd Tranche of \$360 million to Ghana expected by cob today, 1st July 2024; and
 - iv. the strong recovery in the economy evidenced by the strong growth of 4.7% in Q1 of 2024.
42. Ladies and gentlemen, you recall that I had indicated in my first monthly media update on the economy in March 2024 that the MoF will partner with the academia to institute a Quarterly Economic Round Table (QER) as part of measures to promote accountability, transparency, and inclusiveness in economic governance. I'm happy to announce to you that the QER has been instituted and the maiden edition which is on theme **"Restoring macroeconomic stability"** has been scheduled to take place at ISSER, University of Ghana on 2nd July 2024 from 8.30am to 2pm. I would like to urge you all to participate in this all important programme.
43. Good people of Ghana, in this journey towards economic recovery and growth, we have faced challenges, but our resilience and determination have kept us strong. Let us continue to stand united in support of our government's efforts to steer our economy towards a brighter future. Let us build on the progress



made so far, with patience and hope in our hearts. We are a nation of proud and resourceful people, with a 'can-do' spirit that has always propelled us forward. Together, we shall overcome the obstacles and emerge stronger, more united, and more prosperous. Let us march forward with faith in ourselves, our leaders, and our beloved Ghana. We are Ghana, and together, we shall rise again!

44. Thank you and may the almighty Allah bless us all.

