



MINISTRY OF  
FINANCE  
REPUBLIC OF GHANA

# FAQs

Issue 4

Monday  
19th December 2022

# External Debt Service Suspension



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## 1. What is the External Debt Service Suspension of the Republic of Ghana?

The External Debt Service Suspension introduces a suspension of servicing of all affected external public debts, for an interim period pending an orderly and consensual restructuring of those obligations, in a manner consistent with an economic adjustment program supported by the International Monetary Fund (IMF).

## 2. What does 'external debt' mean?

For purposes of this announcement, 'external debt' means obligations governed by law other than the laws of Ghana. However, of all such external debt, only Affected Debts are subject to the debt service suspension as defined below. "External debt" and "Affected Debts" (as defined below) do also not include all liabilities and obligations of the Bank of Ghana.

## 3. What are the Affected Debts?

The following categories of external public debts of the Republic of Ghana including its public sector borrowers (State-Owned Enterprises) are considered as "Affected Debts" that are subject to the debt service suspension.

- All outstanding series of bonds issued in the international capital markets (namely not governed by the law of Ghana);
- Most of bilateral (government-to-government) credits; however, all liabilities and obligations of the Bank of Ghana are excluded such as swap lines between the Bank of Ghana and a foreign central bank; and
- All commercial term loans, including foreign currency-denominated loan agreements or credit facilities with commercial banks or institutional lenders (including such institutions owned/ controlled by foreign governments) for which the Republic or a public sector entity (State-Owned Enterprises) is the obligor or guarantor.

This suspension will not cover the payments on our multilateral debt, new debts (whether with multinational institutions or other creditors) contracted after 19th December 2022, nor will it cover debts related to certain short term trade facilities. We are also evaluating certain specific debts related to projects with the highest socio-economic impact for Ghana which may have to be excluded.

## 4. What is the course of action for the holders of Affected Debts?

The holders of Affected Debts will be engaged in due time in order to be presented a restructuring proposal for their consideration.

## 5. Would the swap and repo lines of the Bank of Ghana be covered under this interim suspension decision?

No. As set forth above, none of the liabilities and obligations of the Bank of Ghana are Affected Debts. All facilities related to the conduct of monetary policy do not come under the purview of the suspension decision, in line with international best practices.

## 6. Would credit facilities/ borrowings from multilateral financing institutions be excluded from this External Debt Service Suspension?

Yes. Existing and future credit facilities/ borrowings from multilateral financing institutions are excluded from this suspension decision, in line with international best practices.



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#### **7. Would credit facilities contracted after 19th December 2022 be excluded from this External Debt Service Suspension?**

Yes. Credit facilities/ borrowings (whether with multinational institutions or other creditors) contracted after 19th December 2022 are excluded from this suspension decision.

#### **8. Are there any other credit facilities/borrowings excluded from this External Debt Service Suspension ?**

Yes, certain short term trade facilities are excluded from this External Debt Service Suspension.

#### **9. What is the expected impact of the External Debt Service Suspension on domestic institutions?**

Domestic banks currently hold a portion of Eurobonds. As such, they will not receive any debt service payments on their Eurobonds holdings until a debt restructuring agreement is reached, in the same manner than other non-domestic Eurobond holders. The potential impact of this standstill on the banking sector has been assessed by the regulator. The Bank of Ghana will aim to minimize the impact that the temporary suspension of payments under the Eurobonds has on the financial institutions, using all regulatory tools available.

#### **10. Why are individual holders of Eurobonds not excluded from the External Debt Service Suspension, in the same manner than they were excluded from the Domestic Debt Exchange?**

The exclusion of a given type of Eurobond holders is not practically possible.



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THIS Q AND A IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT AN INVITATION OR A SOLICITATION OF TENDERS, OFFERS TO EXCHANGE OR AN EXCHANGE TO ANY HOLDERS OF ELIGIBLE BONDS. THE INVITATION TO EXCHANGE TO HOLDERS OF ELIGIBLE BONDS IS ONLY BEING MADE PURSUANT TO THE EXCHANGE MEMORANDUM. HOLDERS OF ELIGIBLE BONDS SHOULD READ THE EXCHANGE MEMORANDUM CAREFULLY AND ITS ENTIRETY PRIOR TO MAKING ANY DECISION WITH RESPECT TO THEIR ELIGIBLE BONDS OR TENDERING THEIR ELIGIBLE BONDS BECAUSE IT CONTAINS IMPORTANT INFORMATION.