



Republic of Ghana

Investor Presentation

Ministry of Finance





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Introductory Remarks

AD 1957

Speakers:

Hon. Ken Ofori-Atta

Minister for Finance

Dr. Ernest Addison

Governor of the Bank of Ghana



I Ghana's economy is gradually returning to a path of growth and stability





The implementation of the IMF programme is well on track








Programme duration	3 years, over 2023 to 2026
Total access	c. US\$ 3 billion
Facility type	Extended Credit Facility

Preliminary assessment by the IMF for the 1st Review

QPC	6/6
Indicative Targets	2/3
Structural Reforms	5/6

Key measures undertaken by Ghana as part of the IMF programme

-  Completed a comprehensive stock-take of payables accumulated, designed a payable clearance plan and laid out a reform plan to reduce future accumulation of arrears
-  Finalized a strategy to strengthen the financial sector and rebuild financial institutions' buffers after the implementation of the DDEP
-  Devised an updated Energy Sector Recovery Plan approved by the Cabinet
-  Introduced an indexation mechanism for the beneficiaries of the Livelihood Empowerment Against Poverty Programme to protect the poor and vulnerable
-  Finalized a medium-term revenue strategy, consistent with the agreed fiscal adjustment under the IMF program including a strategy to streamline statutory funds

The Government reached a Staff-Level Agreement on the first Review of our programme on 6th of October 2023 and expects the first review of the programme to be approved by the IMF Board in November 2023

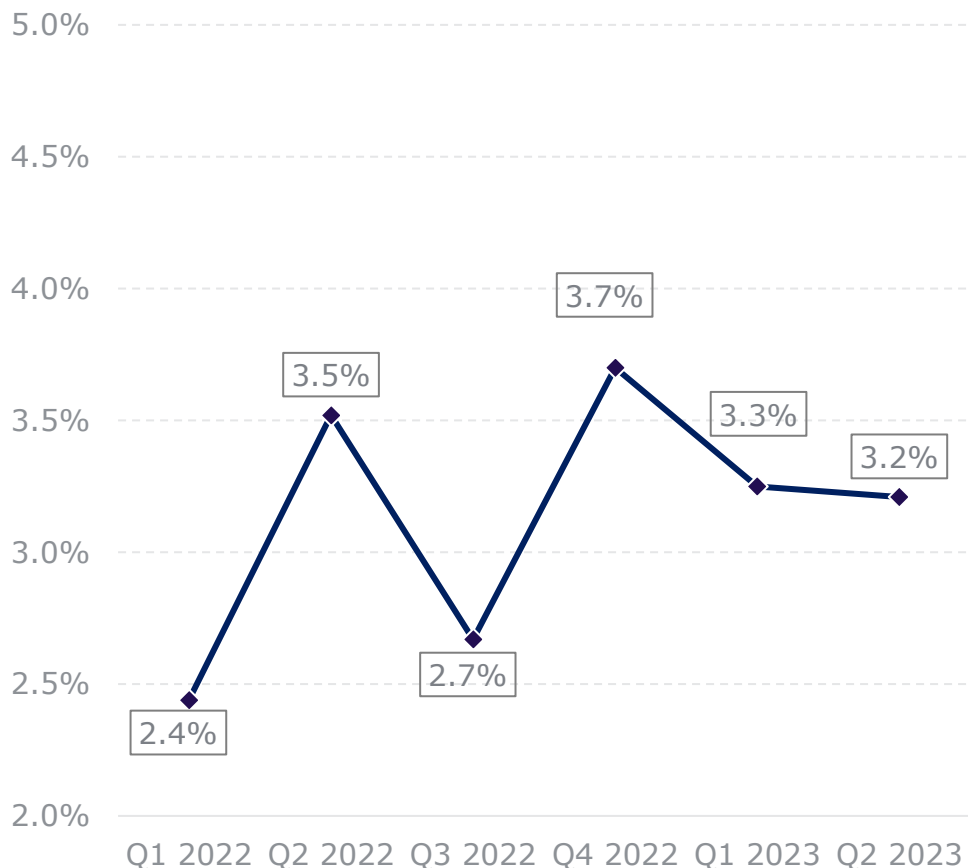


Ghana's macroeconomic environment is stabilizing in line with the macroframework parameters

Ghana's growth is higher than expected, the inflation outlook is on a reducing trend and the exchange rate has stabilized over the last few months

Quarterly real GDP growth rate

(%) Year-on-Year



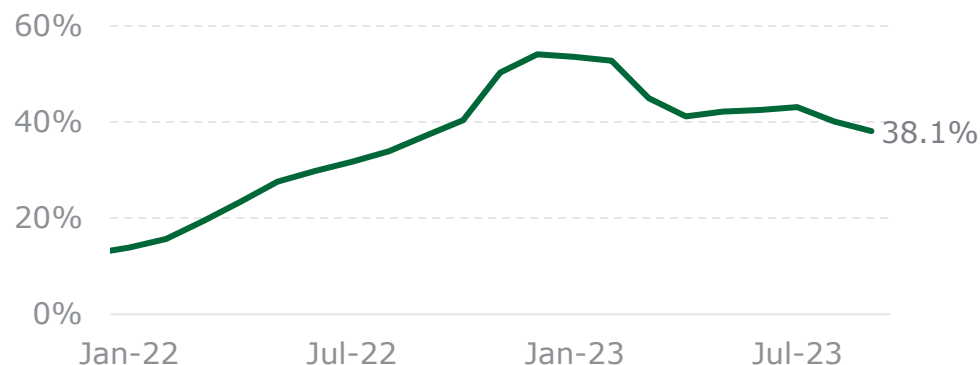
Exchange Rate Stabilizing

GHS/US\$ exchange rate (Monthly - EoP)



Headline inflation tapering down in Q3

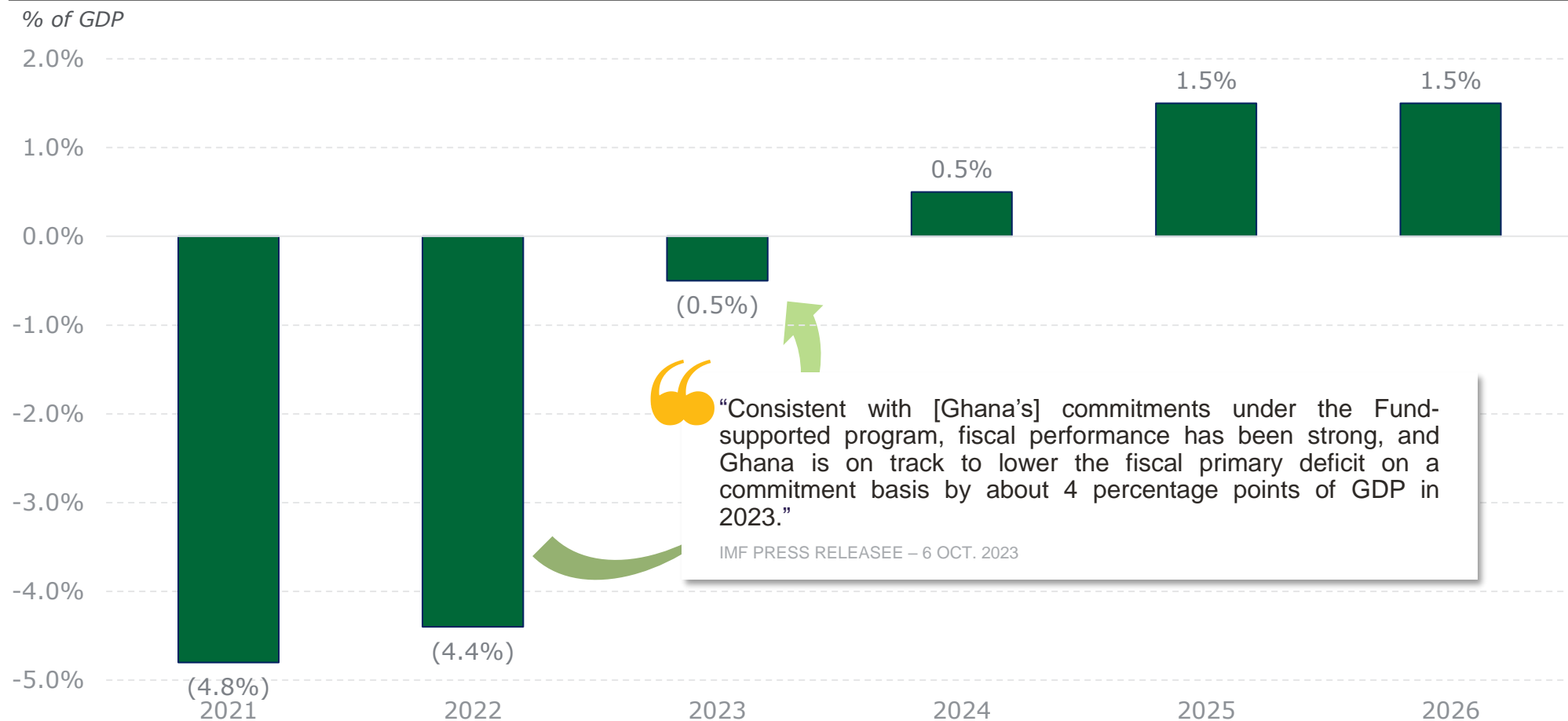
(%) Headline inflation - Year-on-Year





The ambitious fiscal consolidation underpinning the Programme is on track

Primary balance trajectory on commitment basis





The Government remains committed to a bold reform agenda going forward



Fiscal and Debt Sustainability

- Amend the Fiscal Responsibility Act to strengthen fiscal discipline and bolster credibility
- Accelerate the procurement of and operationalization of the Integrated Tax Administration System
- Expand the expenditure accounting and control system infrastructure to 265 IGF-reliant institutions with all the available functionalities
- Upgrade the current securities operation infrastructure used by the Debt Management Office



Monetary and Financial sector reforms

- Further enhance its inflation targeting framework through enriched macroeconomic data
- Rebuild international reserve buffers
- Create the conditions for a unified and flexible exchange rate regime
- Deploy any capital support to qualifying financial institutions in a timely manner
- Implement reforms to support credit to the private sector



Social Protection and Structural Reforms

- Expand the coverage of the *Living Empowerment Against Poverty* program to cover all the extreme poor by 2024
- Expand the coverage of the National Health Insurance Scheme
 - Increase access to higher education and strengthen learning outcomes
 - Expand the school feeding programme
- Ensure transparency in gas supply agreements by GNPC
- Publish a new policy directive on procurement of new IPPs

The Government is engaged in wide-ranging policy reforms, supported by the IMF

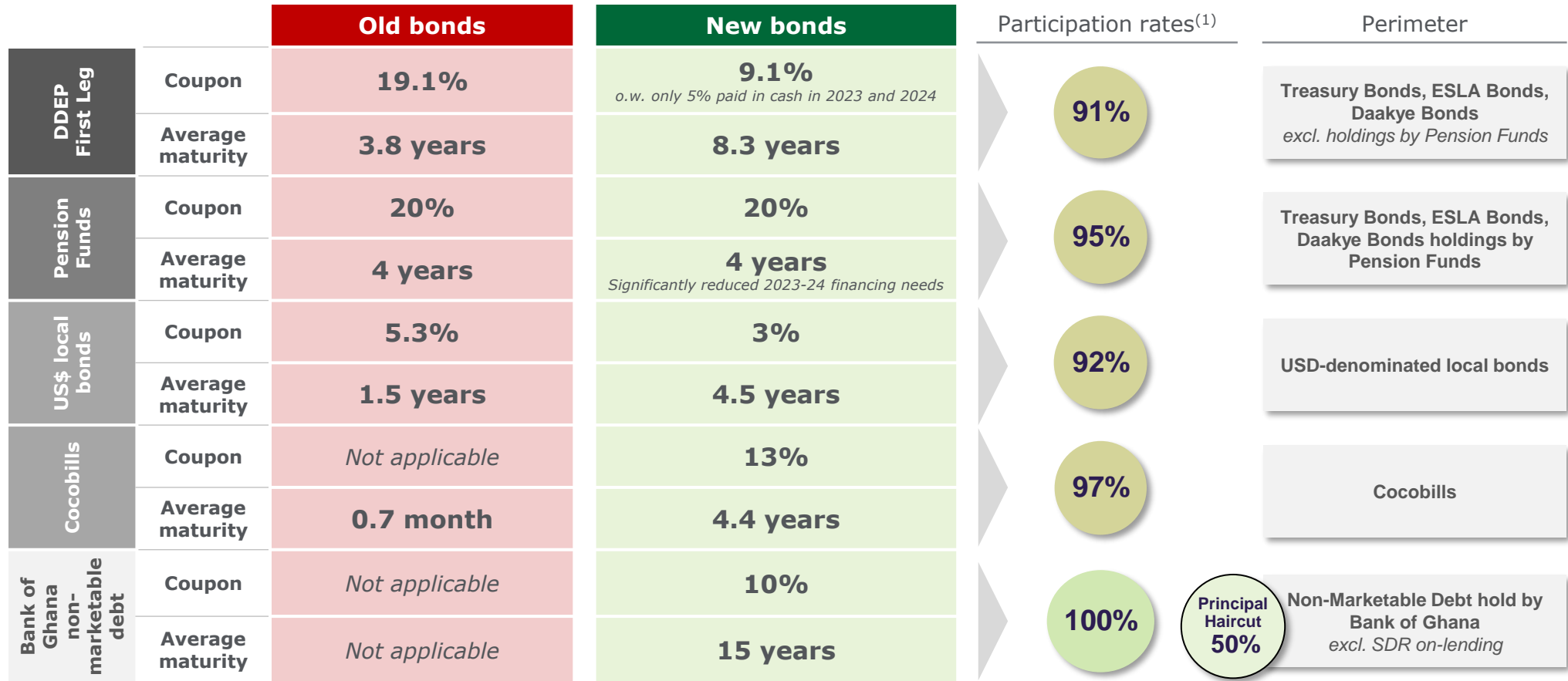


II The Domestic Debt Exchange Programme has been successfully completed, providing much-needed breathing space



The success of the Comprehensive Domestic Debt Exchange Programme illustrates the commitment of the Ghanaian people to contribute to the Government's effort to restore debt sustainability

All exchanges of domestic marketable debt planned as part of the DDEP are completed and no further exchanges of domestic marketable debt is being considered



Overall GHS 203bn have been exchanged⁽²⁾, which has resulted in debt service savings of c.GHS 61bn over 2023⁽³⁾

11 Note: (1) With regards to the 1st leg of the DDEP, participation ratio is calculated as the sum of the principal amount exchanged over the 2 exchanges, divided by the outstanding eligible amount as of February 13th

(2) Exchange rate used as of September 30th, 2023: 1 USD = 11.1 GHS

(3) Based on preliminary estimates.



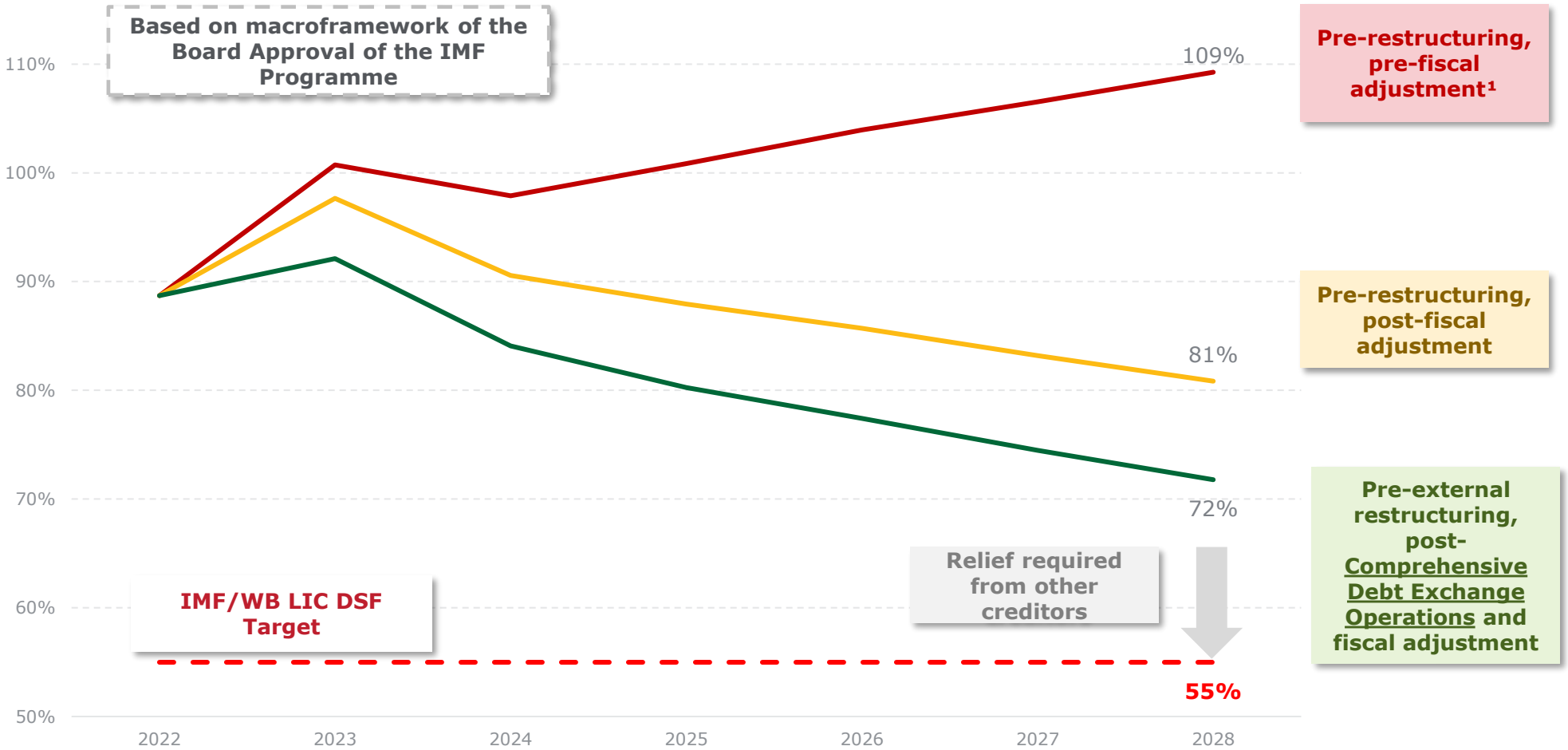
III Engagement with external creditors is expected to accelerate



The Domestic Debt Exchange Programme and the fiscal efforts significantly contributed to restore debt sustainability. The remaining leg will be the contribution of External Creditors



Present value of overall PPG debt-to-GDP trajectory



13 Note: (1) Assuming a constant primary balance at its 2022 level in the macroeconomic framework underpinning the Board Approval of the IMF Programme, i.e. at (3.6%) of GDP

Status of engagement with external creditors



OFFICIAL CREDITORS

COMMERCIAL CREDITORS

Format of discussions

- Ghana applied to the G20 Common Framework for Debt Treatment on 12 Dec. 2022
- Official creditors formed the Official Creditor Committee (“OCC”) in end-April

- A group of regional bondholders formed a first *ad-hoc* committee
- International bondholders formed a second *ad-hoc* committee

Status of discussions

- Illustrative scenarios have been shared with the OCC and Paris Club secretariat
- Official bilateral creditors are currently discussing, within the OCC, the broad parameters of the bilateral debt treatment

- Discussions have been ongoing for some time with creditor groups and their representatives.
- **We have received scenarios from both bondholder groups** (including scenarios received last week from the international bondholders’ group)
- We are currently reviewing these scenarios and hope to converge towards a solution that respects the need for debt relief and is compliant with the Comparability of Treatment constraints

Next steps

- **An agreement in principle on the financial parameters of the bilateral debt treatment is expected to be reached**
- An MoU is then to be signed between official creditors and the Republic of Ghana, formalizing the agreement in principle on the debt treatment
- Bilateral agreements will then be signed with each creditor reflecting the terms agreed upon by the OCC

- Extensive negotiations will follow to accommodate debt treatments that would be compatible with reaching the debt targets under joint IMF/WB Debt Sustainability Framework
- **Objective is to reach an agreement with the Steering Committee of the bondholders’ groups that respects Ghana’s need for debt relief in line with its Debt Sustainability Analysis and the principle of Comparability of Treatment**

Agreement in principle with OCC expected by early November

Agreement in principle with bondholders expected by year end



Key principles of our creditor engagement strategy

1

Transparency

2

**Good faith efforts
for a collaborative
process to restore
debt sustainability**

3

**Fair treatment
across creditors**

4

**Consistency with
IMF Debt
Sustainability
Analysis**

The Government of Ghana thanks all creditors and attendees of this presentation for their kind attention
Should creditors be interested in obtaining more information and engaging in discussions with the Government, they are invited to contact Ghana's Financial Advisor Lazard and Legal Advisor Hogan Lovells at the email address investors.ghana@lazard.com for any request or other inquiry they may have



IV Appendix





Outcome of the first leg of the Domestic Debt Exchange Programme (DDEP)

The Republic achieved a participation rate of c.91% of the eligible holders for the first leg of the DDEP, resulting in lower debt service through reduced coupon payments and a lengthening of the maturity of the domestic debt profile

Exchanged amount and participation rate

Perimeter
Treasury Bonds, ESLA
Bonds, Daakye Bonds
excl. holdings by Pension
Funds

Eligible
Amount⁽¹⁾

GHS96.0bn



Participation
Rate⁽¹⁾

90.7%

Exchanged
Amount

GHS87.0bn

o.w. GHS 83.0bn in Feb.
and GHS 4.0bn in Sept.

Timeline of the two-phase exchange

	Phase I	Phase II Technical Reopening
Launch	December 5 th , 2022	September 13 th , 2023
Closing Date	February 7 th , 2023	September 22 nd , 2023
Settlement Date	February 21 st , 2023	September 29 th , 2023

Terms of the Exchange

	Old bonds	New bonds
Coupon	19.1%	9.1% <small>o.w. only 5% paid in cash in 2023 and 2024</small>
Average maturity	3.8 years	8.3 years

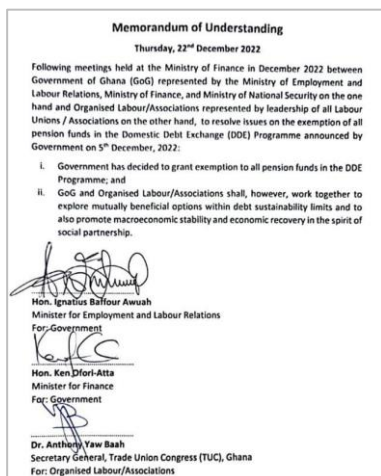
The first leg of the Domestic Debt Exchange Programme was executed in two phases, with the initial phase occurring in February 2023 and the subsequent "technical" re-opening phase taking place in September 2023



Outcome of the Pension Funds Exchange

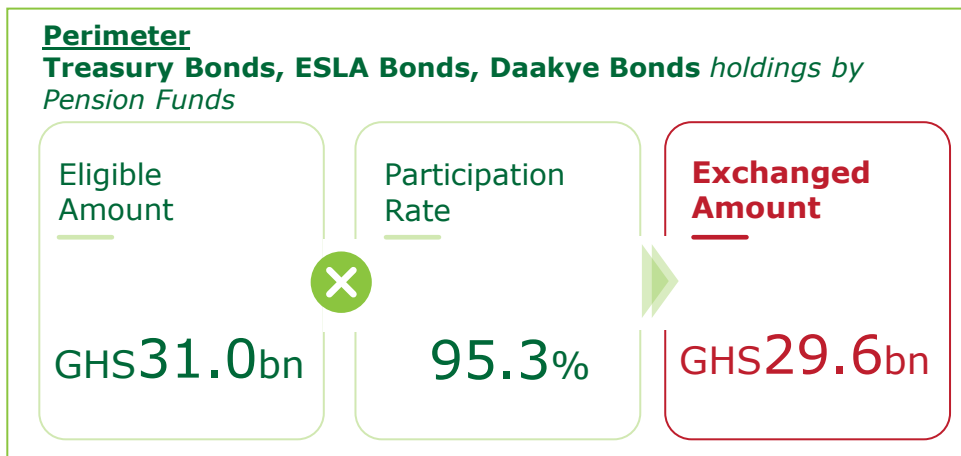
The exchange of Pension Funds' holdings of bonds against a set of new instruments alleviates the cashflow situation of the Government while preserving the value of their portfolio

Memorandum of Understanding



The MoU exists so that the specified holdings by Pension Funds will (i) be exempted from the 1st leg of the DDEP, (ii) while simultaneously contributing to the DSA by decreasing the initial funding needs at the start of the program

Exchanged amount and participation rate



Timeline of the exchange

	Timeline of the Exchange
Launch	July 31st, 2023
Closing Date	August 25th, 2023
Settlement Date	September 4th, 2023

Terms of the exchange

	Old bonds ¹	New bonds
Coupon	20%	Effective coupon of 20%
Average maturity	4 years	4 years



Outcome of the Cocobills and USD-denominated Local Bonds Exchanges

The exchange of US\$ denominated local bonds reduces the pressure on dollar funding needs, while the exchange of Cocobills contributed to alleviating the short-term public funding needs

USD-denominated local bonds exchanges



Timeline of the Exchange				Old bonds	New bonds
Launch	July 14th, 2023	Coupon		5.3%	3%
Closing Date	August 25th, 2023	Average maturity		1.5 years	4.5 years
Settlement Date	September 4th, 2023				

Cocobills Exchanges



Timeline of the Exchange				Old bonds	New bonds
Launch	July 14th, 2023	Coupon		Not Applicable	13%
Closing Date	August 25th, 2023	Average maturity		0.7 month	4.4 years
Settlement Date	September 4th, 2023				



Restructuring Terms for the Bank of Ghana

The significant haircut of 50% delivered on the Bank of Ghana's non-marketable debt is a critical step to ensure the sustainability of the country's total public debt

Exchanged amount and participation rate



Timeline of the exchange

Timeline of the Exchange	
Settlement Date	September 2023

Summary of the terms applied to Bank of Ghana holdings

	Old debt	New debt
Haircut		50%
Coupon	N.A.	10%
Average maturity	N.A.	15 years