
Announcement
by
Ken Ofori-Atta
Hon Minister for Finance
Ghana's Domestic Debt Exchange
4th December 2022

Good Evening Ghanaians,

In the Budget Statement presented to Parliament on November 24th, I announced that government will undertake a debt operation programme. The broad contours of the Debt Sustainability Analysis has been concluded and I am here this evening to provide some details on Ghana's Domestic Debt Exchange which will be launched tomorrow. External debt restructuring parameters will be presented in due course.

Under the Programme, domestic bondholders will be asked to exchange their instruments for new ones. Existing domestic bonds as of 1st December 2022 will be exchanged for a set of four new bonds maturing in 2027, 2029, 2032 and 2037. The annual coupon on all of these new bonds will be set at 0% in 2023, 5% in 2024 and 10% from 2025 until maturity. Coupon payments will be semi-annual.

Our commitment to Ghanaians and the investor community, in line with negotiations with the IMF, is to restore macroeconomic stability in the shortest possible time and enable investors to realize the benefits of this Debt Exchange.

The Government of Ghana has been working hard to minimize the impact of the domestic debt exchange on investors holding government bonds, particularly small investors, individuals, and other vulnerable groups.

In line with this:

- Treasury Bills are completely exempted and all holders will be paid the full value of their investments on maturity.
- There will be NO haircut on the principal of bonds.
- Individual holders of bonds will not be affected.

The Government recognizes that our financial institutions hold a substantial proportion of these bonds. As such, the potential impact of this exchange on the financial sector has been assessed by their respective regulators.

Working together, these regulators have put in place appropriate measures and safeguards to minimize the potential impact on the financial sector and to ensure that financial stability is preserved.

Specifically:

- The Bank of Ghana, the Securities & Exchange Commission, the National Insurance Commission, and the National Pensions Regulatory Authority will ensure that the impact of the debt operation on your financial institution is minimized, using all regulatory tools available to them.
- A Financial Stability Fund (FSF) is being established by Government with the help of development partners to provide liquidity support to banks, pension funds, insurance companies, fund managers, and collective investment schemes to ensure that they are able to meet their obligations to their clients as they fall due.

These are difficult times and we count on the support of all Ghanaians and the investor community to make the exercise successful.

We are confident that these measures will contribute to restoring macroeconomic stability. With your understanding and support and that of the entire investor community, we shall overcome our current difficulties, and with the help of God, put our economy back on the path of renewed and robust growth.

As 1st Samuel 30:19 says, 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.

Thank you and God bless our homeland Ghana.