



REPUBLIC OF GHANA

MINISTRY OF FINANCE

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PRESS RELEASE

FOR IMMEDIATE RELEASE

GLOBAL INVESTORS DEMONSTRATE STRONG SUPPORT FOR GHANA'S FISCAL PLANS AND REVITALIZATION STRATEGY

Accra, Tuesday, 30th March, 2021 ... Ghana returned to the International Debt Capital Markets as the first Sub-Saharan African Sovereign to issue in USD since the onset of the Covid-19 pandemic, achieving a record size in excess of US\$3 billion and enhancing its market access through the use of a 4-year Zero-Coupon Tranche, which is an innovative market-oriented solution to address post-covid-19 challenges and improve the cash flow required for debt servicing.

2. The country's consistent ability to raise multi-billion-dollar financing and this pioneering use of a 4-Year Zero tranche is a testament to its hard-won credibility with investors, strong growth prospects and disciplined fiscal consolidation efforts in 2020.
3. The issuance was 2x oversubscribed at its peak; commendable amid a global pandemic. Ghana is the first Emerging Market Sovereign to add a zero-coupon bullet tranche to its bond financing portfolio. This is significant as it enables the Government to create fiscal space to build the economy back better.
4. A zero-coupon bond is a bond that does not make periodic interest payments during the tenor of the bond, but is sold at a discount to its value at maturity.
5. Commenting on the bond, Ken Ofori-Atta, whose re-nomination as Finance Minister, after President Akufo-Addo's re-election last December, was also approved by Parliament on Monday, said, *"This historic bond issuance is a strong signal that investors have confidence in our plan for debt sustainability, economic recovery and growth and that Ghana remains a Pillar of Stability"*.
6. Part of the proceeds shall be used for domestic liability management. *"For example, using US\$400m of the zero-coupon bond to refinance domestic debt with an average interest rate of 19% will net Ghana savings of some \$200 million over the four years,"* Mr. Ofori-Atta explained. The proceeds will, alongside conducting liability management, also support the budget deficit by funding growth-oriented expenditures.



7. Despite the looming risk of a possible third wave of COVID-19 infections across Europe, generally more volatile market conditions, and global trade disruptions from the Suez Canal blockage, Ghana saw strong demand for its sovereign bond offering, which peaked at over US\$6 billion.

8. This bond issuance comes after a series of fixed-income virtual meetings held locally across three (3) days with Investors from the United States, United Kingdom, Europe, Middle East and Asia. The transaction comprised US\$525 million 4-Year Zero Coupon, US\$1 billion 7-year Weighted Average Life (WAL), US\$1 billion 12-year WAL and US\$500 million 20-year WAL. The traditional Eurobonds priced at 7.75%, 8.625% and 8.875%, respectively.

9. The 20 Year Tranche, which priced at 8.875% is also expected to fill a gap in Ghana's yield curve, ensuring that Ghana now has a well-defined yield curve with issuances across the curve from 4 years to 41 years.

10. Ghana is projected to maintain positive economic growth of 0.9% in 2020, representing one of the few "pockets of resilience" on the continent. In 2021 and over the medium term, the Government expects GDP growth to average 5% and the deficit to decline to under 5% by 2024 ensuring debt sustainability. This will be achieved through the GHS100 billion Ghana CARES programme that will provide the fiscal stimulus to drive growth and economic transformation.

11. Also, Government has committed to implementing comprehensive measures including the introduction of e-taxation to increase domestic resource mobilization; the deployment of digital platforms to engage local communities in the oversight of public spending; and efforts to strengthen tax administration systems to identify, track and stem illicit financial flows (IFFs). This reflects the exemplary leadership of the Nana Addo Dankwa Akufo-Addo led Government in handling the COVID-19 pandemic.

12. Ghana successfully raised US\$2 Billion in 2018, US\$3 Billion in 2019 and US\$3 Billion in 2020. Monday, 29th March's successful bond issuance should boost business confidence as the Government looks to stimulate the economy and increase revenue through what it calls "burden-sharing" for "enhanced profit sharing."

13. The Joint Lead Managers for the transaction were BofA Securities, Citi, Rand Merchant Bank (RMB), Standard Bank and Standard Chartered Bank. They were supported by CalBank PLC, Databank, Fidelity Bank, IC Securities and Temple Investments as Co-Managers. **END**



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THE NEWS EDITOR