

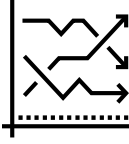


MINISTRY OF FINANCE
Government of Ghana

Investor Presentation 2023 Capital Markets Day

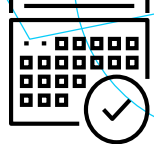
Macro-Fiscal Developments & Outlook

Ghana recorded strong macroeconomic performance between 2017-2019

Avg.
 **7%**
GDP Growth Rate

 **<5%**
Fiscal Deficit

Avg.
 **8%**
inflation

 **+ve**
Primary Balance

The Ghanaian economy was hit by several global shocks which accentuated pre-existing vulnerabilities

COVID 19
Pandemic

Russia-Ukraine
War

Financial
Tightening

Global Supply
Disruption

Fiscal
Imbalances

Debt
Vulnerabilities



In July 2022, the Government of Ghana (GoG), working in conjunction with the IMF mapped out a recovery plan, the Post-COVID-19 Programme for Economic Growth (PC-PEG), anchored on the following objectives:

1

Frontloaded fiscal measures to bring public finances back on a sustainable path



2

Restore Debt Sustainability including reducing the cost of financing.



3

Minimize fiscal risks including risk from contingent liabilities from SOEs (e.g. COCOBOD);



4

Deepen structural reforms, restore investor confidence, boost Development Partner (DP) disbursements, and unlock other financing sources



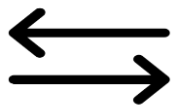
5

Implement reforms necessary to encourage private investment, growth and job creation



6

Safeguard social protection programmes to ensure the burden of adjustment is fairly distributed



The PC-PEG-backed IMF Prog encompasses a strong reform agenda intended to restore economic stability and achieve the following medium-term targets



Reaching a 1.5% of GDP primary surplus in the medium term, i.e., a fiscal adjustment effort of >5p.p. of GDP

Fiscal revenues objective of c. 18.5% of GDP by 2026 from 15.5% in 2022



Bringing inflation below 8% in the medium-term



Restoring external buffers with gross international reserves reaching 3 months of import cover by 2026



Achieving debt sustainability of 55% Debt to GDP ratio by 2028



Enhancing competitiveness, with exports surpassing 37% of GDP in the medium run

The PC-PEG-backed IMF Prog envisages a strong front-loaded fiscal adjustment of 5.1 percentage points of GDP over a three-year period (2023 –2026).

The fiscal adjustment programmed for 2023 alone is 3.1 percentage points of GDP with 1.1 ppt coming from revenue measures and the 2 ppt coming from expenditures.

In the 2023 fiscal year alone, **at least 10 revenue measures, permanent in nature, have been approved by the Parliament of Ghana**, and are all now under implementation. These measures are expected to generate a yield of 1.3% of GDP

The Government is also developing a **Medium-Term Revenue Strategy (MTRS)** to permanently raise revenue of at least 1.5 percentage points of GDP

Revenue Measures

- Increase VAT rate from 12.5% to 15% (Increase by 2.5 ppts);
- Intensify the implementation of the VAT E-Invoicing system to enhance compliance;
- Removal of Selected VAT Exemptions;
- Complete Removal of Discount on Benchmark Values;
- Implementation of Unified Property Rate Collection;
- Implementation of Growth and Stability Levy
- Revision of Excise Taxes for selected items;
- Revision of Income-based Taxes; and
- Reviews in the E-Levy to close loopholes/leakages
- Sale of 5G Electromagnetic Spectrum
- Pursue Additional Oil Entitlement (AEO) in relation to the Jubilee Field
- Harmonisation of Royalty Rates for mining companies



The PC-PEG-backed IMF Prog is underpinned by strong and wide-ranging structural reforms to improve efficiency and competitiveness as well as build resilience

A

Public Financial Management Reforms

B

**State Owned Enterprises (SOEs) Reforms
(Energy Sector & Cocobod)**

C

Financial Sector Reforms

D

**Tax Policy and Revenue Administration
Reforms**

E

Social Protection Reforms



Guided by the implementation of the PC-PEG, the **2023 budget** will be financed largely from external sources with very little financing coming from domestic sources (*treasury bills and notes*)

We expect external financing of the budget to be supported by

IMF: US\$1,200 million for 2023 and US\$720 million per year for 2024 and 2025 and US\$360 million in 2026

World Bank: US\$550 million (of which DPO is US\$300 million and GFSF is US\$250 million) for 2023 and US\$300 million per year for 2024 and 2025.

We expect external debt restructuring to provide financing of about US\$2.5bn

The budget will also be financed from project loans projected at Ghs13.6 billion in the 2023 Budget for 2023. The World Bank is planning to disburse US\$1.45 billion for project loans during the 2023-2026 period.



The restoration of Debt Sustainability is a key objective under the **PC-PEG-backed IMF Prog.** Consequently, Ghana successfully completed the first pillar of the Domestic Debt Exchange Programme in February

2023
The domestic debt restructuring programme is largely completed. The instruments yet to be treated are (i) cocoa bills, (ii) US-denominated local bonds, and (iii) IPP debt. Exchanges on Cocobills and US-denominated local bonds will be completed shortly

Outcome of the Domestic Debt Exchange Programme on eligible bonds as at DDEP exchange date of 23/02/2023

	Old bonds	New bonds
Coupon	19.1%	9.1% <i>o.w. only 5% paid in cash in 2023 and 2024</i>
Average maturity	3.8 years	8.2 years

Participation

85%

Perimeter

Treasury Bonds, ESLA Bonds, Daakye Bonds

excl. holdings by Pension Funds

Discussions are currently on-going with those who did not participate in the DDEP to consider a different exchange programme.

Pension Funds

- As at end 2022, Pension Funds held about **GHS 29 billion**
- The Pension funds were excluded from the DDEP through an MOU between Government and Organised Labour. However, discussions are ongoing, per the MOU, to agree on a mutually beneficial arrangements to achieve debt sustainability and help with macroeconomic stabilization and the economic recovery.
- Government has provided an alternative offer that ensures that their value remains the same but addresses the liquidity challenges of Government.
- New bonds are expected to be more liquid than the old bonds considering the larger investment base and the benchmark size of the new bonds.

IPPs

- IPP debt amounting to about **US\$1.6 billion** is being restructured.
- Negotiations have begun on Energy Sector IPP debt with Government making offers to the IPPs. Government, however, yet to receive responses from all IPPs.



A restructuring of external debt is necessary to restore debt sustainability and ensure the full financing of the IMF programme. So far, good progress is being made on an external debt treatment.

Next steps in completing Ghana's external debt restructuring are as follows

- 1 Government is working with Official Creditor Committee (OCC) to sign an MOU on the terms of bilateral debt treatment**
- 2 Government will continue to engage private creditors to seek relief on external debt.**



To safeguard our growth prospects, the PC-PEG also has a focus on bolstering private sector participation and productivity growth

To that end, Government is committed to implementing the following key interventions:

A

Focus on Manufacturing & Exports

B

Strengthen delivery of PPPs

C

Improve Business Environment

D

Promoting Entrepreneurship

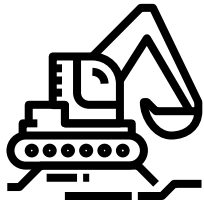
E

Transition to a digital economy



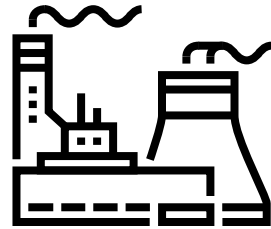
Government, through the GIPC will thus fast-track the search for investments into key growth-oriented programs that interlock with our development aspirations

Priority Investment Sectors



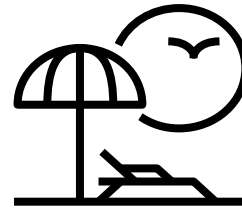
Agro-processing

- Mechanized production
- Irrigation
- Value Addition and Processing
- Planting for Food and Jobs



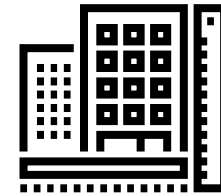
Manufacturing

- One District One Factory
- Gold processing
- Pharmaceuticals
- Textiles
- Cocoa processing



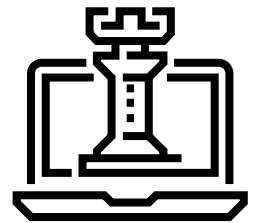
Tourism

- Ecotourism
- Culture Tourism
- Hospitality Centres and Hotels
- Theme parks



Infrastructure

- Schools
- Hospitals
- Energy
- Road & airports
- Railways



Technology and Digitisation

- Financial Services
- AI enabled services
- 5G rollout
- Tech. hubs



- We are not out of the woods yet. However, the various elements of our economic reform programme are expected to provide the grounding for a more stable outlook.
- The 3-year US\$3 billion PC-PEG-backed IMF ECF Programme aims to restore macroeconomic stability and debt sustainability supported by wide-ranging and strong structural reforms to build resilience and lay the foundations for stronger and more inclusive growth, while protecting the poor and vulnerable.
- Partnerships between the public and private sector will be key on our path to Economic Recovery.
- We seek partnerships to enable us crystallise our ambitions of being the "seed country" for Africa's development renaissance.

Thank You