



REPUBLIC OF GHANA

MINISTRY OF FINANCE

P.O.Box MB 40, Ministries, Accra
Digital Address : GA-144-2024

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Date. **19TH DECEMBER, 2022**

PRESS RELEASE

FOR: IMMEDIATE RELEASE

SUSPENSION OF PAYMENTS ON SELECTED EXTERNAL DEBTS OF THE GOVERNMENT OF GHANA

Accra, Monday, 19th December 2022... Ghana is today faced with major economic and financial crisis, and its attendant social challenges. In 2020 and 2021, the covid-19 pandemic negatively impacted our fiscal and economic situation. Global risk aversion triggered large capital outflows, a loss of external market access and rising domestic borrowing costs.

2. This year, 2022, the global economic shock induced by the Russian invasion of Ukraine has further adversely affected our economy just when it was beginning to recover from the pandemic. The combination of adverse external shocks has exposed Ghana to a surge in inflation, a large exchange rate depreciation and stress on the financing of the budget. These factors taken together have put the sustainability of our debt at risk.

3. To address these mounting challenges, we launched on Monday 5th December an invitation to exchange our domestic debt. The details of this domestic debt exchange are set forth in an Exchange Memorandum, available on <https://mofep.gov.gh/news-and-events/debt-operations>. This domestic debt operation is part of a more comprehensive agenda to restore public debt sustainability. Given the magnitude of the economic and social crisis that Ghana is confronted with, this domestic debt operation will not be enough to close the large financing gaps that Ghana faces over the coming years. The Government's Debt Sustainability Analysis (DSA) has demonstrated that our public debt, both external and domestic, is unsustainable.

4. We, therefore, formally requested IMF assistance in July 2022. A Staff-Level Agreement (SLA) has subsequently been achieved and announced on 13th December on a financing program aimed at restoring macroeconomic stability and debt sustainability, and preserving financial stability while protecting the most vulnerable. This SLA milestone was achieved in record time. It is with this same spirit that we, therefore, expect creditors to also respond in an expedited manner, to ensure that the IMF-supported programme is adopted by the IMF Board as soon as possible in early 2023.

5. In the interim, additional emergency measures are necessary to prevent a further deterioration in the economic, financial, and social situation in Ghana. As it stands, our financial resources, including the Bank of Ghana's international reserves, are limited and need to be preserved at this critical juncture.

6. That is why we are announcing today a suspension of all debt service payments under certain categories of our external debt, pending an orderly restructuring of the affected obligations.

7. This suspension will include the payments on: our Eurobonds; our commercial term loans; and on most of our bilateral debt. This suspension will not include the payments of our multilateral debt, new debts (whether multilateral or otherwise) contracted after 19th December 2022 or 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. This suspension is an interim emergency measure pending future agreements with all relevant creditors.

8. The Government stands ready to engage in discussions with all of its external creditors to make Ghana's debt sustainable through a fair, transparent and comprehensive debt restructuring exercise in line with international best practices. The Ministry of Finance will hold an investor presentation at a date to be announced at a later stage.

9. For any investor inquiry, please contact investors.ghana@lazard.com and investorsghana@mofep.gov.gh.

The Ministry of Finance
Finance Drive, Accra.
P. O. Box M40, Accra – Ghana
GA-144-2024
info@mofep.gov.gh
Tel: +233 302-747-197

Financial Advisor to the Republic of Ghana:

Lazard Frères
175 Boulevard Haussmann
75008, Paris **END**



**ISSUED BY THE PUBLIC RELATIONS UNIT
MINISTRY OF FINANCE**

THE NEWS EDITOR