



REPUBLIC OF GHANA

## MINISTRY OF FINANCE

# 2024 ANNUAL BORROWING AND RECOVERY PLAN

In fulfilment of the requirements of section 60 of the Public Financial Management Act, 2016 (Act 921)

Prepared by

Treasury and Debt Management Division of the  
Ministry of Finance

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## List of Abbreviations

<b>ABRP</b>	- Annual Borrowing and Recovery Plan
<b>BMS</b>	- Bond Market Specialist
<b>BoG</b>	- Bank of Ghana
<b>DDEP</b>	- Domestic Debt Exchange Programme
<b>GSE</b>	- Ghana Stock Exchange
<b>GDP</b>	- Gross Domestic Product
<b>IMF</b>	- International Monetary Fund
<b>MoF</b>	- Ministry of Finance
<b>MTDS</b>	- Medium-Term Debt Management Strategy
<b>PDs</b>	- Primary Dealers
<b>Repos</b>	- Repurchase Agreements
<b>PFM</b>	- Public Financial Management
<b>SEC</b>	- Securities and Exchange Commission
<b>TDMD</b>	- Treasury and Debt Management Division



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## Foreword

The global economy in 2023 continued to struggle with the aftermath of the pandemic, tight monetary policy stance, and geopolitical tensions and uncertainties. These have left in its wake, tightened global financial conditions and worsening debt vulnerabilities, particularly in developing countries as well as heightened supply chain disruptions, and price pressures. Although inflationary pressures have eased primarily due to reduced energy and food prices, global inflation remains above pre-pandemic levels in both developed and developing nations, thereby exacerbating global uncertainties.

The major advanced countries have signalled their intention to keep interest rates high for longer to further dampen inflationary pressures. The prospects of a prolonged period of higher borrowing costs and tighter financing conditions will, therefore, continue to threaten the global economy with high debt levels. The current environment of high borrowing costs and economic uncertainties will constrain access to capital by Emerging Market Economies.

Government, in 2023, completed the painful but necessary Domestic Debt Exchange Programme (DDEP). The next phase is the restructuring of the external debt which has commenced. An agreement in principle will be reached with the Official Creditor Committee (OCC), regarding the restructuring of our official bilateral debt of about US\$ 5.1 billion. The OCC agreement will then be formalised in a Memorandum of Understanding (MoU), before being translated into bilateral agreements with all creditors. We have also intensified our engagement with our external bondholders, and we remain resolute to accelerating and completing the process.

All these are expected to impact government's financing conditions, especially its ability to raise cheaper financing with prudent level of risk.

Cognisant of these, the 2024-2027 medium-term debt management strategy focuses on a strategy that mitigates the costs and risks embedded in the public debt portfolio.

The 2024 Annual Borrowing and Recovery Plan (ABRP), which is based on the 2024-2027 MTDS and the 2024 Budget, is prepared in fulfilment of Section 60 of the Public Financial Management Act, 2016 (Act 921). The Plan outlines how the financing needs of government will be funded in 2024 and the combination of domestic and external financing sources to be accessed.

The Management of this Ministry remains committed to regularly updating the investor community especially when there is a material change to government fiscal policy. We thank investors for their unwavering support and believing in the Ghana story.

We take this opportunity to thank stakeholders for their immense contribution to the preparation of the 2024 ABRP. Special commendation goes to the Management of the Ministry of Finance, the Chief Director and staff of the Treasury and Debt Management Division, the Bank of Ghana, the Ghana Stock Exchange, and the Central Securities Depository.

We look forward to a productive year and more market engagements.

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**DR. MOHAMMED AMIN ADAM, MP**



## INTRODUCTION

1. The 2024 Annual Borrowing and Recovery Plan (ABRP) is prepared and published in fulfilment of Section 60 of the Public Financial Management Act, 2016 (Act 921) which requires the Debt Management Office of the Ministry of Finance to prepare and publish an ABRP.
2. The Plan is prepared in line with the Public Financial Management Act, 2016 (Act 921), the Public Financial Management Regulations, 2019 (L.I.2378), the 2024 Budget Statement and Economic Policy, as well as the 2024-2027 Medium Term Debt Strategy (MTDS).
3. The ABRP outlines how the projected annual financing needs of the Government will be met during the fiscal year. It promotes transparency and enhances the predictability of Government borrowing. The Plan is complemented by a quarterly rolling Issuance Calendar which spells out the borrowing operations of the Government consistent with the cash flow projections for the fiscal year.
4. The ABRP fulfils the following debt management objectives:
  - i. ensure the financing needs of the Government are met on a timely basis;
  - ii. borrow at a low cost over the short, medium to long term and consistent with prudent degree of risk;
  - iii. promote the development of the domestic debt market; and
  - iv. pursue any other action considered to positively impact public debt.
5. The estimated 2024 budget deficit of GH¢61,879.74 million (cash) is expected to be financed from both domestic and external sources as follows:
  - i. External Sources: concessional financing; and
  - ii. Domestic Sources: Treasury bills and balances accrued in the Sinking Fund and other Escrow Accounts.
6. In 2023, the global financing conditions remained tight with associated high financing costs, making market access less competitive for Emerging Markets and Developing Economies (EMDEs). Due to weak near-term inflation expectations, global inflation was largely sticky above pre-pandemic levels. Also, the global economy witnessed significant fiscal buffer erosion, exacerbating the underlying debt portfolio worldwide. Others include soaring global interest cost and tightening global policy rates.
7. On the domestic front, inflation expectations continue to be high despite the declining trend in 2023. Exchange rate was relatively stable from February to December 2023. Interest rates declined marginally in 2023 on the money market though remain high due to tight monetary policy stance. The credit rating on Ghana's long term local currency improved marginally in 2023 following the completion of the domestic debt exchange, however, credit rating on long term foreign currency remained on 'Selective Default' because of the on-going external debt restructuring.



8. This ABRP is therefore designed to reflect the macroeconomic outlook, the 2024 budget assumptions as well as the 2024-2027 MTDS. However, the ABRP will be revised when the macroeconomic conditions change.
9. The ABRP will guide government borrowing activities in 2024. It outlines the gross financing requirements of Government as well as the strategies to meet the financing needs.

## SUMMARY OF MACROECONOMIC PROJECTIONS

10. The macroeconomic environment is expected to remain stable over the medium-term as Government implements its fiscal consolidation and growth programme. The 2024 budget projects a fiscal deficit of 5.9% of GDP (cash basis) and real GDP growth of 2.8%. The 2024 ABRP is anchored on the macroeconomic projections detailed below:

*Table 1: Baseline Macroeconomic Assumptions*

Description	2022 Prov.	2023 Proj.	2024 Budget	2025 Indicative	2026 Indicative	2027 Indicative
<i>(in millions of GHS)</i>						
Nominal GDP	610,222	850,656	1,050,978	1,216,854	1,372,186	1,548,313
Revenue and Grants	96,651	133,875	176,414	211,035	249,536	281,088
Expenditure (Cash)	161,808	178,968	238,294	270,457	315,003	331,793
o/w Interest	45,687	34,773	55,932	65,840	73,529	60,484
Primary Fiscal Balance (Cash)	-19,469	-10,321	-5,947	6,419	8,062	9,779
Overall Fiscal Balance (Cash)	-65,156	-45,093	-61,880	-59,422	-65,468	-50,705
Gross International Reserves (in billions of USD)	6,253	6,186	6,621	7,378	8,520	10,080
<i>(% Change)</i>						
GDP at Constant Price	3.1	2.3	2.8	4.4	4.9	5.0
Real GDP (Non-oil)	3.8	2.8	2.1	4.4	4.8	5.0
<i>(% GDP)</i>						
Revenue	15.8	15.7	16.8	17.3	18.2	18.2
Expenditure	27.7	21.0	22.7	22.2	23.0	21.4
Interest	7.5	4.1	5.3	5.4	5.4	3.9
Primary Fiscal balance	-4.3	-1.2	-0.6	0.5	0.6	0.6
Overall fiscal balance	-11.8	-5.3	-5.9	-4.9	-4.8	-3.3

Source: BOG/MoF

## SUMMARY OF THE 2024-2027 MEDIUM TERM DEBT MANAGEMENT STRATEGY

11. The MTDS represents a robust framework for prudent debt management, as it provides a systematic approach to decision-making on the appropriate composition of external and domestic borrowing to finance the Government's fiscal deficit. The strategy focuses on the appropriate financing mix from both domestic and external sources to mitigate the costs and risks embedded in the public debt portfolio.



12. The 2024-2027 MTDS was prepared in line with the objectives and policy priorities in the 2024 Budget Statement and the IMF-supported Post Covid-19 Programme for Economic Growth (PC-PEG). The approved 2024 debt strategy offers an optimal financing mix to mitigate the costs and risks in the debt portfolio and seeks to continue Government's debt operations programme to bring the debt to sustainable levels.
13. The MTDS identifies two (2) main financing strategies, domestic and external financing. The domestic strategy is characterised by the continuous issuance of T-bills to support the 2024 budget and build cash buffers (including other sources such as the sinking fund) for debt operations as well as cash management purposes. The domestic financing strategy further proposes the issuance of Government papers to address commercial banks' recapitalisation cost arising from the DDEP in the financial sector.
14. The financing strategy also envisages issuances/re-opening of the new exchanged bonds and pay down on the holdout bonds.
15. On the external front, Government will continue to seek new external financing on concessional terms from multilateral (primarily from the World Bank) and bilateral sources.
16. Government will not initiate any new non-concessionally funded project, despite the borrowing window of US\$84.7 million (present value) for 2024. This limit is also applicable to SOEs and covered entities.
17. Government will continue the process of restructuring the external debt (Eurobonds, Commercial loans, and official bilateral debt) aimed at meeting the present value of Debt to GDP ratio of 55% by 2028.
18. The chosen strategy best responds to Government's need of mitigating the costs and risks embedded in the public debt portfolio. Though the cost and risk indicators of the current strategy due to the DDEP better mitigates the risks than the chosen strategy, the chosen strategy however better responds to Government needs and constraints. The strategy seeks to return debt to a sustainable path.

## **2024 SUMMARY OF CENTRAL GOVERNMENT GROSS FINANCING REQUIREMENT**

19. The gross financing requirement of Government for the budget funding and rollover of maturities is estimated at GH¢158,585,695,637.80. Table 1 below shows the breakdown of the gross financing requirements for 2024.





Table 2: Projected Government Gross Financing Requirement for 2024

2024 Gross Borrowing Requirement	Amount (GH¢)
<b>Primary Balance</b>	<b>5,947,296,635.00</b>
<b>Interest Payments</b>	<b>55,932,447,620.00</b>
<i>o/w External</i>	19,039,447,620.00
<i>Domestic</i>	36,893,000,000.00
<i>Payment In Cash</i>	30,293,152,853.92
<i>Payment In Kind</i>	6,599,847,146.08
<b>Maturities</b>	68,244,451,998.00
<i>o/w Sale Buyback</i>	(4,274,552,853.00)
Non-tendered bonds (excl. Individuals)	(3,602,283,826.80)
<i>o/w principal</i>	3,001,903,189.00
<i>o/w interest</i>	600,380,637.80
Amortisation (External)	20,758,575,240.00
Amortisation (P&A Bonds)	1,100,640,318.00
Cash Buffer	3,000,000,000.00
<b>Total</b>	<b>158,585,695,637.80</b>

Source: MoF

20. The net foreign financing of GH¢463.51 million calculated as the sum of disbursements on existing projects and programme loans minus amortisation of external loans.
21. Government financing operations also include the net transfers to the various Petroleum and Sinking Funds. Table 2 below provides an overview of Central Government financing operations for 2024.



Table 3: 2024 Summary of Central Government Financing Operations

S/N	ITEM	GH¢
	<b>Financing</b>	<b>61,879,744,255</b>
<b>A</b>	<b>Net Foreign Financing</b>	<b>463,506,594</b>
	Borrowing	21,222,081,834
	o/w Project Loans	8,092,470,853
	o/w Programme Loans	13,129,610,981
	Amortisation (Due)	(20,758,575,240)
<b>B</b>	<b>Net Domestic Financing</b>	<b>62,690,580,872</b>
	Banking	48,100,560,329
	Bank of Ghana	0
	Commercial Banks	48,100,560,329
	o/w GoG support to GFSF	0
	Non-Banks	46,343,134,771
	Other Domestic	(31,753,114,228)
	o/w Buffer for Auction Shortfall	(31,753,114,228)
<b>C</b>	<b>Ghana Petroleum Funds</b>	(1,033,251,251)
	Transfer to Ghana Petroleum Funds	(3,444,170,838)
	o/w Stabilisation Fund	(2,410,919,587)
	o/w Heritage Fund	(1,033,251,251)
	Transfer from Stabilisation Fund	2,410,919,587
<b>D</b>	<b>Sinking Fund</b>	(241,091,959)
<b>E</b>	<b>Contingency Fund</b>	-

Source: MoF

## BORROWING STRATEGIES

22. Given the financing conditions, the borrowing strategy for 2024 are as follows:

### Borrowing from the Domestic Sources

23. In line with the 2024 debt management strategy, the Government intends to issue only shorter dated securities (91-day, 182-day and 364-day treasury bills) to rollover maturities and finance the budget. This is a significant departure from the previous years' strategies due to the debt operation programme. The distribution of instruments to be issued are shown below:

- i. 91 Day T-Bills - 35%
- ii. 182 Day T-Bills - 35%
- iii. 364 Day T-Bills - 30%

24. Participation in the short-term securities is limited to domestic investors only. The 91-day, 182-day and 364-day treasury bills will be issued on a weekly basis. These instruments will be auctioned through the regular auction on each Friday



with settlement date being T+1. However, if Friday happens to be a holiday, the Auction shall be held on the preceding Thursday or the preceding working day.

25. Government is committed to maintaining the zero central bank financing in accordance with the Fiscal agency agreement signed between the Ministry of Finance and the Bank of Ghana. The government will therefore ensure that proactive cash management measures are implemented to meet its liquidity requirements.
26. Explicit contingent liabilities have been catered for in the 2024 Budget Statement. However, any implicit contingent liability that may arise during the FY2024 would be addressed by using appropriate government policy measures.

### **Borrowing from External Sources**

27. Due to the current debt restructuring programme, government seeks to access concessional financing from bilateral and multilateral sources. In addition, Government will only assess and implement projects and programmes that are self-financing with high recovery potential.

### **DEBT LIMITS FOR FY2024**

28. As part of measures to reduce the debt burden, government will not initiate new non-concessional funded projects in 2024, though there is a borrowing limit of US\$84.7 million (in present value terms) for central government, SOEs and Covered Entities in 2024 under the IMF supported programme. There is also a Zero ceiling on collateralised debt over revenue streams or other assets for all MDAs and SOEs.

### **DEVELOPMENT OF GOVERNMENT SECURITIES MARKET**

29. In line with the 2024-2027 MTDS, government will continue to explore strategies to further develop the domestic debt capital market in the short to medium term. In this regard, government will ensure strict adherence to the Primary Dealer (PD) Guidelines, and PD Requirements and Responsibilities documents. This will improve the performance of PDs in the domestic primary market auction of Government securities.

#### **Primary Market**

30. In accordance with the PDs Guidelines, government will continue the wholesale auctions, offering PDs the exclusive rights of access to the primary auction of treasury bills. Government will also use private placements to raise additional financing to support the budget.
31. Treasury Bills will continue to be issued through competitive and non-competitive bidding at multiple-price allotment.

#### **Secondary Market**

32. The development of the secondary market remains a priority despite the recent decline in secondary market activities because of the DDEP. Actions to be taken



include continuous collaboration with the Ghana Stock Exchange and relevant market players to enhance secondary market trading. Government will also continue collaborating with the Bank of Ghana and the SEC in the development of the Repurchase Agreements (Repos) to improve liquidity in the secondary market.

## DEVELOPMENT OF GOVERNMENT SECURITIES MARKET

33. The Government will actively engage investors and market participants through regular conference calls, townhall meetings and investor presentations. These engagements will be conducted with PDs, BMSs, Export Credit Agencies (ECAs) and key market players.
34. All notices and data related to Government securities will be made available on the Ministry's website and updated regularly to improve communication with market players and ensure ease of access to vital information.
35. The Ministry and Bank of Ghana (BoG) will on a weekly basis, publish the auction results as well as the targets for the ensuing week.

## RECOVERY PLAN FOR ON-LENDING ARRANGEMENTS AND OTHER RECOVERABLE LOANS

36. The Government of Ghana has, over the years, entered into on-lending agreements with State Owned Enterprises (SOEs) and other covered entities to provide affordable funds to finance their projects and operations.
37. However, recovery of on-lent funds from the SOEs and covered entities has been a major challenge. These include the following:
  - i. lack of proper or adequate documentation for some of the funding arrangements.
  - ii. lack of inbuilt recovery mechanisms in the funding arrangements.
  - iii. defunct beneficiaries and companies that cannot be located.
  - iv. lack of commitment by beneficiaries to honour their payment obligations.
38. Attempts have been made in the past, with limited success, to recover on-lent amounts. This includes a debt recovery exercise initiated in 2005 to take stock of all unrecovered amounts and to engage debt recovery agencies to assist in recovering these amounts and where necessary prosecute recalcitrant beneficiary companies.
39. An on-lending recovery technical working group, comprising various stakeholders within the Ministry of Finance and the Controller and Accountant General's Department was, therefore, established to work towards recovering all outstanding amounts.

### Recoveries for the 2023 Financial Year

40. In 2023, the on-lending and recoveries technical working group identified some old and new on-lending facilities classified as recoverable with outstanding



amounts and arrears and served demand notices to the entities for the reconciled outstanding amounts. As a result, Government successfully recovered a total amount of **GH¢52,157,411.41** from three (3) entities.

### **Planned Recoveries for the 2024 Financial Year**

41. In 2024, the on-lending and recoveries technical working group will work to reconcile the outstanding balances on facilities on-lent to various entities, especially those for which little or no documentation exists.
42. Government expects to recover at least **GH¢86,030,532.74** in 2024 from various entities across different sectors of the economy. Government will take punitive action against defaulting entities who fail to honour their debt obligations.

### **POLICY REVIEW**

43. In line with Act 921, the ABRP may be revised and published in the event of material changes in the 2024 Budget Statement and Economic Policy, and the 2024-2027 MTDS.

### **CONCLUSION**

44. The Annual Borrowing and Recovery Plan for 2024 is expected to operationalize the strategies enshrined in the 2024-2027 MTDS.





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## MINISTRY OF FINANCE

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