



REPUBLIC OF GHANA

# MINISTRY OF FINANCE

In case of reply, the number and date of this letter should be quoted

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**PRESS RELEASE**

**FOR IMMEDIATE RELEASE**

## **RE: S & P Global Ratings lowers Ghana's Long-Term Rating to B- with a Stable Outlook**

**Accra, Friday 11<sup>th</sup> September, 2020.** Reference is made to a publication by S & P Global Ratings that the Rating Agency had lowered Ghana's long-term foreign and local currency sovereign credit ratings to B- from B and affirmed its B short-term ratings. The outlook is adjudged **stable**. The COVID-19 pandemic-related expenditures elevated the fiscal policy stance. This was to ensure that we save our people and provide relief to many Ghanaians severely impacted by the pandemic. This was the fundamental reason for the lowering of the rating.

2. A review of global credit ratings indicates that lowering of sovereign credit ratings have affected more than 80 countries and there has been more than 100 negative outlook revisions for this year. Most of these credit rating downgrades and negative outlook revisions are heavily concentrated on the countries who previously were at B/B2 credit ratings. These adverse rating actions have touched almost all continents as rating agencies react to the effects of the pandemic on the global economy.

### **Chart: Sovereign Ratings Downgrade – January -July 2020**



**82** rating downgrades

**34** by Fitch

**23** by Moody's

**25** by S&P

**104** negative outlook revisions

**41** by Fitch

**27** by Moody's

**36** by S&P

Source: S&P, Moody's and Fitch

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3. In Ghana, the primary focus is on saving lives and livelihoods which may require some temporary fiscal and economic adjustments including some one-off expenditures. This position was aptly echoed by President Nana Akufo-Addo in one of his addresses to the nation on the pandemic..." *We know how to bring the economy back to life. What we do not know is how to bring people back to life.*"

4. The government chose to save lives and therefore instituted temporary life-saving initiatives and interventions aimed at protecting the general population against the negative economic effects of the pandemic. These necessary interventions, which led to significant unbudgeted expenditures, included subsidies on water and electricity to support vulnerable households during the lockdown period. The Government also provided credit to MSMEs whose businesses were most-impacted by the lockdown. Despite these interventions, Ghana's economic fundamentals remain strong, and recovery prospects are high and this is reflected in the positive narrative on how Ghana has managed the economy under the pandemic. In addition, Ghana's medium-term plan has a robust strategy to safeguard growth.

5. As at September 7<sup>th</sup>, our fatality rates have been less than 0.7% as compared to 2.4% for Africa and 3.25% globally. Our recoveries are over 97%, compared to 79.7% for Africa and 71% globally. Our cases as at 10<sup>th</sup> September 2020, stood at 842.

6. As the South African Revenue Services Commissioner recently argued "*Whilst we understand the underlying factors that are pointed out by the ratings agencies, we think that during such a time of crisis, where the whole world is recalibrating and redefining its economic status, for any downgrades to be issued during this time is like kicking us when we're down.*" We therefore call on Rating Agencies to seriously consider freezing any rating actions during global pandemics such as COVID-19. It is very unfortunate that rating agencies will choose to downgrade our countries in these unprecedented times.

7. S and P Global Ratings noted the significant positive developments in the areas of current account position, external reserve build-up and the unparalleled stability witnessed in interest and exchange rates. Compared to Ghana's peers, the GDP growth is still positive, despite the global crisis.

8. Going forward, we expect that with the gradual easing of restrictions, the economy will swiftly rebound and all the one-off expenditures eliminated. We have a clear path towards the restoration of economic stability in the short to medium term. We will sustain our progress and accelerate this through the GHS 100 Billion Ghana CARES transformation programme within the general policy framework of Ghana Beyond Aid and certainly beyond the pandemic. **END**



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**THE NEWS EDITOR**