



MINISTRY OF
FINANCE
REPUBLIC OF GHANA

FAQs

Issue 1

Monday
5th December 2022

Domestic Debt Exchange

This is the first issuance of Frequently Asked Questions relating to the Domestic Debt Exchange.

This document will be updated by close of business every Monday, Wednesday and Friday, during the offer period.

Kindly refer to the top of this document to confirm the Issue Number.



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Eligibility for the exchange

1. What is the set of eligible bonds?

Except as set forth below, all locally issued bonds and notes of the Government will be eligible to be tendered in the domestic debt exchange, excluding T-bills.

In particular, it includes T-bonds, locally issued bonds and notes denominated in Ghanaian Cedis and bonds issued by ESLA and Daakye.

Furthermore, the Government intends to exchange domestic non-marketable debt and Cocoa bills, under comparable terms at a later stage.

The Government also intends to exchange USD-denominated local notes at a later stage.

2. Are T-bills included in the operation? Alternatively, are T-bonds with remaining maturity <1y included?

In order to preserve liquidity in the banking sector, T-bills are excluded from the domestic debt exchange and will be serviced in due course as per the existing terms.

However, all treasury notes and bonds with a maturity <1y are eligible to the domestic debt exchange in a similar manner with other T-bonds.

3. Who is eligible to participate in the domestic debt exchange?

The Invitation to Exchange is available only to registered holders of Eligible Bonds (i) that are not Individual Investors (as defined in the Exchange Memorandum) or (ii) that are otherwise authorised by the Government, in its sole discretion, to participate in the Invitation.

4. Who qualifies as an Individual Investor?

As defined in the Exchange Memorandum, an "Individual Investor" is a natural person that is the legal holder of record of Eligible Bonds and will not be eligible to participate in the Invitation to Exchange.

5. What happens if I do not participate in the domestic debt exchange?

The Government invites each eligible holder to voluntarily tender their holdings. The success of this operation is critical to restoring macro-economic stability. The Government is confident that all Ghanaians concerned will fully contribute to the collective efforts required to resolve the current crisis and put the economy back on a solid footing.

For those not participating in the domestic debt exchange, they will continue to hold the non-tendered eligible bonds – the existing bonds ("old bonds"). However, the Government reserves the right to ensure that "old" bonds do not benefit from their non-participation in the domestic debt exchange.

6. How will the foreign holders of locally issued debt be treated?

The foreign holders of locally issued debt are eligible to participate in the Invitation to Exchange under the same terms as the resident holders.



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Menu of new bonds

7. What is the menu of new bonds that I will receive against my current bonds?

Existing notes and bonds will be exchanged against a set of 4 new bonds. The annual coupon on these new bonds will be set at 0% in 2023, 5% in 2024 and 10% from 2025 to the maturity of the bonds. Coupon payments will be semi-annual.

For 100 units of old bonds in face value, the holder will receive new bonds in the following proportion:

- 17 units of short-term bonds, maturing in 2027 and paid in 2 equal annual instalments in 2026 and 2027;
- 17 units of intermediate bonds, maturing in 2029 and paid in 2 equal annual instalments in 2028 and 2029;
- 25 units of medium-term bonds, maturing in 2032 and paid in 3 equal annual instalments in 2030, 2031 and 2032;
- 41 units of long-term bonds, maturing in 2037 and paid in 5 equal annual instalments in 2033, 2034, 2035, 2036 and 2037.

Please refer to Appendix 1 of the Exchange Memorandum for additional information.

8. Why do all holders receive the same treatment irrespective of the terms of their old bond?

In cases of a debt exchange aimed at restoring debt sustainability, it is a standard practice to grant all holders the same treatment, as all claims become immediately due (at their face value).

9. How will the new bonds be treated from a regulatory standpoint?

From a regulatory point of view, new bonds will be treated in line with standard practices for government bonds, both in terms of risk weighting, liquidity assessment, and eligibility as collateral to central bank operations.

However, the regulatory treatment of non-tendered old bonds will be adjusted to reflect the lower liquidity and higher risks associated with these bonds (e.g., reflecting the lack of liquid market which usually allows to transform bonds into liquid assets at a low cost).

10. I was previously a creditor of Daakye or ESLA: who will be the debtor after the exchange?

The old bonds issued by Daakye or ESLA will be exchanged for bonds issued by the Government (Government bonds).

Treatment of Eurobonds & other external creditors

11. Will the external creditors participate in the debt relief effort?

External debt restructuring parameters will be negotiated in due course.



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Rationale for the domestic debt exchange

12. Why is the Government undertaking this operation?

The operation is part of a comprehensive programme that aims at bringing public debt back on a sustainable path. This is a key requirement to allow Ghana's economy to recover as fast as possible from this crisis and unlock financial assistance from the IMF. The Government's comprehensive programme will also entail significant fiscal adjustment efforts – as outlined in the 2023 budget – and an external debt operation.

Restoring debt sustainability will require the present value of the debt-to-GDP ratio to reach 55% by 2028, as mentioned by H.E. President Akufo-Addo.

Unlocking IMF's programme disbursements is critical to alleviate ongoing pressures on the financing of the Government, the Cedi and inflation. It is a key step to put the economy back on a strong footing.

13. How does the domestic debt exchange improve the debt situation of the Government considering that the nominal amount of debt will remain the same?

First, the proposed domestic debt exchange does not entail any reduction in the principal amount ("haircut"), as promised by H.E. President Akufo-Addo. It entails an average maturity extension and a reduction in the average coupon rate.

The maturity extension and the reduction in the coupon rates will reduce the financing needs of the Government going forward, hence reduce the debt it would need to raise in the future.

14. Why is there no payment for 2023 and a lower coupon in 2024?

Reducing the financing needs to the minimum in the first years of the IMF programme are critical to correct macro-economic imbalances.

15. What will the Government do with the fiscal savings?

The fiscal savings will allow Ghana to gradually reduce its debt-to-GDP metrics towards sustainable levels.

The domestic debt exchange will complement the 2023 budget. The 2023 budget demonstrates the Government's commitment for fiscal responsibility. The budget targets a return to a primary fiscal surplus through both spending cuts and revenue-enhancing measures. Targeted support for the most vulnerable segments of the population will be maintained.

Consequences of the domestic debt exchange

16. Are my bank deposits safe considering that banks hold a lot of Government bonds?

The Government will take all appropriate measures to safeguard the solvency of financial institutions. Deposits in the banking system remain safe and will be unaffected.

In particular, the Government will set up a Financial Sector Stability Fund dedicated to providing liquidity and solvency support to the banking sector to ensure a smooth functioning of financial system.

17. Will my pensions be preserved?

The Government is committed to mitigating the impact of the domestic debt exchange on pensions. The Government has the appropriate



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tools to achieve this, including support from the Financial Stability Fund and other regulatory measures.

Practicalities

18. How to participate in the domestic debt exchange?

Eligible Holders (not a Central Security Deposit (CSD) Direct Participant) can participate in the Invitation to Exchange by sending an exchange instruction to their respective CSD Direct Participant (the Depository Participant), in the form and via the channels agreed between them. In particular, they can use any of the following avenues to participate in the Invitation to Exchange:

- Send an Offer or Exchange Instruction to the CSD Direct Participant (the Depository Participant) via email (within the email cover), OR
- Send an Offer or Exchange Instruction to the CSD Direct Participant (the Depository Participant) via an internal communication platform they use (if any), OR
- Download an Exchange Form from the website of the CSD (www.csd.com.gh/dde), also included as Appendix 3 in the Exchange Memorandum, complete and send it to the CSD Direct Participant (the Depository Participant) via email or via any internal communication platform they use (if any), OR
- Obtain a hardcopy version of the Exchange Form from such holder's bank, broker or custodian (the CSD Direct Participant/ the Depository Participant), complete it and send it back to the CSD Direct Participant (the Depository Participant) via email, via any internal communication platform, or physically to the CSD Direct Participant's branch. CSD Direct Participants are required to make copies of the Exchange Forms at all their branches nationwide, OR
- Send an instruction in the format, or via any

other standard mean of communication available, accepted by the CSD Direct Participant (the Depository Participant).

CSD Direct Participants (the Depository Participants):

once an Offer or Exchange Instruction is received by a CSD Direct Participant (a Depository Participant) from a holder of Eligible Bonds, such CSD Direct Participant is required to collate the information in such Offer or Exchange Instruction in the form and file format provided to them by CSD.

- During the duration of the Invitation to Exchange, on each business day CSD Direct Participants (the Depository Participants) are required to forward to the CSD the collated file containing the information on each Offer or Exchange Instruction received from each holder of Eligible Bonds that expressed interest to participate in the Invitation to Exchange on or before 4:00 p.m. (GMT) using the FTP folder.
- Once the collated file is received by the CSD from a CSD Direct Participant (the Depository Participant), the CSD will proceed to block the securities accounts on the instructed amounts of the Eligible Holders indicated in such collated file as having instructed to exchange. Those instructed amounts on the relevant securities accounts will be blocked until the earliest of the Settlement Date and the termination of the Invitation to Exchange. The blocking will be processed no later than at the end of day on the date the information is received by the CSD from such CSD Direct Participant (the Depository Participant).
- CSD Direct Participants (the Depository Participants) should contact the CSD if they have any further question on the Exchange Procedures.

Please refer to "Appendix 2 - Exchange Procedures" of the Exchange Memorandum for further information.



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19. Where can I receive the Exchange Memorandum and other relevant information and documentation relating to the Invitation to Exchange?

Relevant information and documentation relating to the Invitation to Exchange are available on the websites of the following institutions:

- Central Securities Depository:
www.csd.com.gh/dde
- Ministry of Finance:
<https://mofep.gov.gh/news-and-events/debt-operations>
- Morrow Sodali Invitation Website:
<https://projects.morrowsodali.com/ghanadde>
- You can also contact your bank or broker for it.

20. What are the key dates in the Invitation to Exchange?

Key Dates are:

- **Launch Date:** 5 December 2022
- **Expiration Date:** 19 December 2022 (note that the deadlines set by any CSD Direct Participant (the Depository Participant) to its clients, the Eligible Holders, will be earlier than the Expiration Date)
- **Results Announcement:** 20 December 2022
- **Settlement Date:** 23 December 2022

21. When will the Government issue the New Bonds?

The Government will issue the New Bonds on the Settlement Date which is expected to be 23 December 2022. All calculations by the Government will be final and binding on Eligible Holders save in the event of manifest error.

22. What are my rights if I change my mind after I tender my Eligible Bonds?

All Offers made by Eligible Holders are irrevocable.

23. Can I transfer my Eligible Bonds after submitting an instruction to exchange?

Upon giving instructions with respect to any Eligible Bonds, an Eligible Holder will agree that its Eligible Bonds will be blocked from transferring in the relevant account in the CSD from the date the relevant instruction is submitted until the Settlement Date or the date of termination of the Invitation to Exchange (including where such Eligible Bonds are not accepted by the Government for exchange), whichever is earlier.

24. Are there any Participation Restrictions?

The Invitation to Exchange is available only to registered holders of Eligible Bonds (i) that are not Individual Investors or (ii) that are otherwise authorised by the Government, at its sole discretion, to participate in the Invitation to Exchange.

25. Do I need to instruct my position in full?

The Government strongly discourages Eligible Holders from making such partial Offers and the Government shall in its sole discretion determine whether to accept or reject any partial Offers (i.e., Offers made by an Eligible Holder in respect of less than his entire holding of Eligible Bonds). In fact, by tendering their Eligible Bonds, Eligible Holders represent and warrant that such Eligible Bonds constitute all the Eligible Bonds beneficially owned by them.



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26. To whom should I direct any questions?

Key Contacts

- Ministry of Finance:
<https://mofep.gov.gh/news-and-events/debt-operations>
- CSD:
- Transaction documents:
www.csd.com.gh/dde
- CSD Contact Center - Email address:
dde@csd.com.gh
- CSD Contact Center - Phone:
+233302755200
- CSD Participant (you Custodian / the Depository Participant)

APPENDIX

Table A

a. GHS-denominated Eligible Bonds issued by the Republic of Ghana (the “GoG GHS Eligible Bonds”).

	ISIN No.	Maturity Date	Outstanding Principal Amount
1	GHGGOG062183	2023-01-02	1,231,004,321.00
2	GHGGOG058330	2023-01-16	3,474,638,859.00
3	GHGGOG048331	2023-02-06	4,185,436,790.00
4	GHGGOG062613	2023-02-20	4,562,488,990.00
5	GHGGOG059114	2023-03-06	5,461,585,429.00
6	GHGGOG059494	2023-04-17	1,210,602,994.00
7	GHGGOG059890	2023-05-29	1,299,834,561.00
8	GHGGOG063942	2023-07-31	1,530,207,185.00
9	GHGGOG060815	2023-08-21	700,000,000.00
10	GHGGOG061086	2023-09-08	3,564,000,000.00
11	GHGGOG061151	2023-09-18	1,151,283,096.00
12	GHGGOG064478	2023-09-25	916,783,185.00
13	GHGGOG061326	2023-09-28	2,507,300,000.00

	ISIN No.	Maturity Date	Outstanding Principal Amount
14	GHGGOG064767	2023-11-06	1,417,388,359.00
15	GHGGOG061870	2023-11-27	968,416,023.00
16	GHGGOG065012	2023-12-04	1,711,158,305.00
17	GHGGOG062084	2023-12-18	1,917,309,298.00
18	GHGGOG065723	2024-02-12	1,420,853,308.00
19	GHGGOG062860	2024-03-18	2,153,059,541.00
20	GHGGOG044744	2024-03-25	2,462,370,565.00
21	GHGGOG055062	2024-04-15	2,697,231,338.00
22	GHGGOG066416	2024-05-06	932,014,182.00
23	GHGGOG056219	2024-07-08	2,142,438,784.00
24	GHGGOG064619	2024-10-14	1,529,728,485.00
25	GHGGOG065269	2024-12-30	1,715,557,867.00
26	GHGGOG053935	2025-01-27	2,454,366,419.00
27	GHGGOG059262	2025-03-17	2,296,659,190.00
28	GHGGOG049263	2025-04-07	1,439,042,363.00
29	GHGGOG066150	2025-04-07	513,152,822.00
30	GHGGOG066556	2025-05-19	1,308,593,354.00
31	GHGGOG060195	2025-06-23	2,835,573,130.00
32	GHGGOG067224	2025-07-21	1,804,464,912.00
33	GHGGOG064254	2025-08-27	541,360,000.00
34	GHGGOG061466	2025-10-13	1,812,676,659
35	GHGGOG061383	2025-12-01	823,680,000.00
36	GHGGOG062738	2026-03-02	2,117,032,170.00
37	GHGGOG063314	2026-05-11	2,713,692,430.00
38	GHGGOG060427	2026-07-13	1,873,939,014.00
39	GHGGOG064247	2026-08-26	689,033,305.00
40	GHGGOG043563	2026-11-02	8,454,134,572.00
41	GHGGOG065145	2026-12-14	1,356,983,931.00
42	GHGGOG062373	2027-01-18	3,263,369,119.00
43	GHGGOG065921	2027-03-08	1,277,636,914.00
44	GHGGOG066424	2027-05-03	911,212,772.00
45	GHGGOG060674	2027-08-09	2,021,096,998.00
46	GHGGOG064312	2027-09-06	1,570,516,519.00
47	GHGGOG061714	2027-11-08	1,831,315,876.00
48	GHGGOG065475	2028-01-17	2,068,992,141.00



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	ISIN No.	Maturity Date	Outstanding Principal Amount
49	GHGGOG050246	2028-05-29	1,727,334,109.00
50	GHGGOG063546	2028-06-12	2,014,841,353.00
51	GHGGOG055922	2029-06-11	3,051,783,317.00
52	GHGGOG060682	2030-08-05	800,000,000.00
53	GHGGOG060732	2030-08-05	1,000,000,000.00
54	GHGGOG063835	2031-07-07	1,532,330,000.00
55	GHGGOG044751	2032-03-15	6,514,588,312.00
56	GHGGOG058660	2033-07-31	4,400,000,000.00
57	GHGGOG059072	2033-07-31	2,346,666,665.00
58	GHGGOG059064	2034-01-03	1,142,333,332.00
59	GHGGOG056458	2034-07-10	1,179,596,646.00
60	GHGGOG056763	2039-08-01	1,546,755,180.00
TOTAL			126,097,444,989.00

b. GHS-denominated Eligible Bonds issued by E.S.L.A. Plc (the “ESLA GHS Eligible Bonds”).

	ISIN No.	Maturity Date	Outstanding Principal Amount
1	GHGESLA46972	2024-10-23	711,255,298.00
2	GHGESLA46980	2027-10-27	2,560,433,064.00
3	GHGESLA56021	2029-06-15	2,073,260,328.00
4	GHGESLA58118	2031-12-29	1,629,522,362.00
5	GHGESLA64439	2033-09-09	1,320,826,949.00
6	GHGESLA66376	2034-04-19	79,240,259.00
TOTAL			8,374,538,260.00

c. GHS-denominated Eligible Bonds issued by Daakye Trust Plc (the “Daakye GHS Eligible Bonds”).

	ISIN No.	Maturity Date	Outstanding Principal Amount
1	GHGDTP166358	2025-04-30	169,360,479.00
2	GHGDTP061539	2027-10-18	1,826,837,737.00
3		2031-04-16	801,380,841.00
TOTAL			2,797,579,057.00

THIS FAQ IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT AN INVITATION OR A SOLICITATION OF TENDERS, OFFERS TO EXCHANGE OR AN EXCHANGE TO ANY HOLDERS OF ELIGIBLE BONDS. THE INVITATION TO EXCHANGE TO HOLDERS OF ELIGIBLE BONDS IS ONLY BEING MADE PURSUANT TO THE EXCHANGE MEMORANDUM. HOLDERS OF ELIGIBLE BONDS SHOULD READ THE EXCHANGE MEMORANDUM CAREFULLY AND ITS ENTIRETY PRIOR TO MAKING ANY DECISION WITH RESPECT TO THEIR ELIGIBLE BONDS OR TENDERING THEIR ELIGIBLE BONDS BECAUSE IT CONTAINS IMPORTANT INFORMATION.