REPUBLIC OF GHANA

MINISTRY OF FINANCE

FISCAL RISK STATEMENT 2018

Ministry of Finance

Economic Strategy and Research Division

March 2019

ACRONYMS AND ABBREVIATIONS

BOG	Bank of Ghana
CAGD	Controller and Accountant-General Department
CAPEX	Capital Expenditure
CAR	Capital Adequacy Ratio
CDB	China Development Bank
DACF	District Assemblies Common Fund
DSA	Debt Sustainability Analysis
ECF	Extended Credit Facility
EPCC	Economic Policy Coordinating Council
EDRL	Energy Debt Recovery Levy
ESLA	Energy Sector Levy Act
FRU	Fiscal Risks Unit
GDP	Gross Domestic Product
GIFMIS	Ghana Integrated Financial Management Information System
GNPC	Ghana National Petroleum Company
IDA	International Development Assistance
IGF	Internally Generated Funds
IMF	International Monetary Fund
IPPs	Independent Power Producers
JVC	Joint Venture Company
LLC	Limited Liability Company
LMIC	Lower Middle Income Country
MDAs	Ministries, Department and Agencies
MFIS	Microfinance Institutions
MMDAs	Metropolitan, Municipal and District Assemblies
MoF	Ministry of Finance
MTDS	Medium Term Development Strategy
NADMO	National Disaster Management Organization
NGOs	Non-Government Organizations
NPL	Non-Performing Loans
NPRA	National Pension Regulatory Authority
PFMA	Public Financial Management Act
PIMS	Public Investment Management Systems
PPPAC	PPP Approval Committee
PPPs	Public Private Partnerships
RCBS	Rural and Community Banks
ROA	Return On Asset
ROE	Return On Equity
SEC	State Enterprises commission
SHEP	Self Help Electrification Project
SOEs	State-Owned Enterprises
TIN	Tax Identification Number
VRA	Volta River Authority

LIST OF CHARTS

LIST OF TABLES

CONTENTS

FISCAL RISK STATEMENT 2018

FOREWORD

The implementation of the government's economic programmes over the years has been impacted by some fiscal risks, often resulting in macroeconomic outcomes deviating markedly from targets. The realization of fiscal risks may affect the achievement of key fiscal targets, reduce the accuracy of fiscal forecasts, weaken the credibility of the budget, and consequently, contribute to macroeconomic instability. For instance, in 2016, the presence of fiscal risks contributed to the derailment of the IMF-supported Extended Credit Facility (ECF) Programme, originally scheduled to be completed in April 2018, and was subsequently extended to April 3, 2019. Significant progress has been made over the last 24 months, as evidenced by key macroeconomic indicators. Economic growth has rebounded strongly from 3.4 percent in 2016 to 8.1 percent in 2017, and projected to remain robust at 5.6 percent in 2018. The fiscal deficit fell from 7.3 percent of GDP in 2016 to 4.8 percent in 2017, and declined further to a provisional 3.9 percent in 2018, while the rate of growth of public debt accumulation has also slowed.

The main sources of fiscal risks in Ghana include various shocks to macroeconomic variables, revenue and expenditure risks, contingent liabilities from State-Owned Enterprises (SOEs) and the various Public Private Partnership (PPP) projects, as well as local government and pensions. Identifying, disclosing, and managing fiscal risks are, therefore, necessary as they impact positively on public debt sustainability and fiscal outcomes.

Government has instituted necessary reforms as part of measures to promote fiscal discipline and ensure debt sustainability. In addition to the Public Financial Management Act, 2016 (Act 921) which was passed in 2016, Parliament enacted the Fiscal Responsibility Act in December 2018 that caps the annual fiscal deficit at 5 percent of GDP and also requires the companion fiscal indicator, the annual primary balance to in in surplus at all times. The Presidential Advisory Fiscal Council and the Financial Stability Council were also establishment in December 2018 to keep government finances in check and to also help sanitize the financial sector. Additionally, to deal with the issues of fiscal dominance that has historically characterized economic management in Ghana, government has agreed with the Bank of Ghana to continue the arrangement for the zero financing of the fiscal deficit. Among the series of measures to safeguard the macroeconomic gains and ensure the irreversibility of the gains, is the creation of the Fiscal Risks Unit (FRU) within the Ministry of Finance in 2018 with responsibility for coordinating fiscal risks management, including identifying, analysing, disclosing, and proposing measures to manage fiscal risks culminating in the publication of a Fiscal Risks Statement. A high-level Fiscal Risks Committee has been constituted as part of the

Economic Policy Coordinating Committee (EPCC) at the Ministry to oversee issues relating to fiscal risks.

This maiden edition of the Fiscal Risks Statement sets out to identify potential risks to the macroeconomic outlook, and the set of measures being implemented to address those risks so as to keep the government's macroeconomic programme on track. The key findings of the Statement will not only inform the preparation of the Fiscal Strategy Document and the Budget Statement and Economic Policy of the Government, but will also serve as a useful tool for fiscal policy management in Ghana.

Ken Ofori-Atta

Minister for Finance

ACKNOWLEDGEMENT

We wish to thank all stakeholders, including Divisions within the Ministry of Finance, Bank of Ghana, National Disaster Management Organization, National Pensions Regulatory Authority, and State Enterprise Commission, who contributed in diverse ways towards the preparation of this report. We would also like to thank the International Monetary Fund and the GIZ's Good Financial Governance Programme for their technical support for the preparation of the report.

Special thanks also go to the management of the Ministry of Finance, particularly, the Hon. Minister and Deputy Ministers, the Chief Director, Divisional Directors, as well as Technical Advisers who have contributed in various ways towards the preparation and publication of this report.

SECTION ONE: INTRODUCTION

1. **After years of persistent fiscal deficits and fiscal dominance, the government has committed to promote fiscal discipline, ensure debt sustainability, promote prudent use of Ghanaian taxpayers' money, and safeguard the interest of future of generations.** The creation of the Fiscal Risks Unit (FRU) within the Ministry of Finance, and the Fiscal Risks Committee with oversight responsibility for fiscal risks management, are clear demonstration of this commitment. This maiden report further consolidates this commitment and also underscores government's resolve to ensure irreversibility of the macroeconomic gains, particularly after Ghana's successful completion of the IMF supported ECF Programme in April 2019.

2. **For three (3) consecutive years (2012-2014), the fiscal deficit was persistently high, averaging about 8.1 percent of rebased GDP, before reducing to 4.9 percent of GDP in 2015, on the back of the IMF-supported fiscal consolidation programme.** The fiscal deficit soared again to 7.3 percent of GDP in 2016, as fiscal consolidation derailed. Consequently, the IMF-supported ECF Programme, which was originally scheduled to end in April 2018, had to be extended to April 2019. The government has made good progress since then, having reduced the fiscal deficit to a provisional 3.9 percent of GDP at the end of 2018, implying an adjustment of 3.4 percentage points of GDP in two years. While the rate of growth of public debt accumulation has also slowed considerably in recent times, the public debt stock remains high at 57.9 percent of rebased GDP (including financial sector clean-up costs) as at end-December 2018. The projected interest payment on the public debt of GH¢18.6 billion for 2019, is almost equal to the combined allocations to the two critical sectors of education and health (GH¢18.9 billion). The debt-to-GDP ratio reflects the fiscal cost of approximately GH¢9.6 billion which necessarily had to be absorbed by government in order to bring stability to the banking sector.

3. **The preparation of the Fiscal Strategy Document that underpins the budget statement is based, in part, on forecasts and assumptions that are subject to uncertainties which may pose fiscal risks to the budget.** Understanding these fiscal risks can allow policy makers institute measures to address them when they materialise and also limit their exposure to shocks. Failure to appreciate and address fiscal risks can adversely expose the country to fiscal shocks which may oblige government to take sudden and disruptive policy actions to restore credibility and long-term sustainability.

4. **A comprehensive understanding of fiscal risks can allow policy makers to institute measures to manage those risks and limit exposure to shocks.** Having a better understanding of fiscal risks, greater transparency, and effective risk

management practices can also help underpin credibility and market confidence.[1] This Fiscal Risks Statement, the first of its kind, sets out to assess fiscal risks that can affect the achievement of Government's fiscal and macroeconomic objectives and catalogue the series of measures being implemented to address the risks.

5. The report is structured as follows. Section One is the Introduction. Section Two discusses macroeconomic performance and risks. Section Three is concerned with risks in connection with public debt, while Section Four handles fiscal risks associated with SOEs. Section Five deals with Financial Sector risks and Section Six deals with other fiscal risks including PPPs, budget execution, pensions, natural disasters, and institutional risks. Concluding remarks are contained in Section Seven.

SECTION TWO: MACROECONOMIC RISKS

2.1 Macroeconomic Performance

6. **The economy is expected to maintain the strong growth momentum in 2019 and the medium term.** After over two decades of sustained and fairly inclusive economic growth, Ghana witnessed a sharp economic slowdown from 2014-2016, followed by a rebound of growth in 2017 boosted by 80.3 percent increase in oil production, following the coming on stream of two new oil fields—the Sankofa-Gye Nyame (SGN) and the Tweneboa-Enyenra-Ntomme (TEN)—as well as increased production from the Jubilee Fields. Real GDP growth improved from 3.4 percent in 2016 to 8.1 percent in 2017, outperforming the forecast by 2.2 percentage points.

7. **Although oil production remains a promising area as new discoveries are emerging,[2] the contribution of oil to growth is likely to be smaller, as oil fields reach their production plateaus in the near future**. Fortunately, other sectors are also performing well in response to deliberate policy interventions to promote sustained growth in the non-oil sectors. For instance, the Agriculture Sector also recovered strongly from a slow growth of 2.9 percent in 2016 to 6.1 percent in 2017, largely driven by a strong performance in the crops sub-sector on the back of the roll-out of the Planting for Food and Jobs Programme.

8. **Economic growth to be driven by other sectors**. The first three quarters of 2018 recorded an average real GDP growth rate 6.1 percent, with a high likelihood of attaining the full year projected growth rate of 5.6 percent for 2018. Non-oil GDP has rebounded as well. Rainfall has been abundant, and the government is spending resources on improving rural agricultural productivity. This has benefitted both agriculture and electricity production from hydro generating plants. In the Services

[1] IMF (2012), Analysing and Managing Fiscal Risks, Best Practices, 2016

[2] For instance, Acker Field is expected to come on stream in 2020, with additional production of 100,000 bopd, increasing Ghana's total production to over 400,000 bopd by 2024.

sector, the education, health care and information sub-sectors are showing healthy gains, while other sub-sectors are less dynamic, particularly, finance.

9. **The last 24 months has seen an important fiscal adjustment effort.** The fiscal deficit has narrowed from a high of 7.3 percent of GDP in 2016 to a provisional 3.9 percent in 2018, an adjustment of nearly 3.4 percentage points. The primary balance has similarly adjusted by some 2.3 percentage points, and has turned surplus since late 2017, the first time in many years. The adjustment was entirely due to spending restraint arising from effective expenditure commitment controls.

10. **Inflation has been on a downward trend since March 2016, when it peaked at 19.2percent.** In December 2018, it stood at 9.4 percent, missing the target of 8.9 percent, but within the Bank of Ghana target band (8±2%). The decline mostly reflected a slower pace of currency depreciation, fiscal consolidation and prudent monetray policy. The value of the US dollar remained fairly stable between January 2017 and June 2018. The cedi came under a bit of pressure during the third quarter of 2018, threatening to halt the progress of disinflation. Nonetheless, relatively stable exchange rate has helped stabilized prices of imported non-food items, which were previously the main drivers of inflation. While non-food inflation fell from 13.6 percent in December 2017 to 9.8 percent in December 2018, food inflation went up marginally by 0.7 percentage points over the 12-month period to December 2018.

11. **Favourable commodity prices boosted exports as the country recorded a decent trade surplus in 2018.** Provisional data for 2018, showed the trade surplus has increased further. The trade balance continued to improve underpinned by strong performance in some of the major export commodities, especially crude oil (which benefitted from both volume and price developments). The broader current account balance, which includes cross-border transfers and interest payments, also improved.

2.2 Macroeconomic Sensitivity Analysis

12. Ghana’s fiscal aggregates are sensitive to changes in macroeconomic variables, including commodity prices, the exchange rate, interest rates, and GDP growth. Shocks to these variables are likely to affect fiscal performance, particularly, considering the volatility of some of these variables over the last few years. Table A presents sensitivity analysis of key budget targets to various macroeconomic shocks.

Table A: Budget Sensitivity to Macroeconomic Shocks

(Deviations from baseline as share of GDP), 2018-2019

	Difference from baseline in 2018				Difference from baseline in 2019			
Key economic variable	2018 baseline	Overall balance (Percent)	Public debt (Percent)	Trade Balance (Percent)	2019 baseline	Overall balance (Percent)	Public debt (Percent)	Trade Balance (Percent)
Scenario 1: 10% decrease in crude oil prices	71.5	-0.14	-0.43	-0.18	67	-0.53	-0.88	-0.22
Scenario 2: 10% decrease in oil volume (million barrels)	60.0	-0.15	-0.44	-0.63	72	-0.51	-0.85	-0.59
Scenario 3: 10% depreciation in exchange rate (GHs/USD, avg)	4.6	-0.04	-0.76	2.08	4.8	0.06	-1.53	2.27
Scenario 4: 2% drop in non-oil GDP growth	6.0	-0.48	-1.60	0.46	6.2	-0.80	-3.47	0.88

Source: Macroeconomic Planning for Ghana, MoF & SECO, 2018

Commodity Prices and Volume

13. Ghana's fiscal position is sensitive to commodity prices, particularly oil, that have been highly volatile in recent years. Shocks to oil prices impact the fiscal position through their effect on oil revenue on the revenue side and through fuel subsidies and ABFA resources on both the revenue and expenditure sides. Although the petroleum price deregulation policy has been in force since 2015, allowing for automatic adjustments in fuel prices, it should be noted that subsidies could still accrue in case of delays in adjusting prices. The analysis in Table A suggests that, a 10 percent fall in oil prices will lead to a deterioration of the fiscal balance by 0.53 percent of GDP, increase the public debt stock by 0.88 percent of GDP, and worsen the trade balance by 0.22 percent of GDP in 2019. A Similar result is obtained for a decrease in exported crude oil volumes, except that the trade balance declines relatively more in response compared with a response to a decrease in prices, because oil imports volumes remain the same.

Non-Oil GDP Growth Rate

14. A fall in the growth rate of non-oil GDP will impact tax revenue, as well as variables dependent on GDP such as fiscal deficit/GDP ratio and debt/GDP ratio. The analysis shows that, in 2019, a 2-percentage points reduction in non-oil real GDP would increase both the fiscal deficit as a percent of GDP and public debt as a percent of GDP by 0.80 percent and 3.47 percent respectively, but improves the trade balance as a percentage of GDP by 0.88 percent because of import compression as shown in Table A.

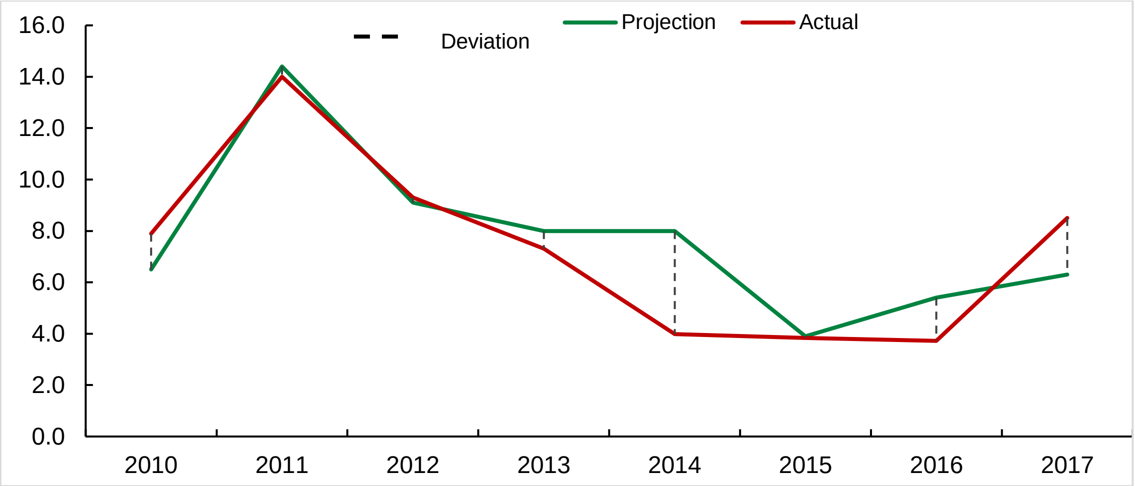
Exchange Rate

15. Exchange rate depreciation poses a major risk to the fiscal position through various channels. On the revenue side, while international trade tax revenues are expected to decline as importers cut back on imports due to higher import prices, inflows from oil-export revenue are expected to increase. The net revenue impact depends on which effect dominates. On the expenditure side, exchange rate depreciation may increase the cost of expenditures in cedis through higher interest cost and principal payments on foreign currency denominated debt, as well as increase the cost of foreign currency denominated government contracts and imports. It will also cause the debt-to-GDP ratio to deteriorate, given the large share of external debt (50.7% of total public debt). A 10 percent depreciation of the cedi against the US dollar affects the budget deficit negatively in 2018, but positively in 2019. In particular, a 10 percent depreciation would result in an increase in the debt-to-GDP ratio by 1.53 percent in 2019. It would improve the fiscal deficit by 0.06 percent because oil revenue and foreign grants will exceed FX-denominated spending in 2019 (interest plus foreign financed capital spending). A depreciation will also improve the trade balance by 2.27 percent in 2019 through import compression, although this would also increase domestic prices through imported inflation.

2.3 Sources of Macroeconomic Risk

16. **Volatility and optimism bias in growth projection can have negative effects on tax revenues and public debt.** The good news, however, is that, growth projections have been less optimistic in recent years. Overall, projected growth had averaged around 7.7 percent between 2010 and 2017 compared to an actual outturn of 7.3 percent, giving a negative deviation of 0.4 percent on average, as shown in Figure 1.

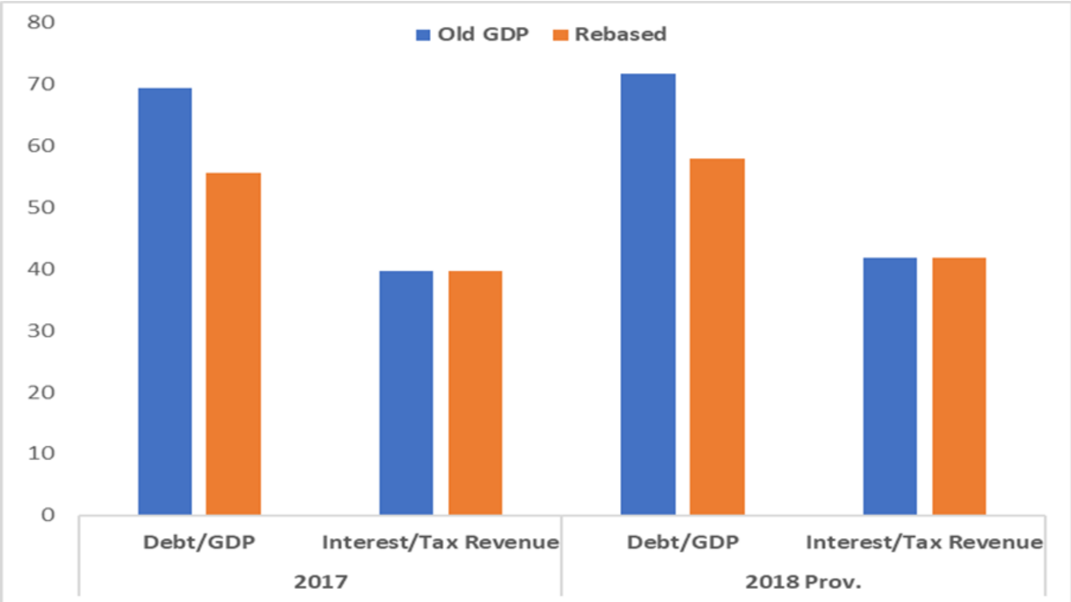
Figure 1: GDP Outcome against Budget Forecast: 2010-2017



Source: MoF

17. **A recent rebasing exercise led to a decline in the debt-to-GDP ratio but interest payments as a percentage of tax revenue remains unchanged.** The Ghana Statistical Service (GSS) completed a thorough revision of the national accounts in September 2018, moving the base year from 2006 to 2013 to accommodate changes in sectoral weights, and improving the quality and coverage of data based on recent business and consumer surveys. The exercise increased GDP in the base year 2013 by 32 percent compared to the old series, while the oil series growth was revised downwards. The rebased GDP series for 2017 was 24.7 percent higher than in the old series. The exercise has affected key macroeconomic indicators that depend on GDP. Public debt-to-GDP ratio fell from 69.3 percent of GDP at the end of December 2017 to 55.5 percent of GDP whilst the tax effort (tax revenue-to-GDP ratio) dropped from 14.8 percent to about 11.9 percent, but with interest payment to tax revenue ratio remaining unchanged at 44.6 percent as shown in Figure 1.

Figure 2: Debt and GDP Rebasing (Percent)

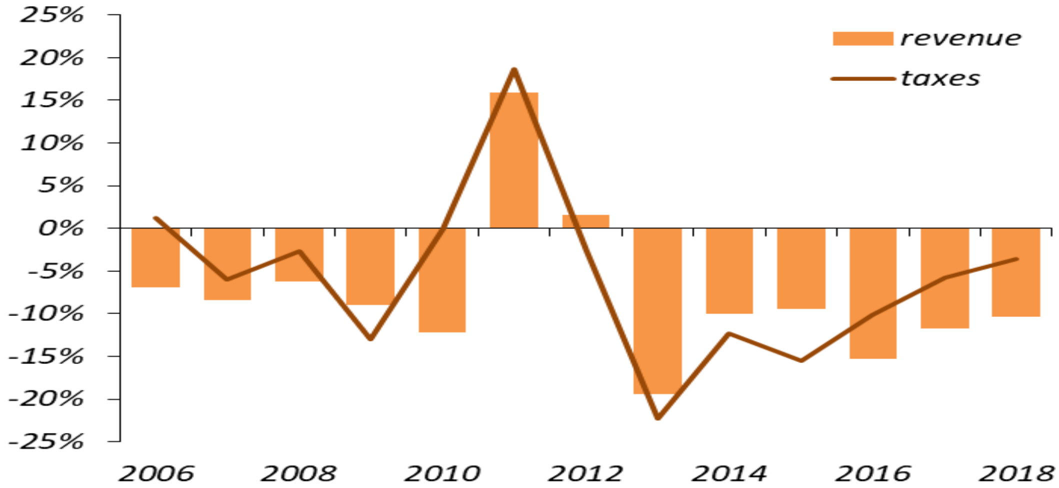


Source: MoF

Revenue Risks

18. **Over optimistic revenue projections distort budget outcomes.** Ghana's tax effort—tax-to-GDP ratio—of about 13 percent (2018) is significantly lower than its lower middle income peers by a wider margin—17 percent for LMICs. Out of the past 13 years, 11 years recorded lower revenue outcomes than budgeted as shown Figure 3. In particular, over the last eight budget cycles, initial budget projections for tax revenue exceeded outturns by an average of 11 percent and 8 percent in the case of domestic revenue. The period recorded an average forecast error of -10 percent, with a forecast accuracy of 90 percent, implying that about 90 percent of forecasted tax revenue is likely to be collected. The forecast deviations also marked significant variations across revenue types.

Figure 3: Deviation of tax revenue from budget



Source: Ghana FP Model, MoF

19. **Revenue forecasts have also largely outpaced non-oil nominal GDP growth.** Over the period 2013-2017, whereas projections for nominal non-oil GDP growth averaged about 25 percent, tax revenue projections averaged about 35 percent, arising from the inclusion of new revenue measures in tax revenue projections. The 2018 budget, for instance, anticipated a revenue increase of 23.7 percent, compared to nominal GDP growth of 15.4 percent. Although the occurrence of revenue deviations may not necessarily result from poor forecasting, the inability to meet revenue targets may create undue expectations on expenditures which could worsen the fiscal position if commitment controls are not tightened. Apart from exerting upwards pressure on borrowing requirements, this may also lead to improvised spending cuts, notably in goods and services and capex, with a dampening effect on economic growth.

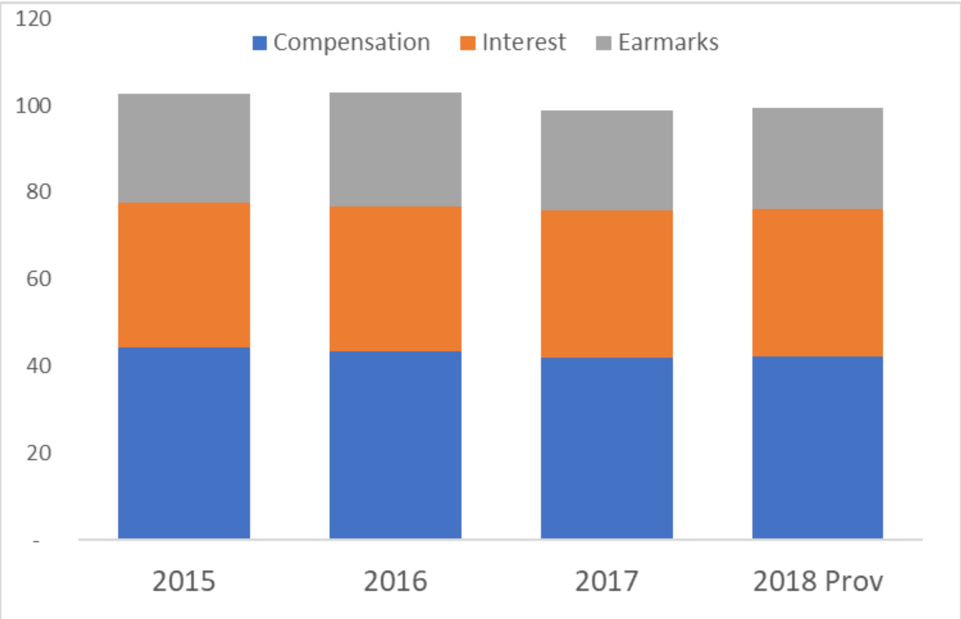
20. The optimistic forecast bias is being addressed through constant monitoring of deviations, careful analysis of the sources of deviations, and being conservative with projections. To this end, the preparation and publication of forecast evaluation reports will be properly streamlined and made a regular output of the MoF.

21. Sensitivity analysis conducted shows that a 2 percentage point drop in projected revenue could lead to a deterioration of the fiscal deficit by 0.4 percent of GDP and an increase in the public debt by 1.2 percent of GDP in 2018.

Expenditure and Budget Execution Risks

22. **Expenditure rigidities exacerbate macroeconomic risks and undermine the credibility of the budget.** The presence of statutory funds and other earmarked revenues create rigidities in the budget. Three expenditure items, namely, compensation of employees, interest payments, and transfers to earmarked funds (Grants to Other Government Units) tend to exhaust domestic revenue with a deficit, as shown in Figure 4. In 2015 and 2016, these three key expenditures exceeded total domestic revenue by about 10 percent. Compensation of employees, comprising wages and salaries, allowances, social security, as well as pensions and gratuities, accounted for 42 percent of domestic revenue in 2017 and 39 percent of domestic revenue in 2018. Interest payments accounted for 35.6 percent of domestic revenue in 2017 and 34 percent in 2018. Earmarked funds were allocated 27.6 percent of domestic revenue in 2017 and 23.8 percent in 2018. The situation is even more pronounced when expressed in terms of tax revenue. This limits the flexibility of the budget to adjust to short-term unexpected contingencies. The passage and implementation of the Earmarked Funds Capping and Realignment Act, 2017 which limits transfers to earmarked funds to 25 percent of tax revenue has helped in reducing the ratio of earmarked funds to tax revenue and ensuring a systematic reduction and phasing out of statutory funds and earmarked revenues, thereby freeing fiscal space for priority government flagship programmes.

Figure 4: Expenditure Rigidities (% of Domestic Revenue)



Source: MoF

23. **Budget execution risks often results in the MDAs' failure to achieve budget targets.** Key risks under this include wage bill pressures which crowd out other critical expenditures, delayed payments, accumulation of arrears, off budget expenditures, and unanticipated judgement debts, among others.

24. **On the wage bill front care should be taken to ensure the following potential wage pressures do not derail fiscal objectives in 2019 and the medium-term:**

i. Review of categories 2 and 3 allowances;
ii. New salary levels of the Judicial Service (Lower court judges and Judicial Service staff);
iii. Revision of the interim market premium which has been frozen since 2012; and
iv. Review of the conditions of service of staff (e.g. book and research allowances, market premium) of converted institutions such as Polytechnics and Colleges of Education to Technical Universities.

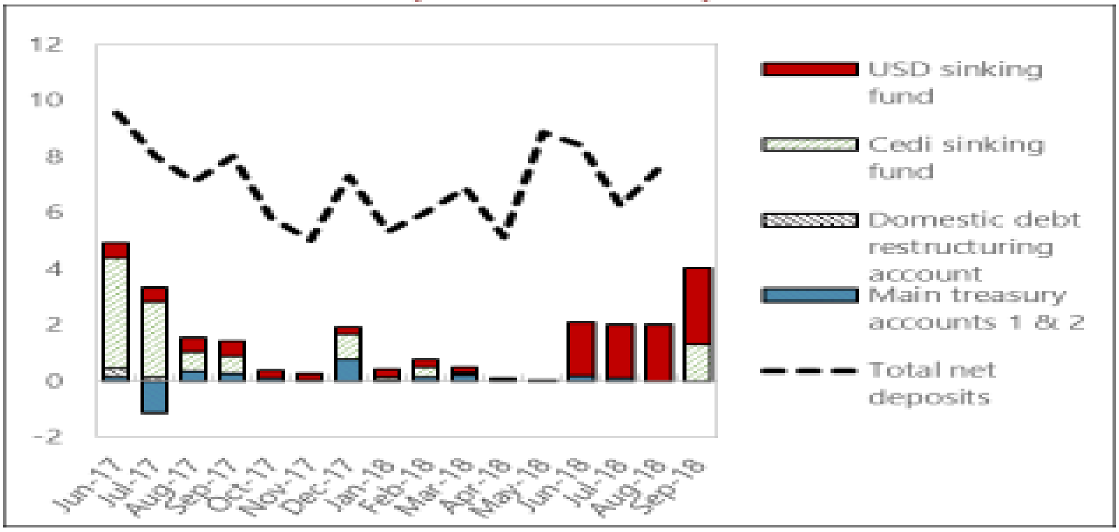
25. **Judgment debts arising from legal claims awarded by the courts against the state pose fiscal risks, especially if they are not fully budgeted for.** The cost involved are usually higher than the initial amount owed and when they occur during budget implementation, they reduce fiscal space. Provisional data show that an amount of GH¢56.6 million was paid in judgment debt in 2017, with at least GH¢41.3 million authorized for payment as at November 2018. A number of new cases are still in court pending determination. Based on historical trends, the probability of these cases crystallising into judgement debt could be high.

26. **Election years are usually characterised with excessive spending.** Except for 2004 where the fiscal deficit was well contained, fiscal sustainability has been at perennial treat in election years. This challenge is being addressed through the implementation of a number of measures, including the passage of the Fiscal Responsibility Act in December 2018 to cap the annual fiscal deficit at 5 percent of GDP and maintain an annual positive primary balance at all times.

2.4 Measures to Mitigate Macroeconomic Risks

27. **Macroeconomic risks are being mitigated through creation of buffers.** In the year to end-August 2018, out of total government cash balances of around GH₵6 billion, about GH₵2 billion were held in "buffer" accounts, such as the local and foreign currency sinking funds at BoG, as shown in Figure 5. For example, in 2011 the government purchased a put option to hedge exposure to crude oil prices. In addition, the Petroleum Revenue Management Act, 2011 (Act 815) has created an oil stabilization fund, which receives a certain portion of oil proceeds to be used to support the budget when petroleum revenue collected in any quarter falls below one quarter of the annual budget funding amount (ABFA). Crude oil price hedging was used in the past but have not been considered in recent times. However, conservative Benchmark Revenue projections create some form of hedging and buffer against potential sudden drop in oil prices.

Figure 5: Selected Government Accounts at BoG (GHc billions)



Source: IMF

28. **Government is aggressively implementing measures to broaden the tax base through enforcement and compliance.** In 2010, government integrated the erstwhile revenue agencies, namely, Internal Revenue Service (IRS), VAT Service, and Customs Excise and Preventive Service (CEPS) into the Ghana Revenue Authority to create synergies required to support efficiency of tax administration and improved client service. In addition, the following measures are being implemented:
    a) Prosecution of perpetrators of tax irregularities, including diversion of goods cleared under suspense regimes, undervaluation of imports, suppression of sales, and other offences. Furthermore, various distress actions will be used both sequentially and concurrently to retrieve tax liabilities from tax payers who have a habit of defaulting on their tax obligations;
    b) The introduction of various automated systems that will reduce human involvement in tax administration, including the Fiscal Electronic Devices to deepen VAT penetration and electronic payment systems to reduce the cost and burden of paying taxes;
    c) The enforcement of TIN requirements to ensure that all eligible taxpayers register with the Ghana Revenue Authority and submit returns; and
    d) Third party data sitting in various data bases in both private and public sectors are being sourced for tax administration purposes, including to rope more persons into the tax net and tax them accordingly.

29. **The enactment of the Earmarked Funds Capping and Reallignment Act, 2017 is a major step towards addressing expenditure rigidities**. In 2017, the government moved to cap all earmaked funds at 25 percent of tax revenue through the passage of the Act. This has created some fiscal space for priority spending. Other expenditure measures being implemented include:
    a) Intensifying the payroll cleaning exercise through validation of all employees on the government payroll, supported by the biometric registration and identification of government employees;

b) Strict enforcement of the Public Financial Management Act, 2016 (Act 921); and
c) Deployment of GIFMIS to all MDAs and MMDAs to ensure that all transactions in the public sector are mechanised and controlled.

30. **Other measures undertaken to manage macro-fiscal risks and ensure irreversibility of macroeconomic gains include**:

a) Passage of the Fiscal Responsibility Act, 2018 (Act 982) in December 2018 to cap the annual fiscal deficit to no more than 5% of GDP and maintain an annual Primary Surplus with clear sanctions for breaches.
b) Establishment of the Financial Stability Council and Fiscal Responsibility Advisory Council in December 2018. The Financial Stability Council will work to strengthen and reinforce the stability of the financial sector as an inter-institutional consultative and co-ordination body, while the Fiscal Responsibility Council will promote sustainable public finances through public assessments of fiscal plans and performance, as well as the evaluation of macroeconomic and budgetary forecasts;
c) Relaunch of the Economic Policy and Coordinating Committee (EPCC), a high-level technical committee, co-chaired by the Minister for Finance and the Governor of the Bank of Ghana, to provide strategic policy direction for effective coordination and implementation of Government's economic programme and the Budget.
d) Resourcing and strengthening the Office of the Special Prosecutor and other governance institutions to fight corruption;
e) Strict enforcement of the PFM Act to promote efficient and effective public financial management;
f) Continued adherence with the zero central bank financing arrangement with the BoG to curb fiscal dominance, as part of measures to rein in on inflation;
g) Strictly enforcement of the Public Procurement Act to promote efficiency in public spending, thereby promoting value for money;
h) Full integration of the Sustainable Development Goals (SDGs) framework in our budgetary processes to fully track progress in the implementation of these SDGs and how they directly impact the lives of Ghanaians. Ghana is the second country after Mexico to fully integrate the SDGs.
i) Full incorporation of fiscal risks management into macro-fiscal policy decision making, including the incorporation of analysis and disclosure of macroeconomic risks into the national budget. The creation of the Fiscal Risk Unit is a step in this direction;
j) Strengthening capacity of the Fiscal Risks Unit in the Ministry of Finance, as well as other relevant agencies, for identification, analysis, and reporting of fiscal risks in a timely manner;
k) Undertaking (through Public Investment and Assets Division) regular arrears verification in the SOEs sector; and

l) Strengthening the Credit Risks Assessment framework being implemented by the Debt and Treasury Management Division, to ensure that only credit worthy SOEs are granted guarantees and on-lending facilities;

SECTION THREE: PUBLIC DEBT RISKS

3.1 Size and Composition of Public Debt

31. **The size and composition of government debt still raises some concern for debt sustainability.** Ghana's total public debt rose steadily from 42.9 percent of GDP (GH¢53,051.4 million or US$24,447.6 million) in 2013 to 56.9 percent of GDP in 2016 (GH¢170,839.5 million or US$35,777.9 million) before moderating slightly to 55.6 percent of GDP in 2017, as shown in Table 1. At the end of December 2018, the public debt stock stood at 57.9 percent of GDP, partly due to bail out expensed incurred in connection with financial sector clean-up.

Table 1: Public Debt Indicators (2013 – 2018)

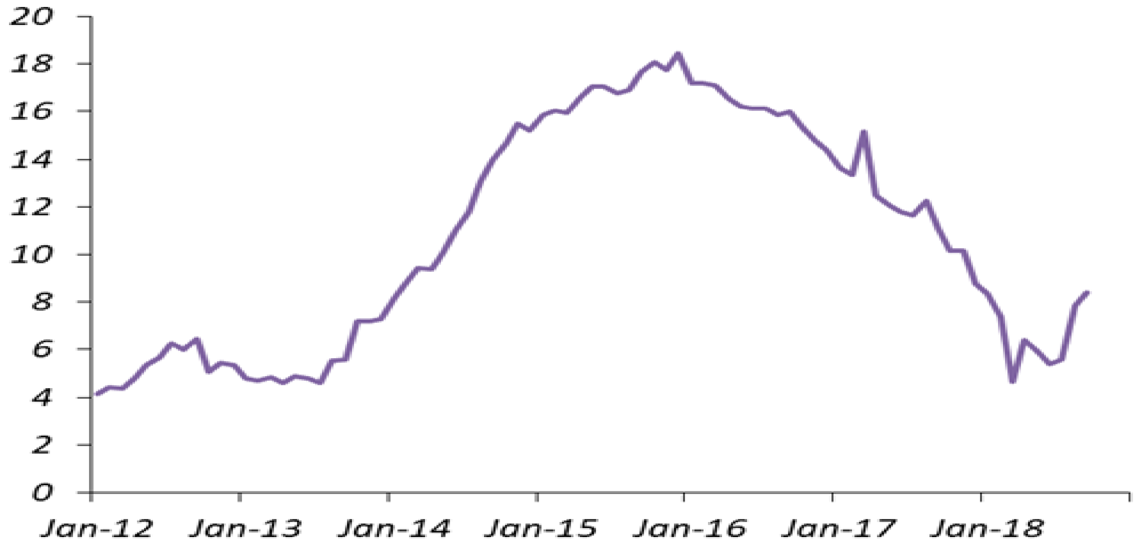
	2013	2014	2015	2016	2017	2018*
	Public Debt-to-rebased GDP					
External Debt	20.89	28.65	33.21	32.02	29.55	28.89
Domestic Debt	22.02	22.54	22.35	24.83	26.01	29.09
Public Debt	42.90	51.19	55.56	56.85	55.56	57.98
	% Share					
External Debt	48.68	55.96	59.77	56.32	53.16	49.83
Domestic Debt	51.32	44.04	40.23	43.68	46.84	50.17
	Interest Payments					
% of Domestic Revenue	23.47	29.59	30.92	33.10	35.57	34.02
% of Tax Revenue	30.73	36.82	37.59	41.86	44.61	41.87
% of Expenditure	16.01	22.15	23.52	21.07	26.13	26.68

*Source: MoF, * Provisional*

32. **Interest payments on public debt accounted for about 43 percent of total tax revenue on average over the last 3 years.** Provisional end December 2018 data show that about 82.1 percent of external debt attracted fixed interest rate while variable rate and interest-free debt formed about 16.9 percent and 1.0 percent of the external debt portfolio, respectively.

33. **Lower deficits and lower gross financing needs have eased tensions on the domestic capital market.** Figure 6 shows that the net issuance of domestic government paper hit a low point earlier in 2018, in constant price terms. This was accompanied by a decline in interest rates across the maturity spectrum. Interest rates at issuance fell by 10 percentage points over the past two years. Lower interest rates and net issuances had positive effects on the fiscal accounts by reducing interest payments. However, the large influence of non-resident investors who hold foreign currency debt deepens Ghana's exposure, as non-residents hold about 70 percent of public debt, more than half of which is external. Foreign investor holdings accounted for a total share of 44.7 percent of the total domestic marketable debt, indicating a significant exposure to foreign investors.

Figure 6: Net issuance of domestic government securities (GH¢ billions)



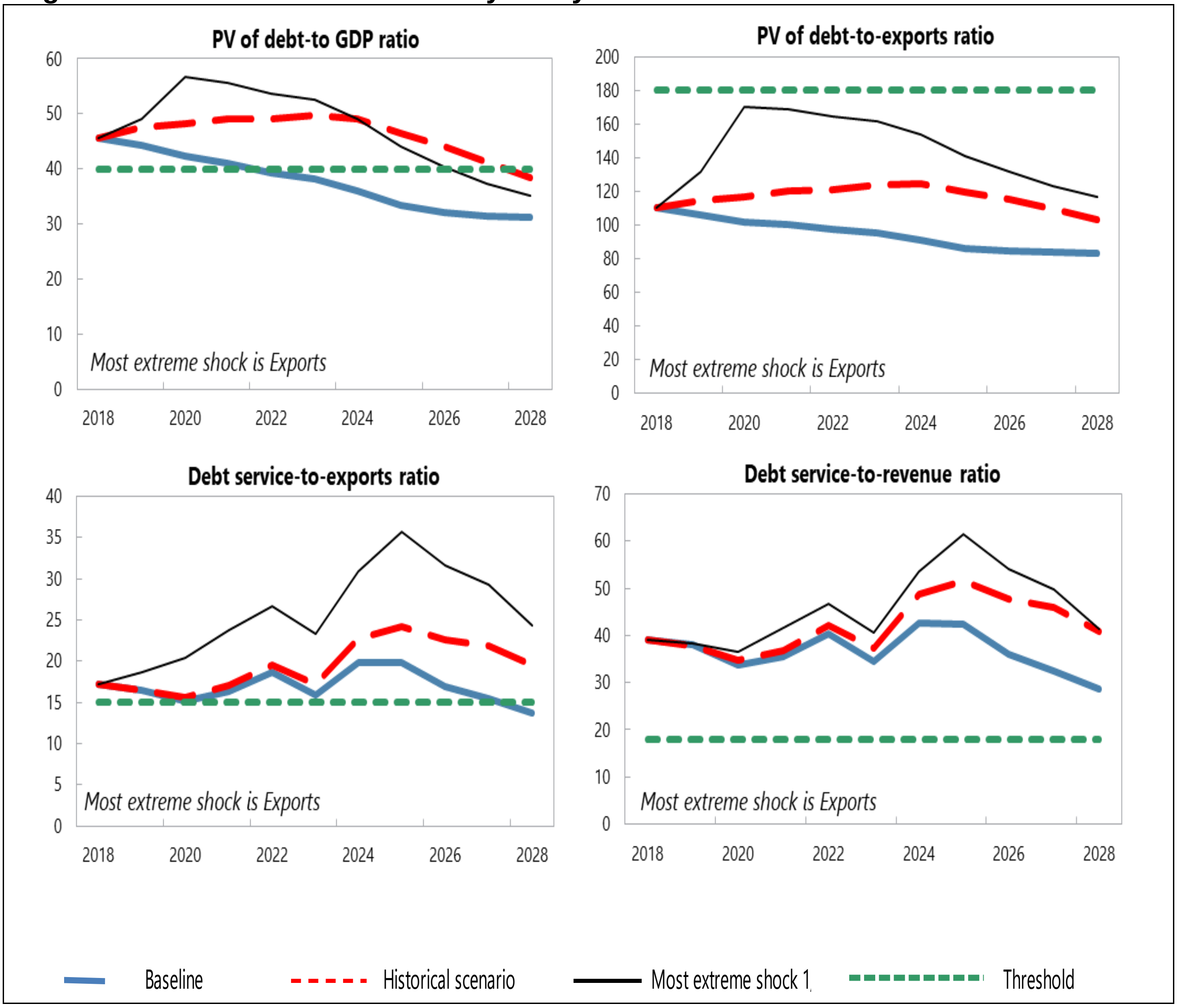
Source: Ghana Financial Programming Model, MoF

3.2 Debt Sustainability Analysis

34. **The Debt Sustainability Analysis (DSA) conducted by MoF in 2018 shows marked improvement in the solvency ratios following the rebasing of the GDP.** The DSA scenario analysis shows that liquidity ratios (debt service-to-revenue and debt service-to-exports) breach their respective thresholds and remain elevated over the projection period, as shown in Figure 7. Public debt sustainability over the medium-term is susceptible to exchange rate shocks and developments in the primary balance. Exchange rate stability will be vital in ensuring stable public debt levels.

35. This finding was corroborated by a DSA undertaken by the IMF in April 2018 that showed that Ghana remains at high risk of external debt distress with the historical scenarios pointing to unsustainable debt trajectories. Standard stress tests also suggested that public debt, particularly external debt, was vulnerable to one-time-exchange rate depreciation and a decline in exports, requiring the need for diversification and building buffers to respond appropriately to external shocks.

Figure 7: Ghana Debt Sustainability Analysis



Sources: MoF, 2018

3.3 Key Debt Portfolio Risks Indicators

36. **Improvement of Government's debt management activities in recent years has impacted positively on cost and risk indicators of public debt portfolio.** The cost and risk indicators of Ghana's public debt portfolio as at end-September 2018 is summarized in Table 2. The key cost and risk indicators are summarized as follows:

a) The weighted average interest rates for domestic debt has reduced from 20.0 percent in 2016 to 16.4 percent as at end-September 2018, whereas that of external debt increased marginally by 0.2 percent as at end-September 2018. The domestic debt portfolio showed a lower Average Time to Maturity (ATM) of 7.8 years compared to that of external debt of 10.0 years as at end-September 2018. The Average Time to Re-fixed (ATR) of the total debt portfolio as at end September 2018 improved to 8.7 years, an improvement from 7.2 percent in 2016.

b) Interest rate risk is moderate for both external and domestic debt. About 20.1 percent of external debt will be re-fixed within one year due to the relatively small proportion of variable interest rate of external debt.

c) The ATR of the domestic marketable debt also improved significantly from 5.5 years to 7.8 years over the same period.

d) In terms of currency composition, about 49.1 percent of the debt portfolio is exposed to exchange rate risk, a decline from 55.7 percent in 2016. The main exposure of the debt portfolio is to the USD and EUR, which make up about 85.3 percent.

e) The redemption profile of external debt is relatively smooth with an ATM of 8.9 years, reflecting a moderately low refinancing risk.

37. Over the past few years, public debt was driven largely by the cost of borrowing (interest rate), exchange rates, and GDP growth. The exchange rate depreciation, in particular, has been a major cause of debt accumulation between 2014 and 2016. Exchange rate stability will result in a stable public debt stock valued in local currency

Table 2: Costs and Risks of Existing Debt

Risk Indicators		Total Public debt			
		Dec 2016	Dec 2017	Sept 2018	2019 Proj
Cost of Debt	Weighted Av. IR (%)	11.3	10.6	10.5	10.5
Refinancing risk	Average Time to Maturity (ATM)-Years	7.7	8.2	8.9	9.3
	Debt Maturing in 1 year (% of total)	28.1	17.7	18.1	12.0
Interest rate risk	Average Time to Re-fixing (ATR)-Years	7.2	7.9	8.7	8.3
	Debt Re-fixing in 1 year (% of total)	38.7	25.9	24.7	17.2
	Fixed Rate Debt (% of total)	87.5	90.0	91.5	87.8
FX risk	FX Debt (% of total debt)	55.7	52.0	49.1	54.6
	ST FX Debt (% of reserves)	23.0	14.8	15.0	17.2
	Local currency debt held by non-resident	6.4	14.2	15.1	15.3

Source: MoF

3.4 Strategies to Mitigate Public Debt Risks

38. **Government took major steps to reprofile the domestic debt stock and correct the domestic yield curve.** In 2017, government issued up to GH¢9.7 billion in domestic bonds with the aim of diversifying the debt portfolio by attracting investments from individuals and corporate residents who earned their income in foreign currencies. Also, the aim was to deliberately segment the domestic market in a way that attracts investors who may not buy government sovereign bonds from the international capital market. The debt restructuring programme to reduce costs and mitigate refinancing risks associated with the domestic debt portfolio resulted in a significant reduction in the share of the short-term debt in total domestic marketable debt from 62.7 percent in 2015 to 17.5 percent as at end-September 2018 (Table 3).

Table 3: Share of Domestic Marketable Debt by Tenor

	2013	2014	2015	2016	2017	2018 Sept
Short-term	44.5	56.2	62.7	52.0	22.8	17.5
Medium-term	55.5	43.8	37.3	46.5	54.0	61.7
Long-term	0.0	0.0	0.0	1.6	23.2	20.8

Total	100	100	100	100	100	100

Source: MoF

39. To further address the risks embedded in the public debt portfolio, the 2019 Medium Term Debt Strategy (MTDS) proposed the following debt management policies in order to ensure that government activities are financed at a minimum cost and consistent with prudent degree of risk, while maintaining public debt at sustainable levels:
    a) Active liability management operations such as bond exchanges and buybacks to mitigate rollover risk, buyback auctions to mitigate FX risk associated with offshore investors in close collaboration with the Central Bank and regular consultations with investors on appropriate timing of transactions;
    b) Active secondary market development to promote transparent price discovery and reduce possibility of secondary market volatility;
    c) Regular communication with non-bank institutions (pensions and insurance companies) and asset managers to boost demand for government securities;
    d) Reform the current primary dealer structure to enhance its effectiveness and reveal current inconsistencies between Primary Dealer (PD) rights and obligations and incentivize PDs committed to domestic market development;
    e) Lower financing costs to reduce impact on the fiscal and, hence, improve cash flows;
    f) Active engagement with rating agencies and relevant stakeholders to improve sovereign credit ratings;
    g) Place annual ceilings on contracting or guaranteeing of non-concessional external debt for projects for which concessional financing is not available;
    h) Operationalise the National Borrowing Guidelines to regulate acquisition of loans/credit by MDAs, MMDAs, local government and SOEs; and
    i) Develop Credit Risk Policy covering public and financial entities to identify, measure, monitor and mitigate the risks emanating from these institutions.

SECTION FOUR: STATE-OWNED ENTERPRISES RISKS

4.1 Overview of the SOEs Sector

40. **SOEs continue to play pivotal roles in the Ghanaian economy, but at the same time can be a source of fiscal risks.** State-Owned Enterprises (SOEs) control over 50 percent of State assets. Currently, there are about eighty-six (86) SOEs operating in various sectors of the economy—forty-five (45) are wholly-owned by the state while the remaining 41 are partially owned or are Joint Venture Companies (JVCs). Thirty-six (36) out of 45 wholly-owned SOEs are classified as commercial SOEs with the remaining 9 categorized as subvented agencies. More than half (26) of the commercial SOEs are Limited Liability Companies (LLCs).

41. The Public Investment and Assets Division of the MoF began the publication of the State Ownership Report in 2016. The 2017 State Ownership Report covered about forty-nine (49) SOEs in the following sectors: Energy (9), Manufacturing (5),

Agricultural (8), Financial (13), Communication (5), and Infrastructure (9). Table 4 presents summary financial aggregates of the SOEs.

42. SOEs and JVCs had combined assets of GH₵112.4 billion (44% of GDP) and gross liabilities of GH₵75.4 billion (29.4% of GDP) at the end of 2017, according to the 2017 State Ownership Report as shown in Table 4.

Table 4: Aggregate Financial Information on SOEs and JVCs

SN	Item	2015			2016			2017		
		All	SOEs	JVCs	All	SOEs	JVCs	All	SOEs	JVCs
1	Total Assets	75,525	59,647	15,878	100,689	79,544	21,145	112,360	85,922	26,437
2	Current Assets	25,936	16,100	9,836	33,603	22,138	11,465	41,369	28,380	12,989
3	Fixed Assets	49,528	43,507	6,021	66,998	57,371	9,627	70,888	57,505	13,383
4	Total Liabilities	48,402	35,571	12,831	64,608	47,299	17,310	75,373	53,405	21,968
5	Current Liabilities	30,797	19,753	12,831	40,482	25,071	17,310	49,403	30,641	21,968
6	Total Equity	27,144	24,097	3,047	36,035	32,200	3,835	36,903	32,538	4,366
7	Total Revenue	26,837	19,547	7,290	34,846	26,324	8,522	37,284	27,380	9,905
8	Operating Cost	16,504	10,497	6,007	21,176	14,637	6,539	30,701	22,857	7,844
9	Net Debt	38,432	29,397	9,034	50,254	39,372	10,882	57,522	42,049	15,474
10	Gross Profit	3,395	2,077	1,319	4,816	3,069	1,747	6,665	4,891	1,775
11	Net Profit	-29612.00 -	30,144	532.00	-1404.00	-2115.00	711.00	-488.00	-1289.00	800.00

Source: 2017 State Ownership Report, MoF

43. **SOEs making efforts to improve performance and reduce losses.** The result of the 39 SOEs analysed showed that SOEs net loss stood at GH¢1,289 million at end-2017, an improvement over 2016 (GH¢2,115 million) and 2015 (GH¢30,144 million). The relative improvement in aggregate net loss occurred despite losses recorded by the two biggest SOEs—VRA (GH¢806 million) and ECG (GH¢785 million). SOEs in the energy/utilities sector achieved an aggregate net loss of GH¢934 million. JVCs on the other hand, showed consistent improvement in both gross and net profit over the same period. The top ten SOEs, mainly concentrated in the energy and petroleum sectors, hold more than half of total liabilities. SOEs reported total gross profit of GH¢4,891 million, which represented an increase of GH¢1,828 million from 2016 (GH¢3,063 million), as shown in Table 5.

Table 5: Top Ten SOEs in terms of gross-liabilities (2015-2017, GH₵ million)

SN	State Owned Enterprise	Sector	2015		2016		2017	
			Liabilities	Net profit/loss	Liabilities	Net profit/loss	Liabilities	Net profit/loss
1	Electricity Company of Ghana	Energy	10,967	-785	10,230	209	7,167	-291
2	Volta River Authority	Energy	8,852	-806	9,891	-1,320	7,584	-1,358
3	Ghana National Gas Company Limited	Petroleum and Gas	7,439	528	6,150	-642	4,972	-176
4	Ghana Cocoa Board	Agriculture	4,486	-28	4,430	-199	6,869	-395
5	Ghana Ports and Harbours Authority	Infrastructure	2,699	100	3,713	57	3,850	-123
6	Telma Oil Refinery	Petroleum and Gas	3,096	-365	3,334	-511	2,873	-470
7	Ghana Grid Company Limited	Energy	3,665	-31	2,354	69	1,651	45
8	Bulk Oil Storage and Transportation Company Ltd.	Petroleum and Gas	1,701	13	2,069	88	1,225	109
9	Ghana National Petroleum Corporation	Petroleum and Gas	2,392	391	1,797	45	856	65
10	Ghana Water Company Limited	Infrastructure	1,657	122	1,428	101	745	115
11	**Total**	**All**	**46,953**	**-862**	**45,397**	**-2,103**	**37,792**	**-2,477**

Source: 2017 State Ownership Report, MoF

4.2 SOEs Financial Soundness Indicators

44. **Profitability ratios show a consistent improvement in performance from 2015 to 2017.** Aggregate return-on-equity (ROE) posted by entities has improved from -1.09 in 2015 to -0.04 and -0.01 for 2016 and 2017, respectively, as shown in Table 6. They were, however, not enough to change the net profit margins of SOEs, which have been consistently negative, mainly due to operational losses over the period. JVCs on the other hand have been able to record positive net profit margins as shown in Table 6. The key financial indicators (aggregate) are summarized in Table 6.

Table 6: Financial Performance of SOEs, 2015-2017

SN	Item	2015			2016			2017		
		All	SOEs	JVCs	All	SOEs	JVCs	All	SOEs	JVCs
1	**Profitability**									
2	EBITDA margin	12.65	10.63	18.09	13.82	11.66	20.50	17.88	17.86	17.92
3	Net profit margin	-110.34	-154.21	7.30	-4.03	-8.04	8.35	-1.31	-4.71	8.08
4	Return on equity	-1.09	-1.25	0.17	-0.04	-0.07	0.19	-0.01	-0.04	0.18
5	Return on Asset	-0.39	-0.51	0.03	-0.01	-0.03	0.03	0	-0.01	0.03
6	**Liquidity**									
7	Current ratio	0.84	0.82	0.77	0.83	0.88	0.66	0.84	0.93	0.59
8	**Solvency Ratio**									
9	Debt to equity	1.78	1.48	4.21	1.79	1.47	4.51	2.04	1.64	5.03
10	**Total Debt to Total Assets**	0.64	0.6	0.81	0.64	0.59	0.82	0.67	0.62	0.83
11	Net Worth (GH¢ million)	27,123	24,076	3,047	36,081	32,245	3,836	36,986	32,517	4,469
12	**Management Efficiency**									
13	Total Asset Turnover	0.36	0.33	0.46	0.35	0.33	0.4	0.33	0.32	0.37
14	**Leverage**									
15	Gearing ratio	1.42	1.22	2.96	1.39	1.22	2.84	1.56	1.29	3.54

Source: 2017 State Ownership Report, MoF

4.3 Main Fiscal Risks from SOEs

45. **SOEs have consistently operated at a loss and accumulated excessive debt in their efforts to sustain their operations.** High levels of systemic losses and poor fee collection capacity, particularly, in the utility sector present potential sources of fresh liabilities to government. The government—as the sole/main shareholder—has bailed out the affected SOEs through transfers, equity increases, and assumption and restructuring of their debt. Various forms of direct and indirect support to SOEs tend to place substantial fiscal burden on government.

46. **SOEs are the main recipients of on-lending and debt guarantee support from the government**. The stock of total on-lending and debt guarantees from the central government amounted to US$2.7 billion (4.3% of GDP) as at end-September 2018. The total outstanding amount disbursed to SOEs and non-SOEs through the on-lending arrangement stood at US$2,2 billion at the end of September 2018, while the total outstanding stock of guarantees amounted to US$425.5 million. This was concentrated across nine SOEs in the infrastructure, energy, and petroleum & gas sectors, as shown in Table 7. As at end-September 2018, SOEs were able to pay US$7 million out of the US$232.3 million debt service payment due, representing repayment rate of 3.0 percent. As a result, Government has been a bit cautious in granting these facilities with the implementation of tighter credit risks assessments.

The total outstanding stock of loans guaranteed by Government at the end of September 2018 amounted to GH¢2,457.6 million (US$513.4 million). Over the past few years no new guarantees have been issued by central government, although two on-lending facilities were granted to Bui Power Authority and National Information Technology (NITA) in 2017.

Table 7: On-lending and Guaranteed Debt to SOEs (US$ million)

SN	Entity	Sector	On lending	Guaranteed Debt	Total	Percent of GDP
1	Bulk Oil Storage and Transport Comp Ltd.	Petroleum	-	46	46	0.1
2	Electricity Company of Ghana	Energy	154	-	154	0.2
3	Ghana Airports Company Limited	Aviation	100	-	100	0.2
4	Ghana Ports and Harbours Authority	Infrastructure	-	321	321	0.5
5	Ghana Grid Company Limited	Energy	193	58	251	0.4
6	Ghana Water Company Limited	Infrastructure	905	-	905	1.5
7	Telma Oil Refinery	Petroleum	51	-	51	0.1
8	Volta River Authority	Energy	104	-	104	0.2
9	Bui Power Authority	Energy	344	-	344	0.6
10	MMTL/STC	Transport	40	-	40	0.1
11	KMA/CCMA	Local Gov't	218	-	218	0.3
12	Other Non SOEs	N/A	139	-	139	0.2
13	**Total**		**2,248**	**425**	**2,673**	**4.3**

Source: MoF

47. Structural problems including below-cost recovery tariffs, high technical and commercial losses, foreign exchange fluctuations, high capacity charges underpin fiscal risks from SOEs.

4.4 Measures to Mitigate Fiscal Risks from SOEs

48. **Operationalization of a Credit Risk Assessment Framework (CRAF)**: As part of measures to mitigate fiscal risks arising from the issuance of on-lending and guarantees to public entities and SOEs, Government has developed and operationalized a Credit Risk Assessment Framework (CRAF) at the MoF in consonance with Section 67(2) of the Public Financial Management Act, 2016 (Act 921). In 2017, three entities were assessed by the Credit Risk Team (CRT). These were VRA, ECG and GWCL. In 2018, six entities (GNGC, GNPC, GRIDCo, VRA, ECG and GWCL) were assessed. A strict enforcement of these mechanisms will ensure that SOEs do not circumvent the process by sending loan agreements to Parliament without recourse to the MoF.

49. **Debt restructuring and equity injections to shore up the financial positions of SOEs:** In 2018, government approved requests for the conversion of specific loans of two (2) SOEs into equity. These entities are Ghana Grid Company Limited (GRIDCo) and Ghana National Gas Company Limited (GNGC). Government accepted GRIDCo's proposal to convert government related loans outstanding on GRIDCo's books totalling US$141.18 million (made up of a principal amount of US$133.6 million and accrued interest of US$7.5 million) into government equity, as shown Table 8.

Table 8: SOEs Loans Converted

SN	Lender	Description	Contract Amount	Outstanding Balance	US$ Equivalent	GHS Equivalent Converted (GHS)	Outstanding Interest (US$)	Outstanding Interest Converted (GHS)
1	KUWAIT FUND 657	330kv Aboadze-Volta Transmission Line	5,000,000	2,392,895	7,920,483	37,693,601	917,256	4,382,281
2	AfDB	Ghana-Togo-Benin Interconnection	14,870,000	14,056,859	20,129,423	93,739,573	101,714	485,950
3	AfDB - GEDAP	Power Systems Reinforcement Projects	8,484,348	8,484,348	12,149,587	56,578,725	61,143	292,116
4	WB/IDA (CR4092GH)	WAPP Coastal Transmission Backbone Phase 1	26,500,000	26,303,362	37,666,415	175,405,919	951,003	4,543,512
5	WB/IDA (CR4213GH)	WAPP Coastal Transmission Backbone Phase 2	30,800,000	29,274,057	41,920,449	195,216,216	4,643,549	22,185,019
6	KBC Bank	161kv Transmission Line Project	11,783,966	11,783,966	13,856,434	65,273,747	868,926	4,151,379
7	**Total**	**Total**	**97,438,315**	**92,295,488**	**133,642,790**	**623,907,782**	**7,543,590**	**36,040,257**

Source: MoF

50. **Tightening the approval process of on-lending to SOEs:** The MoF has taken steps to tighten the approval mechanisms to ensure that only the most bankable projects are considered for on-lending facilities. Furthermore, Section 67(7) of the PFM Act is being enforced, which mandates MoF to take any necessary action to ensure SOEs comply with the terms of the facilities and honour their obligations.

51. **Government is addressing the energy sector legacy debts through the Energy Debt Recovery Levy (EDRL).** As part of measures to restructure the energy sector debts owed to suppliers, and independent power producers, among others, a special purpose vehicle (ESLA Plc) was set up in 2017 to raise up to GH¢10.0 billion in bonds to clear part of these debts. In the first phase, ESLA Plc issued bonds amounting to GH¢5.3 billion backed by EDRL. The ESLA Plc does not constitute any fiscal risks in the medium-term given its guaranteed source of inflows to service the debt and the fact that it is treated off governments balance sheet

52. **The restructuring of the Electricity Company of Ghana (ECG) to play a key role in mitigating fiscal risks in the energy sector.** The government of the Republic of Ghana and the United States of America, acting through the Millennium Challenge Company ("MCC") entered into a second Millennium Challenge Compact which provides for a Grant of up to US$498.2 million to advance economic growth and reduce poverty in Ghana (the "Compact II"). The Compact commits Ghana and MCC to a five-year economic development program (the "Program") that will fund investments in the power sector. The ECG's Financial and Operational Turnaround Project is one of the projects being pursued under the programme. Specifically, the goal of the Compact is to reduce poverty through economic growth by introducing Private Sector Participation (PSP) in the operations of the Electricity Company of Ghana Limited (ECG). Accordingly, the Government of Ghana (GoG) signed Transaction Agreements with a private sector Consortium known as Power Distribution Services Ghana Limited (PDS).

53. The programme came into effect on 1st March, 2019 when PDS took responsibility for distribution of electricity in the Southern Distribution Zone for a concession period

of up to twenty (20) years. The concession arrangement is expected to significantly improve the technical and commercial performance of ECG. It is expected that the concessionaire will reduce total distribution system loss which will in turn impact positively on both consumer tariff (make it more affordable), improve accessibility and improve revenue generation for the power sector utility.

54. **SOEs governance will be improved through the State Interests and Governance Authority (SIGA).** The SIGA is expected to centralise the framework for overseeing Government interests and governance of SOEs, JVCs, and other state entities including regulatory bodies, with a view to improving efficiency. The SIGA Bill has been laid in Parliament and is awaiting passage into an Act of Parliament.

SECTION FIVE: FINANCIAL SECTOR RISKS

5.1 Overview of the Financial Sector

55. **Ghana's financial sector has suffered major setbacks in recent times, necessitating a series of bailouts.** This notwithstanding, the financial sector is still strong as evidenced by key financial sector indicators. The total assets of the financial sector stood at GH¢169.9 billion (56.9% of GDP) at the end of June 2018 compared to GH¢164.8 billion (62.3% of GDP) at the end of December 2017. Within the financial sector, the baking sector dominates with total assets of GH¢116.5 billion (39.0% of GDP) from 31 licensed banks (14 domestically controlled and 17 foreign controlled). The share of banking sector assets in the total financial sector has remained steady at 39 percent between December 2014 and June 2018. Similarly, assets of the Pensions, Insurance, and the Securities and Exchange sectors have recorded a moderate growth over the period in line with overall economic growth, thus increasing their systemic performance (Table 9).

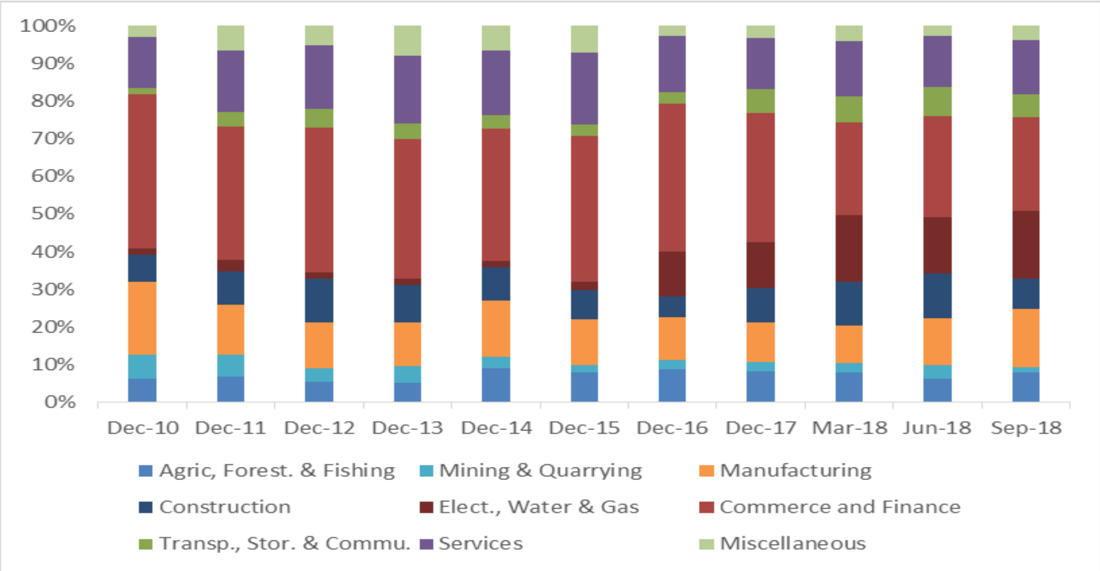
Table 9: Aggregate Balance Sheet of the Financial Sector

	Dec 2014	Dec 2015	Dec 2016	Dec 2017	Mar 2018	Jun 2018
Banking Industry Total						
Total Banking Sector Assets (GHC' M)	60,367.0	74,459.4	94,642.6	110,718.0	113,862.4	116,547.6
Asset/ GDP (%)	38.8	41.3	44.0	43.1	38.1	39.0
Share of Financial System Assets (%)	75.6	73.0	73.0	69.2	69.1	68.6
Security and Exchange Sector						
Total Assets (GHC' M)	7,258.3	11,103.8	15,735.7	23,854.3	24,234.8	25,558.5
Asset/ GDP (%)	4.7	6.2	7.3	9.3	8.1	8.6
Share of Financial System Assets (%)	9.1	10.9	12.1	14.9	14.7	15.0
Insurance Sector						
Total Assets (GHC' M)	2,212.0	3,026.9	3,667.4	4,653.3	5,059.1	4,974.0
o/w Life Insurance	*1,322.9*	*1,718.4*	*2,182.7*	*2,842.5*	*3,155.7*	*3,014.0*
Asset/ GDP (%)	1.4	1.7	1.7	1.8	1.7	1.7
Share of Financial System Assets (%)	2.8	3.0	2.8	2.9	3.1	2.9
Pension Sector						
Total Assets (GHC' M)	10,008.8	13,482.2	15,682.9	20,769.2	21,655.4	22,826.4
o/w SSNIT	7,427.3	8,810.1	8,890.0	9,771.1	10,676.0	9,957.0
Asset/ GDP (%)	6.4	7.5	7.3	8.1	7.2	7.6
Share of Financial System Assets (%)	12.5	13.2	12.1	13.0	13.1	13.4
Total Financial System Assest	79,846.1	102,072.3	129,728.7	159,994.8	164,811.7	169,906.5
% of GDP	51.4	56.6	60.3	62.3	55.2	56.9

Source: BoG

56. **Successful recovery of legacy loans would be very instrumental in upgrading the quality of asset portfolio of banks.** Analysis of sectoral concentration of Non-Performing Loans (NPLs) indicates that deterioration in the asset quality of banks is driven by commerce and finance, services, electricity, gas and water, and manufacturing sectors of the economy (Figure 8). Government is dealing with the energy sector debts owed to the banks through the ESLA initiative. As observed in the trend, commerce and finance sectors' share of NPLs has been declining in recent times largely on account of the ongoing loan write-offs. Government indebtedness to contractors also seem to be impacting negatively on the banking sector. To address these challenges in the medium-term, banks are expected to implement robust risk management and credit appraisal systems to stem increasing NPLs and increase credit provision.

Figure 8: Sectoral Concentration of NPLs



Source: Bank of Ghana

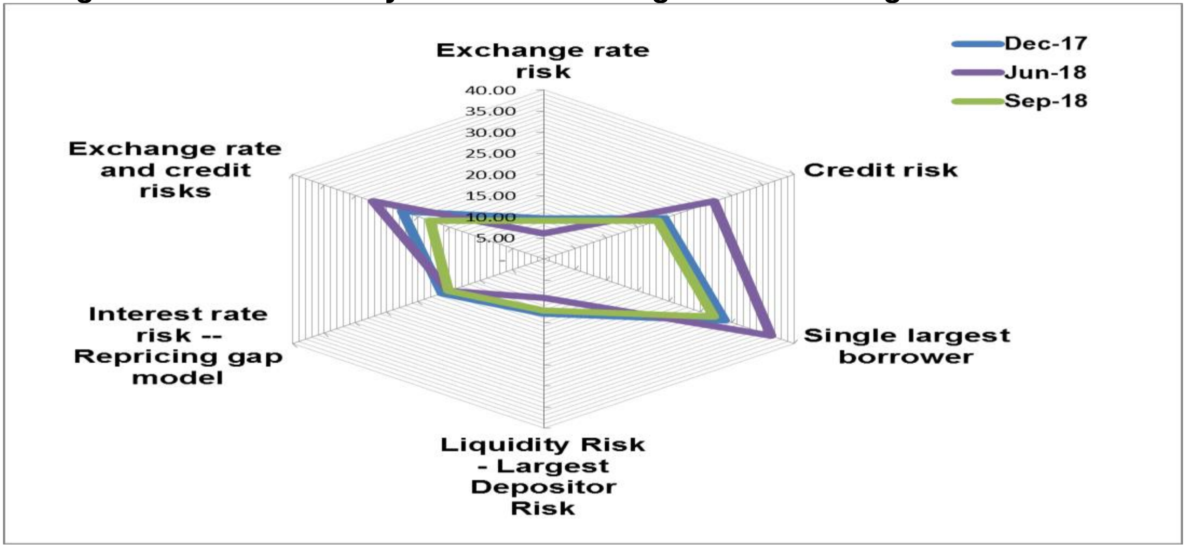
57. The Bank of Ghana, in 2017, took a decisive action to address legacy problems in the financial sector, following the outcome of an asset quality review which revealed, among others, that the financial sector was fraught with poor asset quality, insolvency, and liquidity challenges. The BoG began the financial sector clean-up exercise by first resolving two insolvent banks (Capital Bank and UT Bank) through a receivable process in 2017 and transferred their liabilities and good assets to an existing bank, namely GCB Bank. Five other distressed banks (UniBank, The Royal Bank, Construction Bank, Sovereign Bank, and Beige Bank) were resolved in 2018 and their liabilities and some good assets were transferred to a new bridge bank called Consolidated Bank Ghana (CBG). Two additional banks, namely, Heritage Bank and Premium Bank were resolved in January 2019. The total fiscal cost of these interventions stands at an estimated GH¢11.2 billion (3.7% of GDP), raised through local bonds issued by the MoF. The bank clean-up exercise coupled with the implementation of the new minimum capital requirement (from GH¢120 million to GH¢400 million) means that the banking sector is now well-capitalised and strong to support industry and commerce.

5.2 Risks and Stress Testing of the banking sector

58. **The results of the BoG's quarterly stress tests of the banking sector indicated that robustness of the industry to shocks improved in September 2018 compared with June 2018.** This is reflected in the enhanced resilience of the banking industry to market (exchange rate and interest rate), credit, and concentration risks, as shown in Figure 9. Although, liquidity risk emanating from unexpected withdrawal of funds by single largest depositors of banks deteriorated marginally in September 2018 compared with June 2018, the risk score remains low suggesting that the perceived risk is well-contained. The observed robustness could be attributed to the relative macroeconomic stability in 2018 and the seamless resolution of banks. To further increase the resilience of the banking industry's ability to withstand shocks and enhance its capacity to undertake big ticket projects, key policy measures must aim at increasing the capital requirements, implementing cost

reduction measures and managing the risk appetite of the key actors in the banking industry.

Figure 9: The Summary of Stress Testing of the Banking Sector*



*Note: The summary of the stress testing is presentation as risk assessment map based on a score estimated from failures recorded under the scenario and constructed such that movements away from the origin indicate less resilience or increased vulnerability.
Source: Bank of Ghana

5.3 Measures to mitigate the Banking Sector Risks

59. **The BoG has made significant progress on the implementation of Basel II/III.** The implementation of the increase in the minimum capital requirement for banks from GH¢120 million to GH¢400 million in accordance with Section 28 of Act 930, will no doubt strengthen the balance sheet of banks, re-position the industry to support the financial needs of the real sector and enhance the quality and quantity of banks' capital, as advocated under the Basel III regulatory capital framework. At the end of December 2018, out of the 31 banks, 23 have met the new recapitalisation requirement while one other bank was reclassified as a Savings and Loans company. Five indigenous banks (Agricultural Development Bank, National Investment Bank, Omni Bank Ghana Limited / Bank Sahel Sahara Ghana, Universal Merchant Bank, and Prudential Bank) out of the 23 banks were supported by Government through an injection of fresh equity capital through the setting up of a Special Purpose Vehicle called the Ghana Amalgamated Trust Limited (GAT). Apart from the 70 percent government guarantees, which represents a contingent liability, the GAT does not appear to pose any significant fiscal risks in the medium-term. The resolution of the nine banks since 2017 has also strengthened the banking sector which is now well-positioned to finance big ticket projects.

60. To further strengthen the capital regime of the banking sector, BOG, in line with section 29 of Act 930, issued the capital requirement directive to the industry. The directive addresses pillar I risk of the Basel Accord and primarily would require banks to hold more capital against business risks, namely market risk, operational risk and credit risks. This new capital regime would ensure that banks hold adequate capital against risks inherent in their operations. This will ultimately ensure that banks properly align risks with capital.

61. **The bank and SDI sector has undergone significant reforms within the past eighteen months:** In line with the strategy to reform the banking and SDI sector, the banks are being closely monitored to ensure that the relevant prudential requirements are being observed. Against this background, the Presidential Advisory Financial Stability Council was established in December 2018 to, among others things, strengthen and reinforce the stability of the financial sector, coordinate regulation and supervision at the micro level, and evaluate and mitigate financial stability risks.

62. **Efforts underway to curb fraud and incidents of cyber-crime within the banking system.** To curb the growing incidents of fraud and cyber-crime, the Bank of Ghana has recently launched the Cyber Security Directive to create awareness and ensure that banks have adequate controls to forestall cyber fraud. To facilitate investigations of fraud and prosecution of fraudsters in the banking industry, the Committee for Co-operation between Law Enforcement and Banking (COCLAB) and the Bank of Ghana is also in the process of creating a "Go To" unit to co-ordinate all fraud-related issues. Additionally, the following measures are being implemented:

   a) Strict enforcement of the directive on Loan Write-Off issued in 2015;
   b) Deepening of credit administration laws and regulations to strengthen supervision;
   c) Strengthening the credit infrastructure such as the Collateral Registry, the Credit Bureaus, and the Ghana Deposit Protection Corporation;
   d) Directing Financial Institutions to establish dedicated loan recovery units;
   e) Encouraging stakeholder coordination to remove bottlenecks in the credit delivery system. Bank of Ghana is intensifying its collaboration with the various stakeholders (BoG, MoF, Attorney Generals' Dept., Association of Valuers, the Judiciary, Ghana Bankers Association, National Identification Authority, among others) to remove the bottlenecks in the credit delivery system such as the registration of collaterals and faulty valuation of collaterals;
   f) Increasing the Minimum Capital Requirement (MCR) to enable banks restructure their loan portfolio; and
   g) Engaging and supporting private sector initiatives for the development of a market for distressed assets to facilitate NPL disposal.

5.4 Microfinance institutions and Key Risks

63. The number licensed Microfinance institutions (operating and non-operating) as at end-September 2018 is 566. This is made of 484 deposits taking microfinance companies, 70 micro credit companies and 12 Financial NGOs. Out of 566 licensed institutions as at 30th September, 2018, 277 institutions submitted prudential returns, 82 institutions did not submit returns due to IT-related challenges. However, 90 institutions have folded up while 117 are distressed. The industry faces a lot of challenges, including bad corporate governance and management structure, capacity building and staff retention, and data inconsistencies. Deposit-taking MFIs were required to meet a minimum paid-up capital of GH¢2.0 million by 30th June, 2018.

64. In spite of the progress made so far with the banking sector, challenges still persist as new troubled institutions have emerged in the micro-finance institutions (MFIs), Savings and Loans Companies and Rural and Community Banks (RCBs), Asset Management Companies, as well as Insurance Companies. There are plans to resolve distress MFIs but related bail-outs may have some implications for fiscal and debt sustainability.

65. Other measures being implemented to mitigate risks in the financial sector include:
   a) Ensuring MFIs compliance with Corporate Governance Directives;
   b) Proper Customer Due Diligence and effective Credit Risk Management Systems;
   c) Ensuring compliance with requirements of Business Rules and Sanctions for MFIs, 2016;
   d) Enforcing compliance with Reserve Requirements;
   e) Improving on off-site and on-site surveillance of MFIs;
   f) Re-Capitalisation of Viable MFIs;
   g) Working with law enforcement bodies to close down unlicensed Deposit-Taking Entities including publishing notices to the general public to notify them against the patronage of their services;
   h) Prosecution of MFIs Directors who have acted in bad faith with respect to depositors' funds;
   i) Collaboration with the Market Conduct Office of the Financial Stability Department to deal with complaints from clients of MFIs that have been unable to refund client deposits and help to reduce the 'noise' level; and
   j) On-Going Surveillance of Unlicensed MFIs at Regional Level. Through Bank of Ghana's Regional Offices at Kumasi, Takoradi, Sunyani, Hohoe, Tamale and Sefwi Boako, there is an on-going surveillance to identify unlicensed deposit-taking entities for appropriate action by the law enforcement agencies.

SECTION SIX: OTHER FISCAL RISKS

6.1 Public Private Partnerships

66. **Although PPPs present potentially useful opportunities to improve the efficiency of public infrastructure provision, they can also be a source of fiscal risk.** The majority of these existing PPPs were contracted on a build, own, operate basis, underpinned by "take or pay" 20-year offtake agreements with state-owned utilities. The future pipeline is more varied, covering hospitals and markets, as well as bigger road, rail and logistics projects. The Eastern Railway Line, with investment cost estimated at about 3 percent of GDP, appears to be the biggest ticket item in the portfolio of pipeline projects.

67. **The legacy projects are particularly common in the energy sector in the form of Power Purchase Agreements (PPAs) and Independent Power Producers (IPPs) and also in the water sector under the Teshie-Nungua Water Desalination**

PPP project. The contingent liabilities of these projects are by way of sovereign guarantees of the financing and the ‘take or pay’ offtake arrangements in the power purchase agreements. About six (6) of the major pipeline PPP transactions are expected to reach financial closure in 2019. These projects comprise the Accra-Takoradi motorway, Accra-Tema motorway, Takoradi Port Dry Bulk Terminal, Boankra Inland Port, Eastern Railway Line, Securities and the Exchange Commission (SEC) building. In addition to the six projects mentioned above, there are three PPP projects in the post contract implementation phase. The fiscal commitments and contingent liabilities arising from these three projects is summarised in Table 10. Besides these projects, the University of Ghana/ Africa Integras projects was terminated in 2018 following series of unsuccessful restructuring talks among the stakeholders while the Teshie Nungua Desalination Project is being renegotiated.

Table 10: Contingent Liabilities of PPP Projects

SN	Project	Fiscal Commitment (US$ M)	Contingent Liability (US$ million)			
		2019	2019	2020	2021	2022
1	National ID Project*	123.9	38.5	74.1	72.1	64.1
2	Teshie Water Desalination Project	-	130	-	-	-
3	University of Ghana/ Africa Integras	-	42	-	-	-
4	**TOTAL**	**123.91**	**210.5**	**74.1**	**72.1**	**64.1**

Note: * Fiscal Commitment for year 1 to 15 is estimated US$407.99 million.
Source: MoF

Source: MoF

Measures to mitigate PPP risks

68. A number of policy and operational measures for analysing and mitigating fiscal risks associated with PPPs include the following:

a) The setting up of the Public Investment Unit within the Public Investment Division of MoF to complement the efforts of the PPP Unit by assuming the ‘gatekeeping’ roles and utilizing the Public Investment Management System (PIMS) to consolidate, screen, appraise, and allocate funding to all viable public infrastructure projects that demonstrate significant economic benefits. This approach to project selection and allocation will help in choosing which projects are fit for purpose as PPPs. It also enhances the quality of public investment by strengthening the links between the National Medium-term Development Strategy, national infrastructure and sector plans and the annual budget. This will also ensure appropriate procedures for tracking project implementation, evaluating the impact of investment spending, quantifying and providing allocations for associated fiscal commitments.

b) MoF with the support of the World Bank has developed an “Operational Framework for Managing Fiscal Commitments from Public-Private Partnerships”. This framework aims to ensure that fiscal commitments from PPP projects are consistently identified and assessed during project preparation, fed into project approval, and also monitored, reported on, as well as budgeted for appropriately over the lifetime of PPP projects.

c) The PPP Unit has also recently adopted the use of the PPP Fiscal Risk Assessment Model (P-FRAM) developed by the IMF and the World Bank to critically analyse the potential fiscal costs and risks arising from PPP projects.

d) MoF has drafted the PPP Bill and the necessary regulations. If passed, it will greatly facilitate the implementation of the PPP projects within the country by consolidating the fragmented PPPs and solving the recurrent issues of IPPs and other sole-sourcing procurements marketed as PPPs, yet undertaken outside the PPP Policy and without the supervision of the PID.

e) In the meantime, consistent with the recommendations of the IMF, the PID has been liaising with relevant stakeholders to compile a central register and regularly update PPP repository, detailing the terms and conditions of the PPP portfolio, including all direct, indirect and implicit liabilities.

6.2 Local Government

69. **Currently local governments do not pose any significant fiscal risks given the relatively small share of local government budget and low debt levels.** Article 252 of the 1992 Constitution provides for the creation of a District Assemblies Common Fund (at least 5% of the total tax revenue) to be transferred to the subnational governments. Key sources of fiscal risks in the subnational government setup include the following:

a) **Poor expenditure management, weak commitment controls, and audit irregularities:** Over the years audit reports have reported poor financial management and irregularities. The main sources of the irregularities include cash, procurement/stores, contract and tax irregularities. In 2016 and 2017, a total amount of GH¢70.2 million and GH¢40.9 million, respectively, were reported as irregularities.

b) **Sub-national borrowing/debt and contingent liability:** Section 73-74 of the PFM Act (Act 921) provides for borrowing by sub-national governments in Ghana. In 2015, the central government guaranteed an amount of US$200 million to Kumasi Metropolitan Authority (KMA) for the Kejetia market redevelopment construction project

c) **Over reliance of sub-national governments on intergovernmental transfers as against Local Tax collection:** Local tax is one of the key revenue sources available to the sub-national governments, aside from intergovernmental transfers. Although local taxes, especially property rate revenue, are a good potential revenue source, over the years the sub-national governments have over relied on intergovernmental transfers. To overcome the over reliance on DACF, IGF Strategy and Guidelines was developed in 2015 to reform local tax administration and to unlock local tax revenue potentials. The strategy has been revised in 2018. In addition, a fee fixing guideline has been developed and 254 budget and finance officers of MMDAs were trained. The IGF Strategy and Guidelines is to be rolled out to 254 MMDAs in 2019.

6.3 Pensions Scheme

70. **Ghana's pension system does not pose any significant risk to fiscal sustainability over the medium-term, as the scheme is deemed solvent over the next two decades.** Pension reforms in 2010 established a three-tier pensions system—Tiers 1 and 2 are mandatory, while Tier 3 is voluntary. The reform also established the National Pensions Regulatory Authority (NPRA) as the Pensions Regulator. The three-tier Pension System comprises a basic national social security scheme for the 1st tier administered by the Social Security and National Insurance Trusts (SSNIT), an Occupational Pension Scheme for the 2nd tier, and a voluntary Provident Fund Scheme/Group Personal Pension/Personal Pension Scheme for the 3rd tier. Together, both the employee and employer make a total contribution of 18.5 percent of the employee's gross monthly salary. The employer contributes 13.5 percent, out of which 2.5 percent is levied for healthcare under the National Health Insurance Scheme, leaving 11 percent for the Pension Scheme. The employee's 5.0 percent contribution is paid into the second tier to be managed by a Trustee. SSNIT, which has 1.47 million registered members and over 190,000 pensioners has a total asset of about GH¢10.0 billion (3.3% of GDP) as at end-September 2018 and accounts for roughly 44 percent of total pensions industry assets.

71. Benefits offered under the SSNIT Scheme are: Old-age Pension which is based on the average of the best three years of a Contributor's salary, and paid on monthly basis; a Survivors Benefit, and an Invalidity Benefit. The pensions and related benefits are linked to the average of the best three years of salary, referred to as a defined-benefit Scheme. No lump sum benefits are payable under the old-age benefits except when qualifying conditions are not met. Retirement is permitted at age 55, and mandatory at age 60, but a minimum contribution period of 15 years is required to receive a pension under the SSNIT scheme (tier 1). By law, an actuarial analysis of the SSNIT scheme is conducted every three years and the last study conducted in 2016 concluded that the scheme is solvent.

6.4 Natural Disasters

72. In recent years, Ghana has been experiencing increasing incidence of natural and humanmade disasters, resulting in loss of life, livelihoods and property, with consequences for the economy. Recurring disasters in recent times include floods, fires, cholera outbreaks, fuel explosions, pest infestation, and the collapse of buildings. Earthquake threats which appeared to be a remote possibility in the past has, recently, become a potential reality. Flooding is mostly linked to the spillage from the Bagre Dam in Burkina Faso. The Accra flood of 2015 which claimed over 150 lives and the recent army worm invasion that destroyed crops are often irregular. The cost of the central medical stores fires in 2015 was estimated at some US$80 million. These disasters have exposed the inadequacies in disaster management at all levels.

73. The relatively poor disaster prevention, response and rehabilitation mechanisms often exacerbate the impact of both natural and human-made disasters. Ghana signed the Sendai Framework for Disaster Risk Reduction in 2015 but is yet to draw up an action plan for its implementation. The major challenges of disaster management include: limited early-warning systems, poor coordination among institutions and poor post-disaster recovery and rehabilitation mechanisms.

74. The National Disaster Management Organisation (NADMO) is the institution mandated to manage occurrences disasters in Ghana. The organization, however, is plague with a many of challenges, including limited budgetary resources, and lacks the capacity to coordinate effectively with other state and non-state agencies to prevent or even assess the occurrence of natural disasters, among others. As a result, NADMO often engages in ex-post intervention. With regards to budget allocation, NADMO has consistently exceeded its budget allocations by about 500 percent on average over the past six years.

6.5 Institutional risks

75. **Institutional fiscal risks arise from systemic weaknesses that affect data quality and forecast accuracy.** They involve the effectiveness of the IT infrastructure (such as GIFMIS, the Hyperion for budget, and IPP2 for payroll processing) to avoid payments delays and prevent over payment and other irregularities. Large errors in macroeconomic forecasting, especially GDP and revenue forecasting, also pose risks to the fiscal position. Some owners of risks lack the capacity to identify and analyse the impact of fiscal risks early enough. Most often, the historical data is either non-existent or of poor quality. Poor data storage capacity and the lack of willingness to build data bases on all fiscal operations poses risks. There is also the lack of willingness to provide data on a timely manner for fiscal risks analysis. The inability to enforce commitments controls may lead to the build-up of expenditure arrears.

SECTION SEVEN: CONCLUSION

76. This report highlights key fiscal risks in Ghana for 2018 and the medium-term. Macroeconomic shocks arising from exchange rate depreciation, commodity prices, high interest rates, and revenue underperformance pose risks to fiscal and debt sustainability. Contingent liabilities, particularly from Energy Sector SOEs and the financial sector bailout cost are also key sources of vulnerability. Key institutional risks include lack of commitment controls and revenue forecast bias.

77. A number of measures are being implemented to mitigate these risks. These include expanding the tax base, improving tax compliance and enforcement, and ensuring that all potential tax payers have TIN and file tax returns. Government is also building buffers through sinking funds and escrow accounts for public debt servicing, reprofiling of public debt to correct the yield curve, implementation of credit risks assessment framework on guarantees and on-lending to SOEs and public corporations, as well as tightening expenditure management and commitment controls through the GIFMIS.

78. Government will also enforce the fiscal deficit ceiling of 5 percent of GDP imposed by the Fiscal Responsibility Act passed in December 2018. The establishment of the Financial Stability Council and the Fiscal Responsibility Council in 2018 will bring the necessary checks and balances on financial and fiscal management in Ghana.

79. Additional measures being implemented to manage fiscal risks include the follows:

a) the newly established Office of the Special Prosecutor is being strengthened to pursue and prosecute anti-corruption cases;

b) Strictly enforce the PFM Act to promote efficient and effective public financial management;

c) Continue with the zero central bank financing arrangement with the BoG to curb fiscal dominance as part of measures to rein in on inflation;

d) Strict enforcement of Public Procurement Act, minimizing sole sourcing and promoting competition and efficiency in public spending, thereby promoting a value for money culture;

e) Fully incorporating fiscal risks management into macro-fiscal policy decision making, including incorporating the analysis and disclosure of macroeconomic risks into the national budget. The creation of the Fiscal Risk Unit is a step in the right direction;

f) Strengthening capacity of the Fiscal Risks Unit in the Ministry of Finance as well as other relevant agencies for identification, analysis, and reporting of fiscal risks in a timely manner;

g) Undertaking (through Public Investment and Assets Division) regular arrears verification in the SOEs sector;

h) Strengthening the Credit Risks Assessment framework being implemented by the Debt and Treasury Management Division, and ensuring that only credit worthy SOEs are granted guarantees and on-lending facilities;

i) Resourcing key agencies such as the geological and meteorological services departments as well as NADMO to enhance the knowledge base in the occurrence of natural disasters; and

j) Instituting and implementing irreversibility measures to ensure the sustainability of the gains made under the IMF Programme.

REPUBLIC OF GHANA

MINISTRY OF FINANCE

Responsive, Ethical, Efficient, Professional – Transforming Ghana Beyond Aid

Finance Drive, Ministries-Accra Digital Address: GA - 144-2024 M40, Accra - Ghana
+233 302-747-197 info@mofep.gov.gh mofep.gov.gh @ministryoffinanceghana

© 2018. All rights reserved. No part of this publication may be stored in a retrieval system or transmitted in any or by any means, electronic, mechanical, photocopying, recording or otherwise without the prior written permission of the Ministry of Finance