



MINISTRY  
OF  
FINANCE

## PRESS CONFERENCE

Completion of the Exchange Offer and Consent Solicitation

by

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Ministry of Finance

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## **Courtesies**

Colleague Hon. Ministers

Management and staff of the Ministry of Finance

Distinguished Media personalities

Invited Guests

Ladies and Gentlemen

## **Introduction**

1. It is my greatest pleasure to come to you today to update you on the Outcome of the Republic of Ghana's Consent Solicitation Exercise for our Eurobond Debt Restructuring.
2. Ladies and Gentlemen, as you may recall Government commenced a comprehensive debt restructuring operation in December 2022 on both the domestic and external debt in a systematic approach.
3. It is important to note that we are operating under a complex set of constraints as part of the IMF's Debt Sustainability Thresholds and this formed the context and basis of discussions for a mutual understanding of the financial parameters with all our creditors.
4. We acknowledge the challenging debt restructuring process and we take note of its painful experience, which presents uncertainties and unforeseen economic and financial consequences for both debtor and creditors.

5. However, we remained confident and optimistic that through collaborative efforts, even in these difficult circumstances, we could achieve mutually beneficial solutions. By working together, making compromises, and providing support, we believed that all parties would emerge stronger, poised for a future growth and prosperity.
6. Following the successful completion of the Domestic Debt Exchange Programme (DDEP) and the agreement of the Memorandum of Understanding (MoU) with the Official Creditors Committee (OCC), we initiated an exchange offer and consent solicitation process on 5th September 2024. This process aimed to restructure our entire US\$13 billion outstanding Eurobond portfolio.
7. As Eurobonds constitute a substantial portion of our external debt, this milestone represents a pivotal step in our external debt restructuring efforts. More importantly, its successful completion will significantly contribute to restoring Ghana's debt sustainability.
8. **Ladies and Gentlemen, the key highlights of Ghana's Exchange Offer and Consent Solicitation include:**
  - a. **Fair Burden Sharing:** The Exchange Offer reflected terms agreed upon with bondholder representatives on 24th June 2024, ensuring fair burden sharing among domestic, official, and commercial external creditors.
  - b. **Exchange Period:** To achieve high participation levels for the debt exchange in early October 2024, the exchange was open for 21 days.
  - c. **Investor Options:** Investors had two options to choose from:
    - ✓ **PAR Option:** No nominal haircut, lower interest rate (1.5%), and longer tenors (2037).
    - ✓ **DISCO Option:** 37 percent nominal haircut, higher interest rates (5%-6%), and shorter tenors (2029-2035).

d. **Compensation for Interest Payment Arrears:** Both options entitle holders to receive compensation for interest payment arrears up to December 2023 in the form of Post-Default Interest (PDI) Notes.

9. **Ladies and Gentlemen, I am delighted to announce to you that we have achieved an overwhelming success.** We obtained more than 98 percent consent which is significantly higher than the 65 percent threshold from bondholders following the launch of the Exchange Offer and Consent Solicitation in September 2024.

10. This impressive result surpasses international benchmarks and demonstrates the strong support of Ghana's bondholder community across Africa and in the international markets.

11. As a result of this successful debt exchange, the country will exchange US\$13 billion in Eurobonds for new bonds in the coming weeks.

12. This development cures Ghana's default on international bonds, paving the way for normalized financial relationships with rating agencies and international markets. In essence, Ghana has now restructured over 90 percent of its eligible external debt, marking a significant milestone in its economic recovery.

13. **Ladies and Gentlemen, Ghana has achieved significant debt relief and in record time.**

14. By this feat, Ghana has accomplished a remarkable milestone in its debt restructuring journey, completing its Eurobonds debt exchange in under nine months. This swift action showcases the government's unwavering commitment to restoring financial and debt sustainability.

15. The agreement with bondholders has brought significant relief, including a 37 percent reduction in the nominal value of Ghana's debt, equivalent to a US\$5 billion reduction, and US\$4.3 billion in debt service savings during the IMF program. Additionally, average interest rate on the bonded debt has decreased from over 8 percent to less than 5 percent.

16. For emphasis key benefits of the Agreement:

- ✓ **Debt Reduction:** 37 percent reduction in nominal value, equivalent to US\$5 billion
- ✓ **Debt Service Relief:** US\$4.3 billion during the IMF program
- ✓ **Interest Rate Reduction:** The average interest rate on bonded debt decreased from over 8% to less than 5%
- ✓ **No Value recovery instrument:**

17. This achievement is a testament to Ghana's dedication to economic recovery and sets the stage for improved fiscal management and sustainable growth.

**18. Ladies and Gentlemen, our debt exchange also entailed some non-financial clauses, which are becoming the new market standards**

19. Ghana's debt exchange includes non-financial clauses that reflect the government's commitment to prudent debt management, transparency, and inter-creditor equity. These clauses are becoming the new market standard.

20. Key Non-Financial Clauses:

- ✓ **Loss Reinstatement Clause:** Protects bondholders by reinstating their nominal haircut in case of a new default within a specified timeframe. This ensures prudent debt management and prevents future defaults.

- ✓ **Information Sharing Clause:** Ensures timely publication of debt figures, promoting debt transparency and accountability.
- ✓ **Most Favoured Creditor Clause:** Ghana cannot treat other commercial creditors more favourably than bondholders, upholding inter-creditor equity.

21. These clauses demonstrate Ghana's dedication to responsible debt management and transparency, aligning with international best practices.

## **22. Summarising the efforts taken by our government throughout all of our initiatives**

- Without any adjustment, our debt to GDP level (in present value terms) would have reached 109 percent in 2028.
- Our fiscal adjustment efforts will contribute to bring down to 81 percent in 2028.
- Our DDEP will bring it down by 10 percentage points to 71 percent.
- Our agreement with the OCC will reduce it further by 6 percentage points.
- Finally, the deal completed with the Eurobond bondholders will bring the debt to GDP in present value terms to 55 percent in 2028 in line with the IMF target (10 percentage points contribution).

23. The completion of the Eurobond debt exchange will immediately reduce our debt stock by the full extent of the US\$5 billion haircut on principal and gains on interest payments for the period as a result of the debt restructuring.

## **Conclusion**

24. In conclusion, Ghana's successful debt exchange is a testament to the tireless efforts and dedication of the Government.

25. This achievement marks an unprecedented success, positioning Ghana for a brighter economic future. With this milestone, we can now:

- ✓ Close a significant chapter on our debt restructuring;

- ✓ Shift focus towards sustainable economic growth and development; and
- ✓ Build on the momentum of this accomplishment to drive further progress.

26. Ladies and Gentlemen, this has been a painstaking journey and for that let me take this opportunity to once again, express the profound gratitude of His Excellency Nana Addo Dankwa Akufo-Addo and the entire Government of Ghana to all Eurobond Holders for their immense sacrifice and support for the burden sharing.

27. We also want to thank the steering committee of the bondholders, and their Advisors for their cooperation throughout the process.

28. We want to thank our Financial and Legal Advisors for working with us under these unchartered waters.

29. I also want to thank the Chief Director of the Ministry of Finance and the Technical team from the Bank of Ghana, the Ministry and all other MDAs for their hard work and dedication to duty.

30. We are poised to turn the page on our restructuring journey and embark on a new chapter of economic resilience and prosperity.

31. Ladies and gentlemen, thank you for your attention and God bless our homeland Ghana.