REPUBLIC OF GHANA

MINISTRY OF FINANCE

FREQUENTLY ASKED QUESTIONS (FAQs)

AS GOVERNMENT ENGAGES THE IMF FOR A POSSIBLE FUNDED PROGRAMME

FAQs

1. What role does the IMF play in member countries?

The International Monetary Fund (IMF) **works with member countries** to achieve sustainable growth and prosperity by **supporting economic policies/programmes that promote financial stability and monetary cooperation**, **which are essential to increase productivity**, **job creation**, and **economic well-being**. Currently, the IMF has a membership of 190 countries.

2. What benefits do member countries have from the IMF?

Member countries enjoy three (3) key benefits, and these are:

i. **Surveillance**. The IMF monitors the international monetary system and global economic developments to identify risks and recommend policies for growth and financial stability. The Fund also undertakes a regular health check of the economic and financial policies of its 190 member countries **through its annual Article IV Consultations with member countries**. In addition, the IMF identifies possible risks to the economic stability of its member countries and advises their governments on possible policy adjustments;

ii. **Technical Assistance.** The IMF provides technical assistance and training to governments, including central banks, finance ministries, revenue administrations, and financial sector supervisory agencies. These capacity development efforts are centred on the IMF's core areas of expertise ranging from taxation through central bank operations to the reporting of macroeconomic data. Such training also helps countries tackle cross-cutting issues, such as income inequality, gender equality, corruption, and climate change; and

iii. **Lending**. The IMF provides loans (including emergency loans) to member countries experiencing actual or potential balance of payments problems. The aim is to help them rebuild their international reserves, stabilize their currencies, continue paying for imports, and restore conditions for strong economic growth, while correcting underlying problems.

3. Why has Ghana decided to seek support from the IMF?

Ghana is seeking IMF support for three (3) main reasons:

i. **Balance of payments support**. Secondly, for concessional/cheaper financing to shore up international reserves, stabilize the cedi, continue smooth payments for imports (petroleum products, pharmaceuticals, medical equipment, among others) and restore conditions for strong economic growth (including support for government flagship programmes), while correcting underlying problems; and

ii. **Catalytic effect**. providing catalytic effect of accessing additional financing from third parties (friendly sovereigns/commercial creditors), including resuming ICM market access sooner than later, facilitating credit rating upgrades.

4. What is the Enhanced Domestic Programme?

The Enhanced Domestic Programme (EDP) is a 3-year fast-tracked macroeconomic stabilization programme that seeks to restore policy credibility and achieve fiscal and debt sustainability. The programme is heavily driven by a mix of robust structural reforms and revenue, expenditure, and financing policies. The proposed programme should span a minimum of 3 years and seeks to achieve the following objectives:

i. Improve the credibility of government policy and restore investor confidence in the economy, thereby, regaining market access, boosting DP disbursements, and unlocking other financing sources;

ii. Restore debt sustainability and macroeconomic stability to support green growth, economic transformation and job creation while protecting social spending;

iii. Strengthen the Central Bank's Monetary Policy Regime; and

Build buffers to strengthen resilience to economic shocks

5. What type of lending will Ghana get under an IMF-supported programme?

Government is yet to engage the IMF on the type of support that will be suitable for Ghana. Typically, IMF lending is for balance of payments support. Therefore, depending on the assessment of the macroeconomic challenge(s), the IMF's various lending instruments are tailored to different types of balance of payments need as well as the specific circumstances of its diverse membership. For example:

i. All IMF members are eligible to access the Fund's resources in the General Resources Account (GRA) on non-concessional terms, but the IMF also provides concessional financial support (currently at zero interest rates through June 2021) through the Poverty Reduction and Growth Trust (PRGT) which is better tailored to the diversity and needs of low-income countries.

ii. Historically, for emerging and advanced market economies in crises, the bulk of IMF assistance has been provided through **Stand-By Arrangements (SBAs)** to address short-term or potential balance of payments problems. The **Standby Credit Facility (SCF)** serves a similar purpose for low-income countries.

iii. The **Extended Fund Facility (EFF)** and the corresponding **Extended Credit Facility (ECF, which is what Ghana was offered in 2015),** for low-income countries are the Fund's main tools for medium-term support to countries facing protracted balance of payments problems. Their use has increased substantially since the global financial crisis, reflecting the structural nature of some members' balance of payments problems.

iv. To help prevent or mitigate crises and boost market confidence during periods of heightened risks, members with already strong policies can use the **Flexible Credit Line (FCL)** or the **Precautionary and Liquidity Line (PLL)**.

v. The **Rapid Financing Instrument (RFI)** and the corresponding **Rapid Credit Facility (RCF**) for low-income countries provide rapid assistance to countries with urgent balance of payments need, including from commodity price shocks, natural disasters, and domestic fragilities.

vi. Reflecting different country circumstances, GRA-supported programmes are expected to resolve the member's BoP problems during the programme period, while PRGT programs envisage a longer duration for addressing BoP problems.

6. How long will it take for the negotiations between Ghana and the IMF to be concluded?

IMF-supported programme negotiations take some time to be concluded. Depending on the availability of data to assess the macroeconomic situation, the readiness and suitability of the government's economic programme and nature and feasibility of any prior conditions to be completed by government, programme negotiations can be quick or be protracted for up to 6 months or more. Ghana's 2015 ECF programme negotiations with the IMF lasted for about 7 months before the programme was approved in April 2015 by the IMF Executive Board. Government stands ready to quicken and shorten the negotiation process by sharing relevant data as well as presenting its enhanced economic programme that will anchor the supported programme. We do not anticipate challenges with the completion ng any prior conditions if

7. Will Ghana have to fulfil any IMF Conditionalities?

When a country seeks support from the IMF through a funded programme, its government agrees to adjust its economic policies to overcome the problems that led it to seek financial support. These policy adjustments are conditions for IMF lending and serve to ensure that the country will be able to repay the IMF. The member country has primary responsibility for selecting, designing, and implementing policies to make the IMF-supported programme successful. This system of conditionality is designed to promote national ownership of strong and effective policies. This means that, in the case of Ghana, the conditionalities are expected to be centered around our own Enhanced Domestic Programme which the Government is committed to enforcing.

8. How much can we get from the IMF and what will the money be used for?

The total credit for an IMF-supported programme will be expressed a percentage of the country's quota. In the 2015 ECF programme, Ghana was granted 180% of its quota, which was equivalent to US$918mn released in equal tranches after every successful review. In addition to the quota norms, the IMF also uses market access and other key criteria to assess the type of funding needed by a country. This is primarily due to cost implications involved in both resources (PRGT and GRA) and how the interest cost will impact on debt sustainability, following IMF lending. Typically, a country with significant outstanding exposure to the IMF will be constrained by how much additional financing that country can access. Ghana falls into that category. Ghana's outstanding exposure to the IMF is one of the highest in the sub region. Which means under the PRGT, Ghana will be constrained in terms of how much financial resources to tap into.

However, more recently, the IMF has introduced an innovative blended program options to cure this constraint. This is called the IMF's High Combined Credit Exposure (HCCE) policy. The innovative HCCE establishes annual and cumulative thresholds for high combined credit from the GRA and the PRGT above which certain substantive and procedural requirements would have to be satisfied. The HCCE then allows qualifying countries to access from both PRGT and GRA and hence qualifying countries can access significant financing beyond what existing quotas can allow.

Benin is the first case that has reached agreement under this new HCCE (an ECF/EFF blend). And it was approved for Benin to help the country deal with pressing financing needs related to security, Covid-19 scars, and the war in Ukraine, as well as help to anchor the national development plan.

Given the above, it is believed Ghana could easily be considered under this new HCCE (a potential ECF/EFF blend) given that Ghana faces similar challenges to what Benin is facing. Benin's program is expected to last for 42 months.

Under the HCCE, it is expected that Ghana could have a blended ECF/EFF program and get more than the US$1 billion, which was approved for the last ECF facility, but not exceeding US$3 billion.

9. Does going to the IMF mean suspension of government programmes and expenditures?

NO. The member country has primary responsibility for selecting, designing, and implementing policies to make the IMF-supported programme successful. This implies that, government programmes in line with its EDP will still go on as planned insofar as it is efficient and does not over-burden public finances.

10. Why is government going to IMF now and not earlier?

The primary conditions that necessitate an IMF-supported programme did not exist earlier. For a country to seek an IMF support, it would need to have a balance of payments challenge. A few months ago, the conditions that pertain today and the outlook is considerably different from six months ago. The IMF in April 2022 revised its economic forecasts and is predicting that global economic recovery from coronavirus will run into “multiple challenges” this year, warning of lower growth and higher inflation. These were not known at the beginning of the year and were not factored in our baseline projections. Given what we know now from the data and by assessing the impact of economic growth forecast downgrades in the world’s two largest economies, China and the US, and their policy responses to the challenges, spells doom for many developing and emerging markets. These developments have substantially changed our own assessment of the economic outlook necessitating the decision to engage the IMF for support. This will help us considerably to weather an impending economic storm.

11. Will government terminate the E-levy because IMF will give Ghana money?

NO. The IMF lending to Ghana will be for balance of payments support (i.e. to shore up the international reserves). Government is committed to ensuring the smooth operationalisation of all taxes including the e-levy to ensure that in addition to the IMF’s resources, government can continue to support its developmental goals on its own while ensuring that tax-to-GPD ratio increases to the peer range of 16%-18%. An IMF-supported programme is likely to encourage the government to investigate the factors hindering the success of the e-levy (including by providing technical assistance if needed) and come out with strategies to improve it. Additionally, other tax measures could be considered for the medium-term.

12. Is Ghana facing a crisis?

Yes, although not fully blown. The whole world including Ghana is facing a crisis although each country is at a different stage (countries like Ghana are at an early stage while countries like Sri Lanka have a fully blown economic crises). To quote the IMF Managing Director “To put it simply: we are facing a crisis on top of a crisis. First, the pandemic: it turned our lives and economies upside down—and it is not over. The continued spread of the virus could give rise to even more contagious or worse, more lethal variants, prompting further disruptions—and further divergence between rich and poor countries. Second, the war: Russia’s invasion of Ukraine, devastating for the Ukrainian economy, is sending shockwaves throughout the globe”.

13. At what stage is Ghana’s economic crisis?

Ghana’s economy is facing external shocks emanating from the scarring effect of the COVID-19 pandemic and the Russian-Ukraine war resulting in:

i. **High and rising inflation**. Imported inflation passthrough because of supply chain disruptions which has increased the cost of raw materials (including fertilizer, refined oil products and metals) needed for production astronomically across the globe. In Ghana fuel price increases permeates all aspects of our lives (from transportation to food) and this is largely the reason why Inflation has increased to 27.6% at the end May 2022 compared to 7.5% same period last year. Both Food (30.1%) and Non-Food inflation (25.7%) are rising but food inflation is rising faster. Transport recorded the highest inflation for the period at 39.0%; and Inflation for imported goods was 28.2% whilst inflation for locally produced items was 27.3%. In advanced economies, inflation has risen to all-time highs sparking protests on the rising living conditions across the Europe, Latin America and SSA;

ii. **Tightening financing conditions from less accommodative monetary policy stance**. Closely linked to the inflation problem is the less accommodative stance from central banks across the globe including our own Bank of Ghana in their bid to curb inflation, the depreciation of the cedi and signal high returns on government instruments to attract and/or retain capital inflows (on the back of the US Fed policy rate hikes which is more attractive to investors given that us government instruments are by far the safest debt instruments). This is causing tighter and expensive financing conditions and leading to the inability of most government's across the globe including Ghana to raise the needed financing to fund government programmes;

iii. **Exchange rate depreciation.** Currently the Bank of Ghana reports an exchange rate depreciation of 24.5% (year-to-30th June, 2022);

iv. **Elevated debt burden with high debt service**. Public debt to GDP ratio increased from 54.2% in 2017 to 61.2% in 2019 to 74.4% in 2020 and increased further to 76.6% at the end of 2021 reflecting some key events over the period: **i)** impact of COVID-19 spending interventions leading to high deficit and financing of about 15% in 2020; **ii)** the banking sector cleanup cost (circa GHS25bn since 2018); **iii)** energy sector IPPs payments (circa GHs16bn and counting); **iv)** Cedi depreciation - provisional data indicates that the public debt stock stood at Ghs387.9 billion (77.2% of GDP) at the end of April, 2022 up from Ghs328.04 billion (71.5% of GDP) recorded in April 2021 driven largely by the impact of the exchange rate depreciation; and

v. **Widening Eurobond spreads**. Spreads of our sovereign bonds and loss of investor confidence in the economy from ratings downgrades (also typical to other emerging and developing countries).

All these adverse economic events have negated the gains made prior to the pandemic. Nonetheless, the strong foundation formed prior to the pandemic has kept the economy afloat until now when we see the possibility of a fully blown economic crisis. To avert this crisis from even materializing, government is taking the precautionary step in engaging the IMF to support its enhanced domestic economic programme with the suitable amount of financing so that Ghana can weather the storm and protect its citizens as it embarks on its structural reforms and economic adjustment.

14. What was the state of Ghana's economy before the pandemic?

Prior to the pandemic (2017-2019), macroeconomic stability was largely restored, and growth rebounded strongly in response to government's prudent macroeconomic management, growth enhancing and employment creation flagship programmes and social protection interventions.

i. Growth averaged 7% between 2017-2019 from 3.5% in 2016;

ii. The fiscal deficit was brought under 5% of GDP and primary balance was positive for three straight years;

iii. inflation moderated from 15.4% in 2016 to single digits (7.9%) at the end of Dec 2019;

iv. Trade Balance turned positive for four straight years;

v. Current account deficit narrowed significantly;

vi. The reserve position was strong with Gross International Reserve cover of between 3.6 and 4 months of imports;

vii. The exchange rate was relatively stable

viii. The progress made by the country also attracted credit rating upgrades and improvements in credit outlook (S&P upgrade from B- with positive outlook to B with stable outlook in 2018 and Moody's change in outlook from B3 with negative outlook to B3 with stable outlook in 2017);

ix. Government instituted several structural measures including the passage of the Fiscal Responsibility Act in 2018 to constrain the fiscal deficit to no more than 5% of GDP with an annual primary surplus, established the Fiscal Responsibility Council to advise the president on fiscal matters, and the established the Financial Stability Council to promote financial stability; and

x. The 2015 IMF ECF Programme was successfully completed in April 2019.

15. Why do we repeat going to the IMF? Is the IMF the solution to economic crisis?

The IMF is the lender of last resort for its member countries, just as the central bank in Ghana is the lender of last resort to commercial banks who face challenges. The

IMF assists countries hit by crises by providing them financial support to create breathing room as they implement their adjustment policies to restore economic stability and growth. It also provides precautionary financing to help prevent and insure against crises. The IMF's lending toolkit is continuously refined to meet countries' changing needs.

16. Does an IMF support an admission of incompetence?

It depends on the circumstances leading to the crises. Countries usually approach the IMF for support when they face more than one type of crisis as challenges in one sector easily spread throughout the economy. The causes of crises are varied and complex, and can be domestic, external, or both.

i. **Domestic factors** include inappropriate fiscal and monetary policies, which can lead to large economic imbalances (such as large current account and fiscal deficits and high levels of external and public debt); an exchange rate fixed at an inappropriate level, which can erode competitiveness and lead to persistent current account deficits and loss of official reserves; and a weak financial system, which can create economic booms and busts. Political instability and/or weak institutions can also trigger crises by exacerbating economic vulnerabilities.

ii. **External factors** include shocks ranging from natural disasters to large swings in commodity prices. These are common causes of crises especially for low-income countries, which have limited capacity to prepare for such shocks and are dependent on a narrow range of export products. Also, in an increasingly globalized economy, sudden changes in market sentiment can result in capital flow volatility. Even countries with sound fundamentals could be severely affected by the impact of economic crises and policies in other countries. The COVID-19 pandemic is another example of external shock affecting countries across the globe.

Whether the cause is domestic or external in origin, crises can take many different forms: balance of payment problems occur when a nation is unable to pay for essential imports or service its external debt repayments; financial crises stem from illiquid or insolvent financial institutions; and fiscal crises are caused by excessive fiscal deficits and debt.

17. How long will the IMF programme last?

See Table 1 for a summary of the various facilities (programme types), the purpose, financing source, duration, and type of conditionality.

Table 1 – Summary of IMF Facilities

Purpose	Facility	Financing	Duration	Conditionality
Present, prospective, or potential BoP need	SBA	GRA	Up to 3 years, but usually 12-18 months	Ex-post
	SCF	PRGT	1 to 2 years	
Protracted BoP need/ medium-term assistance	EFF	GRA	Up to 4 years	Ex-post, with focus on structural reforms
	ECF	PRGT	3 to 4 years, extendable to 5 years	
Actual and urgent BoP need	RFI	GRA	Outright purchase	No Fund-supported program/ex-post conditionality, but prior actions possible
	RCF	PRGT	Outright disbursement	
Present, prospective, or potential BoP need (very strong fundamentals and policies)	FCL	GRA	1 or 2-year	Ex-ante (qualification criteria) and annual reviews for the two-year arrangements
Present, prospective, or potential BoP need (sound fundamentals and policies)	PLL	GRA	6 month (liquidity window) or 1 or 2-year	Ex-ante (qualification criteria) and ex-post
Non-financial/ signaling instruments	PSI	n/a	1 to 4 years, extendable to 5 years	Ex-post
	PCI	n/a	6 months to 4 years	

18. How soon can the economy recover by going to the IMF?

The economy is in the process of recovery from the impact of the pandemic and government is eager to sustain the momentum by finding the required financing to sustain its economic programme hence the precautionary step to engage the IMF towards a supported programme. The economy witnessed a strong growth rebound in 2021 in response to the effective implementation of COVID-19 containment and recovery measures after growth decelerated to 0.5% in 2020 due to the impact of COVID-19 pandemic. Growth ended 2021 at 5.4% with an even higher non-oil GDP growth at 6.9%.

The economy continued its recovery path from the pandemic in Q1 of 2022 growing at 3.3% compared to 3.6% in the same period in 2021. However, global events including the impact of the Russia-Ukraine war is slowing down activity in manufacturing and agriculture sectors and this is likely to slow down growth. In effect, the 5.8% y/y growth forecasted for 2022, may not be achieved. Governments fiscal adjustment is also expected to slow down economic growth as domestic demand, driven by government consumption wanes. Government consumption grew by 82.1 percent in 2021 as the government continued to inject stimulus to support the recovery through its GhanaCARES ‘Obaatanpa’ and other flagship programmes.

19. Will Free SHS and some of the big government policies (such as Agenda 111) be suspended by going to the IMF?

NO. IMF programmes are flexible in response to evolving circumstances. Ultimately, the IMF encourages governments in their programme design to protect the poor or vulnerable groups from the impact fiscal adjustment. Free SHS, the School Feeding programme, among others are good social intervention programmes and it is the lack of financing and unsustainable debt burdens that could constrain a government's ability to maintain its level of spending, including social or investment spending. In our situation, the IMF may ask Ghana to consider curtailing lower priority or non-productive spending (such as "white elephant" projects) as part of its fiscal adjustment but to preserve priority social spending, including on health and education. The objectives are typically aimed at providing a social safety net for the poor and ensuring that investment spending boosts the economy at a critical time. However, Government in its Enhanced Domestic Programme has started a review of these programmes to see how best they can be optimized and become more efficient.

20. With the high level of unemployment currently, won’t the IMF programme make matters worse for the youth (all others in general) in terms of gaining employment?

NO. The International Monetary Fund (IMF) **works with member countries** to achieve sustainable growth and prosperity by **supporting economic policies/programmes that promote financial stability and monetary cooperation**, **which are essential to increase productivity**, **job creation**, and **economic well-being**. The IMF does not adopt a ‘one size fits all’ approach. Reforms are tailored to the problem at hand and further prepared to countries' circumstances. The decision on employment is usually informed by economics including the sustainability of the public sector wage bill.

21. How will going to the IMF improve the depreciation of the Ghana cedi and rising interest rates?

Usually, before countries sign up for IMF programmes, they may have experienced some level of investor aversion that results in large sales of domestic assets including, quite often, the domestic currency. This is also called capital flight. The public fear is that the crisis will result in high inflation and/or debt defaults. It is because of these risks that interest rates and the demand for foreign currency increase. A prudent monetary policy and other confidence-building measures are needed to help contain the run on the domestic currency and on domestic assets by curtailing inflation expectations and raising interest rates, thus preventing a disruptive situation with a free-falling exchange rate and rampant inflation. An IMF programme then becomes catalytic in improving confidence, thereby reversing the capital flight. As capital flows back into the country this eventually allows for lower interest rates again.

22. What are the impacts of the IMF policies on taxation, gov't subsidies, gov't priority policies and social interventions?

Government is expected to design and present its own economic programme for support by the IMF. The IMF will not design polices for Ghana. However, the IMF is expected to comment and provide its expert view on the proposed policies.

23. What are the other alternatives available to the government?

Government has the option of implementing the Enhanced Domestic Programme without an IMF Support. Although, this will have the advantage of flexibility it may not be perceived as credible and may also lack the ability to attract adequate financing needed to push through the structural reforms.

24. Why does Ghana have so much debt?

Public debt to GDP ratio increased from 54.2% in 2017 to 61.2% in 2019 to 74.4% in 2020 and increased further to 76.6% at the end of 2021 reflecting some key events over the period:

i. impact of COVID-19 spending interventions leading to high deficit and financing of about 15% in 2020;

ii. the banking sector clean-up cost (circa GHS25bn since 2018);

iii. energy sector IPPs payments (circa GHs16bn and counting);

iv. Cedi depreciation. Provisional data indicates that the public debt stock stood at Ghs387.9 billion (77.2% of GDP) at the end of April, 2022 up from Ghs328.04 billion (71.5% of GDP) recorded in April 2021 driven largely by the impact of the exchange rate depreciation.

25. Will the IMF solve the rise in inflation?

The design of the programme will address inflation through strong and credible fiscal adjustment and reduction in government borrowing.

26. Is the IMF facility going to be a loan or a Grant?

The facility will be a highly concessional loan with the following likely terms of 0% interest rate, moratorium on repayment for up to 5 years, and a repayment period of 20 year. Even if Ghana is to access a non-concessional facility from the Fund, the terms of the loan is considerably better than loans contracted on the market.

27. Does Ghana currently owe the IMF, and won't any new facility increase our debt position?

Ghana’s exposure to the IMF is SDR1,347.69 million as at March 31, 2022. A new facility from the IMF will add on to our existing debt but this is cheaper than commercial loans.

28. Will the credit ratings of Ghana improve by going to the IMF?

Yes. One of the key reasons why Ghana was downgraded by Fitch was on the grounds of a decline in international reserves further deterioration in fiscal liquidity conditions. An IMF programme will help address these concerns by signalling that government’s domestic economic agenda is credible and will also help catalyse external financing.

29. If the economic challenges are caused by covid and the ongoing War, how will going to IMF help Ghana?

Global external shocks resulting from the scaring effect of the Covid-19 pandemic and the Russian-Ukraine War continue to weigh heavily on inflation, ex-pump prices, transportation fares, food inflation, and tight financing conditions. An IMF programme will ease the financing conditions and catalyse other financing from friendly sovereign nations.

30. What percentage of the current challenges will be addressed if given the opportunity to be with IMF?

An IMF-supported programme will:

i. immediately signal policy credibility and promoting fiscal discipline;

ii. access direct financing from the Fund to address our BoP needs;

iii. providing catalytic effect of accessing additional financing from third parties (friendly sovereigns/commercial creditors), including resuming ICM market access sooner than later, facilitating credit rating upgrades

All these are critical to the success of Government's Enhanced Domestic Programme.

31. Why the sudden turnaround from the slogan Ghana without aid?

Government has not abandoned its pursuit of a Ghana Beyond Aid. The world has been hit with major shocks which has impacted Ghana. Countries go to the IMF for support when they face challenges and want the needed support to undertake its economic programme but lacks the required funding. An IMF programme is expected to give us the breathing room to pursue stronger structural reforms that will eventually help Ghana achieve the targets set out in the Ghana Beyond Aid charter.

32. What will be the sustainability of the economy after IMF have handed over the economy to Ghana again?

After successfully completing the last Extended Credit Facility Programme (ECF) in 2019, Government instituted several structural measures including the passage of the Fiscal Responsibility Act in 2018 to constrain the fiscal deficit to no more than 5% of GDP with an annual primary surplus, established the Fiscal Responsibility Council to advise the president on fiscal matters, and the established the Financial Stability Council to promote financial stability. These structures have helped the economy to hold up well compared to many of its peers even in the face of a global crises. Government expects to introduce new structural reforms and strengthen the relevant existing ones throughout the programme so that Ghana economy will remain robust in future when hit with a crisis.

33. What is the long-term recovery plan for Ghana's high debt ratio?

Government has been pursuing a fiscal adjustment programme on the back of revenues and expenditure rationalization policies as well as opting for cheaper financing options since 2021 and so far, this has largely been successful with the fiscal deficit declining to 11.4% of GDP in 2021 from 15% in 2020. The deficit is estimated to decline further to 7.4% of GDP and further down to 4.4% of GDP by 2024 all other things being equal. These fiscal policies and other real sector policies to boost economic growth will help reduce the debt-to-GDP ratio.

34. What's the plan for financing our debts in the long-term?

A successful programme engagement with the IMF is expected to foster a quick return to the International Capital Market and catayse other commercial financing. This will help raise the needed financing to amortize our debt.

35. Has Government been dishonest about the state of affairs of the nation?

Government has not been dishonest about the state of affairs of the economy. The government has always acted swiftly based on data and the analysis. Therefore, in March, following a Cabinet retreat that considered the state of the economy, government approved additional discretionary expenditure cuts up to 30% to contain the deficit. Also, the BoG deployed its monetary policy tools including raising the policy rate by 450 basis points cumulatively since February till-date.

36. Are there any plans of cancelling the E-levy since it's not yielding?

No. Despite its underperformance so far, government has been reviewing its implementation modalities to minimize the avoidance of the e-levy by users. It is expected that a common platform being rolled out in July will greatly boost the collection of the levy.

37. Is the IMF programme necessary? Have all other avenues been explored?

Yes. Government needs financing assurances to be able to support its domestic economic programme. Currently, these financing assurances do not exist given that the Ghana has limited access to the International Capital Market. On the other hand, an IMF-supported programme will come with financing assurances which is needed.

38. What are the terms of the bailout?? What will the country lose, and what will the country gain?

This is not bailout. Should the negotiations be successful, the IMF will support the Government's Enhanced Domestic Economic Programme with financing as well as work with Ghana to achieve sustainable growth and prosperity.