

IMF 2nd Review: Govt Reaches Staff-Level Agreement

BY Ernest Kofi Adu

GHANA HAS reached a staff-level agreement with the International Monetary Fund (IMF) on the second review of the country's economic programme under the Extended Credit Facility arrangement.

This staff-level agreement is subject to IMF Management approval and Executive Board consideration once the necessary financing assurances have been received.

Upon completion of the Executive Board review, Ghana would have access to about US\$ 360 million (SDR 269.1 million), bringing the total IMF financial support disbursed under the arrangement since May 2023 to US\$ 1,560 million (SDR 1,171.9 million).

The IMF staff team, led by Stéphane Roudet, Mission Chief for Ghana, held meetings in Accra during April 2-12, 2024 with officials of the Ministry of Finance and Bank of Ghana, to discuss progress on reforms and the authorities' policy priorities in the context of the second review of Ghana's three-year programme under the Extended Credit Facility.

At the end of the mission, Mr. Roudet said, "I am pleased to announce that IMF staff and the Ghanaian authorities have reached a staff-level agreement on the second review of Ghana's economic programme under the Extended Credit

Facility arrangement."

According to him, an agreement between Ghana and their official creditors on a MoU for debt treatment in line with programme parameters will provide the needed financing assurances.

"Performance under the IMF-supported programme has been generally strong, with most quantitative targets met. Good progress has also been made on the key structural reform milestones," the IMF Mission Chief said.

He added, "The authorities' policies and reforms to restore macroeconomic stability and debt sustainability while laying the foundations for stronger and more inclusive growth are already generating positive results."

He asserted that economic activity in 2023 was more robust than initially envisaged, and growth projections for 2024 will be revised upward.

Mr. Roudet indicated that monetary policy had remained appropriately tight, allowing for inflation to decline rapidly.

"On the fiscal front, consistent with the authorities' commitments under the IMF-supported programme, the fiscal primary balance on a commitment basis improved by over 4 percentage points of GDP in 2023 and is on track to achieve a fiscal primary surplus of ½ percent of GDP in 2024.

"Spending has remained within

budget limits, while the authorities have significantly expanded social protection programmes to help mitigate the impact of the crisis on the most vulnerable," he noted.

He pointed out that Ghana had met its non-oil revenue mobilisation target, while making progress in implementing ambitious structural fiscal reforms to bolster domestic revenues, strengthen public financial and debt management, and enhance transparency.

"The external sector has improved significantly, with international reserve accumulation ahead of programme objectives. Financial stability has been preserved, with banks posting solid profits in 2023," he posited.

Mr. Roudet continued, "Given Ghana's strong progress under the IMF-supported programme, the next key step for the country is to reach an agreement with its official bilateral creditors on a MoU consistent with the terms agreed in January 2024."

According to him, the IMF looks forward to the authorities' continued efforts to reach an agreement with all creditors in line with programme parameters.

He, on behalf of the IMF staff team, expressed their gratitude to the Finance Minister, Dr. Mohammed Amin Adam and his team as well as the BoG Governor, Dr. Ernest Addison and staff for their continued open and constructive engagement.



IMF, BoG and Finance Ministry officials after the press conference