

Govt to receive \$2.32bn from partners to shore up cedi

BY KINGSLEY ASARE

THE government is expecting \$2.32 billion from its development partners and institutions before the end of the year to increase the country's foreign exchange reserves in order to shore up the cedi.

Presenting an update on the economy at a press briefing in Accra on Friday, Finance Minister, Dr Mohammed Amin Adam, said the expected inflows from organisations, including the World Bank, International Monetary Fund and EBID, would add on to the reserves already built by the Bank of Ghana (BoG).

The monthly press briefing to update the citizens and stakeholders on the economy was instituted in March 2024 as part of measures to enhance transparency and accountability in the country's economic management.

Last Friday's update centred on the implementation of the IMF-Supported Post Covid-19 Programme for Economic Growth (PC-PEG), the progress made towards completion of the external debt restructuring programme, and the status of implementation of the Small and Medium-sized Enterprise Growth and Opportunity Programme and the performance

of the economy for the first quarter of 2024.

The Finance Minister stated that disbursements were expected from the third tranche of \$360 million under the IMF-supported PC-PEG after the IMF Executive Board's approval in June, the disbursement of \$300 million under the World Bank Development Policy Operation, Two possibly in the 3rd quarter of 2024; disbursements of \$200m to Ghana EXIM Bank and GCB by EBID later in the year.

Dr Adam said other inflows expected were 2024/25 Cocoa syndication proceeds in the 4th quarter of 2024, and the disbursement from other ongoing projects, including the \$150 million World Bank Loan which was approved by Parliament last Friday.

"All these will support the strengthening of the cedi as they boost supply of forex to the markets," the Finance Minister stated, adding, "We wish to assure Ghanaians that there is enough foreign exchange supply. Hence, there is no need to rush and buy forex."

Dr Adam said but for recent pressures the country was seeing on exchange rate movements, the exchange rate had been largely stabilised with the depreciation of the cedi against the dollar by

halving from 54.2 per cent at the end of November 2022 to 27.8 per cent at the end of December 2023.

He said the cedi's stability had continued into 2024,

with a cumulative depreciation of 14.2 per cent as of May 20, 2024, compared to 20.7 per cent recorded in the same period in 2023.

Dr Adam said the government expected the cedi's stability to improve into the medium-term as the country completed the debt restructuring, making more progress on fiscal consolidation, and improving the country's reserves over the medium-term.

"The recent pressures we are observing on the cedi is largely on the back of the strengthening of the US dollar against major trading currencies, seasonal forex demands, including elevated demand from corporate institutions, payment to contractors and to IPPs, high Cedi liquidity and speculation," said the Finance Minister.

He said the Ministry of Finance was working with BoG to implement measures to address the depreciation of the cedi.

These measures, Dr Adam mentioned, included fast tracking the fiscal consolidation process through rationalising spending and enhancing revenue mobilisation, intensification of the gold-for-oil programme, and appropriate forex interventions by the BoG and intensification of the gold for reserve programme.