

# Business

Inflation for May 2024

23.1%

Source: Ghana Statistical Service

External debt restructuring:

## Govt gets \$7.2 billion debt relief

• \$4.7bn forgiven

By Emmanuel Bruce

**T**HE country is expected to get a debt relief of \$7.2 billion between 2023 and 2026 as it concludes debt restructuring deals with its bilateral creditors and Eurobond holders.

Following the formalisation of the country's agreement with the Official Bilateral Committee co-chaired by France and China, Ghana will now save \$2.8 billion which it would have paid to members of the OCC between 2023 to 2026.

The recent announcement of a deal with Eurobond holders will also see the government save about \$4.4 billion which it would have paid as coupon rates on the Eurobonds, bringing the total debt relief from the external restructuring activities to \$7.2 billion.

With the Eurobond holders also agreeing to a 37 per cent haircut, it means that about \$4.7 billion of the Eurobond debt has not been forgiven.

**Debt restructuring**  
As part of the country's



Dr. Mohammed Amin Adam — Minister of Finance

three-year programme with the International Monetary Fund (IMF), the government was tasked to restructure both its domestic and external debt.

The Domestic Debt Exchange Programme (DDEP), which involved the restructuring of some GHe203.4 billion of local government bonds, was completed in September 2023 with an overall participation rate of about 95 per cent.

The government also in December 2022 announced a freeze on its bilateral and external commercial debts.

After several months of negotiations, the country signed an MoU with the Official Bilateral Creditor Committee to

restructure bilateral debts of about \$5.1 billion.

The MoU is expected to serve as the guiding document for the amendment of all claims by individual countries.

Addressing the media at a joint press conference between the Ministry of Finance and the IMF, the Minister of Finance, Dr Amin Adam, said the country was currently in the implementation stage of the MoU with the expectation that each Bilateral Creditor would have a separate agreement to implement the MoU within the next few months.

"With the MoU now agreed upon, it is expected that our Official Bilateral Creditors will

resume disbursements on projects that stalled as a result of the debt standstill but within the agreed fiscal limits," he said.

On the commercial side, after several rounds of negotiations on proposals and counterproposals on the Eurobond treatment, the government reached an agreement on both the financial and non-financial terms on June 19.

The agreement will see the Eurobond holder take a 37 per cent nominal principal haircut, equivalent to a 45 per cent market value loss, with no contingent compensation mechanism as seen in the Zambia and Sri Lanka cases.

### Ambitious timeline

Dr Adam said this achievement was significant, given the ambitious timeline and the fact that it is the fastest agreement reached under the Common Framework since its inception in 2020.

"The time from public announcement of an intention to restructure to when an agreement in principle is reached for Ghana was 18 months compared to Mozambique (30 months), Suriname (30 months), Chad (20 months) and Sri Lanka (ongoing for 2 years and two months so

far.

"This landmark achievement demonstrates the confidence in our country's leadership and administration's ability to steer economic recovery, marking the first instance in recent memory where a debt restructuring has been both requested and concluded by the same administration," he stated.

He said the next step was to prepare for the launch of the consent solicitation and the exchange memorandum on the international capital market which it expects to commence in July and conclude by September 2024.

"We urge all bondholders to accept the terms agreed in principle. We remain committed to engaging and resolving our non-bonded commercial indebtedness," he said.

**With the Eurobond holders also agreeing to a 37 per cent haircut, it means that about \$4.7 billion of the Eurobond debt has not been forgiven.**