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Business

IMF Board Decides \$3bn Bailout Friday

BY Samuel Boadi

THE EXECUTIVE board of the International Monetary Fund (IMF) is expected to meet Friday to decide on the first review of Ghana's \$3 billion bailout loan programme.

This follows the government's recent agreement with its official creditors to restructure \$5.4 billion of official creditor debt under the G20 Common Framework, on a comprehensive Debt Treatment Beyond the Debt Service Suspension Initiative.

Coming in the wake of a successful completion of the Domestic Debt Exchange Programme (DDEP) in 2023, this constitutes a significant positive step towards restoring Ghana's long-term debt sustainability and the debt treatment, which entails significant flow relief during the programme period.

An IMF board endorsement of the first review would unlock a \$600 million disbursement.

According to the Ministry of Finance, an IMF Board Approval could further

prompt a World Bank Board consideration of US\$300 million Development Policy Operation (DPO) financing.

Additionally, the World Bank is expected to support the Ghana Financial Stability Fund with US\$250 million to help address the impact of the Domestic Debt Exchange Programme (DDEP) on the financial sector. These disbursements are key for Ghana's economic recovery and ambitious reform agenda.

According to Reuters, Ghana struck the deal with its bilateral lenders, including China and France, late last week, a key step to unlocking the second tranche of IMF funding.

Minister of Finance, Ken Ofori-Atta, and some government officials are expected to travel to China on January 23 on the restructuring of the \$5.4 billion bilateral debt because China owns a significant amount.

China and France co-chair Ghana's Official Creditor Committee and the agreement reached with the committee is key to unlocking more funding from the \$3 billion IMF bailout package.