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PRESS RELEASE NO. 22/427

IMF Reaches Staff-Level Agreement on a \$3 billion, three years Extended Credit Facility with Ghana

December 12, 2022

- IMF staff and the Ghanaian authorities have reached staff-level agreement on economic policies and reforms to be supported by a new three-year arrangement under the Extended Credit Facility (ECF) of about US\$3 billion.
- The authorities' strong reform program aims at restoring macroeconomic stability and debt sustainability while protecting the vulnerable, preserving financial stability, and laying the foundation for strong and inclusive recovery. To support the objective of restoring public debt sustainability, the authorities have launched a comprehensive debt operation.
- In addition to a frontloaded fiscal consolidation and measures to reduce inflation and rebuild external buffers, the program envisages wide-ranging reforms to address structural weaknesses and enhance resilience to shocks.

Accra, Ghana: An International Monetary Fund (IMF) team led by Mr. Stéphane Roudet, Mission Chief for Ghana, visited Accra during December 1 – 13, 2022, to discuss with the Ghanaian authorities IMF support for their policy and reform plans.

At the end of the mission, Mr. Roudet issued the following statement:

I am pleased to announce that the IMF team reached staff-level agreement with the Ghanaian authorities on a three-year program supported by an arrangement under the [Extended Credit Facility \(ECF\)](https://www.imf.org/en/About/Factsheets/Sheets/2016/08/02/21/04/Extended-Credit-Facility) (<https://www.imf.org/en/About/Factsheets/Sheets/2016/08/02/21/04/Extended-Credit-Facility>) in the amount of SDR 2.242 billion or about US\$3 billion. The economic program aims to restore macroeconomic stability and debt sustainability while laying the foundation for stronger and more inclusive growth. The staff-level agreement is subject to IMF Management and Executive Board approval and receipt of the necessary financing assurances by Ghana's partners and creditors.

" The Ghanaian authorities have committed to a wide-ranging economic reform program, which builds on the government's Post-COVID-19 Program for Economic Growth (PC-PEG) and tackles the deep challenges facing the country.

“Key reforms aim to ensure the sustainability of public finances while protecting the vulnerable. The fiscal strategy relies on frontloaded measures to increase domestic resource mobilization and streamline expenditure. In addition, the authorities have committed to strengthening social safety nets, including reinforcing the existing targeted cash-transfer program for vulnerable households and improving the coverage and efficiency of social spending.

“Structural reforms will be introduced to underpin the fiscal strategy and ensure a durable consolidation. These include developing a medium-term plan to generate additional revenue and advancing reforms to bolster tax compliance. This will help create space for growth-enhancing measures and social spending. Efforts will also be made to strengthen public expenditure commitment controls, improve fiscal transparency (including the reporting and monitoring of arrears), improve the management of public enterprises, and tackle structural challenges in the energy and cocoa sectors. The authorities are also committed to further bolstering governance and accountability.

“To support the objective of restoring public debt sustainability, the authorities have announced a comprehensive debt restructuring. Sufficient assurances and progress on this front will be needed before the proposed Fund-supported program can be presented to the IMF Executive Board for approval.

“Reducing inflation, enhancing resilience to external shocks, and improving market confidence are also important program priorities. Accordingly, the Bank of Ghana will continue to strengthen its monetary policy framework and promote exchange rate flexibility to rebuild external buffers. As part of the authorities’ debt strategy, a domestic debt exchange has been launched. The authorities are committed to taking the necessary mitigation measures to ensure financial sector stability is preserved.

“IMF staff held meetings with Vice President Bawumia, Finance Minister Ofori-Atta, and Bank of Ghana Governor Addison, and their teams, as well as representatives from various government agencies. The IMF team has also continued to engage with other stakeholders. Staff would like to express their gratitude to the Ghanaian authorities, Parliament’s Finance Committee and all the private sector, trade union, and civil society representatives for their open and constructive engagement over the past few months.”

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