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IMF Staff Concludes Visit to Ghana

End-of-Mission press releases include statements of IMF staff teams that convey preliminary findings after a visit to a country. The views expressed in this statement are those of the IMF staff and do not necessarily represent the views of the IMF's Executive Board. This mission will not result in a Board discussion.

A team from the International Monetary Fund (IMF), led by Joël Toujas-Bernaté, visited Accra from February 6-10, 2017 to take stock of the 2016 economic developments and the outlook for 2017, engage in a dialogue about the new government's economic plans, and discuss prospects for program engagement with the IMF.[1]

Mr. Toujas-Bernaté released the following statement at the end of the visit:

"Ghana's economy continues to face challenges. While the estimated economic growth of 3.6% in 2016 exceeded our target of 3.3% , the decline in inflation has been slower than expected. The current account deficit narrowed to 6 ½ percent of GDP, contributing to a small buildup of foreign exchange reserves.

"In 2016, the overall fiscal deficit (on a cash basis) deteriorated to an estimated 9 percent of GDP, instead of declining to 5¼ percent of GDP as envisaged under the IMF-supported program. The large deviation was mainly due to poor oil and non-oil revenue performance and large expenditure overruns. As a result, the government debt-to GDP ratio increased further to close to 74 percent of GDP at end-2016.

"The new government has expressed its intent to continue with the current program with the IMF. Officials outlined bold policies to restore fiscal discipline and debt sustainability and also to support growth and private sector development. The large fiscal slippages observed last year will, indeed, require strong efforts of fiscal consolidation to support debt sustainability. The

[1] At present Ghana has an Extended Credit Facility (ECF) supported by the IMF. The ECF is a lending arrangement that provides sustained program engagement over the medium to long term in case of protracted balance of payments problems. The arrangement for Ghana in an amount equivalent to SDR 664.20 million (90 percent of quota or about US$900 million) was approved on April 3, 2015 (see Press Release No.15/159).

new government’s intentions to reduce tax exemptions, improve tax compliance and review the widespread earmarking of revenues should help in this regard.

“Significant public spending commitments that bypassed public finance management (PFM) systems were reported. We welcome the new government’s intention to conduct a full audit of outstanding obligations, its commitment to transparency and its readiness to take strong remedial actions to ensure the integrity of the PFM systems going forward.

The large financial imbalances of state-owned enterprises in the energy sector also need to be addressed with urgency to avoid the buildup of contingent liabilities for the new government. We welcome the new government’s commitments to encourage its departments and agencies to implement growth-enhancing reforms in a fiscally sustainable manner.

“Bank of Ghana’s (BOG) monetary policy has been instrumental in mitigating inflationary pressures in 2016. Adequately tight monetary policy will again be important for containing possible further pressures in 2017. We welcome BOG’s continued roll-out of the Roadmap for the banking sector and look forward to the actions that can strengthen banks' balance sheets and contribute to a gradual reduction of the level of nonperforming loans.

“We look forward to working closely with the new government in their efforts to design the required policies for restoring macroeconomic stability, high and sustainable growth and job creation.”

“The mission met with H.E. Vice President Dr. Mahamudu Bawumia; Senior Minister Hon. Yaw Osafo-Maafo; Finance Minister Hon. Kenneth Ofori-Atta; Minister of Food and Agriculture Hon. Dr. Owusu Afriyie Akoto; Bank of Ghana Governor Dr. Abdul-Nashiru Issahaku; other senior officials; and Ghana’s development partners.