

AFRICAN DEVELOPMENT BANK



AFRICAN DEVELOPMENT FUND



GHANA: HIPC APPROVAL DOCUMENT
COMPLETION POINT UNDER THE ENHANCED FRAMEWORK*

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ACRONYMS AND ABBREVIATIONS

ADB	African Development Bank
ADF	African Development Fund
CSP	Country Strategy Paper
CPA	Country Performance Assessment
DSA	Debt Sustainability Analysis
GPRS	Ghana Poverty Reduction Strategy
HIPCs	Heavily Indebted Poor Countries
IDA	International Development Association of the World Bank
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
MDGs	Millennium Development Goals
NDAP	National Decentralization Action Plan
NCBP	National Capacity Building Program
NGOs	Non-Governmental Organization
NPV	Net Present Value
OPEC	Organization of the Petroleum Exporting Countries
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
RSDP	Road Sector Development Program
WAEMU	West African Economic and Monetary Union

GHANA - HIPC APPROVAL DOCUMENT COMPLETION POINT UNDER THE ENHANCED FRAMEWORK

I. INTRODUCTION

1.1 On July 13, 2004, Ghana became the 11th of the regional member countries (RMCs) that have reached the Completion Point under the enhanced HIPC Initiative. As a result, the Boards of Directors of the IMF and the World Bank confirmed approval of US\$ 2,186 million worth of debt relief in end-2000 NPV terms for the country as agreed at the decision point in February 2002 under the enhanced HIPC framework¹. After HIPC assistance, Ghana's NPV of debt to exports ratio as at end 2003 is estimated at 125 percent, well within the threshold of 150 percent, while similarly its NPV of debt to revenue ratio stands at 118 percent, also substantially below the 250 percent threshold². This indicates that Ghana's debt is sustainable, and the projected ratios are likely to remain below their respective HIPC thresholds.

1.2 This document presents the justification for Ghana's qualification for HIPC assistance as well as the proposed plan to finance the Bank Group's share of Ghana's costs of debt relief, which amount to US\$ 130.93 million in end-2000 NPV terms, equal to approximately 11.9 percent of total multilateral outstanding claims in NPV terms. During the interim period, from February 2002 to July 2004, US\$ 51.87 million in nominal debt relief was provided to Ghana through the HIPC Trust Fund.

1.3 Following this introduction, Section 2 summarizes details of the status of implementation of Ghana's policy reform during the interim period. The total debt relief is disaggregated in Section 3 to illustrate the breakdown of HIPC costs to all creditors at the decision and completion points. Section 4 shows the HIPC debt relief assistance delivered by the Bank Group during the interim period. The Bank Group's operations are reviewed in Section 5, with particular reference to activities related to the progress made by the country in the implementation of its Poverty Reduction Strategy Paper (PRSP). Section 6 assesses Ghana's debt sustainability under less favorable circumstances, in the form of sensitivity to shocks. Section 7 presents details of the proposed delivery modality. The indicative financing plan is presented in Section 8. Finally, recommendations for the Boards' consideration are contained in Section 9.

II. HIPC QUALIFICATION

Policy Reform Requirements

2.1 Ghana reached its decision point in February 2002 and qualified for US\$ 2,186 million worth of total debt relief assistance in end 2000 NPV terms³. This relief is equivalent to 56.2 percent reduction in the country's outstanding stock of debt at end-2000, after full use of traditional debt relief mechanisms⁴.

¹ IMF/IDA: Ghana Decision Point Document under the Enhanced HIPC Initiative, 2 June 2002, ref.: IDA/R2002-0005.

² At the decision point, Ghana qualified for debt relief based on the fiscal revenue/openness criteria, i.e., the NPV of debt-to-fiscal revenue ratio, which provides significantly more relief than using the debt-to-exports ratio. See IMF/IDA: *ibid.*, footnote 2.

³ Ghana – HIPC Approval Document: Decision Point under the Enhanced Framework, ref. ADB/BD/WP/2002/32, dated 8 May 2002.

⁴ Traditional debt relief mechanisms refer to the successive Paris Club agreements on the level of debt cancellation for the poorest and most indebted countries since 1988. The Toronto (1988), London (1991), Naples (1994), Lyon (1996) and Cologne

2.2 In line with the enhanced HIPC framework arrangements, Ghana had to fulfill the following three key conditions to reach the completion point:

- Formulation of a full PRSP and its satisfactory implementation for at least one year;
- Maintenance of macroeconomic stability as evidenced by a sustained track record of policy implementation under the PRGF-supported program as well as compliance with specific targets for key macroeconomic variables; and
- Implementation of the specific structural reforms and social measures indicated in the Decision Point document, particularly in Governance, Education, Health, decentralization and the Energy sector.

2.3 All twelve but one of the specific triggers that were set at the decision point to assess Ghana's eligibility to reach the completion point under the enhanced HIPC framework have been successfully met. The PRSP was adopted by the government in February 2003 and endorsed by the Boards of Directors of the World Bank and IMF in May 2003 as a sound framework for implementing the government's anti-poverty agenda. Within this strategy the authorities have formulated a program designed to: (i) promote growth, incomes and employment; (ii) improve service delivery for human development; and (iii) improve governance and public sector management.

2.4 Most of the quantified targets to promote growth, incomes and employment improved over their corresponding 2002 levels. To improve the business climate, for example, Ghana has completed the automation of customs procedures at its principal seaports in 2003 and modernized the registration process of new businesses. Improving service delivery in basic education includes improving access, quality and completion rates. The main indicators within the education sector in 2003 improved, compared to 2002. Gross primary enrollment for example improved from 79.5 percent in 2002 to 81.1 percent in 2003.

2.5 The country's economic reform program is on track and its macroeconomic situation continued to improve since 2000, as real economic growth increased and inflation and fiscal deficit continued their downward trend. GDP in real terms increased from an average rate of 4.4 percent in 2001-2003 to an estimated 5.2 percent in 2004 (Annex V). Economic growth in 2003 and 2004 has been accelerated by a record cocoa harvest and higher international prices for both cocoa and gold. Projections for 2005 indicate that economic growth would be around 5.0 percent; however, recent escalation in the prices of petroleum is expected to offset recent gains in gold and cocoa prices. End of year inflation, in terms of the Consumer Price Index (CPI) has also declined sharply from 40.5 percent in 2000 to 23.6 percent in 2003 and an estimated 7.0 percent in 2004. Inflation is expected to decline further to 5.0 by the end of 2005. This improvement was due to the stabilization measures introduced by the new Government in 2001, which included stringent controls on government spending and waste and tight monetary policy. As a result of improved fiscal management, the overall fiscal deficit on commitment basis continued its

(1999) terms agreed to implement respectively 33 percent, 50 percent, 67 percent, 80 percent and 90 percent reduction in the NPV of debt for eligible countries.

declining trend from 2001, when it registered 14.6 percent of GDP, to 8.1 percent and 7.7 percent of GDP in 2002 and 2003 respectively. The fiscal deficit in 2004 is estimated at 5.5 percent and is projected to decline further to 4.3 percent in 2005.

2.6 Towards improving public financial management, the government introduced several institutional reforms in 2003 designed to modernize the public expenditure management regulatory framework. Allocations for poverty-reducing activities in the 2004 budget increased by 27 percent of domestically financed expenditure, compared to the 2003 budget. Also installation of a computer-based information and accounting management system in Accra in the ministries of education, health, and roads and transport was completed in June 2004.

2.7 Since 2001, the government has made significant progress toward achieving its medium-term fiscal objectives, in part owing to improved expenditure discipline. Fiscal consolidation avoided the need for net domestic financing of the budget in 2003, and this led to a decline of the domestic debt-to-GDP ratio, contributing to a sharp fall in interest rates. Between December 2001 and March 2004, the benchmark 3-month and 9-month Treasury Bills decreased by 55 percent and 48 percent to yield 17.41 and 17.44 percent respectively.⁵

2.8 Progress was also made in the area of Governance. The Act to establish a national procurement system and eliminate the various shortcomings in the public procurement process was passed by Parliament in December 2003. Since then, Ghana has prepared a new standard tender document and a training manual. Entities engaged in public procurement have been instructed to form Entity Tender Committees and start processing all procurement in accordance with new laws.

2.9 Within the Health sector, the National Health Insurance Act was passed by Parliament in 2003 and 45 districts have piloted the scheme. During 2003, 15 model health centers and 2 district hospitals were completed and ready for use. In Education, the government has established a list of deprived districts based on 11 weighted criteria related to quality, access and management efficiency to be used to target financial and material support.

2.10 The decentralization of government functions was evidenced by the submission and approval by Parliament in December 2003 of the National Decentralization Action Plan (NDAP) to strengthen accountability, empowerment, and civil society participation. District composite budgets were also prepared in three pilot districts.

2.11 The energy sector completion point trigger that required the implementation of an automatic adjustment formula for petroleum prices was not met, and the government's decision to block petroleum price increases in late 2003 created a source of vulnerability for the budget. Nevertheless, the authorities, since then, have taken adequate measures to address the anticipated costs of the resulting subsidies to petroleum producers. In particular, the Cabinet endorsed and announced publicly the key features of a new pricing regime, which will absolve the government from making pricing decisions in the future. The details are to be incorporated in a comprehensive petroleum sector deregulation bill to be presented to Parliament before end of 2004. As part of the process, the government has given its commitment to replace the current pricing regime with the new regime by mid-February 2005, at the latest, following the election

⁵ Source: Bank of Ghana, Bond Market Statistics.

and inauguration of the new administration, at which time the political context for the reform should be more favorable. It is believed that the potentially more robust new pricing regime will address effectively the weaknesses of previous failed mechanisms. In view of the foregoing, and the strong performance in other policy areas, a waiver of the energy sector completion point trigger is highly recommended.

2.12 A copy of the relevant HIPC completion point document prepared by the Bretton Woods Institutions (BWIs), with more details on the justification, is attached as Annex VII to this report for ease of reference.

III. HIPC COSTS

Total Debt Relief at Decision and Completion Points

3.1 Ghana's debt remains sustainable at completion point based on a revised debt sustainability analysis (DSA). As a result, the amount of debt relief approved for the country at decision point has not changed at completion point. The revised DSA over the projection period (2004-2023) for Ghana shows a steep decline of the NPV of debt to exports ratio from above 200 percent at end 2003 to fairly stable levels below 125 percent, well within the threshold of 150 percent. Similarly its NPV of debt to revenue ratio shows a declining trend from 350 percent to 118 percent over the same period, also substantially below the 250 percent threshold.

3.2 Additional information on loans data received from all creditors to update the DSA, done at the time of the decision point, has revealed only some minor changes. These changes did not imply the need to revise the common reduction factor, which remains at 56.2 percent. Accordingly, the total debt relief envisaged under the HIPC initiative from all creditors due to Ghana will remain the same as the cost approved at the decision point, equivalent to US\$2,186 million in end 2000 NPV terms.

Breakdown of Total HIPC Costs among Creditors

3.3 At end 2003, Ghana's debt stock in NPV terms was US\$ 5.5 billion, before the use of traditional debt relief mechanisms. Of the total HIPC debt relief of US\$ 2,186 million, multilateral creditors will account for US\$ 1,102 million (50.4 percent) of Ghana's debt relief, while bilateral and commercial creditors will deliver the remaining balance of US\$ 1,084 million (49.6 percent). The Bank Group's share of the debt relief will amount to US\$ 130.9 million (in end-2000 NPV terms) which is equivalent to about 11.9 percent of the multilateral creditor's assistance, and about 6.0 percent of total assistance from all creditors. Table 1 below shows a breakdown of the total costs in end-2000 NPV terms, among the bilateral and multilateral creditors.

Table 1. Breakdown of Ghana's HIPC Debt Relief Costs
(US\$ million)

Creditors	Decision Point assistance	Completion Point assistance	Percent of multilateral debt relief	Percent of total debt relief from all creditors
1- Bilateral & Commercial Creditors	1,084	1,084	-	49.59
2- Multilateral Creditors	1,102	1,102	100.0	50.41
<i>of which:</i>				
Bank Group	131	131	11.9	6.0
World Bank	782	782	70.9	35.7
IMF	112	112	10.2	5.1
Other Multilaterals	78	78	7.1	3.6
Total HIPC Debt Relief	2,186	2,186	-	100.0

Source: IMF/IDA and Bank Group HIPC database

IV. ASSISTANCE DELIVERED DURING THE INTERIM PERIOD

The Bank Group debt relief to Ghana during the interim period, February 2002 to July 2004, was US\$ 51.87 million in nominal terms, equivalent to US\$ 49.07 million in end-2000 NPV terms, and accounting for 32.39 percent of the total debt relief committed in NPV terms. Ghana reached its completion point earlier than expected as its interim period lasted only 30 months instead of the indicative 36 months. Table 2 illustrates the interim debt relief assistance provided to Ghana.

Table 2: Ghana's Interim Debt Relief Assistance

	(US\$ millions)		
	NPV Terms	Nominal Terms	% of Total Debt Relief (NPV terms)
Feb. 2002 – July 2004	49.07	51.87	32.39%
Total Debt Relief Approved at Decision Point	130.93	160.15	-

V. BANK GROUP INVOLVEMENT IN THE PRSP PROCESS

5.1 Ghana's PRSP was finalized in February 2003, using a broad based participatory process involving the Government, the beneficiaries, civil society, NGO's, the private sector and the Bank Group, among other development partners. The implementation of Ghana's Poverty Reduction Strategy (GPRS), which began in 2002, has been geared towards achieving the medium term priorities of the Government focusing on economic and structural reforms, private sector development and poverty reduction⁶. The strategic thematic areas of the GPRS are mainly five: (i) Macroeconomic Stability; (ii) Production and Gainful Employment; (iii) Human Resources Development; (iv) Special Programs for the Vulnerable and Excluded; and (v) Good Governance.

⁶ See Ghana Country Strategy Paper Update, ref. ADB/BD/WP/2003/20/add.1, dated 04 August 2004.

5.2 The Bank Group actively supported Ghana in validating the strategic arrears of the GPRS through facilitation of dialogue among the various stakeholders in the society in identifying the country's strategy for poverty reduction. The Bank Group operations strategy for Ghana for the period 2002-2004, as per the country's CSP, supports the national level programs and is primarily rooted in the GPRS. It is designed around the key development objectives that Ghana wishes to achieve⁷.

5.3 In this regard, the Bank's interventions aim at strengthening the foundations for sustainable development through supporting the country's efforts at economic and institutional reforms, leading to macroeconomic stabilization and growth. The CSP will support implementation of the GPRS through project financing in three priority areas, namely, rural development, basic infrastructure, and the social sector. In order to reinforce the poverty focus, the sector interventions granted priority to the northern regions and rural areas of the country with the viewpoint of reducing geographical and urban/rural disparities.

5.4 In the area of rural development, the Bank supports Government priorities with respect to rehabilitating degraded forests and initiating sustainable livelihood schemes for the poor, training and provision of credit to citizens in disadvantaged areas. Accordingly, the Bank Group has approved the *Forestry Project* and the *Rural Enterprises Development Project*, which was co-financed with IFAD. Concerning basic infrastructure, two specific road projects have been approved. These projects aim at promoting regional integration, and link production with distribution centers, thus creating opportunities for production and employment. In this connection, the Bank Group has approved the *Akatsi-Dzodze-Noepe Road Project* and the *Road Infrastructure Project* co-financed with OPEC, IDA and the Nigerian Trust Fund. Regarding the social sector, the Bank Group will focus on improving access and service delivery within the education and health sub-sectors; improving access and enhancing the quality of senior secondary schools; improving district health; supporting blood transfusion services, and the establishment of a sound system of maintenance of the physical plants and equipment. Accordingly, the Bank Group will support the *Development of Senior Secondary Education Project* and the *Health Services Rehabilitation Project III*.

5.5 While Ghana has a strong governance base, the Bank's strategy is also to continue to support the government's goals of building a transparent, accountable and inclusive State and improving public sector management. In this respect, the Bank Group is finalizing two policy studies aimed at enhancing the effectiveness of the Bank's support. The two proposed studies in Economic and Sector Work (ESW) are: (i) a Governance Profile; and (ii) a paper related to the PRSP implementation, monitoring and evaluation. These studies will be a good platform for continued dialogue on policy orientation.

5.6 All these operational strategies are in full alignment with the Bank Group Strategic Plan (2003-2007), with its emphasis on greater selectivity in operations in ADF-only countries, targeting 2-3 sectors only, to achieve maximum development impact, putting the country on the path towards achieving the MDGs.

⁷ Ibid., CSP Update 2004, page 3, para 2.2.5, Strategic Objectives of GPRS.

VI SENSITIVITY ANALYSIS AND LONG-TERM DEBT SUSTAINABILITY

6.1 An assessment of Ghana's debt sustainability was undertaken by examining its sensitivity under three scenarios: a deterioration in the terms of trade, related to a drop in cocoa prices; a significant decline in grant financing; and a lower growth outlook, in line with historical performance.

6.2 As a result of the terms of trade shock, in the form of a decline in one standard deviation of historical price levels of the past 20 years, assumed to continue throughout the projection periods, total exports would fall UA 280 million per annum (5 percent), and government revenue would decline by 0.3 percentage points of GDP per annum, on average. The trajectory of the debt stock indicators (e.g., debt-to-fiscal revenue ratio) would remain below the HIPC threshold levels, although the trend in debt service during later years would indicate a rising slope.

6.3 Regarding the reduction in grant financing, the shock is assumed to reduce the grant component in gross financing from about one-third to 10 percent, over the projection period, but the financing gap is filled by additional borrowing on concessional terms. As a result, the grant shock would increase the NPV of debt to fiscal revenue ratio by 81 percentage points to 199 percent, and maintain a positive slope throughout the period, but below the HIPC threshold of 250 percent. Nevertheless, debt service levels after 2015 would trend rapidly towards unsustainable levels.

6.4 With respect to the lower growth shock, this scenario assumes a growth path of 4 percent, consistent with trends over the past decade, compared with 5 percent growth assumed in the baseline. Lower economic growth would lead to an average increase in debt service of almost 1 percentage point of revenue, and 1.1 percentage point of exports, but throughout the period, the NPV of debt-to-revenue ratio would remain almost flat and below the HIPC threshold.

6.5 Overall, therefore, the sensitivity analysis shows that after completion point, Ghana's debt sustainability would be robust to moderate country-specific shocks, even of a persistent nature. However, the scenarios also suggest that if Ghana were affected by permanent adverse shocks, or a combination of shocks, debt sustainability could once again be compromised. Though it takes time and effort to ensure that resources are redirected to reduce poverty, in principle Ghana is now spending more on Health, Education and other social services than on debt service payments.

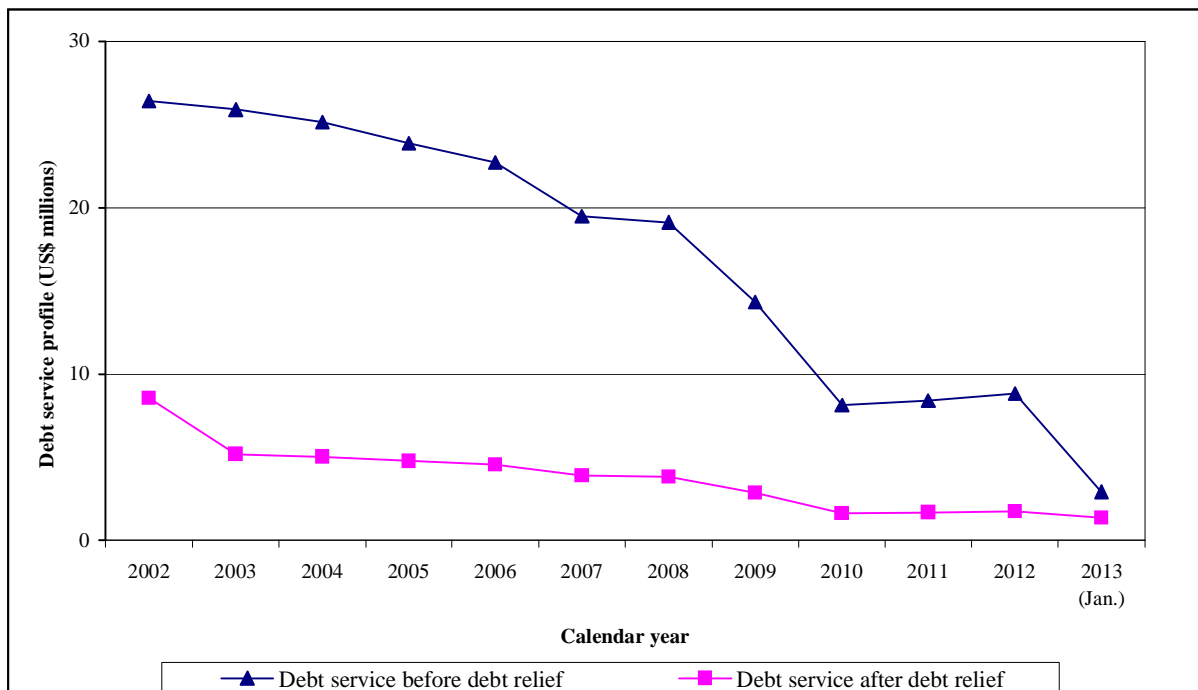
VII. PROPOSED DELIVERY MODALITY

7.1 At the decision point, the Boards of Directors of the IMF and the World Bank approved the proposal that the debt relief assistance to Ghana be geared towards smoothing the time profile of Ghana's debt service to the BWIs and the other multilateral creditors. For the Bank Group, the bulk of the debt relief would be provided between 2002-2013 when debt service obligations are the highest, until the required NPV reduction is achieved in 2013.

7.2 As Ghana has reached the completion point, it is proposed that the Bank Group makes a commitment to provide irrevocable debt relief of US\$130.934141 million in 2000 NPV terms with effect from March 2002 as per the debt relief schedule. The debt relief would be provided by releasing Ghana from up to 80 percent of its debt service obligations to the Bank Group each year, until the entire amount is delivered. The total debt relief would be delivered by January 2013.

7.3 The impact of debt relief on Ghana’s debt service profile is illustrated in Chart 1 below, while the country’s debt service profile before and after HIPC assistance is shown in Annex IV. The provision of debt relief, as described, is consistent with the rules and regulations of the African Development Bank and the African Development Fund.

Chart 1: Impact of Debt Relief on Ghana’s Bank Group Debt Service Profile (US\$ million)



Source: Annex III

Legal Aspects of Debt Relief Operations

7.4 Debt relief for Ghana is to be provided, under the enhanced HIPC framework, in accordance with the terms described in the preceding paragraphs. These terms will be implemented by:

- A Debt Relief Agreement between the Bank Group and the Government of Ghana;
- A HIPC Trust Fund Grant Agreement between the Bank Group, the International Development Association (IDA) and the Government of Ghana; and
- A Contribution Agreement between the Bank Group and the IDA.

VIII. INDICATIVE FINANCING ARRANGEMENTS

The Bank Group's share of debt relief will be financed as shown in Table 2 below.

Table 2 : Indicative Financing Arrangements

(US\$ million, 2000 NPV terms)

Sources of Financing	Total Contribution	Percent of total (%)
Internal Resources	26.19	20
European Commission pledge	52.37	40
HIPC Trust Fund	52.37	40
TOTAL	130.93	100

IX RECOMMENDATIONS

The Boards of Executive Directors are invited to:

- Note the justifications for Ghana's qualification for HIPC assistance at its completion point, under the enhanced framework; and
- Approve the plan to finance the Bank Group's share of HIPC debt relief for Ghana, in accordance with the arrangements presented in Section 7.

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HIPC Debt Relief Schedule
(US\$ million)

GHANA

Completion Point
Date
July 2004

Calendar Year	TOTAL ADB	TOTAL (ADB/ADF/NTF)
2002	14.212404	17.838456
2003	14.714453	20.713409
2004	13.917397	20.117778
2005	13.098086	19.104556
2006	12.289903	18.168199
2007	9.745789	15.590829
2008	9.107531	15.301817
2009	5.051208	11.456788
2010	0	6.504343
2011	0	6.724146
2012	0	7.075303
2013	0	1.555424
	92.136771	160.151049

Summary

Total Nominal Relief	US\$ 160.151049 mn
<i>of which</i>	
ADB	US\$ 92.136771 mn
ADF	US\$ 67.768157 mn
NTF	US\$ 0.246122 mn
Total NPV Relief	US\$ 130.934141 mn
Duration	12 years

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HIPC Debt Relief Schedule
(US\$ million)

GHANA

Completion Point Date July 2004	Calendar Year	TOTAL ADF	TOTAL (ADB/ADF/NTF)
	2002	3.524819	17.838456
	2003	5.901438	20.713409
	2004	6.153011	20.117778
	2005	6.006470	19.104556
	2006	5.878296	18.168199
	2007	5.845041	15.590829
	2008	6.194286	15.301817
	2009	6.405580	11.456788
	2010	6.504343	6.504343
	2011	6.724146	6.724146
	2012	7.075303	7.075303
	2013	1.555424	1.555424
		67.768157	160.151049

Summary

Total Nominal Relief	US\$ 160.151049 mn
<i>of which</i>	
ADB	US\$ 92.136771mn
ADF	US\$ 67.768157mn
NTF	US\$ 0.246122 mn
Total NPV Relief	US\$ 130.934141 mn
Duration	12 years

NIGERIA TRUST FUND
HIPC Debt Relief Schedule
(US\$ million)

GHANA

Completion Point Date July 2004	Calendar Year	TOTAL NTF	TOTAL (ADB/ADF/NTF)
	2002	0.101233	17.838456
	2003	0.097518	20.713409
	2004	0.047370	20.117778
	2005	0	19.104556
	2006	0	18.168199
	2007	0	15.590829
	2008	0	15.301817
	2009	0	11.456788
	2010	0	6.504343
	2011	0	6.724146
	2012	0	7.075303
	2013	0	1.555424
		0.246122	160.151049

Summary

Total Nominal Relief	US\$ 160.151049 mn
<i>of which</i>	
ADB	US\$ 92.136771mn
ADF	US\$ 67.768157mn
NTF	US\$ 0.246122 mn
Total NPV Relief	US\$ 130.934141 mn
Duration	12 years

**Ghana: HIPC Debt Relief Assistance Impact on Debt Service Profile
(US\$ million)**

Year	Before Debt Relief				Debt Relief Assistance				After Debt Relief			
	ADB	ADF	NTF	TOTAL	ADB	ADF	NTF	TOTAL	ADB	ADF	NTF	TOTAL
2002	19.403	6.873	0.127	26.403	14.212	3.525	0.101	17.838	5.191	3.348	0.025	8.565
2003	18.393	7.377	0.122	25.892	14.714	5.901	0.098	20.713	3.679	1.475	0.024	5.178
2004	17.397	7.691	0.059	25.147	13.917	6.153	0.047	20.118	3.479	1.538	0.012	5.029
2005	16.373	7.508	-	23.881	13.098	6.006	-	19.105	3.275	1.502	-	4.776
2006	15.362	7.348	-	22.710	12.290	5.878	-	18.168	3.072	1.470	-	4.542
2007	12.182	7.306	-	19.489	9.746	5.845	-	15.591	2.436	1.461	-	3.898
2008	11.384	7.743	-	19.127	9.108	6.194	-	15.302	2.277	1.549	-	3.825
2009	6.314	8.007	-	14.321	5.051	6.406	-	11.457	1.263	1.601	-	2.864
2010	-	8.130	-	8.130	-	6.504	-	6.504	-	1.626	-	1.626
2011	-	8.405	-	8.405	-	6.724	-	6.724	-	1.681	-	1.681
2012	-	8.844	-	8.844	-	7.075	-	7.075	-	1.769	-	1.769
2013	-	2.924	-	2.924	-	1.555	-	1.555	-	1.369	-	1.369
	116.809	88.157	0.308	205.274	92.137	67.768	0.246	160.151	24.672	20.389	0.062	45.123

Note: The debt service obligations, after the debt relief in year 2004 up to year 2009, are stable, being below US\$10 million. This trend is to the result of the HIPC debt service reduction, which is about 80 percent per year. The debt relief assistance significantly affects the country's debt service obligations. For example, in 2005 the debt service obligations fall from about US\$ 23.88 million to about US\$ 4.78 million. After 2009 the debt service obligations profile decreases slightly because there is no more ADB debt. Ghana will assume full payment of its debt service falling due after the year 2013.

Annex V

Ghana: Selected Economic and Financial Indicators 1998-2005

	1998	1999	2000	2001	2002	2003		2004	2005
Annual Percentage Change, unless otherwise specified									
						Orig. Prog.	Revised Prog.		
National income and prices									
Real GDP	4.7	4.4	3.7	4.2	4.5	4.7	4.7	5.2	5.0
Real GDP	4.7	4.4	3.7	4.2	4.5	4.7	4.7	5.2	5.0
Real GDP per capita	1.9	1.8	1.2	1.6	1.9	2.1	2.1	2.4	2.4
Nominal GDP	22.6	19.0	31.9	40.2	28.3	24.3	33.6	18.9	12.5
GDP deflator	17.1	13.9	27.2	34.6	22.8	18.8	27.6	13.3	7.1
Consumer price index (annual average)	19.3	12.4	25.2	32.9	14.8	15.1	26.9	8.3	6.0
Consumer price index (end of period)	15.8	13.8	40.5	21.3	15.2	9.0	22.0	7.0	5.0
External sector									
Exports, f.o.b.	15.5	-4.1	-3.5	-3.6	10.6	12.1	12.1	11.0	3.4
Imports, f.o.b.	-4.7	11.4	-15.2	2.6	-4.1	16.4	16.8	8.3	4.4
Exports, volume	-9.2	-2.8	1.0	-1.3	-1.5	2.7	2.7	4.6	4.0
Imports, volume	2.8	10.4	-26.0	10.0	-6.8	7.3	7.6	13.2	5.4
Terms of trade	13.7	-8.7	-16.6	4.8	9.1	0.7	0.7	10.9	0.5
National effective exchange rate 1/	-9.2	-9.4	46.3	-24.0	-11.7	....	....	....	....
Real effective exchange rate 1/	7.8	0.5	-35.5	0.7	-0.6	....	....	....	....
Cedis per U.S. dollar 1/	2,314	2,647	5,431	7,179	7,947	.....	.....	.....	.....
Government budget									
Domestic revenue	29.8	6.0	42.9	43.5	27.5	53.8	60.3	22.7	12.1
Total expenditure	20.9	9.0	39.6	65.5	2.4	41.6	50.0	12.7	7.4
Current expenditure	28.2	13.1	48.9	50.5	28.8	26.6	33.5	4.1	3.9
Capital expenditure and net lending 2/	11.4	2.7	24.1	95.7	-38.7	90.8	104.1	30.9	104.1
Money and credit 3/									
Net domestic assets 4/	16.3	31.5	49.1	13.5	14.0	0.1	-1.7	1.8	-4.0
Credit to government 4/	10.5	26.7	57.7	0.0	32.6	0.0	0.0	-7.9	-6.0
Credit to rest of the economy 4/	13.8	28.8	53.6	21.7	8.7	15.4	20.3	19	9.5
Broad money (exc. foreign currency deposits)	....	....	33.4	48.4	50.0	21.2	25.0	18.9	25.0
Reserve money	....	....	52.6	31.3	42.6	20.7	24.5	18.8	12.4
Velocity (GDP/average broad money)	4.8	5.0	5.1	4.8	4.1	4.2	4.4	4.4	4.4
Treasury bill rate (in percent; end of period)	26.8	34.2	42.0	28.9	28.2	....	....	....	....
In Percent of GDP, unless otherwise specified									
Investment and Savings									
Gross investment	23.6	21.5	24.0	26.6	19.7	23	23.0	24.2	24.6
Private	12.3	...	14.8	13.8	13.6	13.6	13.6	13.8	14.1
Public	11.3	...	9.2	12.8	6.1	9.4	9.4	10.4	10.5
Gross national saving	18.8	10.0	15.6	21.3	20.3	21.2	21.2	22.6	23.4
Private	15.6	...	14.3	16.1	19.2	15.5	14.5	13.4	13.2
Public	3.3	....	1.3	5.1	1.2	6.7	6.3	9.3	10.3
Government Budget									
Total revenue	18.4	16.4	17.7	18.1	18.0	22.3	21.6	22.3	22.2
Total grants	2.2	1.7	2.1	6.9	3.1	4.7	4.6	4.4	4.2
Total expenditure 2/	28.6	26.2	27.7	32.7	26.1	29.7	29.3	27.8	26.5
Overall balance (commitment basis)	-8.1	-8.0	-10.0	-14.6	-8.1	-7.5	-7.7	-5.5	-4.3
Domestic primary balance	3.6	1.4	2.6	3.8	2.0	3.0	2.9	2.7	2.6
Divestiture receipts	0.6	0.3	1.2	0.0	0.0	0.7	0.7	0.6	0.0
External sector									
Current account balance 5/	-4.7	-11.5	-8.4	-5.3	0.6	-1.7	-1.8	-1.6	-1.6
External debt outstanding	78.9	75.0	169.7	131.5	112.3	94.3	96.4	81.1	78.3
External debt service, including to the Fund	7.5	6.7	11.2	8.5	7.8	6.6	6.3	5.6	5.3
in % Exports of goods and non factor services	22.1	21.1	23.0	18.9	18.4	15.6	15.6	13.4	13.1
in percent of government revenue	36.5	37.2	56.5	34.1	37.1	27.0	24.2	20.8	20.0
In Millions of US Dollars unless otherwise mentioned									
Current account balance 5/	-354	-895	-419	-283	38	-120	-131	-121	-129
Overall balance of payments	100	-156	-123	-2	39	-66	-77	-85	-33
Change in exter. Payts. arrears (end of period)	0	62	27	61	-61	0	0	0	0
Gross international reserves (end of period)	508	419	264	344	631	811	811	997	1170
(in months of imports, c.i.f.)	1.9	1.5	0.9	1.2	1.9	2.3	2.3	2.7	3.1
Nominal GDP (in billions of cedis)	17,296	20,580	27,153	38,071	48,862	60,705	65,262	77,620	87,287

Source: Ghanaian Authorities; and IMF staff estimates and projects

1/Annual average data

2/Including capital outlays financed through external project aid and transfers to the local authorities.

3/Beginning in December 1996, the coverage was increased from 11 to 17 banks.

4/ In percent of broad money at the beginning of the period.

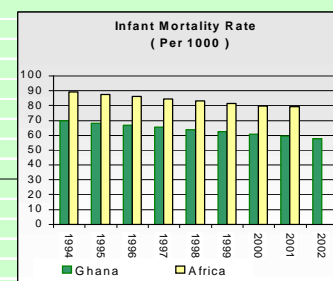
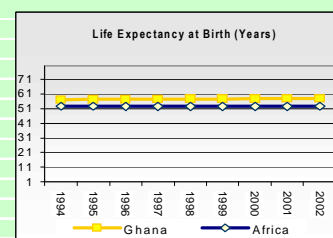
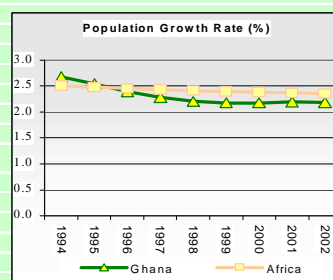
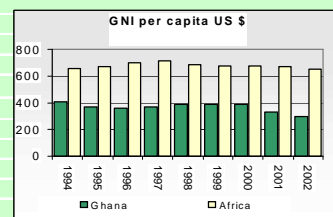
5/Including official grants

6/ The large depreciation of the cedi in 2000 reduces the dollar value of GDP and creates a sharp jump in foreign currency based items that are expressed as a percent of GDP.

GHANA

COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Ghana	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km ²)		239	30 061	80 976	54 658
Total Population (millions)	2002	20.5	831.0	5,024.6	1,200.3
Urban Population (% of Total)	2002	41.4	38.6	43.1	78.0
Population Density (per Km ²)	2002	85.8	27.6	60.6	22.9
GNI per Capita (US \$)	2002	270	650	1 154	26 214
Labor Force Participation - Total (%)	2002	49.7	43.1	45.6	54.6
Labor Force Participation - Female (%)	2002	50.3	33.8	39.7	44.9
Gender-Related Development Index Value	2001	0.564	0.484	0.655	0.905
Human Develop. Index (Rank among 174 countries)	2001	129	n.a.	n.a.	n.a.
Popul. Living Below \$ 1 a Day (% of Population)	1995	...	46.7	23.0	20.0
Demographic Indicators					
Population Growth Rate - Total (%)	2002	2.2	2.2	1.7	0.6
Population Growth Rate - Urban (%)	2002	4.4	3.9	2.9	0.5
Population < 15 years (%)	2002	41.1	43.2	32.4	18.0
Population >= 65 years (%)	2002	3.4	3.3	5.1	14.3
Dependency Ratio (%)	2002	77.2	86.6	61.1	48.3
Sex Ratio (per 100 female)	2002	99.0	98.9	103.3	94.7
Female Population 15-49 years (% of total population)	2000	...	24.0	26.9	25.4
Life Expectancy at Birth - Total (years)	2002	57.9	50.6	62.0	78.0
Life Expectancy at Birth - Female (years)	2002	59.3	51.7	66.3	79.3
Crude Birth Rate (per 1,000)	2002	31.9	37.3	24.0	12.0
Crude Death Rate (per 1,000)	2002	10.0	15.3	8.4	10.3
Infant Mortality Rate (per 1,000)	2002	57.8	81.9	60.9	7.5
Child Mortality Rate (per 1,000)	2002	93.0	135.6	79.8	10.2
Maternal Mortality Rate (per 100,000)	1992	740	641	440	13
Total Fertility Rate (per woman)	2002	4.1	4.9	2.8	1.7
Women Using Contraception (%)	1998	22.1	40.0	59.0	74.0
Health & Nutrition Indicators					
Physicians (per 100,000 people)	1996	6.4	57.6	78.0	287.0
Nurses (per 100,000 people)	1996	72.0	105.8	98.0	782.0
Births attended by Trained Health Personnel (%)	1998	44.0	38.0	56.0	99.0
Access to Safe Water (% of Population)	2000	64.0	60.3	78.0	100.0
Access to Health Services (% of Population)	1992	25.0	61.7	80.0	100.0
Access to Sanitation (% of Population)	2000	63.0	60.5	52.0	100.0
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2001	3.4	5.7	1.3	0.3
Incidence of Tuberculosis (per 100,000)	2000	56.6	198.0	144.0	11.0
Child Immunization Against Tuberculosis (%)	2002	99.0	76.4	82.0	93.0
Child Immunization Against Measles (%)	2002	99.0	67.7	73.0	90.0
Underweight Children (% of children under 5 years)	1999	24.9	25.9	31.0	...
Daily Calorie Supply per Capita	2001	2 670	2 444	2 675	3 285
Public Expenditure on Health (as % of GDP)	1998	1.8	3.3	1.8	6.3
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2000	80.0	89.2	91.0	102.3
Primary School - Female	2000	76.0	83.7	105.0	102.0
Secondary School - Total	2000	36.0	40.8	88.0	99.5
Secondary School - Female	2000	32.0	38.2	45.8	100.8
Primary School Female Teaching Staff (% of Total)	1997	36.0	49.9	51.0	82.0
Adult Illiteracy Rate - Total (%)	2002	26.2	37.9	26.6	1.2
Adult Illiteracy Rate - Male (%)	2002	18.2	29.2	19.0	0.8
Adult Illiteracy Rate - Female (%)	2002	34.1	46.4	34.2	1.6
Percentage of GDP Spent on Education	1998	4.2	3.5	3.9	5.9
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2002	15.8	6.2	9.9	11.6
Annual Rate of Deforestation (%)	1995	1.3	0.7	0.4	-0.2
Annual Rate of Reforestation (%)	1990	2.0	4.0	...	...
Per Capita CO2 Emissions (metric tons)	1998	0.2	1.1	1.9	12.3



Source : Compiled by the Statistics Division from ADB databases; UNAIDS; World Bank Live Database and United Nations Population Division.

Notes: n.a. Not Applicable ; ... Data Not Available.

IMF/ World Bank HIPC Document for GHANA