



**THE REPUBLIC OF GHANA**  
**US\$750,000,000 9.250 per cent. Amortising Notes due 2022**  
**Issue Price: 100.00 per cent.**

The US\$750,000,000 9.250 per cent. Amortising Notes due 2022 (the “**Notes**”) to be issued by the Republic of Ghana (the “**Issuer**”, the “**Republic**” or “**Ghana**”) are direct, unconditional and unsecured obligations of the Republic and will, unless previously redeemed or purchased and cancelled, be redeemed in three instalments of US\$250,000,000 on 15 September 2020, US\$250,000,000 on 15 September 2021 and US\$250,000,000 on 15 September 2022 (the “**Maturity Date**”). The Notes will be issued on or around 15 September 2016 (the “**Issue Date**”).

The Notes will bear interest on their outstanding principal amount from and including the Issue Date to but excluding the Maturity Date, at the rate of 9.250 per cent. per annum payable semi-annually in arrear on 15 March and 15 September in each year, subject as provided in Condition 6.4 (*Payment on Business Days*). Payments on the Notes will be made in US Dollars without deduction for or on account of taxes imposed or levied by Ghana to the extent described under “Terms and Conditions of the Notes—Taxation”.

The Notes have not been and will not be registered under the US Securities Act of 1933, as amended (the “**Securities Act**”), or with any securities regulatory authority of any State or other jurisdiction of the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a summary of certain restrictions on resale, see “Plan of Distribution” and “Transfer Restrictions”. The Notes will be offered and sold outside the United States in “offshore transactions” in reliance on Regulation S under the Securities Act (“**Regulation S**”) and within the United States to qualified institutional buyers (“**QIBs**”) within the meaning of Rule 144A under the Securities Act (“**Rule 144A**”). Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

An investment in the Notes involves a high degree of risk. Prospective investors should have regard to the factors described under the heading “**Risk Factors**” on page 14.

This Prospectus has been approved by the Central Bank of Ireland (the “**Central Bank**”), as competent authority under Directive 2003/71/EC, as amended (including the amendments made by Directive 2010/73/EU) (the “**Prospectus Directive**”). This Prospectus constitutes a prospectus for the purposes of the Prospectus Directive. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to Notes that are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC (the “**Markets in Financial Instruments Directive**”) or that are to be offered to the public in any member state of the European Economic Area (“**EU Member States**”). Application has been made to the Irish Stock Exchange for the Notes to be admitted to its official list (the “**Official List**”) and trading on its regulated market (the “**Main Securities Market**”). In addition, application will be made after the Issue Date to the Securities and Exchange Commission of Ghana and the Ghana Stock Exchange for the Notes to be admitted to the main market of the Ghana Stock Exchange. Admission of the Notes to listing on the Ghana Stock Exchange is expected to be obtained within four weeks of the Issue Date. The Notes will not, however, be traded or cleared through the Ghana Stock Exchange.

The Notes are expected to be rated B by Fitch Ratings Ltd (“**Fitch**”), B3 by Moody’s Investors Service, Inc. (“**Moody’s**”) and B- by Standard & Poor’s Credit Market Services Europe Limited (“**Standard & Poor’s**”). All references to Fitch, Moody’s and Standard & Poor’s in this Prospectus are to the entities as defined in this paragraph. Each of Fitch and Standard & Poor’s is established in the European Union and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the “**CRA Regulation**”). Moody’s is not established in the European Union and has not applied for registration under the CRA Regulation. However, Moody’s Investors Service Ltd. (an entity which is established in the European Union and registered under the CRA Regulation) has endorsed the ratings of Moody’s, in accordance with the CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

The Notes will be offered and sold in registered form in denominations of US\$200,000 or any amount in excess thereof which is an integral multiple of US\$1,000. Notes that are offered and sold in reliance on Regulation S (the “**Unrestricted Notes**”) will be represented by beneficial interests in a global Note certificate (the “**Unrestricted Global Note Certificate**”) in registered form without interest coupons attached, which will be registered in the name of BT Globenet Nominees, as nominee of a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”). Notes that are offered and sold in reliance on Rule 144A (the “**Restricted Notes**”) will be represented by beneficial interests in one or more global note certificates (the “**Restricted Global Note Certificate**”) and, together with the Unrestricted Global Note Certificate, the “**Global Note Certificates**”) in registered form without interest coupons attached, which will be deposited on or about the Issue Date with Deutsche Bank Trust Company Americas, as custodian (the “**Custodian**”) for, and registered in the name of Cede & Co. as nominee for, The Depository Trust Company (“**DTC**”). Interests in the Restricted Global Note Certificate will be subject to certain restrictions on transfer. Beneficial interests in the Global Note Certificates will be shown on, and transfers thereof will be effected only through, records maintained by DTC, Euroclear and Clearstream, Luxembourg and their participants. Except as described herein, certificates will not be issued in exchange for beneficial interests in the Global Note Certificates.

**Joint Lead Managers**

**BofA Merrill Lynch**

**Citigroup**

**Standard Chartered Bank**

**Co-Manager**

**IC Securities**

Dated 13 September 2016

## RESPONSIBILITY STATEMENT

The Republic accepts responsibility for the information contained in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

To the best of the knowledge and belief of the Republic, the information contained in this Prospectus is true and accurate in every material respect and is not misleading in any material respect, and this Prospectus, insofar as it concerns such matters, does not omit to state any material fact necessary to make such information not misleading. The opinions, assumptions, intentions, projections and forecasts expressed in this Prospectus with regard to the Republic are honestly held by the Republic, have been reached after considering all relevant circumstances and are based on reasonable assumptions.

## IMPORTANT NOTICE

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Republic or the managers listed in the section entitled “Plan of Distribution” (the “Managers”). Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Republic since the date hereof. This Prospectus may only be used for the purpose for which it has been published.

**This Prospectus does not constitute an offer of, or an invitation by, or on behalf of, the Republic or the Managers to subscribe for, or purchase, any of the Notes in any jurisdiction in which such offer or invitation is unlawful. This Prospectus does not constitute an offer, and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful. The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Republic and the Managers to inform themselves about and to observe any such restrictions.**

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Republic or the Managers that any recipient of this Prospectus should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Republic.

The Managers have not separately verified the information contained in this Prospectus. Accordingly no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers or any of them as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Republic in connection with the Notes or their distribution.

**For a description of certain restrictions on offers, sales and deliveries of the Notes, see “Plan of Distribution”.**

The Republic of Ghana is a foreign sovereign state. Consequently, it may be difficult for investors to obtain or realise upon certain judgments. See “Risk Factors—The Republic of Ghana is a foreign sovereign state and it may be difficult for investors to obtain or realise upon judgments of courts in England or the United States against the Republic”.

The Notes have not been approved or disapproved by the US Securities and Exchange Commission, any State securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

IN CONNECTION WITH THE ISSUE OF THE NOTES, CITIGROUP GLOBAL MARKETS LIMITED AS STABILISING MANAGER (THE “STABILISING MANAGER”) (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVERALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER ALLOTMENT SHALL BE CONDUCTED BY THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

This Prospectus may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

Each purchaser or holder of interests in the Notes will be deemed, by its acceptance or purchase of any such Notes, to have made certain representations and agreements as set out in “Transfer Restrictions”.

Notwithstanding anything herein to the contrary, from the commencement of discussions with respect to the transaction contemplated by this Prospectus, all persons may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transaction described herein and all materials of any kind (including opinions and other tax analyses) that are provided to such persons relating to such tax treatment and tax structure, except to the extent that any such disclosure could reasonably be expected to cause this transaction not to be in compliance with securities laws. For the purposes of this paragraph, the tax treatment of this transaction is the purported or claimed US federal income tax treatment of this transaction and the tax structure of this transaction is any fact that may be relevant to understanding the purported or claimed US federal income tax treatment of this transaction.

## PRESENTATION OF ECONOMIC AND OTHER INFORMATION

Annual information presented in this Prospectus is based upon the calendar year (which is the fiscal year for the Republic), unless otherwise indicated. Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be the sum of the figures which precede them. Statistical information reported herein has been derived from official publications of, and information supplied by, a number of agencies and ministries of the Republic, including the Ministry of Finance, the Bank of Ghana (the “**BOG**” or the “**Bank**”), Ghana Statistical Service, the National Development Planning Commission (the “**NDPC**”) and Ghana Investment Promotion Centre. Some statistical information has also been derived from information publicly made available by third parties such as the International Monetary Fund (the “**IMF**”) and the World Bank (the “**World Bank**”). Where such third party information has been so sourced, the source is stated where it appears in this Prospectus. The Republic confirms that it has accurately reproduced such information and that, so far as it is aware and is able to ascertain from information published by third parties, it has omitted no facts which would render the reproduced information inaccurate or misleading.

Information contained herein that is identified as being derived from a publication of the Republic or one of its agencies or instrumentalities is included herein on the authority of the Republic as an official public document of the Republic. All other information contained herein with respect to the Republic is included as an official public statement made on the authority of the Minister for Finance of the Republic.

Similar statistics may be obtainable from other sources, but the date of publication, underlying assumptions, methodology and, consequently, the resulting data may vary from source to source. In addition, statistics and data published by one ministry or agency may differ from similar statistics and data produced by other agencies or ministries due to differing underlying assumptions, methodology or timing of when such data are reproduced. Certain historical statistical information contained herein is provisional or otherwise based on estimates that the Republic and/or its agencies believe to be based on reasonable assumptions. The Republic’s official financial and economic statistics are subject to internal review as part of a regular confirmation process. Accordingly, the financial and economic information set out in this Prospectus may be subsequently adjusted or revised. While the Republic does not expect such revisions to be material, no assurance can be given that material changes will not be made.

All references in this document to “Ghana Cedi”, “Cedi” and “GHS” are to the currency of the Republic of Ghana; to “US Dollars”, “US\$” and “\$” are to the currency of the United States of America; to “Euro” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended by the Treaty of European Union; and to “Ghanaian Authorities” are to the Ghanaian Ministry of Finance, the Bank of Ghana and the Ghanaian Statistical Service. For ease of information, certain financial information relating to the Republic of Ghana included herein is presented as translated into US Dollars at the US Dollar/Ghana Cedi rates of exchange which the Republic deems appropriate. Unless otherwise specified, such rates were applicable as of the end of such specified period(s). To the extent that the Republic has calculated US Dollar values, as well as ratios and percentages derived from these values, using period-end Cedi/US Dollar exchange rates rather than average exchange rates, these calculations will have resulted in different US Dollar values than if it had used average exchange rates. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be converted into US Dollars at that or any other rate. References to “SDR” are to the Special Drawing Right, a unit of account having the meaning ascribed to it from time to time by the Rules and Regulations of the IMF. References to “Ghana” or the “Republic” are to the Republic of Ghana and to the “government” are to the government of Ghana.

Certain figures included in this Prospectus differ from previously published figures for a number of reasons, including continuing implementation of a debt management system and ongoing statistical revisions. Also, certain monetary amounts included in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an exact arithmetic aggregation of the figures that precede them.

## FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements, which involve risks and uncertainties. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the government’s intentions, beliefs or current expectations concerning, among other things, the general political and economic conditions in the Republic of Ghana. All forward-looking statements are based upon information available to the Republic on the date of this Prospectus, and the Republic undertakes no obligation to update any of these in light of new information or future events. The Republic derives many of its forward-looking statements from its budgets and forecasts, which are based upon many detailed assumptions. While the Republic believes that its assumptions are reasonable, it cautions that it is very difficult to predict the impact of known factors, and, of course, it is impossible to anticipate all factors that could affect the Republic’s general political and economic conditions. These factors include, but are not limited to:

External factors, such as:

- the impact of changes in international oil prices;
- the impact of decreases or fluctuation in oil production;
- the impact of changes in other international commodity prices including cocoa and gold;
- interest rates in financial markets outside Ghana;
- the impact of changes in the credit rating of Ghana;
- economic conditions in Ghana’s major export markets;
- the impact of possible future regional instability;
- changes in the amount of remittances from non-residents; and
- the decisions of international financial institutions and donor countries regarding the amount and terms of their financial assistance to Ghana; as well as

Internal factors, such as:

- general economic, political and business conditions in Ghana;
- present and future exchange rates of the Ghanaian currency;
- the levels of foreign currency reserves;
- the impact of changes in other international commodity prices including cocoa and gold;
- the ability of Ghana to implement important economic reforms, including implementation of the economic programme with the IMF;
- the ability of operators of Ghana's offshore oil fields to resolve logistical and infrastructural issues to enable commercial production free from unscheduled disruption;
- the level of domestic and external debt;
- the levels of domestic interest rates;
- domestic inflation;
- the ability of Ghana to monetise oil and gas reserves;
- the ability of Ghana to resolve its on-going power shortages;
- the ability of Ghana to stabilise the financial position of state-owned enterprises which operate in the power sector;
- the impact of possible future social and political unrest;

- the impact of natural disasters, health epidemics and agricultural blights;
- the ability of Ghana to upgrade its infrastructure; and
- the levels of foreign direct and portfolio investment.

## ENFORCEMENT OF CIVIL LIABILITIES

### The Republic of Ghana

The Republic of Ghana is a foreign sovereign state. Consequently, it may be difficult for investors to obtain or realise upon judgments of courts in England or the United States against the Republic. The Republic has submitted to the jurisdiction of the courts of England and waived any immunity from the jurisdiction (including sovereign immunity) of such courts and any objection to venue, in connection with any action arising out of or based upon the Notes brought by any holder of Notes. Investors may effect service of process within the United Kingdom upon the Republic through its High Commissioner in London. The Republic has not, however, waived immunity from execution or attachment in respect of certain of its assets. See “Terms and Conditions of the Notes—Governing Law and Submission to Jurisdiction—Consent to Enforcement and Waiver of Immunity”.

The Republic’s waiver of immunity is, however, limited. Such a waiver constitutes only a limited and specific waiver for the purposes of the Notes, and under no circumstances shall it be interpreted as a general waiver by the Republic or a waiver with respect to proceedings unrelated to the Notes.

The enforceability in Ghana of final judgments of English courts is subject to the rules governing enforcement in Ghana of civil judgments of foreign courts specified in the Courts Act, 1993 (“**Act 459**”) and the Foreign Judgments and Maintenance Orders (Reciprocal Enforcement) Instrument, 1993 (“**L.I. 1575**”). In accordance with Act 459 and L.I. 1575, the courts of Ghana would recognise and enforce a judgment obtained in the following courts of the United Kingdom, which are duly registered with the High Court of Ghana: the High Court of England, the High Court of Northern Ireland and the Court of Session in Scotland.

The courts of Ghana would recognise and enforce a judgment obtained in named courts of certain specified countries including, *inter alia*, the following countries and named courts, which are duly registered with the High Court of Ghana: in France, the Cours De Cassation and the Cours D’Appel; in Italy, the Corte D’Appello and the Corte Di Cassazione; and in Spain, the Tribunal Supreme, the Audiencia Territorial, the Juez de Primera and the Instancia.

Judgments of the courts to which an appeal lies from these courts may also be enforced by registration in Ghana.

To be capable of enforcement by registration, the foreign judgment:

- (a) must be final and conclusive between the parties; and
- (b) there must be payable under it a sum of money, not being a sum payable in respect of taxes or other charges of a similar nature or in respect of a fine or other penalty; and
- (c) must have been given after the coming into operation of the order directing that judgments from that country may be enforced by registration.

In respect of the aforementioned provisions, a judgment is deemed to be final and conclusive even though an appeal may be pending against it or that it may still be subject to appeal in the original court.

The courts of Ghana would not recognise or enforce a judgment obtained from a court in other jurisdictions, including the United States, unless new proceedings are instituted in Ghana, and the merits of the judgment are re-examined.

Ghanaian courts may enter and enforce judgments in Ghana Cedi or in foreign currency. Choice of law clauses made by parties to a transaction are recognised under Act 459; however, under the Evidence Decree, (1975, NRCD) 323, (the “**Evidence Decree**”), foreign law is presumed to be the same as Ghana law. Consequently, the party alleging the difference between Ghana law and the foreign law has the burden of rebutting the presumption. In original actions brought before Ghanaian courts, there is doubt as to the enforceability of liabilities based on the US federal securities laws. US federal securities laws must be specifically pleaded as the governing law in proceedings before a Ghanaian court.

## EXCHANGE RATES

The currency of Ghana is the Cedi. The following table sets forth information on the weighted average transaction exchange rates between the Cedi and the US Dollar for each of the periods specified.

	<u>Average</u>	<u>High</u>	<u>Low</u>	<u>Period End</u>
	<i>(GHS:US\$1.00)</i>			
2011.....	1.51	1.55	1.49	1.55
2012.....	1.81	1.89	1.65	1.88
2013.....	1.96	2.20	1.88	2.20
2014.....	2.94	3.20	2.39	3.20
2015.....	3.77	4.33	3.24	3.79
2016 (through 31 August).....	3.87	3.95	3.78	3.95

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*Source:* BOG

As at 8 September 2016, the US Dollar to Ghana Cedi exchange rate was GHS3.95: US\$1.00.

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## Overview

*This Overview must be read as an introduction to this Prospectus. Any decision to invest in the Notes should be based on a consideration of this Prospectus as a whole. This Overview does not purport to be complete and is qualified in its entirety by the more detailed information elsewhere in the Prospectus. Prospective investors should also carefully consider the information set forth in the “Risk Factors” below prior to making an investment decision. Capitalised terms not otherwise defined in this Overview have the same meaning as elsewhere in this Prospectus. See “The Republic of Ghana” and “The Economy”, amongst others, for a more detailed description of the Issuer. References in this Overview to a “Condition” are to the numbered condition corresponding thereto set out in the Terms and Conditions of the Notes.*

### The Republic of Ghana

#### General

The Republic of Ghana lies in West Africa, on the Gulf of Guinea, and is bordered by Côte D’Ivoire to the west, Togo to the east, and Burkina Faso to the north. Ghana has an estimated population of over 27 million, with over 50 per cent. of the population living in urban areas. The greater metropolitan area of Accra, the capital of Ghana and its largest city, has an estimated population of over 3.5 million.

After a prolonged period of instability, Ghana has become one of the more stable democracies in Africa, with democratically elected governments since 1992. The government held its most recent presidential and parliamentary elections on 7 December 2012, which resulted in the election of incumbent President John Dramani Mahama of the National Democratic Congress (the “NDC”). The next presidential and parliamentary elections are scheduled to be held in December 2016. On 6 March 2016, Ghana commemorated the 59th anniversary of its independence from British colonial rule.

#### Economy and Fiscal Consolidation

Ghana’s overall economic growth and relatively stable macroeconomic environment facilitated its upgrade to a lower middle-income economy in late 2010, and the economy has expanded in key sectors, including oil production. Although the Ghanaian economy is currently in its fifteenth consecutive year of growth, it has recently faced a number of serious economic challenges as it seeks to consolidate its transition to a lower middle income country, such as significant depreciation of the Cedi, high fiscal and current account deficits, rising inflation, ongoing power shortages, addressing the significant levels of debt and poor operating performance of state-owned enterprises (“SOEs”) which operate in the power sector, rising levels of external and domestic debt, high domestic interest rates and declining prices of its key exports, oil and gold. In particular, important economic indicators have been negatively impacted:

- **Gross Domestic Product.** Real gross domestic product (“GDP”) grew by 3.9 per cent. in 2015, compared to 4.0 per cent. in 2014 and 7.3 per cent. in 2013. The slowdown in the GDP growth rate resulted from disruptions to energy supplies, higher interest rates and falling commodity prices world-wide, and also reflects rising input costs from the depreciation of the Cedi, which partly contributed to a reduction in the GDP growth rate of the industry sector and a significant slowdown of the services sector. Historically, Ghana’s economy has relied heavily on gold production and agriculture, in particular the production of cocoa, as the primary drivers of GDP growth. Since the Republic began producing oil in 2010, oil has become an additional driver of GDP growth. In the first quarter of 2016, real GDP grew by 4.9 per cent., compared to growth of 4.1 per cent. during the same period in 2015.
- **Inflation.** The Consumer Price Index (“CPI”) decreased from 18.1 per cent. in 2008 to a low of 8.6 per cent. in 2011, increasing again to 17.0 per cent. in 2014 and 17.7 per cent. in 2015, primarily as a result of exchange rate depreciation, increased fuel prices and a significant increase in utility tariffs in December 2015. Inflation increased to 19.0 per cent. in January 2016, and decreased to 16.7 per cent. in July 2016.
- **Interest Rates.** The BOG policy interest rate was 12.5 per cent. in December 2011 but it has subsequently increased to 15 per cent. as at December 2012, 16 per cent. as at December 2013 and 21 per cent. as at December 2014. The BOG increased its policy rate to 26 per cent. in November 2015 in an effort to meet the target inflation rate.
- **Exchange Rate.** Between 2009 until 2012, the Cedi maintained relative stability against the major international currencies. However, the Cedi depreciated sharply beginning in 2012 due to a high demand for foreign reserves. In 2013, the Cedi cumulatively depreciated by 16.85 per cent., 20.05 per cent. and 14.51 per cent. against the British Pound, the Euro and the US Dollar, respectively. In 2014, the Cedi cumulatively depreciated by 26.26 per

cent., 20.48 per cent., and 31.25 per cent. against the British Pound, the Euro and the US Dollar, respectively. In 2015, the Cedi cumulatively depreciated by 11.51 per cent., 6.15 per cent., and 15.66 per cent. against the British Pound, the Euro and the US Dollar, respectively. Between January 2016 and June 2016, the Cedi cumulatively appreciated by 6.02 per cent. against the British Pound and depreciated by 4.78 per cent. and 3.35 per cent. against the Euro and the US Dollar, respectively. Although the rate of depreciation has declined, the Cedi continues to depreciate against the Euro and the US Dollar. The government attributes depreciation of the Cedi to various factors including higher trade deficits resulting from declining prices of commodities, such as oil and gold, and lower production of key exports, gold and cocoa, declines in grants from development partners, speculative activities of certain companies and individuals and increases in domestic demand for imported goods and, more recently, the economic recovery in the United States and the consequent appreciation of the US Dollar.

- *Gross Foreign Assets.* Since 2011, the amount of gross foreign assets has fluctuated, increasing to US\$5.63 billion at the end of 2013, decreasing to US\$5.46 billion at the end of 2014 and increasing to US\$5.88 billion at the end of 2015. Gross foreign assets decreased to US\$5.20 billion as at June 2016, sufficient to cover 2.8 months of imports, compared to US\$4.54 billion at the end of June 2015, which was sufficient to cover 2.9 months of imports, partly as a result of the decrease of prices of major export commodities, the seasonal variability of foreign exchange flows during the year and delayed funding from development partners.
- *Fiscal Deficit.* The overall fiscal deficit amounted to 6.5 per cent. of GDP at the end of 2010, was reduced to 4 per cent. for 2011 and increased to 11.5 per cent. for 2012 due to shortfall in grant disbursement, unanticipated higher spending on public sector wages resulting from the implementation of a new salary structure, higher interest cost and increased subsidies as a result of the challenges stemming from the rupture of the West African Gas Pipeline (“**WAGP**”). The deficit decreased to 10.1 per cent. of GDP for 2013. The deficit in 2013 was primarily attributable to shortfalls in tax receipts, resulting from lower domestic output and imports, a decline in commodity prices, continued increased spending on public sector wages, higher interest costs and lower than projected development partner grants. In 2014, the fiscal deficit rose to 10.2 per cent. of GDP due to shortfalls in domestic revenue as a result of the slowdown in economic activity, lower grant disbursements and higher than expected payment of domestic arrears. In 2015, the fiscal deficit fell significantly to 6.3 per cent. of GDP primarily as a result of the impact of the government's fiscal consolidation programme and, in particular, higher tax revenues (including VAT on fee-based financial services and a 5 per cent. flat rate on real estate, a special petroleum tax of 17.5 per cent. and special import levy of 1–2% on certain imported goods) and contained expenditure for the period. The fiscal deficit for 2016 is budgeted to be 5 per cent. of GDP.
- *Domestic and Public Debt.* Public debt as a percentage of GDP increased from 37.8 per cent. of GDP at the end of 2010 to 71.63 per cent. of GDP at the end of 2015. Domestic debt increased from 18 per cent. of GDP at the end of 2010 to 28.81 per cent. of GDP at the end of 2015 and 63.07 per cent. of GDP in May 2016 compared to 68.53 per cent. in May 2015.

On 13 November 2015 the Minister for Finance presented to parliament the 2016 Budget Statement and Economic Policy of the Government of Ghana for the 2016 Financial Year (the “**2016 Budget Statement**”). Parliament approved the 2016 Budget Statement on 10 December 2015.

### **2016 Mid-Year Review of the Budget Statement**

On 25 July 2016, the Minister of Finance presented to parliament a Mid-Year Review of the Budget Statement for the 2016 Financial Year (the “**Mid-Year Review**”). The Mid-Year Review identified developments in both the global and domestic economic environment that had affected certain assumptions which underpinned the 2016 Budget Statement. In particular, the Mid-Year Review identified the following key challenges:

- Although crude oil prices had increased from a low of US\$28 per barrel in January 2016 to US\$46.04 on 20 July 2016, prices are still below the benchmark oil price of US\$53.05 which was used in the 2016 Budget;
- Oil production has been adversely effected at the Jubilee Field for most of the first half of 2016 as a result of the technical problems at the Jubilee Field;
- Crude oil exports had declined significantly to US\$212.3 million for the first four months of 2016, compared to US\$687.3 million recorded in the same period in 2015. The decrease in value was due to both price and volume effects. The volume of crude oil exported decreased for the first four months of 2016 by 48.1 per cent to 6,589,482 barrels compared to 12,697,779 barrels for the same period in 2015. The average realized price of oil also

decreased significantly by 40.5 per cent to US\$32.2 per barrel from US\$54.13 per barrel recorded in the same period in 2015;

- The decline in oil production and prices impacted both tax and non-tax revenues between January and May 2016. The provisional outturn for this period indicates that total tax revenues were 6.4 per cent. below the budget target and non-tax revenues were 22.5 per cent. below the budget target. Based on provisional data, the fiscal deficit for the period from January through May 2016 amounted to 2.5 per cent. compared to 2.2 per cent. in the same period in the prior year and against a budgeted target of 2.2 per cent. for the period.
- The external sector also faced challenges during for the first four months of 2016 mainly as a result of volatility in international commodity prices. Consequently, the provisional trade balance for the first four months of 2016 indicates a deficit of US\$972.78 million compared to a deficit of US\$542.71 million recorded in the corresponding period of 2015. The worsening trade balance was due to a significant decline in exports receipts, which outpaced the drop in imports.

The Mid-Year Review revised projections of GDP growth for 2016. Overall GDP (including oil) projected growth has been revised from 5.4 per cent. to 4.1 per cent. and real GDP (excluding oil) projected growth has been revised from 5.2 per cent. to 4.6 per cent. The government attributes these revisions to developments including the revision of gold production forecasts, power supply bottlenecks and the impact of technical problems with at the Jubilee Field which adversely affect oil production. In addition, the GDP data which informed the 2016 Budget Statement has been revised. Based on the revised projected crude oil price of US\$45.35 per barrel and lower oil production volumes than originally budgeted, the Mid-Year Review revised projected total government petroleum revenues for 2016 to GHS1,400.8 million (0.8 per cent. of GDP), compared to GHS2,008.4 million (1.3 per cent. of GDP) in the 2016 Budget Statement. As a result of the revision to oil revenue estimates for 2016, total expenditure and arrears clearance has been revised downwards in the Mid-Year Review and the government is now targeting an overall budget deficit of 5 per cent. of GDP (compared to the original target of 5.3 per cent. of GDP). In so doing, the government is seeking to ensure that the pace of public debt accumulation remains consistent with that envisaged in the 2016 Budget and in line with the government's debt sustainability objectives. See "Public Finance – 2016 Mid-Year Review of the Budget Statement".

The government's fiscal policy as outlined in its budget statements for 2015 and 2016 and in the Mid-Year Review focuses on achieving fiscal prudence and debt sustainability. The government has introduced a number of policies which are designed to achieve fiscal consolidation. These policies include measures to improve domestic revenue collection, to rationalise and enhance the efficiency of public expenditures, as well as implementing new debt management reforms. See "—Reforms" and "The Economy—Home Grown Fiscal Consolidation Programme".

### ***IMF Programme***

In August 2014, the government requested an arrangement with the IMF to help support stronger policy adjustment, restore market confidence and revive Ghana's transformation agenda. Consequently, on 3 April 2015, the Executive Board of the IMF approved a three-year extended credit facility for Ghana in the amount of SDR664.2 million (US\$918 million) to support Ghana's balance of payments. The programme provides that the IMF will disburse the total amount in eight equal tranches. The IMF made the first disbursement immediately after approving the credit facility, with the programme providing for further disbursements to be made after completion of subsequent reviews under the credit facility.

The programme, anchored on Ghana's GSGDA II (defined below), aims to make sizeable and frontloaded fiscal adjustments to restore debt sustainability, rebuild external buffers and eliminate fiscal dominance of monetary policy, while safeguarding financial sector stability. The programme provides that social safety net programmes should be expanded to restore real income of the poor and to mitigate possible adverse impact of the fiscal consolidation. The programme anticipates that strengthened public financial management and revenue administration will support fiscal consolidation and elimination of fiscal dominance of the monetary policy will restore the effectiveness of the inflation targeting framework. See "*Public Debt—Relations with Multilateral Financial Institutions—International Monetary Fund (IMF) Programme*". The government anticipates that the IMF programme will help it to achieve and sustain macroeconomic stability for the promotion of growth and development.

Under the programme, the IMF monitors the progress of the programme based on periodic quantitative and continuous performance criteria as well as indicative targets as at end of the months of April, August and December 2015 and subsequently the end of the months of June and December 2016 and 2017. IMF reviews after each test date assess the performance of each of the performance criteria and structural benchmarks of the programme. The IMF conducted the first review of the programme in June 2015 to assess the performance criteria targets for April 2015 and the structural benchmarks. The IMF reported that, while

the programme was generally on track, there were some areas for improvement, such as the BOG financing of government expenditures, tax administration and rising inflation. The Executive Board of the IMF met in August 2015 to complete the performance review from June 2015. The Executive Board of the IMF made the second disbursement in September 2015. The IMF conducted the second review of the programme between 21 October and 5 November 2015. The Executive Board of the IMF completed its consideration of the review in January 2016 and approved the third disbursement under the programme which was made in January 2016. The IMF conducted the third review of the programme between 27 April and 11 May 2016 and adjudged the programme to be broadly satisfactory at the Staff level. At the time, the government's expectation was that the IMF would complete its consideration of the third review only upon satisfaction of the following prior actions: (i) submission to parliament of the new Public Financial Management Bill (in the form agreed with the IMF), (ii) submission to parliament of the new bill amending the Bank of Ghana Act, 2002 (Act 612) (the “**BoG Act**”) (in the form agreed with the IMF) and (iii) finalisation of a strategy to address the significant levels of debt of state-owned enterprises (“**SOEs**”) operating within the power sector. See “Overview — Recent Developments— IMF”, “Risk Factors—The IMF programme is subject to various conditions, and the continuation of the programme support depends on the Republic’s ability to comply with the programme conditions. In addition, the programme conditions could impede economic development in the short-term” and “Public Debt—Relations with Multilateral Financial Institutions—International Monetary Fund (IMF) Programme”.

### **Reforms**

The government has adopted a policy emphasising the private sector. The goal of the policy is to create an environment conducive to increased private sector activity and develop the social and other supportive infrastructure to promote income generation and poverty reduction. In 2010, the government published the Ghana Shared Growth and Development Agenda (“**GSGDA**”), a medium-term framework focused on accelerated employment creation and income generation for poverty reduction and shared growth. The GSGDA focuses on seven themes: ensuring and sustaining macroeconomic stability, enhanced competitiveness of Ghana’s private sector, accelerated agricultural modernisation and natural resource management, oil and gas development, infrastructure, energy and human settlements development, human development, employment and productivity and transparent and accountable governance. The GSGDA provides strategies for accomplishing the aforementioned objectives, each of which supports the goal of achieving sustained economic stability while placing the economy on a path of higher growth. Specifically, the GSGDA aims to attain a per capita income of at least US\$3,000 by 2020, while also achieving the Millennium Development Goals (“**MDGs**”). In connection with the GSGDA, Ghana initiated a comprehensive programme that supports the goal of reducing poverty and accelerating economic growth through improvements in infrastructure and productivity. The term of the first GSGDA, GSGDA I, expired at the end of 2013. The NDPC has begun implementing the second GSGDA, GSGDA II, as a successor, medium-term national development policy framework. GSGDA II focuses on expansion of opportunities and reinforcing socioeconomic improvements in partnership with the private sector. Key strategic goals of GSGDA II include good governance initiatives, export-led growth, industrial and manufacturing development through the conversion of natural resources to products and investment in Ghana’s labour force.

From 1990 to July 2016, the divestiture of over 155 SOEs (or parts of SOEs) and state-owned properties had been approved and completed under the government’s privatisation programme. In recent years these privatisations have decreased, primarily because the few SOEs that remain to be privatised would require extensive preparation involving major restructuring and in some cases redefinitions of mandates. Government policy is to divest the assets of the remaining SOEs when there is no longer a public policy need for the government to be a shareholder. As of July 2016, there were 39 SOEs, a majority of which the government will not privatise for strategic reasons, for example, in the oil sector.

The government recognises that the poor performance of the main SOEs in Ghana poses risks to the economy. In particular, the electricity generation and distribution companies the Volta River Authority (“**VRA**”), the Electricity Company of Ghana (“**ECG**”) and Ghana Grid Company (“**GRIDCo**”), have incurred significant levels of debt and accumulated sizeable payment arrears as a result of low collection rates and below cost-recovery pricing. The government aims to strengthen monitoring, evaluation and accountability frameworks of the SOEs and will seek to establish a single entity to improve the oversight of the SOEs by the end of December 2016. The government has also introduced the Energy Sector Levies Act, 2015 (Act 899) which imposes new petroleum and electricity levies and consolidates existing sector levies, principally to facilitate repayments of the accumulated debt incurred by VRA, ECG and GRIDCo. The government has also been working on partial privatisation of selected SOEs. See “The Economy—Role of the Government in the Economy and Privatisation—Current Status of Privatisation—Energy”.

Some of the other most critical structural reforms the government continues to pursue include (i) comprehensive reforms of Ghanaian tax legislation with a view to broadening the tax base by bringing a substantial portion of the shadow economy into the reporting economy, (ii) public financial management reforms, (iii) reform of the energy, mining and agriculture

sectors, (iv) reform of social benefits and pensions and (v) addressing infrastructure bottlenecks to promote growth. See “Risk Factors—Failure to implement economic and fiscal reforms may have a negative effect on the performance of the economy”.

### ***Ratings***

Ghana obtained its first sovereign rating of B with a positive outlook from Fitch and B from Standard & Poor’s Credit Market Services Europe Limited (“**Standard & Poor’s**”) in late 2003. Fitch affirmed Ghana’s B+ with a stable outlook in 2012, while Standard & Poor’s rated Ghana B with a stable outlook in its 2012 annual reviews. In 2013, Fitch and Standard & Poor’s downgraded Ghana’s credit rating to B with a negative outlook. In 2014, Moody’s downgraded Ghana’s sovereign rating from B1 to B2 with a negative outlook and Standard & Poor’s further downgraded Ghana’s credit rating to B- with a stable outlook. In 2015, Fitch affirmed Ghana’s B rating with a negative outlook, while Standard & Poor’s rated Ghana B- long-term and B short-term with a stable outlook and Moody’s further downgraded Ghana’s sovereign rating from B2 to B3 with a negative outlook. In 2016, Fitch affirmed Ghana’s B rating with a negative outlook, Standard & Poor’s affirmed Ghana’s B- long-term and B short-term ratings and Moody’s affirmed Ghana’s sovereign B3 rating with a negative outlook. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

### **Recent Developments**

#### ***IMF***

On 24 August 2016, the IMF published a statement on Ghana which noted that in May 2016 the IMF Staff team had assessed that the implementation of its programme by Ghana was broadly satisfactory but that there were certain areas where further work and discussions were required before the third review under the IMF’s extended credit facility-supported programme could be completed. The IMF statement further noted that since May 2016, Ghana’s parliament had approved important legislation such as the Banks and Specialized Deposit-Taking Institutions Bill, the Deposit Insurance Bill, the Public Financial Management Bill and the BOG Amendment Bill. The statement indicated that, subject to a positive conclusion of discussions between the IMF Staff and Ghana in relation to macroeconomic projections, the fiscal outlook for 2016 and the financial position of SOEs in the energy sector, the IMF Staff expected that the IMF executive board would complete its consideration of the third programme review in mid-September 2016.

On 2 September 2016, the IMF released an end-of-mission press release following meetings between IMF Staff and senior officials including the President, Minister of Finance and Governor of the Bank of Ghana to further discuss the third review of Ghana’s financial and economic programme supported by the IMF’s extended credit facility. The press release noted that whilst understanding was reached on many issues, discussions would continue in relation to outstanding questions with regard to elements of legislation recently passed by parliament.

The government believes that it has satisfied the prior actions which the IMF had indicated would need to be carried out before the IMF’s executive board would complete its consideration of the third review. The IMF has, however, indicated that it must first complete its review and consideration of the new legislation recently passed by parliament before it will be in a position to conclude the third review. The government continues to work with the IMF toward the conclusion of the third review.

#### ***Bank of Ghana Amendment Bill***

In compliance with the structural benchmarks of the IMF’s extended credit facility for Ghana, the government prepared a new bill to amend the BoG Act. The proposed bill was approved by parliament on 2 August 2016 subject to certain amendments. The new act, among other things, (i) strengthens the autonomy of the BOG; (ii) sets the terms of office of the Governor of the Bank and the other members of the Board of Directors; (iii) introduces explicit rules to preserve the personal autonomy of the Board of Directors and audit committees of the Bank; and (iv) sets clear rules and mechanisms for emergency lending to banks during times of distress.

Parliament rejected certain provisions of the bill requested by the IMF, including imposing a zero limit on BOG monetary financing of central government and public institutions (including SOEs) and instead approved a limit of 5 per cent. of the previous year’s government revenues. However, the government has confirmed that its intention is to continue to adhere to the zero limit on BOG financing of central government in accordance with the IMF’s structural benchmarks (which permits BOG to finance up to 2 per cent. of the previous year’s government revenues for a cumulative period of up to 90 business days of the calendar year.)

#### ***Public Financial Management Bill***

In compliance with the structural benchmarks of the IMF’s extended credit facility for Ghana, the government prepared a new Public Financial Management Bill to provide a stronger regime for budget planning and formulation, execution and

monitoring. See “Public Finance—The Budget Process”. The Public Financial Management Bill was approved, subject to minor amendments, by parliament on 2 August 2016.

***First oil at the TEN Fields***

In August 2016, Tullow Oil plc (“**Tullow**”), the operator of the TEN fields, announced that oil production had commenced at the TEN fields on time and on budget three years after the plan of development was approved by the government in 2013. According to the Tullow announcement, Tullow expects that average gross annualised output for 2016 at the TEN fields will be 23,000 barrels per day which is expected to gradually increase towards the field's floating production, storage and off-loading vessel (“**FPSO**”) capacity of 80,000 barrels per day through the remainder of 2016.

***Tender offer for 2017 Notes***

In July 2016, Ghana launched a tender offer in relation to its US\$750 million 8.5% Notes due 2017 (the “**2017 Notes**”) on the terms set out in a tender offer memorandum dated 29 July 2016 (the “**July 2016 Tender Offer**”). Under the July 2016 Tender Offer, Ghana invited holders to tender their 2017 Notes for purchase by the Republic at a purchase price of US\$1,030 per US\$1,000 in nominal amount of the 2017 Notes and an accrued interest payment. The terms of the tender offer were subsequently amended in an announcement by Ghana dated 4 August 2016. The amended terms included a limit of US\$100 million in the aggregate nominal amount of the 2017 Notes which would be accepted for purchase by Ghana pursuant to the tender offer. Ghana accepted for purchase US\$99,999,000 in aggregate nominal amount of 2017 Notes pursuant to the July 2016 Tender Offer. As a result, the outstanding principal amount of the 2017 Notes is currently US\$400,598,000.

### **Summary of Risk Factors Relating to the Republic and the Notes**

An investment in the Notes involves significant risks, including:

- an investment in a developing country such as Ghana is subject to substantially greater risks than an investment in a more developed country;
- high levels of debt, interest costs and continued borrowing could have a material adverse effect on Ghana's economy and its ability to service its debt, including the Notes;
- the financial distress of state-owned enterprises in the energy sector poses substantial risks to the economy;
- Ghana faces significant challenges in the power sector and power shortages continue to negatively impact economic growth;
- Ghana's fiscal deficit could have a material adverse effect on its economy and its ability to service its debt, including the Notes;
- the IMF programme is subject to various conditions, and the continuation of the programme support depends on the Republic's ability to comply with the programme conditions. In addition, the programme conditions could impede economic development in the short-term;
- high inflation could have a material adverse effect on Ghana's economy and its ability to service its debt, including the Notes;
- further increases in public sector wages could increase the fiscal deficit, crowd out spending in much-needed infrastructure investment and social protection. Reforms which negatively impact wages of civil servants could, however, lead to protests, demonstrations and strikes. Instability in the civil service sector could, in turn, weaken the economy;
- decreases or fluctuations in oil production or oil prices could adversely affect Ghana's economy;
- Ghana relies exclusively on imported oil for domestic consumption and is vulnerable to oil price increases and volatility;
- continued decline in the Cedi could materially impair the Republic's ability to service its debt, including the Notes;
- the Republic's dependence on external sources of financing could have a material adverse effect on the Republic's ability to service the Notes;
- the Republic has significant debt exposure to multilateral lending institutions with de facto "preferred creditor status" over other creditors, including the Noteholders
- failure to implement economic and fiscal reforms may have a negative effect on the performance of the economy;
- if Ghana is not able to invest significantly in its infrastructure, its economic growth targets may not be achievable;
- decreases in the market price for gold, which in the past has fluctuated widely, could adversely affect Ghana's economy;
- cocoa is a significant export product and Ghana is therefore vulnerable to decreases in crop production, demand for and price of cocoa and other agricultural commodities;
- natural disasters such as floods and droughts have negatively affected the Republic in the past and may negatively affect it in the future;
- political instability or a change in government may negatively affect the economy;
- the upcoming general elections may result in political instability or changes in policies;
- the potential withdrawal of the UK from the EU could adversely affect the economic conditions in UK, Europe and globally;

- failure to address actual and perceived risks of corruption adequately may adversely affect Ghana’s economy and ability to attract foreign direct investment;
- health risks could adversely affect Ghana’s economy;
- Ghana may not achieve its growth objectives if the government does not invest in initiatives aimed at increasing the productivity of the country’s labour force;
- a significant portion of the Ghanaian economy is informal and is not fully recorded;
- events in neighbouring and other emerging markets, including those in sub-Saharan Africa and Saharan Africa, may negatively affect the Notes;
- financial and statistical information may be unreliable;
- an investment in the Notes may not be suitable for all investors;
- the Notes may be redeemed at the option of the Issuer prior to maturity;
- the Notes contain “collective action” clauses under which the terms of the Notes and/or multiple series of debt securities issued by the Issuer, including the Notes, may be amended, modified or waived without the consent of all the holders of the Notes or all the holders of any other series of debt securities being aggregated, as the case may be;
- the Republic’s credit ratings may not reflect all risks, and they are subject to revision or withdrawal, either of which could adversely affect the trading price of the Notes;
- legal investment considerations may restrict certain investments;
- the liquidity of the Notes may be limited and trading prices may fluctuate;
- fluctuations in exchange rates and interest rates may adversely affect the value of the Notes;
- definitive Notes not denominated in an integral multiple of US\$200,000 or its equivalent may be illiquid and difficult to trade;
- the Republic of Ghana is a foreign sovereign state, and it may be difficult for investors to obtain or realise upon judgments of courts in England or the United States against the Republic;
- the Issuer is not required to effect equal or rateable payment(s) with respect to the Notes or any other unsecured and unsubordinated obligations, and is not required to pay other unsecured and unsubordinated obligations at the same time or as a condition of paying sums on the Notes and vice versa; and
- the Notes may be issued with original issue discount for United States federal income tax purposes.

For a more complete discussion of applicable risk factors, see “Risk Factors” beginning on page 14.

<b>Selected Economic Information<sup>(1)</sup></b>						
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>June 2016<sup>(2)</sup></b>
<b>The Economy</b>						
GDP current (GHS millions).....	59,816	75,315	93,416	113,343	139,936	37,516 <sup>(3)</sup>
GDP current (US\$ millions).....	39,517	41,656	48,654	38,552	37,053	9,762 <sup>(3)</sup>
GDP per capita (US\$).....	1,566	1,613	1,841	1,426	1,339	352 <sup>(3)</sup>
Fiscal Deficit (% of GDP).....	4.0	11.5	10.1	10.2	6.3	2.5 <sup>(4)</sup>
Real GDP Growth Rate (per cent.).....	14.0	9.3	7.3	4.0	3.9	4.9 <sup>(5)</sup>
Yearly Inflation (per cent.).....	8.6	8.8	13.5	17.0	17.7	18.4
Ghana Cedi / US\$ Exchange Rate.....	1.55	1.88	2.2	3.2	3.8	3.9
<b>Balance of Payments (US\$ millions)</b>						
Current Account.....	(3,541.4)	(4,910.6)	(5,704.1)	(3,694.5)	(2,808.3)	(492.6) <sup>(3)</sup>
Capital and Financial Account.....	4,479.3	3,651.3	5,368.2	3,752.8	2,731.5	7.4 <sup>(3)</sup>
Overall Balance of Payments <sup>(6)</sup> .....	712.5	(669.2)	(874.2)	(85.2)	(105.8)	(448.9) <sup>(3)</sup>
<b>Reserves</b>						
Gross Foreign Assets (US\$ millions) <sup>(7)</sup> .....	5,452	5,442	5,632	5,461	5,884.7	5,199.3
Gold (US\$ millions).....	439.3	467.9	303.7	336.3	299.3	299.2 <sup>(8)</sup>
<b>Public Finance</b>						
Total Government Revenues and Grants (GHS millions).....	12,805.8	16,668.4	19,471.6	24,745.5	32,040.4	13,456.6 <sup>(8)</sup>
Total Government Expenditures (GHS millions).....	13,429.7	20,944.7	27,463.0	31,962.2	38,589.9	15,408.0 <sup>(8)</sup>
Government Overall Balance (GHS millions).....	(2,388.2)	(8,648.7)	(9,454.6)	(11,550.6)	(8,760.3)	4,178.7 <sup>(8)</sup>
Government Overall Balance (% of GDP).....	(4.0)	(11.5)	(10.1)	(10.2)	(6.3)	(2.5) <sup>(9)</sup>
Domestic Primary Balance (GHS millions).....	1,602.0	(1,172.1)	(667.8)	3,627.2	5,954.2	855.2 <sup>(8)</sup>
<b>Public Debt (US\$ millions)</b>						
Domestic Public Debt.....	7,697.1	9,997.2	12,559.5	10,915.6	10,621.43	11,275.84 <sup>(8)</sup>
External Public Debt.....	7,653.0	9,153.6	11,902.0	13,871.8	15,781.89	16,146.23 <sup>(8)</sup>
Gross Public Debt (% of GDP).....	39.4	47.9	55.9	70.2	71.63	63.07 <sup>(8)</sup>
<b>Source:</b> Government of Ghana, Ghana Statistical Services						
(1) The Republic has calculated these US Dollar values, as well as certain ratios and percentages derived from these values, using period-end Cedi/US Dollar exchange rates rather than average exchange rates. Using average exchange rates for these calculations would result in different values.						
(2) 2016 data are provisional and subject to revisions.						
(3) Represents data for the first quarter of 2016 only.						
(4) Represents the deficit for the first five months of 2016. The government projects that the annual fiscal deficit for 2016 will be 5.0 per cent. of GDP.						
(5) Represents real GDP growth for the first quarter of 2016 only.						
(6) Excludes foreign currency deposits of resident commercial banks.						

- (7) Represents all foreign assets of the BOG and includes short term assets, long term assets, encumbered funds, the Ghana Heritage Fund and the Ghana Stabilisation Fund.
- (8) Represents data for the first five months of 2016 only.
- (9) Represents the government overall balance for the first five months of 2016. The government projects that the annual fiscal deficit for 2016 will be 5.0 per cent. of GDP.

### The Offering

<b>Issuer .....</b>	The Republic of Ghana.
<b>Notes Being Issued.....</b>	9.250 per cent. Amortising Notes due 2022 in the aggregate principal amount of US\$750,000,000.
<b>Issue Price of Notes .....</b>	100.00 per cent. of the principal amount of the Notes.
<b>Issue Date .....</b>	15 September 2016.
<b>Maturity and Redemption .....</b>	Unless previously purchased and cancelled, the Notes will be repaid in three instalments of US\$250,000,000 on 15 September 2020, US\$250,000,000 on 15 September 2021 and US\$250,000,000 on 15 September 2022 (the “ <b>Maturity Date</b> ”).
<b>Interest .....</b>	The Notes will bear interest on their outstanding principal amount from and including the Issue Date to but excluding the Maturity Date at the rate of 9.250 per cent. per annum, payable semi-annually in arrear on 15 March and 15 September in each year, subject as provided in Condition 6.4 ( <i>Payment on Business Days</i> ).
<b>Status .....</b>	The Notes constitute direct, unconditional and (subject to the provisions of Condition 4 ( <i>Negative Pledge</i> )) unsecured obligations of the Issuer and (subject as provided above) rank and will rank <i>pari passu</i> , without any preference among themselves, and with all other present and future unsecured and unsubordinated obligations of the Issuer, save only for such obligations as may be preferred by mandatory provisions of applicable law, provided, however, that the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other unsecured and unsubordinated obligations of the Issuer and, in particular, shall have no obligation to pay other unsecured and unsubordinated obligations of the Issuer at the same time or as a condition of paying sums due on the Notes and <i>vice versa</i> .
<b>Negative Pledge and Events of Default .....</b>	<p>So long as any of the Notes remains outstanding, the Issuer has undertaken that it will not secure any of its present or future Public External Indebtedness without, at the same time or prior thereto, securing the Notes equally and rateably therewith, except in certain limited circumstances as set out in Condition 4 (<i>Negative Pledge</i>).</p> <p>Noteholders who hold not less than 25 per cent. in aggregate principal amount of the Notes then outstanding may declare the Notes to be immediately due and payable at their outstanding principal amount if, <i>inter alia</i>, the Issuer is in default in relation to any External Indebtedness or guarantee thereof in excess of US\$25,000,000; the Issuer declares a moratorium in respect of its External Indebtedness or the Issuer ceases to be a member of the IMF or ceases to be eligible to use the general resources of the IMF; all as more particularly described in Condition 10 (<i>Events of Default</i>). A declaration of acceleration may be rescinded in certain circumstances by the resolution in writing of the holders of at least 50 per cent. in aggregate principal amount of the outstanding Notes</p>

	in accordance with the procedures in Condition 10 ( <i>Events of Default</i> ).
<b>Withholding Tax .....</b>	All payments by the Issuer under the Notes are to be made without withholding or deduction for or on account of Taxes (as defined in Condition 8 ( <i>Taxation</i> )) unless the withholding or deduction for taxes is required by law. In such circumstances, the Issuer may be required to pay additional amounts so that Noteholders will receive the full amount which otherwise would have been due and payable under the Notes; all as more particularly described in Condition 8 ( <i>Taxation</i> ).
<b>Meetings of Noteholders; Written Resolutions.....</b>	The terms and conditions of the Notes may be modified as a single series of Notes or, in respect of other debt securities containing substantively similar aggregation provisions to those applicable to the Notes. Each such amendment will be binding on all Noteholders, whether or not they voted in favour of such amendment or at all. See Condition 13 ( <i>Meetings of Noteholders; Written Resolutions</i> ).
<b>Aggregation Agent; Aggregation Procedures .....</b>	The Issuer will appoint an Aggregation Agent to calculate whether a proposed modification or action has been approved by the required principal amount outstanding of Notes and, in the case of a multiple series aggregation, by the required principal amount of outstanding debt securities of each affected series of debt securities. Depending on the type of resolution being proposed, different procedures will then apply. See Condition 14 ( <i>Aggregation Agent; Aggregation Procedures</i> ).
<b>Listing .....</b>	Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on the Main Securities Market. In addition, application will be made after the Issue Date to the Securities and Exchange Commission of Ghana and the Ghana Stock Exchange for the Notes to be admitted to the main market of the Ghana Stock Exchange. Admission of the Notes to listing on the Ghana Stock Exchange is expected to be obtained within four weeks of the Issue Date.
<b>Settlement .....</b>	The Notes will initially be represented by two Global Certificates. The Restricted Global Certificate will be issued in respect of Notes offered and sold in reliance on Rule 144A. The Unrestricted Global Certificate will be issued in respect of the Notes offered and sold in reliance on Regulation S.
<b>Form and Denomination .....</b>	The Notes will be in registered form and will be offered and sold in a minimum denomination of US\$200,000 and integral multiples of US\$1,000 thereof.
<b>Transfer Restrictions .....</b>	The Notes have not been registered under the Securities Act, and are subject to certain restrictions on transfers. See “Transfer Restrictions” and “Plan of Distribution”.
<b>Use of Proceeds .....</b>	The Republic expects the net proceeds of the issue of the Notes to

	<p>amount to approximately US\$741,609,166, which the Republic expects to utilise to repay outstanding debt of the Republic, including to purchase any and all of the outstanding 8.5 per cent. Notes due 2017 accepted for purchase by the Republic in the Tender Offer (as defined in “Tender Offer”). As of 7 September 2016, US\$400,598,000 in nominal amount of the 2017 Notes were outstanding. In addition, if the principal amount of the Notes exceeds the aggregate amount of notes tendered in the Tender Offer, the Republic will utilise the balance to repurchase the 2017 Notes in the open market and/or to redeem the 2017 Notes at maturity and to fund budgeted capital investments in government projects. See “Use of Proceeds”.</p>
<b>Fiscal Agent, Paying Agent and Transfer Agent.....</b>	Deutsche Bank AG, London Branch.
<b>Luxembourg Registrar .....</b>	Deutsche Bank Luxembourg S.A.
<b>US Registrar, Transfer Agent and Paying Agent.....</b>	Deutsche Bank Trust Company Americas.
<b>Further Issues .....</b>	The Issuer may from time to time, without notice to or the consent of the registered holders of the Notes, issue additional securities that will form a single series with the Notes, subject to certain conditions set out in Condition 16 ( <i>Further Issues</i> ).
<b>Governing Law .....</b>	The Agency Agreement (as defined in “Terms and Conditions of the Notes”), the Deed of Covenant and the Notes (including any non-contractual obligations arising from or in connection with any of them) are governed by, and will be construed in accordance with, English law.

## RISK FACTORS

*An investment in the Notes involves a high degree of risk. You should carefully consider the risks described below as well as the other information contained in this Prospectus before buying any of the Notes. Any of the following risks could materially adversely affect the Republic's economy and your investment in the Notes. The risks described below are not the only risks the Republic faces. Additional risks and uncertainties not currently known to the Republic or that the Republic currently deems to be immaterial may also materially affect the Republic's economy and its ability to fulfil its obligations under the Notes. In any such case, you may lose all or part of your investment in the Notes.*

### **Risks Relating to the Republic of Ghana**

***An investment in a developing country such as Ghana is subject to substantially greater risks than an investment in a more developed country***

Investing in securities of emerging markets issuers such as Ghana is subject to substantially greater risks than investments in securities of issuers from more mature markets. Although progress has been made in reforming Ghana's economic, political and judicial systems since the country's current constitution came into effect in 1993, there still remain gaps in the legal infrastructure and regulatory framework that are essential to support market institutions, the effective transition to a market economy and broad-based social and economic reforms. As a consequence, an investment in Ghana carries risks that are not typically associated with investing in more developed countries, and this is reflected in Ghana's below-investment grade sovereign credit ratings. These risks include, but are not limited to, higher volatility and more limited liquidity in respect of the Notes, greater political risk, a narrow export base, fiscal deficits, trade deficits, current account deficits, corruption, low tax revenue, lack of adequate infrastructure vital to accelerate economic growth and changes in the political and economic environment.

***High levels of debt, interest costs and continued borrowing could have a material adverse effect on Ghana's economy and its ability to service its debt, including the Notes***

Ghana has historically financed its deficits through a combination of divestiture receipts, foreign borrowing, overdrafts and the issuance of domestic debt. The government financed 32.9 per cent. of the 2015 budget deficit through domestic borrowing, while external sources financed the remaining 67.1 per cent. At the end of December 2015, Ghana's total public debt increased by 6.52 per cent., from US\$24.79 billion (70.2 per cent. of GDP) in 2014, to US\$26.40 billion (71.63 per cent. of GDP) in 2015. At the end of December 2015, domestic debt decreased by 2.69 per cent., from US\$10.92 billion in 2014, to US\$10.62 billion in 2015 (constituting 40.23 per cent. of the total public debt). At the end of December 2015, external debt increased by 13.77 per cent., from US\$13.87 billion in 2014 to US\$15.78 billion in 2015 (constituting 59.77 per cent. of total public debt). The Mid-Year Review targets an overall budget deficit of 5 per cent. GDP for 2016. The government expects the 2016 budget deficit will be financed from domestic debt amounting to GHS6,406.3 million and external debt amounting to GHS2,237.0 million.

According to the IMF, if not addressed, the Republic's rising public sector wage bill will increase the country's debt to levels that pose a risk to its transformation agenda. In addition, the IMF Staff Report entitled "The Request for A Three-Year Arrangement Under The Extended Credit Facility" by Ghana completed released in April 2015 ("April 2015 IMF Report") states that debt levels are rising at an unsustainable pace, and Ghana is at a high risk of debt distress. An updated debt sustainability analysis prepared by the IMF dated 23 December 2015 states that Ghana continues to face a high risk of debt distress. The government recently instituted new measures, including levies and taxes, in order to avoid further deterioration of its fiscal position and, by consequence, the extent of additional debt it would incur. If the government does not carefully manage its debt strategy, debt levels and interest costs may once again rise to an unsustainable level, which may negatively impact Ghana's sovereign credit rating and may impair its ability to service its debt, including the Notes.

The government has identified high interest costs and, in particular, high interest costs on domestic debt, as a major contributory factor to Ghana's fiscal deficit. At the end of December 2015, the average interest rate on domestic debt was approximately 19.5 per cent. per annum. High interest rates limit the availability of funding that Ghana could otherwise use for economic development. While Ghana's debt management strategy seeks, amongst other things, to restructure expensive short-term and high-interest bearing debt, including domestic debt held by domestic and foreign investors, by extending their repayment period and/or lower interest costs, there can be no assurance that such efforts will be effective.

In addition, Ghana is exposed to a high degree of refinancing risk in respect of its public debt. According to the government's medium-term debt management strategy 2016-2018, approximately 23.6 per cent of the Republic's total public debt

and 42.4 per cent. of its domestic debt has a maturity of one year or less. The government intends to rely in part on foreign financing of Ghana's deficit, including foreign participation in the domestic bond market. Given the relatively short maturity structure of domestic borrowing and the redemption of the Republic's international eurobonds which are due in 2017, any deterioration in financing conditions as a result of market, economic or political factors (including increases in interest rates in the United States) which may be outside the Republic's control is likely to make it more difficult for Ghana to refinance its indebtedness on favourable terms or at all and may have negative effects on the economy and, as a result, have a material adverse effect on Ghana's capacity to service the Notes.

***The financial distress of state-owned enterprises in the energy sector poses substantial risks to the economy.***

The state-owned electricity generation, transmission and distribution companies in Ghana, the Volta River Authority (“VRA”), the Electricity Company of Ghana (“ECG”) and the Ghana Grid Company (“GRIDCo”), have incurred significant levels of debt (in particular to domestic banks) and payment arrears over many years as a result of low collection rates and below cost-recovery pricing. The government, operating with limited budgetary resources, has been unable to provide sufficient subsidies to eliminate the losses incurred by these companies. The government recognises that if it is unable to oversee a reduction, restructuring or refinancing of the legacy debts of VRA, ECG and GRIDCo and their dependence on government subsidies, the operational viability of these companies will not be sustainable. If any of these companies is unable to continue to operate, it will have a significant impact on the ability of the government to resolve the electrical power crisis and it therefore poses a substantial risk to the economy.

In addition, the financial position of VRA, ECG and GRIDCo poses significant risks to the banking sector in Ghana which has significant exposure to these energy sector SOEs. Resident commercial banks have extended substantial loans and advances to each of these companies and, as a result of this exposure, the financial strength of these state-owned companies has a material impact on the increasing level of non-performing loans within the banking sector.

In its second review of its extended credit facility programme for Ghana in January 2016, the IMF reported that energy sector reform remains critical and that the poor performance of the main state-owned enterprises, in particular VRA and the ECG pose substantial risks to the economy. In the IMF Staff Report entitled “The Second Review Under The Extended Credit Facility Arrangement and the Request for Waiver for Non-observance of Performance Criterion” in relation to Ghana released in January 2016 (“**January 2016 IMF Report**”), the IMF indicated that the poor performance of the main state-owned companies in Ghana poses substantial risks to the economy. As a result, the IMF indicated that finalisation of a strategy to stabilise the financial position of certain state-owned companies operating in the power sector was one of the prior actions to be finalised prior to the completion of the IMF's consideration of the third review under its programme with Ghana.

The government has developed a strategy to address the financial position of power sector SOEs and has implemented important reforms in an effort to improve the operational and financial performance of VRA, ECG and GRIDCo. See “The Economy—Role of the Government in the Economy and Privatisation—Current Status of Privatisation—Energy”.

If the government is unable to implement successfully its reforms of VRA, ECG and GRIDCo or otherwise restore their financial viability, it will have a material adverse effect on the energy sector and the financial sector and, therefore, on the performance of the economy and its ability to service its debt, including the Notes.

***Ghana faces significant challenges in the power sector and power shortages continue to negatively impact economic growth***

Although Ghana has made significant investments in its power generating infrastructure and has increased its installed power capacity to approximately 3,824 megawatts (“MW”), the power sector in Ghana continues to be challenged by inadequate fuel supply, planned and unplanned disruptions to infrastructure and the financial distress and operating performance of state-owned enterprises within the power sector. As a result, power rationing continues to represent a major challenge to the Ghanaian economy.

Historically, hydroelectricity was the primary source of power generation in Ghana. However, reliance on Lake Volta's water levels by the Akosombo and Kpong dams made Ghana's power supplies vulnerable to low rainfall in the Volta catchment area. Low levels of water in these dams due to climate change have reduced generation capacity at Ghana's hydro plants at Akosombo, Kpong and, more recently, Bui and led to recurring power outages. Currently, less than one-third of the total hydro capacity is available for utilisation due to adverse climate conditions, and Ghana now generates approximately seventy per cent. of its power from thermal power generation plants which are fuelled by gas, light crude oil (“LCO”), heavy fuel oil, diesel or distillate fuel oil and which are more expensive than hydro generation.

However, Ghana is experiencing disruptions to its supplies of gas and LCO and, as a result, continues to experience power outages. Ghana sources gas from Nigeria via the West African Gas Pipeline (“WAGP”), which became fully operational in 2009, and associated gas supplied from the Jubilee Field which is processed at the Atuabo gas processing plant. Gas supplies through the WAGP have not been reliable. In late 2012, the WAGP announced a total cut-off of gas supply to onshore stations due to damage to a portion of the pipe in Lome. The gas cut-off led to a shutdown of 310 MW of power from the national grid. During the second half of 2013, the WAGP completed repairs to the pipeline, resuming operations after nearly a year of closure. More recently, the amount of gas supplied by the WAGP has been erratic and significantly lower than the contracted volume levels of 123 million standard cubic feet per day (“mmscfd”). Average WAGP gas flow in 2015 was 56mmscfd compared to 61.8 mmscfd in 2014. Currently, the WAGP Company which operates the WAGP has suspended gas supplies to Ghana completely because of damage to the pipeline infrastructure and outstanding payments owed by VRA to N-Gas, which purchases gas in Nigeria for transport through WAGP.

In addition, in July 2015, gas production levels at the Jubilee Field were impacted as a result of technical issues with gas compression systems on the field’s FPSO. Production levels were impacted again when production was suspended between 20 March 2016 and 3 May 2016 as a result of damage to the FPSO’s turret bearing. The turret bearing is designed to allow the FPSO to rotate and adapt its orientation with respect to the prevailing environmental direction. The government currently anticipates that further remedial work, likely to take place in 2017, will adversely impact production levels in 2017. Ghana has also experienced difficulty in obtaining reliable supplies of LCO from Nigeria to supply the LCO units at its thermal power plants.

In February 2015, the Electricity Company of Ghana introduced “load shedding” with 24-hour blackouts followed by 12 hours of supply, which contribute to the cost of doing business. Power rationing represents a major challenge in the Ghanaian economy and the output of the manufacturing sector in particular. Power rationing has forced some mining companies in Ghana to reduce their electricity usage from the national grid, which in turn adversely affects production and tax revenue. Manufacturers and other businesses have had to face the cost of increased use of expensive generators and thermal sources of energy. The impact of the crisis in the power sector therefore impacts GDP growth and has contributed to the deceleration of GDP growth in recent years.

Ghana’s increased reliance on thermal generation of electricity also increases the Republic’s dependence upon oil imports and its corresponding vulnerability to increases in oil prices. See “—Ghana relies exclusively on imported oil for domestic consumption and is vulnerable to oil price increases and volatility”. If gas supply is not expedited by the Republic’s own pipelines or from outside sources, Ghana will continue to rely on LCO generation, which, even though it is currently cheaper than imported gas, could become much more expensive once crude oil prices start increasing. Hence, the average cost of electricity generation might increase significantly, which in turn could jeopardise economic growth and adversely impact Ghana’s fiscal accounts if these cost increases are not fully passed on to electricity consumers.

Furthermore, the principal state-owned enterprises which operate in the power sector, VRA (which generates electricity in Ghana), ECG (which distributes electricity for the south portion of Ghana) and GRIDCo. (which transmits electricity from generating companies to bulk customers), having accumulated significant levels of debt and payments arrears, are in financial distress. If any of these companies is unable to continue to operate, it will have a significant impact on the ability of the government to resolve the electrical power crisis. See “—The financial distress of state-owned enterprises in the energy sector poses substantial risks to the economy”. In its second review of its extended credit facility programme for Ghana in January 2016, the IMF reported that energy sector reform remains critical and that the poor performance of the main state-owned enterprises, in particular VRA and the ECG pose substantial risks to the economy. In addition, the IMF indicated that finalisation of a strategy to stabilise the financial position of certain state-owned companies operating in the power sector was one of the prior actions to be finalised prior to the completion of the IMF’s consideration of the third review under its programme with Ghana. The government has identified resolution of the electrical power crisis as a short-term priority.

Sufficient and sustainable additional capacity or fuel supply is not guaranteed, nor can the government guarantee that there will not be continuing disruptions to the electricity supply. Power shortages have had a significant negative impact on Ghana’s industrial sector output and adversely affected the country’s budgetary position by increasing expenditures and causing a slower growth recovery.

***Ghana’s fiscal deficit could have a material adverse effect on its economy and its ability to service its debt, including the Notes***

Ghana has experienced high fiscal deficits since 2012. The fiscal deficit in 2012 was 11.5 per cent. of GDP (compared to 4 per cent. of GDP in 2011), 10.2 per cent. of GDP in 2014 and 6.3 per cent. of GDP in 2015. The government in its 2016 Budget Statement targeted a fiscal deficit for 2016 of 5.3 per cent. which was revised in the Mid-Year Review to 5 per cent. of

GDP. High levels of government expenditure, particularly on wages and interest payments, and shortfalls in government revenue, both domestic revenue (tax (in particular, corporate income tax) and non-tax revenue) and grants and disbursements from development partners, have exacerbated the deficit. The government has also identified poor tax collection and broad tax exemptions as major contributory factors to Ghana's fiscal deficit. In June 2015, after the first review of the IMF programme, the IMF reported that, while the programme is generally on track, to improve the revenue performance over the medium-term, the government needs to further enhance tax administration and eliminate tax exemptions. In the January 2016 IMF Report, the IMF indicated that the government was on course to meet its fiscal consolidation objective in 2015 and that the government intends to continue with its policy of strict expenditure controls. The government anticipates that it will receive increased funding from the IMF for budget support in 2016 in an amount of approximately US\$208 million. However, if the government is unable to achieve any prior actions or other conditions specified by the IMF in respect of that funding, there can be no assurance that the IMF will be willing to provide such funds in 2016 or at all. If not remedied, the high deficit will continue to cause adverse consequences, including significantly increasing Ghana's debt levels, that could have a material adverse effect on its economy and its ability to service its debt, including the Notes.

***The IMF programme is subject to various conditions, and the continuation of the programme support depends on the Republic's ability to comply with the programme conditions. In addition, the programme conditions could impede economic development in the short-term.***

In August 2014, the government requested an arrangement with the IMF to help support stronger policy adjustment, restore market confidence and revive Ghana's transformation agenda. Consequently, on 3 April 2015, the Executive Board of the IMF approved a three-year extended credit facility programme for Ghana in the amount of SDR664.2 million (US\$918 million) to support Ghana's balance of payments. The programme provides that the IMF will disburse the total amount in eight equal tranches. The IMF made the first disbursement immediately after approving the credit facility, and the programme provides that the IMF is due to make the remaining seven disbursements after completion of subsequent reviews under the credit facility.

Under the programme, the IMF monitored the progress of the programme based on periodic quantitative and continuous performance criteria as well as indicative targets as at end of the months of April, August, December 2015 and June 2016 and will subsequently monitor progress against this criteria at the end of the months of December 2016 and June and December 2017. IMF reviews after each test date assess the performance of each of the performance criteria and structural benchmarks of the programme. The IMF conducted the first review of the programme in June 2015 to assess the performance criteria targets for April 2015 and the structural benchmarks. The IMF reported that, while the programme is generally on track, there are some areas for improvement, such as the BOG financing of government expenditures, tax administration and rising inflation. The Executive Board of the IMF met in August 2015 to complete the performance review from June 2015. The Executive Board of the IMF made the second disbursement in September 2015. The IMF conducted the second review of the programme between 21 October and 5 November 2015. The Executive Board of the IMF completed its consideration of the review in January 2016 and approved the third disbursement under the programme which was made in January 2016. The IMF conducted the third review of the programme between 27 April and 11 May 2016 and adjudged the programme to be broadly satisfactory at the Staff level. On 2 September 2016, the IMF released an end-of-mission press release following meetings between IMF Staff and senior officials including the President, Minister of Finance and Governor of the BOG to discuss the third review of Ghana's financial and economic programme supported by the IMF's extended credit facility. The press release noted that whilst understanding was reached on many issues, discussions would continue in relation to outstanding questions with regard to elements of legislation recently passed by parliament. The IMF had previously indicated that its consideration of the third review would be completed once certain prior actions had been satisfied including the preparation by the government of a new bill to amend the BoG Act. Although the new bill was approved by parliament on 2 August 2016, parliament rejected certain provisions of the new bill requested by the IMF, including imposing a zero limit on BOG monetary financing of central government and public institutions (including SOEs) and instead approved a limit of 5 per cent. of the previous year's government revenues. Additionally, the IMF has indicated that it must first complete its review and consideration of the new legislation recently passed by parliament before it will be in a position to conclude the third review. The government continues to work with the IMF toward the conclusion of the third review. See “—The financial distress of state-owned enterprises in the energy sector poses substantial risks to the economy”, “Overview — Recent Developments— IMF” and “Public Debt—Relations with Multilateral Financial Institutions—International Monetary Fund (IMF) Programme”. The continuation of the programme support, including the provision of any further disbursements under the programme, depends on the Republic's ability to comply with certain targets, restrictions and covenants contained in the relevant programme documentation including the prior actions referred to above. The government continues to work with the IMF toward the conclusion of the third review under the extended credit facility and is hopeful that the third review will be concluded positively. In addition, the IMF have stated that discussions with the government have been constructive and have noted that important legislation has been passed. However, there can be no

assurance at this stage that the third review will be satisfactorily concluded. Furthermore, the IMF programme requires the Republic to implement certain reforms and contains covenants that could have a material adverse effect on the Republic's ability to service its debt, including the Notes.

***High inflation could have a material adverse effect on Ghana's economy and its ability to service its debt, including the Notes***

Historically, inflation in Ghana has fluctuated significantly from year to year. The annual inflation rate increased from 8.8 per cent. as at 31 December 2012 to 17.0 per cent. as at 31 December 2014. The annual inflation rate subsequently increased to 17.7 per cent. as at 31 December 2015, primarily due to increased utilities tariffs and fuel prices and the depreciation of the Cedi over the period, but decreased to 16.7 per cent. in July 2016. For more information on historical inflation rates, please see "Monetary and Financial System—Monetary Policy—Inflation". Although tighter monetary and/or fiscal policies may help to curb inflation, the impact on inflation of higher food, fuel and other import prices is beyond Ghana's control. There can be no assurance that the inflation rate will not continue to rise in the future. Significant inflation could have a material adverse effect on the Republic's economy and the ability to service the government's debt, including the Notes.

***Further increases in public sector wages could increase the fiscal deficit, crowd out spending in much-needed infrastructure investment and social protection. Reforms which negatively impact wages of civil servants could, however, lead to protests, demonstrations and strikes. Instability in the civil service sector could, in turn, weaken the economy.***

In 2010, the government undertook to organise all public sector pay structures together under the Single Spine Salary Structure ("SSSS"). When it implemented the SSSS, the government raised wages for public sector employees. In addition, the realignments in wages resulted in higher wages, including unanticipated payments of arrears to certain sectors of the government workforce, and significantly contributed to the increased budget deficit. Although public sector wages declined from 8.9 per cent. of GDP in 2012 to 7.5 per cent. of GDP in 2015, and the government expects public sector wages to further decline to 7.0 per cent. of GDP in 2016, public sector wages continue to constitute a substantial proportion of government revenues and expenditure. Additionally, public sector wages continue to increase in nominal terms despite decreasing as a percentage of GDP. As of 2015, the wage bill rose to GHS10.56 billion (43.7 per cent. of tax revenue), compared to GHS9.45 billion (49.1 per cent. of tax revenue) in 2014. The public sector wage bill increased by 23.7 per cent. in 2013, 14.9 per cent. in 2014 and 11.7 per cent. in 2015. At 7.5 per cent. of GDP in 2015, Ghana's public sector wage bill is higher than the African regional average wage. Furthermore, although the government has completed migration of almost all public sector workers onto the new pay structure, and it has paid all of the arrears owed to workers, further increases in wages may increase the fiscal deficit and crowd out spending elsewhere, such as in needed infrastructure investment and social protection.

The government has sought to contain pressures on wages by taking measures to lower the public sector wages to tax revenue ratio, including (i) negotiating public sector wages to factor in a cost of living allowance, (ii) reducing the number of state subsidised agencies from government payroll, (iii) recruiting and replacing public workers in more controlled ways that assess need, (iv) cutting market premium pay for certain skilled workers, (v) implementing a public service wide performance management system, (vi) biometric registration of workers and electronic payment systems and (vii) conducting a payroll audit. Reforms to address the wage bill include reductions in public sector employment in addition to decreases in remuneration. Resistance to these reforms by those who will be immediately affected could involve protests, demonstrations and strikes. For example, in 2015, medical professionals went on strikes over disagreements with the government over wages. Any such instability in the civil service sector could weaken the economy. On the other hand, if the government fails to continue to implement reforms to the wage bill, the government's fiscal position could again deteriorate, which may have negative effects on the economy and, as a result, a material adverse effect on Ghana's capacity to service the Notes. Furthermore, failure to complete negotiations of public sector wages prior to finalisation of the 2017 budget could lead to increases in expenditures and a further increase in the budget deficit.

***Decreases or fluctuations in oil production or oil prices could adversely affect Ghana's economy***

Ghana discovered oil in 2007 and began meaningful commercial production of crude oil only in 2011. In the first six months of 2016, crude oil prices have been volatile, increasing above US\$50 per barrel for a limited period and falling as low as US\$28. In 2015, crude oil production accounted for approximately 5.8 per cent. of Ghana's GDP and approximately 18.6 per cent. of its export earnings. Oil has therefore only recently become a significant contributor to Ghana's public revenues, and it is expected to become more important in the future. As such, Ghana does not have a history of managing public finances which are subjected to uncertainty and variability resulting from unexpected fluctuations in oil prices and oil production.

The level of oil production compared to the potential resources is subject to many uncertainties. Political instability in Ghana, changes in oil production quotas by OPEC, changes in the regulatory framework for oil production in Ghana, and other

such factors will affect the level of oil production in Ghana. In addition, the level of production is subject to investment in the oil sector, which in turn is subject to various factors, such as the demand for, and price of, oil and return on investment in the oil sector. Many countries are actively seeking to develop alternative sources of energy and reduce their dependence on oil as a source of energy. Any such long-term shift away from fossil fuels could adversely affect oil prices and demand. Ghana's revenues are subject to risks associated with oil production at the Jubilee Field, its major producing oil field, and the Tweneboa-Enyera-Ntomme (“TEN”) fields, which commenced operations very recently in August 2016. For example, during 2013, Jubilee Field production levels did not reach target production levels of approximately 120,000 barrels per day, and instead averaged approximately 99,685 barrels per day, due to technical issues at the field. Average daily oil production increased in 2014 to 101,976 barrels per day and in 2015 to 102,498 barrels. However, production levels at the Jubilee Field remained below full capacity in 2015 due to technical issues with gas compression systems on the field's FPSO. Production levels were impacted again when production was suspended between 20 March 2016 and 3 May 2016 due to the implementation of revised operating procedures following a problem being identified with the FPSO's turret bearing. As a result, the government expects that production levels will again fall short of full capacity in 2016 to approximately 74,000 barrels per day. Although an interim solution has been put in place, the government currently anticipates that there will be further production interruptions of between one and three months in 2017 in order to complete a permanent solution by installing a new spread mooring system. A decrease in the production of oil will likely lead to a decrease in oil revenues. While the TEN fields commenced production in August 2016 and the Sankofa-Gye Nyame fields are expected to come on stream in August 2017, there can be no assurances that there will not be delays or complications which could materially and adversely affect oil production in the future.

Furthermore, Ghana's relations with neighbouring countries may negatively impact oil production. Ghana currently is in a dispute with Côte D'Ivoire over maritime boundaries around the TEN fields. In 2014, the parties submitted the dispute to the International Tribunal for the Law of the Sea (“ITLOS”) for resolution. In May 2015, a special chamber of ITLOS issued an interim order under which Ghana may continue to develop offshore projects in the disputed area, but may not commence new drilling. Ghana filed a memorial at ITLOS in September 2015 and, in April 2016, Côte D'Ivoire filed a counter-memorial. The government expects that the case will be heard in February 2017 and that ITLOS will issue a final ruling on the merits of the dispute in 2017. The maritime dispute between Ghana and Côte D'Ivoire and a final ruling by ITLOS that favours Côte D'Ivoire could negatively affect investment into Ghana and oil production. See “The Economy—Principal Sectors of the Economy—Industry—Oil and Gas”.

The market price for crude oil has fluctuated between US\$126.96 per barrel and US\$31.93 per barrel in the last five years. Overall petroleum revenue declined by over 59.5 per cent. from US\$978.89 million in 2014 to US\$396.17 million in 2015. This decline was principally as a result of the rapid decline in oil prices during this period. Crude oil prices declined from US\$107.32 per barrel in January 2014 to US\$62.36 per barrel in December 2014 and US\$38.92 in December 2015. The decline in crude oil prices contributed to the decline in the value of Ghana's crude oil exports from US\$3,725.0 million in 2014 to US\$1,931.3 million in 2015.

Reductions in oil revenues, whether due to lower production or lower prices, will have a material adverse effect on the Ghanaian economy and government revenues and could impact the Republic's ability to service the Notes.

***Ghana relies almost exclusively on imported crude oil and refined oil and petroleum products for domestic consumption and is vulnerable to oil price increases and volatility***

Ghana emerged as a new oil producer in December 2010 and anticipates further development at the oilfields that it has recently discovered. Although Ghana has commenced oil production from its own reserves, Ghana exports all its petroleum products and continues to rely almost exclusively on imported crude oil and refined oil and petroleum products to meet its energy and transport requirements. Prior to 2009, Tema Oil Refinery (“TOR”), Ghana's sole refinery, refined the bulk of the domestic market crude oil. In recent years, however, Ghana has imported mostly refined products to serve the domestic market because TOR has not been fully operational. See “The Economy—Industry—Oil and Gas”. From 2012 through 2014, oil imports rose due to shortages in gas supply. See “—Power shortages continue to negatively impact economic growth”. Accordingly, a rise in the international price of oil significantly affects the Republic's economy because, among other things, a higher oil price increases the Republic's costs of imports and thereby increases the Republic's trade and current account deficits and exerts upward pressure on prices and inflation. If high oil prices are sustained for a period of time and tariffs are not adjusted, the Republic's budgetary position could be materially adversely affected. In addition, TOR has a history of closures. TOR suspended operations in July 2012 to undertake repair works to its main plant, which broke down as a result of challenges with power supply. Beginning in 2014, TOR again ceased refining crude oil, only recommencing limited commercial operations in February 2016. See “The Economy—Industry—Oil and Gas”. As a result of the lack of refining capacity and relatively low production of oil, Ghana has had to import significant quantities of refined oil and petroleum products, which is costly. If the

Republic fails to manage investment in and development of its oil and gas sector, including its refining capacity, it will continue to depend on imported oil. See “The Economy—Industry—Oil and Gas”.

Oil prices and markets historically have been volatile, and such volatility is likely to continue in the future. Prices of oil are subject to wide fluctuations in response to relatively minor changes in the supply of, and demand for, oil, market uncertainty and a variety of additional factors that are beyond the Republic’s control. These factors include, but are not limited to, political conditions in the Middle East and other regions, internal and political decisions of OPEC and other oil producing nations to decrease or increase production of crude oil, domestic and foreign supplies of oil, consumer demand, weather conditions, domestic and foreign government regulations, transport costs, the price and availability of alternative fuels and overall economic conditions.

International oil prices are typically denominated in US Dollars, and so prolonged weakness in the exchange rate of the Ghana Cedi against the US Dollar also will increase the local cost of petroleum and other oil-based products, even if there is no change in the international price of oil. Should oil prices increase, or prolonged weaknesses in the Cedi to US Dollar exchange rate occur, such events could have a material adverse effect on Ghana’s economy.

***Continued decline in the Cedi could materially impair the Republic’s ability to service its debt, including the Notes***

The external value of the national currency, the Ghana Cedi, is generally determined on the basis of supply and demand conditions in the global foreign exchange market. The BOG intervenes when necessary in order to maintain orderly conditions in the foreign exchange market. Although the monetary authorities expect to continue to gear their monetary policy towards maintaining price stability, and Ghana’s major export revenues are US Dollar denominated, there can be no assurance that Ghana will be able to maintain a stable exchange rate.

Further depreciation of the Cedi against the US Dollar, or the decline of the level of foreign reserves as a result of the BOG’s intervention in the currency markets, could materially impair the Republic’s ability to service its external debt, 80 per cent. of which was, as at 31 December 2015, either linked to the US Dollar or denominated in US Dollars. Given Ghana’s high fiscal deficit, limited foreign-exchange reserves, its high dependence on commodity exports, combined with weak oil and gold prices, lower production of gold and cocoa, and because it pays for its key imports, such as oil, in US Dollars, the Cedi will remain vulnerable to external shocks which could lead to a sharp decline in its value. The Cedi exchange rate was very volatile for much of 2015. In 2015, the Cedi depreciated by 15.66 per cent. against the US Dollar compared to depreciation of 31.3 per cent. against the US Dollar in 2014. In the six months to June 2016, the Cedi depreciated by 3.35 per cent. against the US Dollar. Continued decline in the Cedi could materially impair the Republic’s ability to service its debt, including the Notes.

***The Republic’s dependence on external sources of financing could have a material adverse effect on the Republic’s ability to service the Notes***

Ghana’s internal debt market remains illiquid and underdeveloped as compared with markets in most western countries, and thus its internal debt market may not be a reliable future source of funding. In addition, funding levels which are available in Ghana’s internal debt markets are expensive. See “Risk Factors—Monetary and Financial System—The Financial Sector and Capital Markets”. In the wake of the emerging markets crisis in 2000, loans from multilateral organisations such as the IMF comprised Ghana’s most significant source of external financing. Consequently, the government would have to rely to a significant extent on the international capital markets or syndicated loan markets and on multilateral borrowings to finance part of the budget deficit, fund its payment obligations under domestic and international borrowings and support foreign exchange reserves. These borrowings, if required, may be conditional on Ghana’s satisfaction of certain requirements, which may include, among other things, implementation of macroeconomic, strategic and institutional and structural reforms.

Following Ghana’s transition to a lower middle-income economy country, donor aid and concessional funding has decreased. If Ghana does not have reasonable access to the international capital markets or syndicated loan markets or multilateral organisations such as the IMF to grant adequate financing, Ghana will face further pressure on its budget and foreign exchange reserves which could have a material adverse effect on its ability to service the Notes. See “Risk Factors—The IMF programme is subject to various conditions, and the continuation of the programme support depends on the Republic’s ability to comply with the programme conditions. In addition, the programme conditions could impede economic development in the short-term”. The government has pledged a portion of such reserves (approximately 21.59 per cent. as of 30 June 2016) as collateral for obligations of Ghana, including as security for collateralized letters of credit. Moreover, Ghana’s economy historically has been backed by significant inflows of donor aid and remittances by Ghanaian nationals living abroad. Donor aid has decreased substantially, and it is unlikely that donor aid, grants and disbursements or remittances will be made available at current levels in the future.

***The Republic has significant debt exposure to multilateral lending institutions with de facto “preferred creditor status” over other creditors, including the Noteholders***

The Republic has significant debt exposure to multilateral lending institutions. Such multilateral creditors include the International Development Association (“IDA”), the IMF and the African Development Bank, in respect of which the Republic’s outstanding external public indebtedness stood, respectively, at approximately US\$2,943.16 million, US\$769.02 million and US\$939.58 million as of 30 June 2016. See “Public Debt—External Debt”. Sovereign debtors, incentivised by the often favourable lending policies of such institutions and their enduring and important role as concessional lenders and advisors to sovereigns, may place priority on debt repayments to multilateral institutions over other private or official creditors during times of debt distress. Accordingly, should the Republic default on its sovereign debt obligations, there is a possibility that the Republic would choose to prioritise the repayment of moneys owed to such multilateral creditors over the Noteholders.

Accordingly, the Republic’s significant exposure to multilateral lenders with de facto preferred creditor status could affect the extent to which Noteholders would recover their investment were the Republic to default on its debt obligations.

***Failure to implement economic and fiscal reforms may have a negative effect on the performance of the economy***

The government is currently pursuing various fiscal reforms and policies as part of its fiscal consolidation programme to correct macroeconomic imbalances in response to the significant pressures which its economy is facing. These reforms include rationalisation of public spending, lowering public sector wages, restructuring statutory funds and enhancing revenue collection and tax administration. Although the government has begun and intends to continue to carry out its economic and fiscal reforms, there is no assurance that it will succeed in implementing them or that there will be no delays or only partial implementation of these reforms and policies. The government’s failure to implement or delayed implementation of these reforms may have a negative effect on the performance of the economy and its ability to service its debt, including the Notes. See “The Economy—Home Grown Fiscal Consolidation Programme”.

***If Ghana is not able to invest significantly in its infrastructure, its economic growth targets may not be achievable***

Ghana’s current economic growth rate may not be sustainable due to the inadequate state of Ghana’s infrastructure. Many economic activities, including agriculture, mining, processing, development and exploration, depend to varying degrees on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs and can foster higher private sector investment and increase productivity. In order to make vital improvements in cargo transportation, processing and handling, Ghana must further develop infrastructure in areas of high need such as utilities, roads, railways and ports. Infrastructure deficiencies have been identified as a major constraint to increasing traditional as well as non-traditional agricultural and mineral exports. In 2010, the government adopted a new growth strategy, the GSGDA. The GSGDA focuses on support for infrastructure, private sector development, agriculture, human development and natural resources management. See “The Economy—General—Overview” for more information on the GSGDA initiative.

Although the government has since implemented a number of programs to invest in Ghana’s infrastructure, the government has not been able to achieve its infrastructure targets due to, among other things, declining economic conditions, labour inefficiency, inadequate resources and equipment failure. If the government does not achieve stated infrastructure objectives, the government might not be able to meet estimates for GDP growth within the government’s forecast periods.

A failure to improve Ghana’s infrastructure in order to support growth in the key sectors of its economy may constrain Ghana’s overall economic growth, which may in turn impair Ghana’s ability to meet its debt obligations, including those under the Notes.

***Decreases in the market price for gold, which in the past has fluctuated widely, could adversely affect Ghana’s economy***

Gold constituted the largest source of export earnings in 2015, making up approximately 31 per cent. of total export earnings. Gold prices have generally decreased since 2012. The gold mining industry is largely foreign-owned and hence the government’s income from gold is predominantly composed of royalties from gold sales as opposed to direct export earnings. Historically, the market price for gold has fluctuated (between US\$1,096 per ounce and US\$1,770 per ounce in the last five years) and has been affected by numerous factors over which Ghana has no control, including:

- the demand for gold for industrial uses and for use in jewellery;
- actual, expected or rumoured purchases and sales of gold by central banks;
- speculative trading activities in gold;

- the overall level of forward sales by other gold producers;
- the overall level and cost of production by other gold producers;
- international or regional political and economic events or trends;
- the strength of the US Dollar (the currency in which gold prices generally are quoted) and of other currencies;
- financial market expectations regarding the rate of inflation; and
- interest rates.

In addition, gold is sold throughout the world principally in US Dollars, but the production costs of the Ghanaian producers are incurred principally in Cedi. As a result, any significant and sustained appreciation of the Cedi against the US Dollar may materially increase the production costs per ounce in US Dollar terms, decrease export revenues from gold sales and thus decrease the Republic's royalties.

Additionally, total gold production levels are subject to operating risks at the mines which are outside the control of the Republic. If gold prices should fall and remain at low levels for any sustained period, the Republic's economy would be adversely affected as a result of a reduction in the Republic's royalties from gold sales.

***Cocoa is a significant export product and Ghana is therefore vulnerable to decreases in crop production, demand for and price of cocoa and other agricultural commodities***

Cocoa constituted the second largest source of export earnings in 2015, with cocoa beans making up approximately 19.4 per cent. of total exports and 1.9 per cent. of GDP. In 2015, cocoa beans and cocoa products contributed 26.7 per cent. of total exports, equivalent to approximately US\$2.76 billion. In 2015, agriculture constituted 20.3 per cent. of GDP, of which only 1.9 per cent. was cocoa. Agriculture outside of the cocoa crop accounts for a significant portion of the economy. According to the 2014 Ghana Living Standards Survey Round 6 (the "GLSS 6"), 44.7 per cent. of the labour force was employed in agriculture.

Weather conditions have historically caused volatility in the agricultural commodities industry by causing crop failures or significantly reduced harvests, which can adversely affect the supply of Ghana's agricultural commodities. In addition, the supply of agricultural commodities can be affected by factors such as plant disease, crop yields and fires. Furthermore, cocoa prices are subject to fluctuations in response to changes in the supply and demand, market uncertainty and a variety of additional factors that are beyond the Republic's control. These factors include, but are not limited to, competition from other cocoa-producing countries and consumer demand.

Attempts to diversify Ghana's agricultural production, including into higher income generating crops such as mango, pineapple, bananas and cashews, have so far yielded minimal results due to, among other things, the lack of a food grading system and the unavailability of appropriate handling facilities inland and holding houses at ports to keep fruit fresh for export. A decrease in the production, demand for or price of cocoa and other agricultural commodities on which Ghana relies could adversely affect Ghana's economy.

***Natural disasters such as floods and droughts have negatively affected the Republic in the past and may negatively affect it in the future***

Like other countries in Africa, Ghana has historically been affected by a variety of natural disasters, including floods and droughts. Natural disasters such as floods often lead to casualties, the destruction of crops and livestock, the outbreak of waterborne disease and the destruction of infrastructure, such as roads and bridges. For example, in June 2015, floods caused a large explosion at a gas station and resulted in approximately 150 deaths, displacement of people and property damage. Droughts may negatively affect the production of agricultural commodities, the food supply in general and the generation of hydroelectric power. See "—Power shortages continue to negatively impact economic growth". Expenditures associated with natural disaster relief efforts adversely affect the Republic's budgetary position and, as a result, may impair the Republic's ability to service its debt, including the Notes.

***Political instability or a change in government may negatively affect the economy***

Ghana has experienced periods of political and economic instability in the past. During the periods immediately prior to and following previous elections in 1992, 1996, 2000, 2004 and 2008, Ghana experienced periods of instability characterised by exchange rate volatility, high inflation and fiscal overruns. Since the NDC came to power in 2000, however, the government has implemented broad economic reform programmes focused on achieving macroeconomic stability and an environment

conducive to sustainable economic growth, and the government conducted the 2012 election in an environment of economic stability. These positive trends may not be sustainable over the longer term and could be impacted by the next election in December 2016. See “Risk Factors—The upcoming general elections may result in political instability or changes in policies”.

The most critical structural reforms to be fully implemented or continued include (i) comprehensive reforms of Ghanaian tax legislation with a view to broadening the tax base by bringing a substantial portion of the shadow economy into the reporting economy, (ii) reform of the energy, mining and agriculture sectors and (iii) reform of social benefits and pensions. Future political instability in the executive or legislative branches could hamper efforts to implement necessary reforms. There can be no assurance that the political initiatives necessary to achieve these or any other reforms described elsewhere in this Prospectus will continue, will not be reversed or will achieve their intended aims.

Any significant changes in the political climate in Ghana, including changes affecting the stability of the Ghanaian government or involving a rejection or reversal of reform policies favouring privatisation, industrial restructuring and administrative and regulatory reform, may have negative effects on the economy and, as a result, a material adverse effect on Ghana’s capacity to service the Notes.

***The upcoming general elections may result in political instability or changes in policies.***

The next presidential and parliamentary elections in Ghana are scheduled to take place in December 2016. In common with all such elections elsewhere, the post-election administration may pursue different policies and priorities than the current administration, alter or reverse certain reforms or take actions that make domestic and foreign investment in Ghana less attractive. If there are allegations of fraud or other irregularities in connection with the upcoming presidential elections, and such allegations are not properly handled in an orderly manner, such allegations may undermine the legitimacy of the new administration. Any significant changes in the political climate in Ghana, including changes affecting the stability of the government or involving a rejection, reversal or significant modification of policies, reforms in the power, banking and oil and gas sectors, fiscal reform efforts or other reforms, or adverse implications on the government’s relationship with the IMF may have negative effects on the economy, government revenues or foreign reserves and, as a result, a material adverse effect on Ghana’s capacity to service the Notes. The outcome of the upcoming elections may have a significant impact on Ghana’s political stability and may adversely affect its economy and no assurance can be given that the current reforms and policies will continue after such elections.

***The potential withdrawal of the UK from the EU could adversely affect the economic conditions in UK, Europe and globally***

A referendum on the United Kingdom’s membership in the European Union was held on 23 June 2016 and resulted in a vote in favour of the withdrawal of the United Kingdom from the European Union (“Brexit”). The UK will remain a member state until it reaches an agreement in relation to withdrawal from the EU (or, if earlier, the expiration of a two year notification period following the notification of the European Council of its intention to withdraw). Currently, it is unclear when the notification will be submitted to the European Council and what type of agreement will be concluded between the UK and the EU. It is possible that the withdrawal process may last significantly longer than the two year period envisaged by the European Treaty. The prospective withdrawal of the UK from the EU may introduce potentially significant new uncertainties and instability in the UK and the EU and negatively impact their economic performance. In addition, it may increase market volatility and lead to disruptions for the European and global financial markets, including emerging markets. In addition, the process of negotiating new trade agreements between the UK and African countries, including Ghana, may take significant time to conclude and, as a result, trade volumes between the UK and African countries, including Ghana, may decrease. As Ghana exports and imports products and services to the UK and the EU, it is possible that Brexit may have a negative impact on the economy in Ghana. Until the terms and timing of the UK’s exit from the European Union are clearer, it is not possible to determine the impact that the UK’s departure from the European Union may have on the economy in Ghana.

***Failure to address actual and perceived risks of corruption adequately may adversely affect Ghana’s economy and ability to attract foreign direct investment***

Although Ghana implemented and is pursuing major initiatives to prevent and fight corruption and unlawful enrichment, corruption remains a significant issue in Ghana, as it is in many other emerging markets. Ghana is ranked 56 out of 167 countries in Transparency International’s 2015 Corruption Perceptions Index and placed 114 out of 189 in the World Bank’s Doing Business 2016 report. In recent years, Ghana has pledged to address corruption and has implemented various measures to prevent and fight corruption and unlawful enrichment. Despite various reform efforts, corruption continues to impact Ghana. There are currently charges recorded pursuant to the Republic’s anti-money laundering laws in several small cases, many of which involve activities by foreigners. Furthermore, 4 high court judges, 21 lower court judges and 19 judicial staff have

recently been dismissed following charges of corrupt practices for requesting bribes. A further 3 judges face charges of corruption and have been suspended pending the outcome of the investigation. Failure to address these issues, continued corruption in the public sector and any future allegations or perceived risk of corruption in Ghana could have an adverse effect on Ghana's economy and may have a negative effect on Ghana's ability to attract foreign investment.

***Health risks could adversely affect Ghana's economy***

Malaria, HIV/AIDS, tuberculosis (which is exacerbated in the presence of HIV/AIDS) and typhoid are major healthcare challenges in Ghana and other West African countries. Malaria is the leading cause of premature death in Ghana, and the treatment and prevention of the disease imposes substantial costs to individuals and to the government. According to Ghana's National AIDS/STI Control Programme, as of 2015, the Republic had an estimated HIV prevalence of approximately 1.6 per cent. among its population of adults aged between 15 and 49 years old, which represents an estimated 270,000 persons.

The Ebola virus disease (or "**Ebola**") also spread in West Africa in 2015, particularly in nearby Guinea, Liberia, Nigeria, Senegal and Sierra Leone. No Ebola outbreaks have been reported in Ghana. In March 2016 the Ebola emergency committee of the World Health Organisation confirmed that in its view that Ebola transmission in West Africa no longer constitutes an extraordinary event, that the risk of international spread is now low, and that countries currently have the capacity to respond rapidly to new virus emergencies. Accordingly, in the committee's view, the Ebola situation in West Africa no longer constitutes a public health emergency of international concern and the temporary recommendations adopted in response should now be terminated. If Ebola resumes its spread in West Africa or spreads to Ghana, travel and trade restrictions and disruptions to commercial activity may result in reduced spending and adversely impact Ghana's economy. Therefore, there can be no assurance that the prevalence of malaria, HIV/AIDS, typhoid, Ebola or other diseases in Ghana will not have a material adverse effect on Ghana's economy and on its capacity to service its debt, including the Notes. See "The Economy—The Labour Market—Health Care".

***Ghana may not achieve its growth objectives if the government does not invest in initiatives aimed at increasing the productivity of the country's labour force***

Various factors impede Ghana's labour productivity, such as poor infrastructure, the high incidence of malaria infections giving rise to increased sickness and disability costs, limited access to healthcare, especially in rural areas, and insufficient vocational training. If the government does not continue to invest in initiatives which have the effect of ameliorating all or most of these factors, Ghana may not achieve its growth and fiscal objectives, which may impair the country's economy and ability to service its debt, including the Notes.

***A significant portion of the Ghanaian economy is informal and is not fully recorded***

A significant portion of the Ghanaian workforce is comprised of the informal, or shadow, economy. According to the GLSS 6, the informal sector employed 88 per cent. of the workforce in 2014. The informal economy is not fully recorded and is not taxed at all or is only partially taxed, resulting in not only lack of revenue for the government but also ineffective regulation, unreliability of statistical information (including the understatement of GDP and the contribution to GDP of various sectors) and inability to monitor or otherwise regulate a large portion of the economy. Lack of effective regulation and enforcement in this sector also gives rise to other issues including health and safety issues. Although the government is attempting to address the informal economy by streamlining certain regulations, particularly tax laws, there can be no assurances that such reforms will adequately address the issues and bring the entire informal economy into the formal sector. The inability to increase tax revenues to reduce the growing fiscal deficit may have negative effects on the economy and, as a result, a material adverse effect on Ghana's capacity to service its debt, including the Notes.

***Events in neighbouring and other emerging markets, including those in sub-Saharan Africa and Saharan Africa, may negatively affect the Notes***

Economic, security or health distress in Ghana's neighbours and nearby emerging market countries may adversely affect Ghana's economy, the prices of securities and the level of investment in other emerging market issuers as investors move their money to more stable, developed markets. Financial problems or an increase in the perceived risks associated with investing in emerging market economies could dampen foreign investment in Ghana, adversely affect the Ghanaian economy or adversely affect the trading price of the Notes. Even if the Ghanaian economy remains relatively stable, economic distress in other emerging market countries could adversely affect the trading price of the Notes and the availability of foreign funding sources for the government. Adverse developments in other countries in sub-Saharan Africa, in particular, may have a negative impact on Ghana if investors perceive risk that such developments will adversely affect Ghana or that similar adverse developments may occur in Ghana. Risks associated with sub-Saharan Africa include political uncertainty, civil unrest and

conflict, including violence by militant groups, such as Boko Haram, corruption, the outbreak of disease, including Ebola, and poor infrastructure. Investors' perceptions of certain risks may be compounded by incomplete, unreliable or unavailable economic and statistical data on Ghana, including elements of the information provided in this Prospectus.

***Financial and statistical information may be unreliable***

Although a range of government ministries, along with the BOG, produce statistics on Ghana and its economy, given the size of the informal economy, there can be no assurance that these statistics are as accurate or as reliable as those compiled in more developed countries. In addition, comparing national and international data sources can yield inconsistencies. Prospective investors should be aware that figures relating to Ghana's GDP and many other aggregate figures cited in this Prospectus may be subject to a high degree of uncertainty. Furthermore, standards of accuracy of statistical data may vary from ministry to ministry and from period to period due to the application of different methodologies. In this Prospectus, data are presented as provided by the relevant ministry to which the data are attributed, and no attempt has been made to reconcile such data to the data compiled by other ministries or by other organisations, such as the IMF. In addition, Ghana has experienced high rates of inflation, as well as significant depreciation of the Cedi. Unless indicated, the information and figures presented in this Prospectus have not been restated to reflect such inflation and currency movements, and, as a result, period-to-period comparisons may not be meaningful. Prospective investors should be aware that none of these statistics has been independently verified by any party.

**Risks Relating to the Notes**

***An investment in the Notes may not be suitable for all investors***

Generally, investment in emerging markets such as Ghana is only suitable for sophisticated investors who fully appreciate the significance of the risks involved in, and are familiar with, investing in emerging markets. Investors are urged to consult their own legal and financial advisers before making an investment. Such risks include, but are not limited to, higher volatility and more limited liquidity in respect of the Notes, a narrow export base, budget deficits, lack of adequate infrastructure necessary to accelerate economic growth and changes in the political and economic environment. Emerging markets can also experience more instances of corruption by government officials and misuse of public funds than do more mature markets, which could affect the ability of governments to meet their obligations under issued securities.

Investors should also note that emerging markets such as Ghana are subject to rapid change and that the information set out in this Prospectus may become outdated relatively quickly.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

***The Notes contain "collective action" clauses under which the terms of the Notes and/or multiple series of debt securities issued by the Issuer, including the Notes, may be amended, modified or waived without the consent of all the holders of the Notes or all the holders of any other series of debt securities being aggregated, as the case may be***

The terms and conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally, including material changes to the terms and conditions of the Notes and the waiver of, or the rescission of, any acceleration following an Event of Default, commonly referred to as "collective action" clauses. These provisions permit defined majorities voting at a meeting or executing written consents to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and/or Noteholders who voted in a manner contrary to the majority. The relevant provisions also permit, in relation to reserved matters, multiple series of notes, including the Notes, to be

aggregated for voting purposes (provided that each such series also contains the collective action clauses in the terms and conditions of the Notes).

Any modification or actions relating to reserved matters, including in respect of payments and other important terms, may be made to the Notes with the consent of the holders of 75 per cent. of the Notes present at a duly convened meeting (with the quorum for such a meeting being two or more persons holding or representing in the aggregate not less than 75 per cent. (or, in the case of an adjourned meeting, not less than one-third) of the principal amount of the Notes for the time being outstanding). Any modification or actions relating to reserved matters may also be made to multiple series of notes, including the Notes, with the consent of both (i) the holders of 66⅔ per cent. of the aggregate principal amount outstanding of all series of notes being aggregated and (ii) the holders of 50 per cent. in aggregate principal amount outstanding of each series of notes being aggregated.

In addition, under certain circumstances, including the satisfaction of the Uniformly Applicable (as defined in Condition 13 (*Meetings of Noteholders; Written Resolutions*)) condition in the terms and conditions of the Notes, any such modification or action relating to reserved matters may be made to multiple series of debt securities, including the Notes, with the consent of 75 per cent. of the aggregate principal amount outstanding of all series of debt securities being aggregated only, without requiring a particular percentage of the holders in any individual affected series of debt securities to vote in favour of any proposed modification or action. Any modification or action proposed by the Issuer may, at the option of the Issuer, be made in respect of some series of debt securities only and, for the avoidance of doubt, the provisions may be used for different groups of two or more series of debt securities simultaneously. At the time of any proposed modification or action, the Issuer will be obliged, *inter alia*, to specify which method or methods of aggregation will be used by the Issuer.

There is a risk therefore that the terms and conditions of the Notes may be amended, modified or waived in circumstances whereby the Noteholders voting in favour of an amendment, modification or waiver may be Noteholders of a different series of debt securities, and, as such, less than 75 per cent. of the Noteholders would have voted in favour of such amendment, modification or waiver. In addition, there is a risk that the provisions allowing for aggregation across multiple series of debt securities may make the Notes less attractive to purchasers in the secondary market on the occurrence of an Event of Default or in a distress situation. Further, any such amendment, modification or waiver in relation to the Notes may adversely affect their trading price.

In the future, the Issuer may issue debt securities which contain or amend the terms and conditions of any existing debt securities to include collective action clauses in the same form as the collective action clauses in the terms and conditions of the Notes. If so, the Notes would be capable of aggregation with any such future debt securities.

***The Republic's credit ratings may not reflect all risks, and they are subject to revision or withdrawal, either of which could adversely affect the trading price of the Notes***

The Republic expects the Notes to be rated B by Fitch, B3 by Moody's and B- by Standard & Poor's. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Other than pursuant to Article 16 of the Prospectus Directive, the Republic has no obligation to inform Noteholders of any revision, downgrade or withdrawal of its current or future sovereign credit ratings. A suspension, downgrade or withdrawal at any time of a credit rating assigned to the Republic may adversely affect the market price of the Notes.

Each of Fitch and Standard & Poor's is established in the European Union and registered under the CRA Regulation. Moody's is not established in the European Union and has not applied for registration under the CRA Regulation. However, Moody's Investors Service Ltd. (an entity which is established in the European Union and registered under the CRA Regulation) has endorsed the ratings of Moody's, in accordance with the CRA Regulation. In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit-rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement or certification, as the case may be, has not been withdrawn or suspended).

***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent the Notes are legal investments for it, the Notes can be used as collateral for various types of borrowing and other

restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

***The liquidity of the Notes may be limited and trading prices may fluctuate***

The Notes have no established trading market. While application has been made to list the Notes on the Irish Stock Exchange and any one or more of the Managers may make a market in the Notes, they are not obligated to do so and may discontinue any market making, if commenced, at any time without notice. There can be no assurance that a secondary market will develop for the Notes or, if a secondary market therein does develop, that it will continue or be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Republic.

***Fluctuations in exchange rates and interest rates may adversely affect the value of the Notes***

The Issuer will pay principal and interest on the Notes in US Dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than US Dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the US Dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the US Dollar would decrease the Investor's Currency-equivalent yield on the Notes, the Investor's Currency equivalent value of the principal payable on the Notes and the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities (including where the investor is domiciled) may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal. In addition, investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

***Definitive Notes not denominated in an integral multiple of US\$200,000 or its equivalent may be illiquid and difficult to trade***

The Notes have denominations consisting of a minimum of US\$200,000 plus integral multiples of US\$1,000 in excess thereof. It is possible that the Notes may be traded in amounts that are not integral multiples of US\$200,000. In each case, such holder who, as a result of trading such amounts, holds an amount which is less than US\$200,000 in his account with the relevant clearing system at the relevant time may not receive a Certificate in respect of such holding (should Certificates be printed) and would need to purchase a principal amount of Notes such that its holding amounts to US\$200,000.

If Certificates are issued, holders should be aware that Certificates which have a denomination that is not an integral multiple of US\$200,000 may be illiquid and more difficult to trade than Notes denominated in an integral multiple of US\$200,000.

***The Republic of Ghana is a foreign sovereign state, and it may be difficult for investors to obtain or realise upon judgments of courts in England or the United States against the Republic***

The Republic of Ghana is a foreign sovereign state. Consequently, it may be difficult for investors to obtain or realise upon judgments of courts in England or the United States against the Republic. The Republic has irrevocably submitted to the jurisdiction of the courts of England and waived any immunity from the jurisdiction (including sovereign immunity) of such courts and any objection to venue, in connection with any action arising out of or based upon the Notes brought by any holder of Notes. The Republic has not, however, waived immunity from execution or attachment in respect of certain of its assets. See "Terms and Conditions of the Notes—Governing Law and Submission to Jurisdiction—Consent to Enforcement and Waiver of Immunity" and "Enforcement of Civil Liabilities".

The Republic's waiver of immunity is, however, limited. Such a waiver constitutes only a limited and specific waiver for the purposes of the Notes and under no circumstances shall it be interpreted as a general waiver by the Republic or a waiver with respect to proceedings unrelated to the Notes.

The enforceability in Ghana of final judgments of English courts is subject to the rules governing enforcement in Ghana of civil judgments of foreign courts specified in Act 459 and L.I. 1575. In accordance with Part V, Sub-Part I of Act 459 and Part I of L.I. 1575, the courts of Ghana would recognise and enforce a judgment obtained in the High Court of England and courts to which appeals lie from the High Court of England which has been duly registered with the High Court of Ghana. The

courts of Ghana would neither recognise nor enforce a judgment obtained from a court in certain other jurisdictions, including the United States, unless new proceedings are instituted in Ghana and the merits of the judgment are re-examined.

In original actions brought before Ghanaian courts, there is doubt as to the enforceability of liabilities based on the US federal securities laws. Ghanaian courts may enter and enforce judgments in foreign currencies. Choice of law clauses made by parties to a transaction are recognised under Act 459, however, under the Evidence Act, foreign law is presumed to be the same as Ghanaian law. The party alleging the difference between the Ghanaian law and the foreign law has the burden of rebutting the presumption. US federal securities laws must be pleaded as the governing law in proceedings before a Ghanaian court.

***The Issuer is not required to effect equal or rateable payment(s) with respect to the Notes or any other unsecured and unsubordinated obligations, and is not required to pay other unsecured and unsubordinated obligations at the same time or as a condition of paying sums on the Notes and vice versa***

The Notes rank and will rank at least *pari passu* in right of payment with all other unsecured and unsubordinated obligations of the Issuer from time to time outstanding, save only for such obligations as may be preferred by mandatory provisions of applicable law. However, the Issuer will have no obligation to effect equal or rateable payment(s) at any time with respect to any other unsecured and unsubordinated obligations and, in particular, will have no obligation to pay other unsecured and unsubordinated obligations at the same time or as a condition of paying sums due on the Notes and *vice versa*. See Condition 3 (*Status*) for further details.

***The Notes may be issued with original issue discount for United States federal income tax purposes***

If the Notes are issued with original issue discount, in addition to the stated cash interest on the Notes, US Holders (as defined under “Taxation–US Taxation”) will be required to include the amounts representing the original issue discount in gross income on a constant yield basis in advance of receipt of the cash payments to which such income is attributable. For a discussion of certain tax consequences of an investment in the Notes, see “Taxation–US Taxation”.

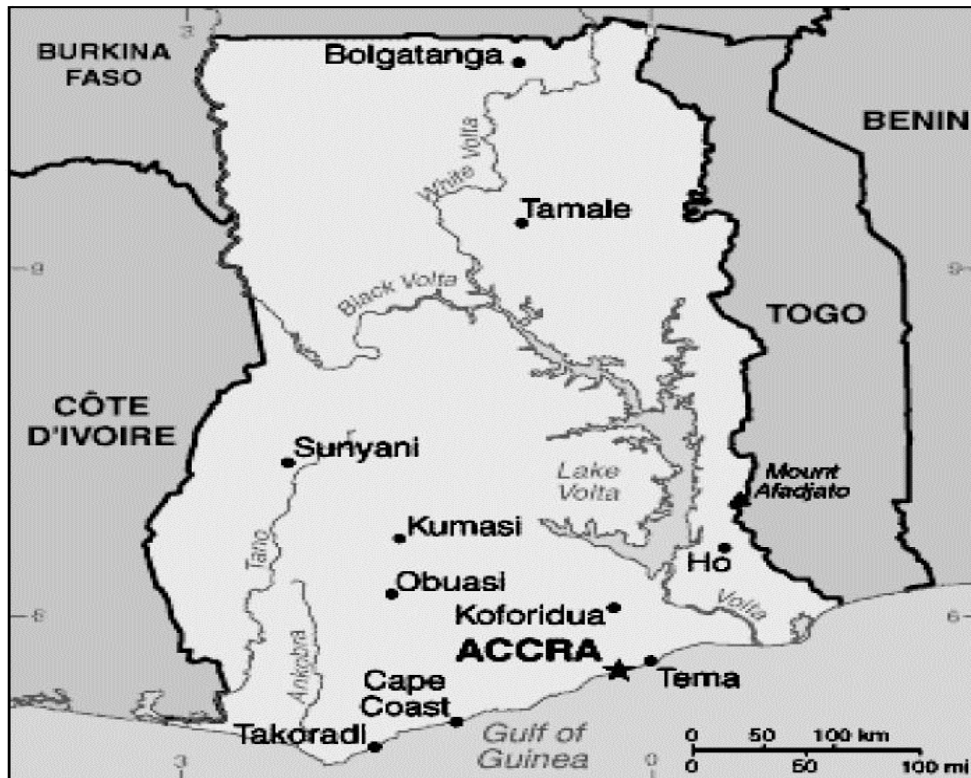
## **USE OF PROCEEDS**

The Republic expects the net proceeds of the issue of the Notes to amount to approximately US\$741,609,166, which the Republic expects to utilise to repay outstanding debt of the Republic, including to purchase any and all of the outstanding 8.5 per cent. Notes due 2017 accepted for purchase by the Republic in the Tender Offer (as defined in “Tender Offer”). As of 7 September 2016, US\$400,598,000 in nominal amount of the 2017 Notes were outstanding. In addition, if the principal amount of the Notes exceeds the aggregate amount of notes tendered in the Tender Offer, the Republic will utilise the balance to repurchase the 2017 Notes in the open market and/or to redeem the 2017 Notes at maturity and to fund budgeted capital investments in government projects. The Republic expects the total expenses of the issue of the Notes to amount to approximately US\$8,390,834 million.

## THE REPUBLIC OF GHANA

### Area and Population

The Republic of Ghana lies in West Africa and covers a total land area of 238,537 square kilometres. Situated on the Gulf of Guinea, Ghana has a coastline of 539 kilometres and is bordered by Côte D'Ivoire to the west, Togo to the east and Burkina Faso to the north. Ghana's terrain is comprised largely of lowlands, except for a range of hills on the eastern border. Rivers and streams, including the Volta River, traverse the coastal plain in the south, the heavily forested hills in the west and the savannah in the north. Lake Volta, in the east, is one of the largest artificial lakes in the world.



Ghana has an estimated population of over 27 million, with over 50 per cent. of the population living in urban areas. The greater metropolitan area of Accra, the capital of Ghana and its largest city, has an estimated population of over 3.5 million. Other important cities in Ghana include Kumasi, a commercial and transport centre in central Ghana with an estimated population of over 2 million, and Tamale, located in the Northern region, with an estimated population of approximately 400,000.

The climate of Ghana is tropical, but temperatures vary with season and elevation. Except in the north, two rainy seasons occur, from April to June and from September to November. In the north the rainy season begins in June and lasts until September. Annual rainfall ranges from about 40 inches in the north to about 80 inches in the southeast. In most areas the highest temperatures occur in March, and the lowest in August. The average annual temperature is about 30 degrees Celsius (86 degrees Fahrenheit).

The official language of Ghana is English, although indigenous languages are widely used. Among the most prevalent of these languages are Ewe, Fante, Bono (Brong), Dagbani, Dangme, Dagaare (Dagaba), Ga and Twi. Approximately 71.2 per cent. of the Ghanaian population are Christian, 17.6 per cent. are Muslim and 5.2 per cent. practice indigenous beliefs.

Ghana is generally classified as a lower middle-income developing country. The following table sets forth selected comparative statistics for 2015 (unless otherwise indicated) published by the World Bank:

	<u>Ghana</u>	<u>Nigeria</u>	<u>Côte D'Ivoire</u>	<u>South Africa</u>	<u>US</u>
GNI <sup>(1)</sup> per capita (current US\$) .....	1,480	2,820	1,410	6,050	54,960
GDP Growth (annual %).....	3.9	2.7	8.4	1.3	2.4
Literacy Rate, Adult Total (% of people ages 15 and above)...	71 <sup>(2)</sup>	51 <sup>(3)</sup>	41 <sup>(4)</sup>	94 <sup>(4)</sup>	n/a
Primary School Completion Rate (% of relevant population)...	101	76 <sup>(2)</sup>	57 <sup>(5)</sup>	n/a	n/a
Infant Mortality Rate (per 1,000 live births) .....	43	69	67	34	6
Life Expectancy at Birth (years) <sup>(5)</sup> .....	61	53	52	57	79

Source: World Bank, World Development Indicators 2015

(1) GNI per capita is the gross national income, converted to US Dollars using the World Bank Atlas method, divided by the midyear population.

(2) 2010 statistics.

(3) 2008 statistics.

(4) 2012 statistics.

(5) 2014 statistics.

The leading cause of premature death in Ghana, especially among children under five years old and pregnant women, is malaria. In response, in 1999, the government committed itself to the Roll Back Malaria Initiative of the World Health Organisation (the “**Roll Back Malaria Plan**”). The primary objectives of the government’s Roll Back Malaria Plan include improving malaria case management to ensure early case recognition and appropriate response, increasing the use of preventive strategies, increasing the amount of collaboration among departments and programmes in the health sector, other government sectors and the private sector, and increasing the availability of funds for malaria research. In 2012, the government partnered with Labiofam Grupo Empresarial, a Cuban government-owned company that provides biolarvicides that eradicate pests and mosquitoes. In 2013, President Mahama commissioned a project with Labiofam Grupo Empresarial to establish a biolarvicide manufacturing company in the northern region of Ghana. In 2014, based on the recommendations from a review of the then existing national malaria programme and new emerging interventions at the global level, the National Malaria Control Programme (“**NMCP**”) developed the National Malaria Control Strategic Plan for 2014-2020 (“**National Malaria Control Strategic Plan**”). The plan aims to improve malaria control in the high transmission areas and establish more low transmission areas in Ghana by the end of 2020. The plan calls for the reduction of malaria morbidity and mortality by 75 per cent. (using 2012 as baseline) by the year 2020. The government plans to achieve this goal through overall health sector development, improved strategic investments in malaria control, and increased coverage towards universal access to malaria treatment and prevention interventions.

## History

The Republic of Ghana is named after the ancient empire of Ghana, which occupied parts of present day Mali and Mauritania. Several other major civilisations have flourished in the general region of what is now Ghana, including the Akyem people and the Ashanti kingdom.

The Portuguese were the first Europeans to arrive in present-day Ghana, an area which became known as the Gold Coast due to its rich supply of the mineral. In the late fifteenth century, the Portuguese constructed a permanent trading post at Elmina on the central part of the coast in order to protect their interests in the trade of gold, ivory and pepper. The Portuguese position on the Gold Coast remained intact for almost a century, although gold was soon surpassed by slaves as the principal export of the area.

During the seventeenth and eighteenth centuries, Dutch, British, Danish and Swedish competitors built fortified trading stations in the Gold Coast, and both the Dutch and the British formed trading companies. In an early struggle, the Portuguese lost their key trading post at Elmina to the Dutch and left the Gold Coast permanently. Over the next 150 years the various European powers struggled to establish and maintain a position of dominance, and by the end of the nineteenth century the British had become the dominant European power on the Gold Coast. In 1901, the suppression of a resistance by the Ashanti peoples further strengthened British rule.

In 1956, British Togoland, formerly a German colony, was incorporated into Ghana following a UN-sponsored plebiscite. Also in 1956, the government of Gold Coast, led by Prime Minister Dr. Kwame Nkrumah, requested and was granted independence from the British Commonwealth. On 6 March 1957, the former British colony of Gold Coast became the independent state of Ghana. Ghana was the first British colony in Africa to achieve independence. On 1 July 1960, Ghana became a republic, with Nkrumah as its first President.

In February of 1964, Ghana, led by Nkrumah, adopted a one-party system of government. In February of 1966, however, Nkrumah's republican government was overthrown by a military coup which installed a government comprising the military and the police forces that remained in power until September of 1969, when it handed over power to another constitutionally elected government, thereby restoring parliamentary rule. After 22 months in office, the second parliamentary democracy succumbed to military rule, which lasted from January 1972 until October 1979, when the military government was compelled by political pressure to usher in a third republican parliamentary regime.

Parliamentary democracy was once more set aside in December of 1981 as a result of yet another military coup. However, the military government set up the National Commission for Democracy (the "NCD"), a group which was charged with formulating a programme for the effective realisation of democracy. The NCD organised forums at which Ghanaians could advance their views as to what form of government they wanted, and eventually filed a report which indicated that the people wanted a multi-party system of government. This led to the appointment of a Committee of Experts to draw up constitutional proposals for the consideration of a Consultative Assembly. The Assembly prepared a draft constitution, and the people approved the final draft in a referendum on 28 April 1992. The new constitution came into effect on 7 January 1993.

On 6 March 2016, Ghana commemorated the 59th anniversary of its independence from British colonial rule.

## The Constitutional System

The 1992 Constitution (the "**Constitution**"), a hybrid of the Westminster and US systems of government, establishes that Ghana is a unitary republic with sovereignty residing in the Ghanaian people. In its Directive Principles, the Constitution emphasises Ghana's dedication to the promotion of democracy, the realisation of freedom and justice, the protection of the unity and territorial integrity of Ghana, the promotion of access by all citizens to public facilities and services, the cultivation of respect for fundamental human rights and freedoms, the integration of the peoples of Ghana, the prohibition of discrimination and prejudice on the grounds of place of origin, circumstances of birth, ethnic origin, gender or religion, the eradication of corrupt practices and the promotion of political tolerance. Towards the achievement of those objectives, the Constitution directs the State to take appropriate measures to foster a spirit of loyalty to Ghana, to achieve reasonable regional and gender balance in recruitment and appointment to public offices, to provide facilities and encouragement for the free mobility of people, goods and services throughout Ghana and to make democracy a reality by decentralising the administrative and financial machinery of government and by affording all possible opportunities to the people to participate in decision-making at every level in national life and in government.

The Constitution directs the government to take all necessary steps to establish a sound and healthy economy and to provide educational facilities and, to the greatest extent feasible, make those facilities available to all citizens. The government is

also directed by the Constitution to promote respect for international law, treaty obligations and the settlement of international disputes by peaceful means. Further, the Constitution confirms Ghana's involvement in and commitment to the principles of the United Nations, the Organisation of African Unity, the Commonwealth and the Treaty of the Economic Community of West African States.

The Republic's political system is principally based on the separation of executive, legislative and judicial powers and a system of checks and balances.

Executive authority is vested in the President, together with the Council of State, which is a body that considers and makes recommendations on any matter being considered or dealt with by the President, a Minister of State, or any other authority established by the Constitution. The President is Head of State, Head of government, and Commander-in-Chief of the Armed Forces of Ghana, and is elected by direct vote for a four-year term and may be re-elected only once. The President is responsible for appointing not fewer than ten and not more than nineteen Ministers of State, who, together with the President and the Vice President comprise the cabinet, which assists the President in the determination of general policy of the government. According to the Constitution, more than half of the presidentially appointed Ministers of State must be appointed from among members of parliament.

Legislative functions are vested in parliament, which currently consists of a unicameral body of 275 members, elected for a four-year term in single-seat constituencies. To become law, legislation must have the support of the majority of the members of parliament present and voting along with the assent of the President, who has a qualified veto over all bills except those to which a vote of urgency is attached. The President's veto can be overridden by a vote of two-thirds of the members of parliament.

The judiciary is comprised of the Superior Courts of Judicature and such lower courts or tribunals as parliament may establish. The Superior Courts are the Supreme Court, the Court of Appeal, the High Court and Regional Tribunals. The Constitution provides that the Supreme Court is to consist of the Chief Justice and not fewer than nine other justices. The Chief Justice and any other justice of the Superior Courts may voluntarily retire at age 60, and compulsory retirement is at age 70. At present, the Supreme Court consists of the Chief Justice and ten other Justices. The Chief Justice is appointed by the President acting in consultation with the Council of State and with the approval of parliament. The President appoints the other Supreme Court Justices, acting on the advice of the Judicial Council, of which the Chief Justice is the Chairman, in consultation with the Council of State and with the approval of parliament. The Justices of the Court of Appeal and of the High Court and Chairmen of Regional Tribunals are appointed by the President acting on the advice of the Judicial Council.

Ghana's legal system is based on English common law and customary law. Ghana's courts are used extensively for civil, business and criminal cases, and the judiciary is generally seen as largely independent of political influences.

### **Current Government and Politics**

Ghana has been under democratic rule since 1992, following its successful transition from years of military rule. Ghana is a presidential representative democratic republic, with executive, legislative and judicial branches of government. Following the 1992 constitutional referendum, parliamentary and presidential elections took place in 1992 and every fourth year thereafter. High voter turnout characterises elections. Voter turnout was 80.15 per cent. for the 2012 presidential election. Ghana has 26 registered political parties, including the following seven main parties: the NDC, the NPP, the Progressive People's Party (the "**PPP**"), the Great Consolidated Popular Party (the "**GCPP**"), the People's National Convention (the "**PNC**"), the Convention People's Party (the "**CPP**") and the United Front Party (the "**UFP**").

Historically, political parties in Ghana have traced their ideological roots to either Dr. Kwame Nkrumah, Ghana's first President, or to his opponents Dr. Kofi Abrefa Busia and Dr. J.B. Danquah. The NDC is a party that originated from the Provisional National Defence Council (the "**PND**C"), the military regime government that was in power prior to the enactment of Ghana's 1992 Constitution. The NPP, formed in 1992 and tracing its ideological roots to Busia and Danquah, is generally regarded as a right-leaning political force and is committed to a market-based economy.

The most recent presidential and parliamentary elections took place on 7 December 2012. The elections resulted in success for the NDC, as the voters elected incumbent President John Dramani Mahama. President Mahama first became the country's President while serving out the remaining five-month term of the former President John Atta Mills, who died in office in July 2012. In the presidential election, President Mahama received 50.7 per cent. of the votes, the candidate for the NPP received 47.74 per cent., the candidate for the PPP received 0.59 per cent., the candidate for the GCPP received 0.35 per cent., the candidate for the PNC received 0.22 per cent., the candidate for the CPP received 0.18 per cent., the independent candidate received 0.14 per cent. and the UFP candidate received 0.08 per cent. of the vote.

Following the December 2012 presidential election, the NPP challenged the election results in an election petition at the Ghana Supreme Court alleging irregularities during the electoral process. The election petition attracted substantial public interest, and the Supreme Court considered a number of issues, principally: (1) whether violations or irregularities took place at the election, and (2) whether such violations or irregularities affected the overall result of the election. However, the Supreme Court found the election to be free and fair. Therefore, the court declined to order a recount, the election results were upheld, and President Mahama remains in power and will complete his term. Following the decision, Ghana experienced no breakdown in social stability, security or the economy, demonstrating the strength of the country's political institutions and respect of rule of law. The next presidential and parliamentary election is scheduled for December 2016.

The following table shows a breakdown of the distribution of seats in parliament as of 30 June 2016.

<b>Political Party</b>	<b>Seats</b>
National Democratic Congress (NDC) .....	148
New Patriotic Party (NPP) .....	121
Progressive People's Party (PPP) .....	0
Great Consolidated Popular Party (GCPP) .....	0
People's National Convention (PNC) .....	1
Convention People's Party (CPP) .....	1
United Front Party (UFP) .....	0
Independent .....	4
<b>Total</b> .....	<b>275</b>

*Source:* Ghanaian Parliament

In addition to the national government, Ghana is subdivided into ten regions for political and administrative purposes. A Minister of State, appointed by the President with the approval of parliament, heads each region and acts as a direct representative of the government. The regions are further subdivided into district assemblies, which are classified as either metropolitan, municipal or district, depending on the size of the population. The district assemblies are responsible for delivering basic services to the population in their areas of jurisdiction, and receive their funding from the District Assemblies Common Fund, which is financed by the national government. Under the Constitution, the district assemblies have deliberative, legislative and executive powers and are the highest political authority in their districts, subject to the other provisions of the Constitution. The most recent district assembly elections were held on 1 September 2015. The Local Government Act requires district assembly elections every three years.

## **International Relations**

### ***WTO Membership***

Ghana has been a member of the World Trade Organisation (the "WTO") since 1 January 1995. In connection with Ghana's WTO membership, the government is committed to supporting the progressive elimination of export subsidies as well as the substantial reduction of trade-distorting domestic support, while ensuring that it retains the right to support its own producers. As part of Ghana's goal of providing access to its citizens of foreign services that are not readily available in the country, the government is committed to engage in successive WTO Services negotiations to obtain improved market access in partner WTO countries.

### ***Organisation for Economic Co-operation and Development ("OECD") Development Centre***

Consistent with the Government of Ghana's shared vision of working together with other governments globally to promote policies that will improve the economic and social well-being of Ghanaians and people across the globe, Ghana became a member of the OECD Development Centre in October 2015. The OECD Development Centre is an OECD institution that serves as a forum for member countries to share their experiences of economic and social development policies. The OECD Development Centre membership is open to both members of the OECD and non-OECD countries. The government believes that membership in the OECD Development Centre will provide Ghana with access to a unique platform which brings various governments together to share experiences and seek solutions to common problems. As Ghana, a developing country, continues to chart its path towards rapid economic growth and development, the government expects the membership will help it gain insights into what drives economic, social and environmental change.

## ***Regional Relations***

Ghana is active in West African regional politics and has a commercial strategy to become the gateway of the region, taking advantage of its location and political stability to establish a transport hub for the region. See “The Economy—Infrastructure”.

Ghana is a strong advocate of regional integration and is part of the Economic Community of West African States (“**ECOWAS**”), a group comprised of 15 member states that was established under the Treaty of Lagos in 1975 with a number of objectives, including establishing a customs union and a common market to promote the free movement of goods and people within West Africa. Ghana’s involvement in ECOWAS has led to its participation in various regional agreements and projects, including the adoption of the ECOWAS regional common external tariff which came into effect in February 2016 (see “Balance of Payments and Foreign Trade—Trade Policy”) and the construction of the WAGP, which provides Ghana with natural gas from reserves in Nigeria.

In December 2000, following the inception of a road map towards achieving an ECOWAS monetary Union, Ghana and four other ECOWAS members signed an agreement to create the West African Monetary Zone (“**WAMZ**”), a second monetary union in the region. Liberia joined WAMZ in 2010. Francophone ECOWAS member countries already had an existing monetary union referred to as the West African Economic and Monetary Union (also known by its French acronym “**UEMOA**”). Therefore the creation of WAMZ was to fast-track the integration of non-UEMOA ECOWAS countries, through the eventual merging of the two monetary unions (i.e., UEMOA and WAMZ) to form a single ECOWAS monetary zone for all member countries. The creation of the West African Monetary Institute (“**WAMI**”) in Accra, an interim organisation that tried to pave the way for the creation of a West African central bank and the introduction of a common monetary unit, represented a first step towards monetary integration. However, WAMI has repeatedly postponed the creation of the new currency because an insufficient number of member countries are meeting the convergence criteria. In 2013, WAMI announced that it expected a single currency to take effect by January 2015; however, it has not yet established a single currency. The relevant heads of state are currently targeting 2020 as the inaugural year for the common currency.

In 2014, Ghana, together with the other ECOWAS countries, other than Nigeria and Gambia signed a regional economic partnership agreement with the EU. After signature by all parties, the agreement will be submitted for ratification. Under the agreement, the EU agrees to provide ECOWAS countries signatory to the agreement a duty and quota-free access to its market, while ECOWAS countries signatory to the agreement agree to provide a partial and gradual opening of their markets to EU products. In addition, effective 1 February 2016, the government changed its external tariff regime in order to adopt the ECOWAS unified tariff regime. Under the ECOWAS common external tariff (“**CET**”), members are required to simplify and harmonise customs tariff rates. See “Balance of Payments and Foreign Trade—Trade Policy”.

Ghana is an active member of the African Union (“**AU**”), the successor to the Organisation of African Unity (“**OAU**”), which was formally launched in July 2002 at a meeting in South Africa of African heads of state. The AU is modelled on the EU and has plans for a parliament, a central bank, a single currency, a court of justice and an investment bank. These plans include the Pan-African Parliament, which was inaugurated in March 2004 and has since held a number of sessions, although it does not yet play a legislative role.

In January 2006, Ghana completed a peer review examination by New Partnership for Africa’s Development as one of the partnership’s first countries to undergo review. The peer review committee’s conclusions from this examination were generally positive. The committee did identify, however, areas in which Ghana needed improvement, including, among others: improved public service delivery and efficient use of public resources by the public sector; improved infrastructure; the continuation of the decentralisation process in order to create opportunities for the participation of citizens in local governance; improved collection, collation and analysis of statistical data; improved coordination in economic planning and budget formation; reduced dependency on external sources, through the diversification of the production base; revised and updated laws relating to accounting, tax, and companies’ administration; reduced delays in the administration of justice; reduced length of time required for business start-up and registration; enhanced corporate social responsibilities; the pursuit of policies to reduce regional disparities in development; and improved quality of primary and secondary education. In response to the committee’s report, the government developed a “Programme of Activities” for addressing the identified issues. In 2011, the New Partnership for Africa’s Development drafted a progress report indicating that following the implementation period for the programme, Ghana had an improved macro economic situation as a result of the government’s multi-year macro economic stabilisation programme aided by positive terms of trade and favourable agricultural production.

## ***EU Relations***

Ghana participates in political, trade and cooperation relations with the EU through the “Cotonou Agreement”, the revised draft of which the EU and 79 countries in Africa, the Caribbean and the Pacific (the “**ACP**”) signed in June 2010. The initial objectives of the economic and trade cooperation were to enable the ACP countries to manage the challenges of globalisation and to adapt to new conditions of international trade. The revised Cotonou Agreement adapts the cooperation to reflect new challenges, such as climate change, food security, regional integration, state fragility and aid effectiveness.

In November 2013, the United Kingdom and Ghana formally launched the High Level Prosperity Partnerships (“**HLPP**”), in which the government identified priority sectors where it would welcome investment and partnership from United Kingdom businesses, as well as capacity building to strengthen institutions and to improve the investment environment. The specific sectors include extractives industry, agriculture, education, financial services, energy and infrastructure. The HLPP aims to focus on enhancing the production and effective management of Ghana’s oil and gas resources. The HLPP also targets the priority areas of agriculture, renewable energy and the environment, education, financial services, and the investment climate.

In 2014, Ghana, together with the other ECOWAS countries, other than Nigeria and Gambia signed an economic partnership agreement with the EU. The agreement can be ratified only once all parties have entered into the agreement. The current tariff regime, under which Ghana currently enjoys full duty-free and quota-free access to the EU is scheduled to expire in October 2016. In order to maintain duty-free and quota-free access to the EU, on 28 July 2016 Ghana signed an interim economic partnership agreement with the EU which was ratified by parliament on 3 August 2016. The ratification is currently awaiting parliamentary assent. See “Balance of Payments and Foreign Trade—Trade Policy”.

In June 2015, the EU announced that it will provide Ghana approximately US\$181 million of budget support. See “Public Debt—Relations with Multilateral Financial Institutions—EU Budget Support”.

In February 2016, Ghana signed a €31.6 million grant from the EU as support to implement the “Ghana Employment and Social Protection Programme”. The programme, which is expected to be implemented within five years, was formulated by the EU and the Ministry of Finance. See “Public Debt—Relations with Multilateral Financial Institutions—EU Budget Support”.

## ***US Relations***

The United States is among Ghana’s principal trading partners. In February 2012, as a result of the Millennium Challenge Account (“**MCA**”), the United States completed a five-year compact with Ghana (“**Compact I**”), which Ghana entered on 1 August 2006. The MCA is a development assistance programme in which the US agreed, through the Millennium Challenge Corporation (“**MCC**”), to provide assistance to developing countries that satisfy certain criteria. The criteria can be classified into three broad categories: good governance, economic freedom and investment in people. In addition, in order to receive assistance a country must score above the median on corruption, and above the absolute threshold on either civil liberties or political rights indicators, regardless of how well it ranks on all the other indicators. The US\$547 million Compact I is aimed at reducing poverty through strategic investments in Ghana’s infrastructure and agricultural sectors. The MCC partnership expects to provide economic opportunities for approximately 1.2 million Ghanaians. Projects resulting from the MCC partnership include upgrades to roads and highways, farmer and enterprise training, water and sanitation improvements and rural education development. Throughout the Compact I partnership, Ghana demonstrated clear ownership of the MCC compact’s development and implementation.

In April 2013, the US government approved a second disbursement of US\$498 million for the MCA programme, under its second compact with Ghana (“**Compact II**”). The programme approved the funds for use principally for power generation, distribution and improvement of the country’s energy sector. Out of the estimated cost of Compact II, the government expects that the MCC will bear US\$498.2 million, while the government plans to bear the remainder, along with the private sector. On 5 August 2014, during President Mahama’s visit to the United States for the 2014 US-Africa Leaders Summit, the MCC signed a five-year, US\$498.2 compact with the government to transform Ghana’s power sector by focusing on distribution, energy efficiency and renewable energy. The government currently expects the MCC will release the first tranche of the funds this year, subject to the government meeting the conditions precedent to effectiveness of the compact.

## ***Relations with China and Japan***

Ghana has strong diplomatic relations with Asian countries, in particular with Japan and China, which are important bilateral partners for both foreign trade and development assistance. Japan has historically been one of Ghana’s most important bilateral development partners and has provided considerable aid for development projects. In June 2013, Ghana and Japan announced a pledge to deepen bilateral relations for the mutual benefit of both countries. President Mahama and the Japanese

Prime Minister, Mr. Shinzo Abe, expressed their resolve to work closely when they held a bilateral meeting ahead of the 5th Tokyo International Conference on African Development. Prime Minister Abe lauded Ghana for its economic strides, particularly in the areas of good governance and economic stability. In 2005, Japan cancelled approximately US\$1 billion of Ghana's bilateral debt in connection with the Heavily Indebted Poor Countries Initiative ("**HIPC**"). See "Public Debt—Relations with Multilateral Financial Institutions" for more information on the HIPC initiative.

Ghana's relations with China have become increasingly important in recent years, with significant Chinese funding of Ghanaian infrastructure projects. China is one of Ghana's largest development partners, providing over US\$1,098 million to Ghana in 2015. In November 2011, China opened the fourth office of the China-Africa Development Fund in Accra. China has provided significant development assistance, funding projects such as the construction of the National Theatre, the Afeji Irrigation Project, the Dangme East District Hospital, Police and Military Barracks and the improvement of the Accra-Kumasi Road. In addition, the Chinese government has written off most of Ghana's debt to China, which has amounted to approximately US\$83 million. China has also provided a considerable amount of financial assistance in the form of loans. For example, the government secured funding of US\$622 million from the Chinese government for construction of the 400 MW Bui hydroelectric dam by the Chinese construction company, Sino-Hydro Corporation, see "Economy—Principal Sectors of the Economy—Industry—Electricity and Water". In 2011, Ghana signed a US\$3 billion commercial term loan facility agreement for infrastructure development with the Chinese Development Bank (the "**CDB**"). The CDB loan was divided into two tranches of \$1.5 billion each, for use in 12 different development projects. Currently, the government has drawn \$785 million of the loan, the proceeds of which it has used for a gas infrastructure project and an enhanced surveillance of the oil and gas corridor project. The government completed the gas processing plant and pipelines in the third quarter of 2014. See "The Economy—Principal Sectors of the Economy—Industry—Oil and Gas". In June 2014, the government decided to cancel the second US\$1.5 billion tranche of the CDB loan due to delays in disbursements and disagreements regarding the terms of the loan.

## THE ECONOMY

### General

#### *Overview*

The Ghanaian economy has grown in recent years, largely due to contributions from recently discovered oil and gas resources, which have attracted large amounts of foreign direct investment, as well as the strong performance of the services sector. However, a number of significant domestic and external challenges which have caused the economy to weaken have emerged recently, including significant depreciation of the Cedi, high fiscal and current account deficits, rising inflation, power shortages, a financial crisis impacting state-owned companies operating in the power sector and declining prices of its key exports, oil and gold.

Ghana has succeeded in reducing levels of poverty and reached lower middle-income status in 2010, but the economy still relies heavily on agriculture and natural resources, particularly for exports, and the government estimates that in 2014 the informal sector, which is largely unmeasured, employed approximately 88 per cent. of the workforce. The government has adopted an ambitious transformation agenda, centred on economic diversification, shared growth and job creation, and macroeconomic stability. Since 2010, the government's primary policy framework for achieving economic growth and development has been the GSGDA. The GSGDA seeks to lay the foundation for the structural transformation of the economy within the decade ending 2020 through industrialisation, especially, manufacturing, based on modernised agriculture and sustainable exploitation of Ghana's natural resources, particularly minerals, oil and gas. See "Overview—The Republic of Ghana—Reforms". The NDC has begun implementing the GSGDA II, a successor programme to GSGDA I, which focuses on expanding opportunities and reinforcing socioeconomic improvements in partnership with the private sector. Key strategic goals of GSGDA II include good governance, export-led growth, industrial and manufacturing development through the conversion of natural resources to products and investment in Ghana's labour force.

Although the Ghanaian economy is currently in its fifteenth consecutive year of expansion, GDP growth in 2015 fell to 3.9 per cent., compared to 4.0 per cent. in 2014 and 7.3 per cent. in 2013. GDP growth averaged approximately 7.7 per cent. between 2010 and 2015. The government attributes the lower growth rates since 2013 to disruptions to energy supplies, higher interest rates and falling world-wide commodity prices. In contrast, the high GDP growth prior to 2012 resulted from the first full year of oil production from the Jubilee Field. See "—Principal Sectors of the Economy—Industry—Oil and Gas". In 2015, the agriculture, industry and services sector registered growth of 2.4 per cent., 1.2 per cent. and 5.7 per cent., respectively. Inflation decreased from 18.1 per cent. in 2008 to a low of 8.6 per cent. in 2011 and increased from 17.0 per cent. in 2014 to 17.7 per cent. in 2015. The government attributes the continued increase in inflation primarily to the depreciation of the Cedi, increased fuel prices and a significant increase in electricity and water tariffs in December 2015. Inflation has decreased to 16.7 per cent. in July 2016. The large budget deficits that characterised the late 1990s have returned in recent years. Although the overall fiscal deficit decreased from 9.7 per cent. of GDP in 2000 to 4 per cent. of GDP in 2011, it rose significantly between 2012 and 2014, increasing to 11.5 per cent. of GDP in 2012, 10.1 per cent. of GDP in 2013 and 10.2 per cent. of GDP in 2014. The government attributes the increases during this period to efforts to rationalise public sector wages, higher interest payments on domestic and foreign debt, declines in commodity prices, increased infrastructure costs, delays in reducing fuel subsidies, shortfalls in corporate taxes from petroleum operations and reduced grants from development partners. The government succeeded in reducing the fiscal deficit to 6.3 per cent. of GDP in 2015, primarily as a result of the impact of the government's fiscal consolidation programme and, in particular, higher tax revenues (including VAT on fee-based financial services and a 5 per cent. flat rate on real estate, a special petroleum tax of 17.5 per cent. and special import levy of 1–2% on certain imported goods) and contained expenditure for the period. Provisional data for the first five months of 2016 indicates that the fiscal deficit amounted to 2.5 per cent. of GDP against a budget target of 2.3 per cent. and a deficit of 2.2 per cent. in the equivalent period of 2015.

In August 2014, the government requested an arrangement with the IMF to help support stronger policy adjustment, restore market confidence and revive Ghana's transformation agenda. See "Public Debt—Relations with Multilateral Financial Institutions—International Monetary Fund (IMF) Programme".

Ghana's overall growth and relatively stable macroeconomic environment facilitated its transition from a low-income economy to a lower middle-income economy. According to the World Bank, in 2010, lower middle-income economies had average incomes of US\$1,006 to US\$3,975. In 2010, Ghana had a per capita GDP of US\$1,305 with a GDP value of US\$32.2 billion. In 2015, the gross national income per capita in Ghana was US\$1,480.

The effects of recent economic growth since 2000 have had a significant impact on poverty reduction, with poverty rates falling consistently from approximately 51 per cent. in 1991/92 to approximately 24 per cent. in 2012/13, enabling Ghana to meet the first MDG ahead of schedule. However, the impact has not been experienced evenly across the country. Disparities remain between urban and rural communities, as well as between the northern and the southern regions of the country, with inadequate access to potable water and modern sanitation in many rural communities.

Ghana's most important trading partner is the Far East, with a significant amount of exports going to China and Japan. Outside the Far East, Europe, the United States, Canada and South Africa represent important trading partners. International donors and development partnership agreements such as the MCA, see "The Republic of Ghana—International Relations—US Relations", play an important role in Ghana's economy, and total donor resource inflow comprised approximately 1.48 per cent. of GDP in 2015.

Ghana relies substantially on imported oil-based products to meet its energy requirements. In the three years prior to 2015, oil imports rose due to increasing demand for energy and power shortages caused by the inability of the country's power stations to meet increased demand. Because of Ghana's important and increasing reliance on imported oil for domestic consumption, the international price of oil significantly affects Ghana's economy and has contributed to the country's recent budget and trade deficits. The WAGP, which transports natural gas from Nigeria to Ghana, became fully operational in 2009. The natural gas from the WAGP has subsequently played an important role in providing the VRA's alternative and less costly source of fuel for thermal energy generation. In June and August 2007, UK-based firm Tullow and its US partners, Kosmos Energy and Anadarko Petroleum, announced two significant offshore oil discoveries in the Jubilee Field. See "—Principal Sectors of the Economy—Industry—Oil and Gas". The Jubilee Field has experienced disruptions to production recently and has not reached its target production levels of 120,000 barrels per day. In addition, the TEN fields commenced production in August 2016 and the Sankofa-Gye Nyame fields are expected to come on stream in August 2017. See "—Principal Sectors of the Economy—Industry—Oil and Gas". The government is optimistic that these recent oil discoveries and developments will have a significant positive effect on the economy and eventually reduce Ghana's reliance on oil imports. The oil sector contributed 7.2 and 5.8 per cent. of real GDP in 2014 and 2015, respectively. See "—Risk Factors—Decreases or fluctuations in oil production or oil prices could adversely affect Ghana's economy".

### ***Economic History***

Ghana's economy has historically relied heavily on agriculture, particularly on the production of cocoa, although in recent years services have overtaken agriculture to become the most important sector of the economy. Following a cocoa boom in the 1920s, Ghana financed the development of its infrastructure and a network of social service institutions which were among the most advanced in Africa. The 1930s global depression and the disruption of exports during the Second World War marked a decade-long pause in the economic progress of the colony. Throughout the war years, however, the British government continued to purchase the cocoa crop in accordance with previous purchase arrangements. War-time rationing limited the opportunities for spending the earnings from the British purchases of cocoa, which resulted in the Gold Coast's emergence post-war as one of the biggest holders of reserves in the British Empire.

It was against this background of accumulated national savings that the colony was able to finance a university as early as 1947, along with developments in infrastructure such as the new harbour and industrial city of Tema. These investments continued in the early years after independence with projects such as the Volta River power system and a paved highway to link Accra and Tema. At the same time that Ghana's social and economic infrastructure was undergoing a transformation, there was a rural-urban drift of the younger generation. The costs of social change were being paid for out of the profits from a long cyclical boom in the cocoa industry, a guaranteed bullion gold price and a newly emerging timber export business. This reliance on agriculture and gold prices made Ghana's economy particularly vulnerable to changes in prices for such commodities and exchange rates.

Following independence in 1957, economic policies in Ghana generally followed the dominant model in developing economies of the time, emphasising controls over interest rates, exchange rates, commodity prices, state ownership of enterprises and import substitution as the vehicles for economic development with social equity. By the early 1980s, the Republic had frequent military interventions, and economic conditions in Ghana had deteriorated, manifested in unsustainable government budget deficits, high inflation, an overvalued exchange rate, depleted foreign exchange reserves, loss-making public enterprises, declining economic growth and commodity shortages. Until recently, Ghana's economy was characterised by a pattern of cyclical fluctuation, depending on movements in the prices for Ghana's three primary products, which were cocoa, timber and gold. In the early 1960s, Ghana was the world's largest producer of cocoa, with annual output of 450,000 tonnes, but output fell to an all-time low of 159,000 tonnes in the 1983/84 crop year as a result of low producer prices, causing farmers to produce less,

and dry weather, which led to bush fires that destroyed many cocoa farms. In the 2014/15 crop year, production reached 666,521 tonnes. The government expects cocoa production during the 2015/16 crop year to increase primarily due to good weather conditions in comparison to the 2014/15 crop year and an increased distribution of subsidised fertilisers and chemicals. According to the International Cocoa Organisation (“ICCO”), demand for cocoa is projected to exceed supply in the 2015/16 season, on account of a drop in production in Côte D’Ivoire and a lower than expected increase in production in Ghana compared to the previous crop season, which may be partially offset by a marginal increase in global demand in 2016.

Since 1983, various policies and programmes have been introduced in Ghana’s economy, designed to reverse this economic decline. Ghana embarked on a prolonged period of stabilisation and a structural adjustment programme with assistance from the IMF and the World Bank. The structural adjustment programme was designed to control inflation through demand management and to reverse the decline in production, particularly in agriculture, build up the infrastructure, stimulate exports, curb the consumption of luxury imports, and restore domestic and external balances. The foreign exchange market reform involved the gradual liberalisation of the market, the licensing of foreign exchange bureaus, and the determination of exchange rate by market forces. Administrative controls on interest rates were abolished and the process of privatisation of public enterprises begun. The results of these reforms were positive. GDP continued to grow after 1983, reflected in an average real GDP growth rate of 4.4 per cent. per year between 1995 and 1999 despite the electricity crisis in 1998 which forced many industries to reduce their output and temporarily halted Ghana’s export of electricity. Between 2000 and 2003, real GDP growth continued to average 4.4 per cent. a year, despite the low growth rate in 2000 attributable to the macroeconomic instability created by a collapse in the Cedi which occurred as a result of weak cocoa and gold prices combined with the high price of imported oil. GDP growth averaged approximately 7.7 per cent. between 2010 and 2015. GDP growth in 2015 was 3.9 per cent., compared to 4.0 per cent. in 2014 and 7.3 per cent. in 2013.

Ghana has long battled with high inflation rates, generally experiencing annual rates in the double-digits. The early part of the 1990s was characterised by rising inflation, and the year-end inflation rate peaked at 59.5 per cent. in 1995. The government’s aim of halting the rising trend in inflation has compelled the BOG to tighten monetary policy. The tightened fiscal and monetary policies have helped to curb inflation, but the impact of high fuel and other import prices has been difficult to control. Although the government achieved its goal of consistent single-digit levels of inflation from 2010 through 2012, the inflation level rose to 17.7 per cent. at the end of 2015 and to 18.4 per cent. in June 2016, primarily as a result of the depreciation of the Cedi and increased fuel prices and utility tariffs, before decreasing to 16.7 per cent. in July 2016.

### ***Home Grown Fiscal Consolidation Programme***

The Ghanaian economy continues to face a number of serious domestic and external challenges. The overall fiscal deficit remains high although it decreased significantly to 6.3 per cent. of GDP in 2015 from 10.2 per cent. in 2014, having increased from 10.1 per cent. in 2013. GDP growth has slowed since 2012. GDP grew by 3.9 per cent. in 2015, compared to 4.0 per cent. in 2014 and 7.3 per cent. in 2013. Inflation has also increased from 8.8 per cent. in 2012 to 16.7 per cent. in July 2016. The BOG increased its policy rate from 12.5 per cent. in December 2011 to 22 per cent. in May 2015 and, in August 2015, the BOG merged the Monetary Policy Rate (the “MPR”) with the BOG lending rate, resulting in a policy rate of 24 per cent. The MPR was further increased to 25 per cent. in September 2015 and 26 per cent. in November 2015. In addition, the Cedi has depreciated since 2012. Between January 2016 and June 2016, the Cedi cumulatively appreciated by 6.02 per cent. against the British Pound and depreciated by 4.78 per cent. and 3.35 per cent. against the Euro and the US Dollar, respectively. Although the rate of depreciation has declined since mid-2015, the Cedi continues to depreciate against the Euro and the US Dollar. The government attributes depreciation of the Cedi to various factors including higher trade deficits resulting from declining prices of commodities, such as oil and gold, and lower production of key exports, gold and cocoa, declines in grants from development partners, speculative activities of certain companies and individuals and increases in domestic demand for imported goods and, more recently, the economic recovery in the United States and the consequent appreciation of the US Dollar. In addition, the Cedi typically depreciates against the major world currencies in the first half of the year as foreign exchange demand exceeds supply from traditional sources, and, typically this trend reverses in the second half of the year. Gross foreign assets had decreased to US\$5.20 billion as at June 2016 from US\$5.88 billion at the end of 2015 and US\$5.46 billion at the end of 2014. Domestic debt as a percentage of GDP increased from 16.8 per cent. at the end of 2009 to 28.81 per cent. at the end of 2015.

The government’s fiscal policy as outlined in its budget statements for 2015 and 2016 and the Mid-Year Review focuses on achieving fiscal prudence and debt sustainability. In furtherance of its fiscal policy, the government has introduced a number of measures designed to achieve fiscal consolidation, including those intended to improve domestic revenue collection, rationalise and enhance the efficiency of public expenditures, as well as those implementing new debt management reforms.

The 2013 Budget Statement and Economic Policy of the Government of Ghana for the 2013 Financial Year (the “**2013 Budget Statement**”) introduced various measures to achieve its fiscal consolidation and other related targets, including (i) improved revenue collection through the Ghana Revenue Authority’s on-going modernisation programme, which improves upon information technology methods of collecting tax revenue, (ii) enhancing the efficiency of public expenditures through on-going public financial management reforms (see “Public Finance—Expenditures”) and (iii) reviewing capital expenditures and the strategy for financing them.

Given the need for further fiscal consolidation, the government introduced additional tax measures in July 2013 to improve revenue performance and support the fiscal consolidation effort. These measures included (i) a national fiscal stabilisation levy of 5 per cent. of profit before tax of institutions in banking, insurance, other financial services, communication, and brewery sectors, set to end at the end of 2017, (ii) a special import levy of 1 and 2 per cent. on certain imported goods, set to end at the end of 2017, (iii) a broadened base of the environmental tax and a reduction in the tax rate from 15 per cent. to 10 per cent. and (iv) re-imposition of import duty of 20 per cent. and VAT on imported mobile handsets, see “Public Finance—Revenues and Grants”.

In addition to the revenue measures that it announced in 2013, the government has introduced measures to help to contain government expenditures. These measures included a lower percentage increase in public sector salaries compared to the preceding years, regular adjustment of fuel and utility prices to reduce subsidies to the barest minimum, minimising the award of new contracts and contracting of new loans, refinancing of short-term debt with a view to extending the tenure and reducing interest costs and processing all government expenditures on the Ghana Integrated Financial Management Information System (“**GIFMIS**”) to control unauthorised commitments.

The 2014 Budget Statement and Economic Policy of the Government of Ghana for the 2014 Financial Year (the “**2014 Budget Statement**”) emphasized restoring economic stability and seeks to achieve its fiscal policy objectives through improved revenue collection, rationalising and enhancing the efficiency of public expenditures, as well as implementing new debt management reforms. The government introduced revenue measures including (i) a change in petroleum excise tax from specific to ad valorem in line with other excise regimes, (ii) an increase in withholding tax on rent on commercial properties from 8 to 15 per cent., (iii) an increase in the withholding tax on management and technical services fees from 15 to 20 per cent., (iv) an increase in corporate income tax rate of free zones companies selling on the local market from 8 to 25 per cent., (v) more effective application of the communication service tax and (vi) an increase in the VAT rate by 2.5 per cent. and broadening the base to cover fee-based financial services and real estate.

The government also introduced various expenditure measures in the 2014 Budget Statement, including: (i) continuation of the policy of regular adjustment of utility and petroleum prices, (ii) a proposed moratorium on public sector wage increase in 2014 through the public sector wage negotiation process, (iii) continuation of the policy of net freeze on employment in some sectors of the public service, (iv) payroll management measures such as payroll audits and electronic salary payment voucher to reduce the incidence of ‘ghost’ workers on government payroll, and (v) continuation of the limits on the award of new contracts and new loans with continuing emphasis on pipeline items, see “Public Finance—Revenues and Grants” and “Public Finance—Expenditures”.

The government recognised that one of the major policy challenges it has faced in aligning the budget since 2010 has been the implementation of the SSSS and has identified a number of initiatives to ensure the sustainability of the SSSS in its goal of achieving a wage to tax revenue ratio of 35 per cent. by 2017, see “—The Labour Market —Wages”.

The 2015 Budget Statement emphasized restoring economic stability and seeks to achieve its fiscal policy objectives through improved tax policy, rationalising and enhancing the efficiency of public expenditures, as well as implementing new debt management reforms. The government introduced revenue measures including (i) a reversal of excise tax on petroleum from ad valorem to specific, (ii) imposition of special petroleum tax of 17.5 per cent. to bring Ghana’s petroleum taxes more in line with the international practice, (iii) extension of the national fiscal stabilisation levy of 5 per cent. until the end of 2017, (iv) extension of the special import levy of 1 and 2 per cent. to the end of 2017 and (v) an increase of the withholding tax on directors’ remuneration from 10 per cent. to 20 per cent.

In the 2015 Budget Statement, the government also proposed to continue to implement the on-going expenditure measures including (i) negotiation of public sector wages within the budgetary constraints to ensure the sustainability of SSSS, (ii) observation of budgetary constraints in the wage bill, (iii) continuation of the policy of net freeze on employment in some sectors of the public service and (iv) continuation of the price adjustment mechanisms for utility tariffs and fuel prices, see “Public Finance—Revenues and Grants” and “Public Finance—Expenditures”.

The 2016 Budget Statement and Economic Policy of the Government of Ghana for the 2016 Financial Year (the "**2016 Budget Statement**") seeks to consolidate the fiscal gains achieved in 2015 and to increase fiscal consolidation. To help restore investor confidence and strengthen public debt dynamics, the 2016 Budget Statement targets a further fiscal adjustment of approximately 1 percentage point of GDP to bring the fiscal deficit to approximately 5.3 per cent. of GDP in 2016 (revised to 5.0 per cent. in the Mid-Year Review) and 3 per cent. of GDP by 2018. The government also introduced revenue measures including (i) increasing the excise tax rate from 150 per cent. to 175 per cent. (ii) full implementation of the Income Tax Act, 2015 (Act 896) from January 2016, which seeks to simplify the income tax regime and improve tax compliance through new withholding mechanisms (iii) implementation of the common external tariff and (iv) various measures to enhance tax compliance and improve revenue administration. For 2016 and the medium term, the government's tax policy will focus on measures that seek to ensure tax compliance and improve revenue administration rather than to introduce new measures.

The 2016 Budget Statement reaffirmed that the government will continue to implement on-going expenditure measures including (i) negotiation of public sector wages within the budgetary constraints to ensure the sustainability of SSSS, (ii) observation of budgetary constraints in the wage bill and (iii) continuation of the policy of net freeze on employment in some sectors of the public service (excluding the health and education sectors). In addition, as part of measures to make public institutions fully autonomous and self financing, the government has identified the following subvented agencies which will be "weaned off" government support in 2016: Driver and Vehicle Licensing Authority, Environmental Protection Agency, Energy Commission, Data Protection Commission, Gaming Commission and Securities and Exchange Commission.

In addition, the government also introduced the Energy Sector Levies Act, 2015 (Act 899) in December 2015 which introduced new petroleum and electricity levies in January 2016 and consolidated existing sector levies, principally to facilitate repayments of accumulated debt incurred by the main electricity generation and distribution companies in Ghana, VRA, ECG and GRIDCo. See "The Economy—Role of the Government in the Economy and Privatisation—Current Status of Privatisation—Energy".

Furthermore, the IMF programme requires the government to implement various reforms. See "Public Debt—Relations with Multilateral Financial Institutions—International Monetary Fund (IMF) Programme".

### ***Debt Management Strategy***

In its transition to lower middle-income country status, the government has found it increasingly challenging to access grants and concessional financing from development partners. The government's reliance on high interest rate, short-term domestic debt to finance capital projects has resulted in increased debt service costs. See "Risk Factors—High levels of debt, interest costs and continued borrowing could have a material adverse effect on Ghana's economy and its ability to service its debt, including the Notes".

The government's debt management objectives are to ensure that (i) the financing needs of government are met on a timely basis (ii) the borrowing costs to the government are as slow as possible over the medium term, consistent with a prudent degree of risk and (iii) the development of the Ghanaian debt market is promoted.

Previously, debt management strategies were prepared after the budget had been approved and published. The government considered that this approach adversely affected the linkage between the budget and the government's financing strategy. The government has therefore developed a medium term debt management strategy which outlines the government's plan to guide debt management operations over the medium term. The current debt management strategy prepared by the ministry of finance and adopted by the government is the medium-term debt management strategy for the period 2016 - 2018. For the first time, the 2016 Budget takes into account the medium term debt management strategy. The government believes that integrating the medium term debt management strategy in the budgeting process will assist the government in achieving its goal of debt and fiscal sustainability while ensuring that the government's financing needs and payment obligations are met at the lowest possible cost, consistent with a prudent degree of risk. The strategy relies on both external and domestic sources to finance the government's activities and supports the use of debt instruments with longer maturity profile as part of measures to deepen the domestic capital market. The principal policies and strategies adopted as part of the government's medium term debt management strategy include the following:

- Liquidity management: the government plans to use short-term borrowings for liquidity management purposes and to finance capital expenditure with long-term debt.
- Use of concessional loans and grant: the government is committed to applying concessional loans and grants to financing social infrastructure and non-concessional financing to self-financing capital projects.

- On-lending and escrow arrangements: in prior years, SOEs, special purpose vehicles, and some ministries, departments and agencies (“MDAs”) have benefitted from loans and government guarantees to support commercial projects without incorporating the cost of debt service into the projects or financial statements for the entities. The government has started an on-lending and escrow account initiative to prevent these loans from aggravating the public debt situation. The on-lending and escrow arrangements are designed to ensure that SOEs and MDAs that engage in commercial projects use the proceeds from the projects to pay for borrowed or guaranteed loans that are on-lent to them by government. The government has signed 28 on-lending agreements with SOEs and MDAs.
- Sinking fund: in order to manage the orderly redemption of Eurobonds and the government’s other debt instruments, the government established a sinking fund in the 2014 Budget Statement (the “**Sinking Fund**”). The Sinking Fund is funded periodically by excess amounts over the cap on the Ghana Stabilisation Fund. Funds from the Sinking Fund may be used for both repurchases of outstanding government debt and redemption of government debt at maturity, spreading the repayment of principal and interest for government debt, in order to minimise the rate of accumulation and roll over risks. Under section 92 of the Financial Administration Regulations (LI 1802), once funds have been placed into the Sinking Fund, those funds can only be used for debt redemption and cannot be used for other purposes including funding the government’s annual budget. Amounts which are transferred into the Sinking Fund are not pre-allocated to the repayment of specific debts. In August 2016, the government applied US\$63 million credited to the Sinking Fund account to partially fund the purchase by Ghana of its 2017 Notes pursuant to the July 2016 Tender Offer. See “Summary—Recent Developments—Tender Offer for 2017 Notes”. As a result, the credit balance in the Sinking Fund account has reduced to US\$7 million. The government anticipates that the credit balance will increase as it receives excess amounts over the cap on the Ghana Stabilisation Fund.
- Ghana Infrastructure and Investment Fund: in July 2014, the government passed the Ghana Infrastructure Investment Fund (“**GIIF**”) Act, 2014 (Act 877), the purpose of which is to establish an infrastructure fund, wholly owned by the Republic, to provide financial resources to manage, co-ordinate and invest in a diversified portfolio of infrastructural projects in the country for national development in partnership with the private sector. The government expects that the GIIF will help to reduce the need to provide direct government funding and enable self-financing projects to be managed as commercial projects.
- Interest rate hedging: the government will seek to hedge interest rate risk on its external debt stock by entering into interest rate swaps in order to improve the predictability of the government’s debt service requirements.
- Limit on sovereign guarantees: the government will continue to encourage state-owned enterprises to borrow on the strength of their own balance sheet. In addition, the government intends to reduce the provision of sovereign guarantees for commercial projects which will instead be supported by partial risk guarantees provided by the International Development Association. The government expects thereby to reduce Ghana’s financial exposure in purely commercial projects.
- Develop domestic capital markets: the government wishes to promote a more active engagement between government and investors in the domestic markets. As part of this policy, the government intends to introduce a book building approach to inform allocations of domestic government debt. The government has also put in place measures to enhance the secondary trading of fixed income securities in the domestic market.
- Foreign currency risk benchmark: the government will seek to pursue a benchmark of 65 per cent. +/- 5 per cent. of exposure to US dollars in its external debt portfolio on the basis that a significant proportion of Ghana’s international reserves and export receipts are denominated in US dollars.
- Interest rate risk benchmark: government will seek to maintain over the medium term a range of 20 per cent. to 25 per cent. of floating rate debt as a proportion of total external debt.
- Re-financing risk benchmark: the government will seek to ensure that not more than 20 per cent. to 25 per cent. of government debt will mature within a one year time horizon and to maintain an average time to maturity of government debt of not less than 6.5 years.

### ***Ghana Poverty Reduction Strategy***

In February 2003, Ghana published its Poverty Reduction Strategy (“**GPRS I**”), setting the overall framework for medium-term poverty reduction and growth in the country. In 2005, Ghana published the GPRS II, highlighting the policy objectives and the detailed activities for the period 2006-2009. Following the attainment of relative macroeconomic stability and modest economic growth under the GPRS I, the overarching goal of Ghana’s socioeconomic development agenda under the GPRS II was to attain middle-income status (with a per capita income of at least US\$1,000) within a decentralised democratic environment by the year 2015, to be complemented by adopting an overall social protection policy aimed at ensuring sustained poverty reduction.

GPRS II represented a shift of strategic focus from the GPRS I, which focused primarily on the anti-poverty objectives of the UN’s MDGs. GPRS II’s central goal was to accelerate the growth of the economy so that Ghana could achieve middle-income status within a measurable planning period. The shift from GPRS I to GPRS II represented a shift in objectives, from one of stability to one of accelerated growth with stability. Ghana completed GPRS II in 2009. The country attained lower middle-income status in 2010, with a per capita income of US\$1,307.

### ***Ghana Shared Growth and Development Agenda I and II***

The GSGDA I (2010-2013) was the medium-term development strategy that succeeded GPRS II in 2010. Ghana set GSGDA I’s full implementation objective for the end of 2013. GSGDA I emphasised the country’s need for macroeconomic stabilisation, greater public sector efficiency and executive transparency and accountability. GSGDA I’s agenda aimed to provide an environment allowing Ghana to reduce poverty and socio-economic inequalities through agricultural, private sector, infrastructure and human resource development. Specifically, GSGDA I supported continuing and strengthening the policies initiated since 2009 in order to (i) ensure and sustain macroeconomic stability, (ii) enhance competitiveness in Ghana’s private sector, (iii) accelerate agricultural modernisation and sustainable natural resource management, (iv) develop the oil and gas institutional framework, (v) develop infrastructure and human settlements, (vi) foster human development, productivity and employment and (vii) achieve transparent and accountable governance. In 2014, the government began implementing GSGDA II, a successor plan to GSGDA I that is scheduled to be in effect until 2017.

GSGDA II is a successor, medium-term national development policy framework that will continue the goals of expansion of opportunities and reinforcing socioeconomic improvements in partnership with the private sector. The government states that GSGDA II’s goal is to lay the foundation for a structural transformation of the economy within the decade ending 2020 through industrialisation, especially manufacturing based on modernised agriculture and sustainable exploitation of Ghana’s natural resources, particularly minerals, oil and gas. Key strategic goals of GSGDA II include supporting good governance practices, export-led growth and industrial and manufacturing development through the conversion of natural resources to products and investment in Ghana’s labour force. Officials implementing GSGDA I and II estimated that the total resources required to finance the investment plan for the medium to long-term was US\$23,891 million, with an overall financing gap of US\$12,501 million. This estimate consisted primarily of investment and services costs and does not include wages, salaries and administrative expenses associated with project implementation.

The national budgets for the fiscal years beginning in 2014 and ending in 2017 seek to implement the GSGDA plan in phases. In order to ensure conformity with the plan, the Ministry of Finance guides the ministries, departments and agencies to prepare their annual budgets based on the GSGDA’s identified themes. Through the Multi-Donor Budget Support (“**MDBS**”), development partners have supported programmes and projects in specific sectors such as energy, road construction and water. The government has also scaled up the amount of domestic resources dedicated to its sectors identified in the GSGDA. Furthermore, the government contracted a two tranche (10 year and 15 year) US\$3 billion Chinese Development Bank loan, part of which the government applied toward the development of the country’s gas infrastructure. In June 2014, the government decided to cap the loan at US\$1.5 billion, due to delays in disbursements and disagreements regarding the terms of the loan.

### ***Principal Sectors of the Economy***

Ghana’s economy has historically relied heavily on agriculture, and the agricultural sector has in the past been the primary driver of growth in GDP. In recent years, however, the industrial and services sectors have become increasingly important and have outpaced agriculture as the largest contributors to GDP, with the services sector becoming the largest contributor to GDP and to GDP growth.

The following table illustrates the composition of GDP (as a percentage of total GDP (at current prices) by sector and sub-sector for the periods indicated:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
	(%)				
<b>Services .....</b>	<b>49.1</b>	<b>49.1</b>	<b>49.8</b>	<b>51.9</b>	<b>54.4</b>
Trade, Repair of Vehicles, Household Goods .....	5.9	5.6	5.8	5.6	6.4
Hotels and Restaurants.....	5.4	4.8	5.8	5.6	5.9
Transport and Storage .....	10.7	11.0	11.2	12.3	13.3
Information and Communication.....	1.8	2.2	1.7	2.3	2.4
Financial and Insurance Activities .....	4.4	4.7	6.5	8.4	7.7
Real Estate, Professional, Administrative and Support Service.....	4.6	4.8	3.9	3.6	4.0
Public Administration and Defence, Social Security .....	7.0	6.8	5.9	5.4	5.7
Education .....	4.1	4.3	3.6	3.6	3.8
Health and Social Work .....	1.3	1.3	1.1	1.0	1.1
Community, Social and Personal Service Activities.....	3.9	3.7	4.3	4.1	3.9
<b>Industry.....</b>	<b>25.6</b>	<b>28.0</b>	<b>27.8</b>	<b>26.6</b>	<b>25.3</b>
Mining and Quarrying.....	8.4	9.5	9.4	8.0	6.3
o/w Oil and Gas .....	6.7	7.7	8.2	7.2	5.8
Manufacturing .....	6.9	5.8	5.3	4.9	4.8
Electricity .....	0.5	0.5	0.4	0.4	0.4
Water and Sewage.....	0.8	0.7	0.6	0.5	0.6
Construction.....	8.9	11.5	12.0	12.7	13.2
<b>Agriculture .....</b>	<b>25.3</b>	<b>22.9</b>	<b>22.4</b>	<b>21.5</b>	<b>20.3</b>
Crops .....	19.1	17.2	17.4	16.8	15.7
o/w Cocoa.....	3.6	2.6	2.2	2.2	1.9
Livestock .....	1.8	1.6	1.4	1.2	1.2
Forestry and Logging.....	2.8	2.6	2.2	2.3	2.3
Fishing.....	1.7	1.5	1.4	1.2	1.1

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Source: Ghana Statistical Services

The following table illustrates real GDP growth rates (by percentage) by sector and sub-sector for the periods indicated:

	2011	2012	2013	2014	2015
			(%)		
<b>Services .....</b>	<b>9.4</b>	<b>12.1</b>	<b>10.0</b>	<b>5.6</b>	<b>5.7</b>
Trade, Repair of Vehicles, Household Goods .....	11.0	11.3	14.5	1.6	9.7
Hotels and Restaurants.....	3.6	5.7	24.6	(1.2)	1.5
Transport and Storage .....	11.0	9.2	(0.5)	0.3	3.0
Information and Communication .....	17.0	41.5	24.3	38.4	13.4
Financial and Insurance Activities .....	1.0	21.9	23.2	22.9	(1.4)
Real Estate, Professional, Administrative and Support Service.....	14.0	18.3	(17.5)	(1.5)	7.7
Public Administration and Defence; Social Security.....	7.4	4.2	8.4	(4.7)	9.7
Education .....	3.8	6.7	6.9	7.1	7.9
Health and Social Work .....	5.0	10.9	7.8	(1.7)	15.5
Community, Social & Personal Service.....	12.9	4.2	36.5	(1.6)	(5.0)
<b>Industry.....</b>	<b>41.6</b>	<b>11.0</b>	<b>6.6</b>	<b>0.8</b>	<b>1.2</b>
Mining and Quarrying.....	206.5	16.4	11.6	3.2	(2.9)
o/w Oil and Gas .....	0.0	21.6	18.0	4.5	0.9
Manufacturing .....	17.0	2.0	(0.5)	(0.8)	2.2
Electricity.....	(0.8)	11.1	16.3	0.3	(10.2)
Water and Sewage.....	2.9	2.2	(1.6)	(1.1)	21.5
Construction.....	17.2	16.4	8.6	0.0	3.3
<b>Agriculture .....</b>	<b>0.8</b>	<b>2.3</b>	<b>5.7</b>	<b>4.6</b>	<b>2.4</b>
Crops .....	3.7	0.8	5.9	5.7	2.0
o/w Cocoa.....	14.0	(9.5)	2.6	4.3	(1.4)
Livestock.....	5.1	5.2	5.3	5.3	5.3
Forestry and Logging.....	(14.0)	6.8	4.6	3.8	3.8
Fishing.....	(8.7)	9.1	5.7	(5.6)	1.2

Source: Ghana Statistical Services

### Services

Services is the largest sector of the economy, accounting for 54.4 per cent. of GDP in 2015, an increase from 51.9 per cent. in 2014. The services sector grew by 5.7 per cent. in 2015 as compared to growth of 5.6 per cent. in 2014. Growth was particularly driven by growth in the transport and storage sub-sector, which remains the largest component of the services sector. The health and social work and information and communication sub-sectors, two of the smallest components of the services sector, recorded the highest rated GDP growth in the services sector in 2015.

#### Transport and Storage

The transport and storage sub-sector accounted for 13.3 per cent. of Ghana's GDP in 2015, an increase from the 12.3 per cent. recorded in 2014. The sub-sector grew by 3.0 per cent. in 2015 as compared to growth of 0.3 per cent. in 2014. The government attributes this growth in 2015 in part to increased storage activities.

#### Trade, Repair of Vehicles and Household Goods

The trade, repair of vehicles and household goods sub-sector contributed 6.4 per cent. of Ghana's GDP in 2015, compared to 5.6 per cent. in 2014.

### *Hotels and Restaurants*

The hotels and restaurants sub-sector contributed approximately 5.9 per cent. of GDP in 2015, compared to 5.6 per cent. in 2014. The sub-sector grew by 1.5 per cent. in 2015, in contrast to the 1.2 per cent. contraction it experienced in 2014. The government attributes the decline in 2015 and limited growth in this sub-sector in part to concerns over Ebola which caused tourism and travel to decrease throughout West Africa. The sub-sector is an important source of foreign exchange earnings. The sub-sector is a strategic area of focus in the government's accelerated growth strategy, and recent improvements are attributable primarily to increased investment. For example, Ghana's hotel industry has been rejuvenated by private investment. Recent years have shown consistent growth in international tourist arrivals, although much of the tourism is concentrated in a few areas. The main sources of tourism are other African countries, especially Nigeria, as well as the UK, Germany, the Netherlands and the United States, with Ghanaians based overseas alone accounting for a significant number of tourist arrivals. In recent years, tourists from Asian countries, particularly from Korea, account for an increasing number of arrivals. Ghana has averaged approximately 0.9 million tourist arrivals per year since 2010.

### *Finance and Insurance*

The finance and insurance sub-sector contributed 7.7 per cent. of GDP in 2015 compared to 8.4 per cent. in 2014 as a result of a contraction of 1.4 per cent. in 2015 following growth of 22.9 per cent. in 2014 and strong growth rates in 2012 and 2013. The government attributes this contraction in 2015 to low rates of credit advancement due to growing levels of non-performing loans ("NPLs") and additional costs arising from the introduction of VAT on non-core banking services. NPLs increased during 2015 primarily as a result of currency depreciation, a slowdown in economic activity and the on-going energy crisis. NPL growth has risen most sharply in the manufacturing sector which has been particularly affected by exchange rate volatility and the energy crisis. In addition, the financial position of VRA, ECG and GRIDCo poses significant risks to the banking sector in Ghana. Resident commercial banks have extended substantial loans and advances to each of these companies and, as a result of this exposure, the financial strength of these state-owned companies has a material impact on the increasing level of NPLs within the banking sector. See "Monetary and Financial System—The Financial Sector and Capital Markets—Banking Sector" and "—Risk Factors—The financial distress of state-owned enterprises in the energy sector poses substantial risks to the economy".

Financial services have seen significant development since reforms that the government initiated in 1989. This is reflected by an increased number of bank and nonbank financial institutions and product innovation, supported by an improved payment infrastructure. This has led to the establishment of a stock market and several other financial services that were previously unavailable. The BOG regulates the banking and non-banking financial sub-sectors, and the Ghana Securities and Exchange Commission (the "**Ghana SEC**") and the National Insurance Commission (the "**Ghana NIC**") regulate the securities and insurance markets, respectively. There are 29 licensed universal banks in Ghana (and two additional banks have been issued with a provisional licence), which is a relatively high number, but the banking sector is centred around Accra and only an estimated 34.6 per cent. of the population currently have access to formal banking facilities. In addition to the universal banks, Ghana has a rural banking system, which includes 139 Rural and Community Banks ("**RCBs**"), which are licensed only for domestic banking. See "Monetary and Financial System—The Financial Sector and Capital Markets—Banking Sector" and "The Economy— Role of the Government in the Economy and Privatisation".

### *Industry*

Ghana's industry sector contributed approximately 25.3 per cent. of GDP in 2015 as compared to 26.2 per cent. in 2014. The industry sector has faced significant challenges in recent years because of high production costs resulting from the steep rise in the prices of petroleum products and the current energy shortage. The sector experienced growth of 1.2 per cent. in 2015, compared to growth of 0.8 per cent. in 2014. The government attributes this low growth to the effects of the energy crisis, a decline in the mining and quarrying sub-sector and limited growth following recent declines in the construction and manufacturing sub-sectors.

### *Mining and Quarrying*

Gold and other minerals account for a significant portion of export earnings. The mining and quarrying sub-sector (including oil) contracted by 2.9 per cent. in 2015, compared to growth of 3.2 per cent. in 2014, mainly due to reduced gold production and subdued growth in oil production. The oil and gas sub-sector recorded marginal growth of 0.9 per cent. as a percentage of GDP in 2015 compared to 4.5 per cent. in 2014. This reduction in growth rate was primarily caused by a reduction in production levels due to technical problems with the gas compressor on the FPSO at the Jubilee Field in July 2015. Declining crude oil and gold prices in 2015 continued to have a negative impact on the economy. The recent declines in the price and

volume of crude oil continue to pose a risk to the country's export revenues. See "The Economy—Industry—Oil and Gas" for a description of the Republic's oil and gas sector.

The recent upsurge in illegal mining is an increasingly sensitive issue in Ghana. In 2013, Ghanaian authorities arrested a number of miners for unlicensed gold mining, many of whom were foreign nationals, and, in 2014 the government deported approximately 3,000 foreign nationals for illegal mining. The arrests are the result of Ghana's newly formed special task force, which has the authority to seize equipment of unlicensed operators, to deport all non-Ghanaians involved in illegal small-scale mining and to revoke the licences of Ghanaians who have sub-leased their mining concessions to non-Ghanaians. The task force continues to regulate and enforce mining licensing requirements throughout the country.

Ghana's gold reserves lie in the Ashanti region, including large deposits in the Obuasi mine, and in the Western and Central regions, where the mining is largely alluvial. In 2003, Ashanti Goldfields, Ghana's largest gold mining company, merged with South Africa's AngloGold to become AngloGold Ashanti Limited. As part of the merger, the government of Ghana, Ashanti Goldfields' second-largest shareholder, made an agreement with the new company which included an extension of the lease of the Obuasi mine to the new company until 2054 in return for, among other things, the payment of royalties to the government of 3 per cent. of revenue from operations in Ghana and the commitment to invest a significant amount of capital into the Obuasi mine in order to increase its productivity. The merged company, called AngloGold Ashanti Limited, is one of the largest gold producers in the world. The total value of gold exports fell from US\$4.39 billion in 2014 to US\$3.21 billion in 2015. The government attributes this decline to the effect of both lower gold prices and production in 2015.

In addition to its gold production, Ghana exports manganese. The total value of manganese exports decreased by 21.9 per cent. in 2015 to US\$64.75 million, due to the expansion works at the main port that slowed down export of manganese. Ghana Manganese Company Limited is one of the primary providers of manganese mining services in the Republic.

Bauxite and aluminium ore are also important mineral exports. The mineral is used to produce aluminium ingots. Bauxite comprised approximately 0.4 per cent. of Ghana's exports in 2015, compared to 0.3 per cent. in 2014. Bosai Minerals Group Co., Ltd., a Chinese company, owns 80 per cent. of Ghana Bauxite Company Limited. Ghana Bauxite Limited decreased its bauxite exports in 2013 due to the company's decision to haul ore by road instead of by rail.

In 2015, Ghana's diamond exports totalled approximately 115,731 carats, a decrease from 203,600 carats in 2014. Ghana's diamonds are mainly utilised for manufacturing. Much like the gold mining industry in Ghana, the diamond mining industry is predominantly foreign owned, and thus, Ghana's revenues from increased diamond exports are derived mainly from royalties and taxes.

The following table sets forth exports of selected products in the Mining and Quarrying sub-sector for the periods indicated:

	2011	2012	2013	2014	2015
Gold (thousands of ounces) .....	3,144.38	3,402.91	3,520.06	3,466.36	2,761.84
Diamonds (thousands of carats) .....	317.54	196.06	122.62	203.61	115.73
Manganese (thousands of tonnes) .....	1783.93	1,400.56	1,974.84	1,234.24	1,197.05

Source: BOG

#### *Water and Electricity*

Historically, hydroelectricity was the primary source of power generation in Ghana. However, reliance on Lake Volta's water levels by the Akosombo and Kpong dams made Ghana's power supplies vulnerable to rainfall in the Volta catchment area. Low levels of water in these dams due to climate change have reduced generation capacity at Ghana's hydro plants at Akosombo, Kpong and, more recently, Bui and led to recurring power outages. Currently, less than one-third of the total hydro capacity is available for utilisation due to adverse climate conditions. Ghana now generates approximately seventy per cent. of its power from thermal power generation plants which are fuelled by gas, light crude oil ("LCO"), heavy fuel oil, diesel or distillate fuel oil.

Ghana has made significant investments in its power generating infrastructure and has increased its installed power capacity to approximately 3,824MW (including power plants operated by independent power producers). However, dependable capacity is approximately 2,704 MW, and estimated peak demand for power is approximately 2,100 MW. As a result, when one plant is not operational, the country experiences shortages, restricting opportunities to shut down the plants for maintenance or

repairs. In the last four years 2,861 communities have been connected to the national grid. This has increased access to electricity in Ghana from 80.5% at the end of 2015 to 82.34% as of June 2016, the highest in West Africa and second only to South Africa in Sub-Saharan Africa.

There are three important companies in the electricity and water sub-sector, which accounts for approximately 0.4 and 0.6 per cent. of Ghana's GDP, respectively: the VRA, the ECG and Ghana Water Company Limited ("GWCL"), all of which the government wholly-owns. The VRA generates electricity from both hydro and thermal generation facilities, and the ECG distributes electricity produced by the VRA to the southern portion of the country. VRA operates the hydro power plants located at Akosombo and Kpong, the Takoradi and Tema thermal plants, the Kpone thermal plant and the Mines Reserve Plant. In line with power sector reforms, a fourth company, the GRIDCo began operation in 2006 as the exclusive operator of the National Interconnected Transmission System and in 2008 assumed all transmission functions which VRA performed. GWCL is the main producer and distributor of piped water in Ghana.

The power sector in Ghana continues to be challenged by inadequate fuel supply, planned and unplanned disruptions to infrastructure and the financial distress and operating performance of state-owned enterprises within the power sector. See "Risk Factors—The financial distress of state-owned enterprises in the energy sector poses substantial risks to the economy" and "The Economy—Role of the Government in the Economy and Privatisation—Current Status of Privatisation—Energy". While the government has developed projects aimed at addressing the current energy crisis, significant on-going investment in infrastructure will still be necessary in order for the electricity and water sub-sector to continue to grow. In February 2015, the Electricity Company of Ghana introduced "load shedding" with 24-hour blackouts followed by 12 hours of supply, which contribute to the cost of doing business. Power rationing continues to represent a major challenge in the Ghanaian economy. If the government does not address the energy crisis quickly, power rationing is likely to lead to slower economic growth in Ghana.

To address the on-going power shortages, the government has added significant additional installed capacity, including the 110 MW TICO expansion project, 220 MW Kpone thermal power project, the 400 MW Bui hydro plant and the first half of the 180 MW Sunon-Asogli phase 2 project. An additional 180 MW from the Sunon-Asogli plant is expected to be operational by the end of the third quarter of 2016. In addition, independent power producers have installed the 110 MW Cenit power plant, 225 MW Karpower Barge and the 250 MW Ameri plant. In the medium-term, the government plans to complete additional power projects, including the 400 MW Early Power Project, 350 MW CenPower project, 360 MW Jacobsen project, 250MW Karpower II Project and 190 MW Amandi project. The government expects that its medium-term measures will add another 1,000 MW or more to the country's installed generation capacity by the end of 2018. In January 2015, General Electric announced that it intends to build a 1,267 MW power generating plant in Ghana to support the government's efforts at increasing the nation's power generation capacity. The government expects the US\$1 billion project to be in two phases, a 750 MW plant, which the government expects General Electric to complete by 2017 and a second plant, which the government expects General Electric to complete by 2019. In addition, in January 2015, the International Atomic Energy Agency approved the development of a nuclear power plant in Ghana. The government plans to commence building its first nuclear power plant in the next five years. The government is currently targeting that the plant's first unit will be operational in 2027 and the second unit will be operational in 2030. When fully operational, the plant is expected to generate approximately 2,000 MW of power. Furthermore, the government is seeking to improve fuel supply by investing in liquefied natural gas ("LNG") to augment limited domestic supplies of gas and unreliable supplies from the WAGP. Ghana National Petroleum Corporation has signed an agreement with a private company, Quantum Power, to construct and operate a 500 mmscf floating LNG storage, regasification and delivery facility which will be moored offshore Tema. The project is currently anticipated to commence operations in 2017.

PURC determines tariffs for both electricity and water, with the objective of full cost recovery. However, tariff collection remains a challenge in the sub-sector as many consumers, including public enterprises, accumulate arrears or take advantage of unbilled consumption. The sector's failure to adjust utility tariffs to reflect market prices has in the past significantly restricted the government's objective of financial self-sustainability in the energy sector. Following PURC's 2013 review of utility tariffs, the government, with the support of social partners and guided by regulatory institutions, decided to gradually shift to an automatic price adjustment mechanism for utility prices. The main objective of this mechanism was to review electricity tariffs to reflect changes in factors whose effects on operations were considered beyond the control of the utility companies. In December 2015, subsequent to a careful investigation of the proposals submitted by VRA, ECG, GRIDCo and Northern Electricity Distribution Company and Ghana Water Company, PURC approved an electricity tariff increase of 59.2% across all customer categories. The approved water tariff increase for residential consumers was approximately 67.2%. The adjustment in tariffs was largely driven by a shift in the source of power generation from approximately 58%

hydroelectricity and 42% thermal power in 2013, to approximately 27% hydroelectricity and 73% thermal power in 2015. The significant change and increasing dependency on thermal power generation has greatly impacted on the cost of electricity generation supplied by the utility service providers. For water utilities, the adjustment in tariffs is driven by chemical costs in addition to the power purchase cost and operation and maintenance cost for the Ghana Water Company.

The electricity sub-sector contracted by 10.2 per cent. in 2015 compared to limited growth of 0.3 per cent. in 2014 as a result of fuel supply challenges and low dependable generation capacity. The government recognises the impact of the energy crisis on the country's economic performance and prospects and the government's short-term priority is to resolve the electrical power crisis. The government will continue to pursue its objective of increasing the installed generation capacity of the country to meet the growing demand for electricity.

The government considers the energy sector to be a strategic sector. As a result, government policy aims to maintain strong ownership in energy. The government is pursuing a programme of liberalising the energy sector, which includes institutional reforms so that energy sector SOEs become more commercially oriented and financially self-sustaining. See “The Economy—Role of the Government in the Economy and Privatisation—Current Status of Privatisation—Energy”. The industry is open to Independent Power Producers (“IPPs”), some of which have started operations (for example, Sunon Asogli Power). Ghana’s Energy Commission (the “**Energy Commission**”) is the licensing authority for service providers in the electricity and downstream natural gas sectors. The Energy Commission Act, 1997 (Act 541) requires all operators in the wholesale supply, transmission or distribution of electricity or natural gas obtain a licence from the Energy Commission, and defines penalties for any person who provides any such service without a licence from the Energy Commission.

#### *Water and Sewage*

In 2010, 86 per cent. of the population had access to an adequate amount of water from an improved source, such as from a household connection, public standpipe, borehole, protected well and spring or rainwater collection. The water and sewage sector of the economy registered growth of 21.5 per cent. in 2015, compared to a contraction of 1.1 per cent. in 2014, due in part to the addition of 77.5 million gallons of water per day to the generation capacity in 2015. The GWCL is the main distributor of piped water in Ghana. Currently, approximately 88.5 per cent of the urban population and approximately 75 per cent of the rural population have access to a potable water supply. Altogether, about 88 per cent. of Ghana’s population has access to an improved water source and about 25 per cent. to modern sanitation.

#### *Oil and Gas*

*Discovery of Oil.* Since its discovery of oil and gas in June 2007 and Ghana’s emergence as a viable oil and gas producer in 2010, the oil and gas industry has become a significant sector of Ghana’s economy. The Republic currently has approximately 23 offshore oil and gas discoveries, which are at different stages of appraisal and development, and commercial oil reserves estimated at 4 billion barrels and proven oil reserves of approximately 886 million barrels as at 31 June 2016. Ghana has commercial gas reserves estimated at 5 trillion cubic feet and proven gas reserves of approximately 2.01 trillion cubic feet as at 31 June 2016.

The government began commercial gas production in November 2014, and the government allocates all extracted gas for domestic consumption. In June 2007, UK-based firm Tullow and its US partners, Kosmos Energy Ltd. and Anadarko Petroleum Corporation, announced the discovery of Jubilee Field. Jubilee Field development began in July 2009, after the government’s approval of the Jubilee Phase I Plan of Development. Jubilee Field oil production began on 28 November 2010, and, the field’s official commission date is 15 December 2010. Tullow, the operator of the Jubilee Field, currently holds a 35.48 per cent. stake in the Jubilee Field, with Ghana’s state-owned Ghana National Petroleum Corporation (“GNPC”) holding 13.64 per cent., investment group Kosmos holding 24.07 per cent., Anadarko Petroleum Corp. holding 24.07 per cent. and PetroSA holding 2.73 per cent. The first consignment from the Jubilee Field was 650,000 barrels, which sold above US\$90 per barrel on the world market in January 2011. From 2011 to the end of December 2015, the operator extracted a total of 160,748,083 barrels of crude oil from the Jubilee Field.

The following table sets out the average daily oil production and total production at the Jubilee Field for 2011 through 2015.

Year	Budget		Actual		Variance of Total
	Bopd	Total	Bopd	Total	
2011	84,737	30,929,005	66,290	24,195,895	(6,733,110)
2012	90,000	32,850,000	71,997	26,351,278	(6,498,722)
2013	83,341	30,419,465	99,685	35,587,558	5,168,093
2014	93,029	33,955,644	101,976	37,201,691	3,246,047
2015	102,033	37,242,186	102,498	37,411,661	169,475

Source: Mid-Year Review

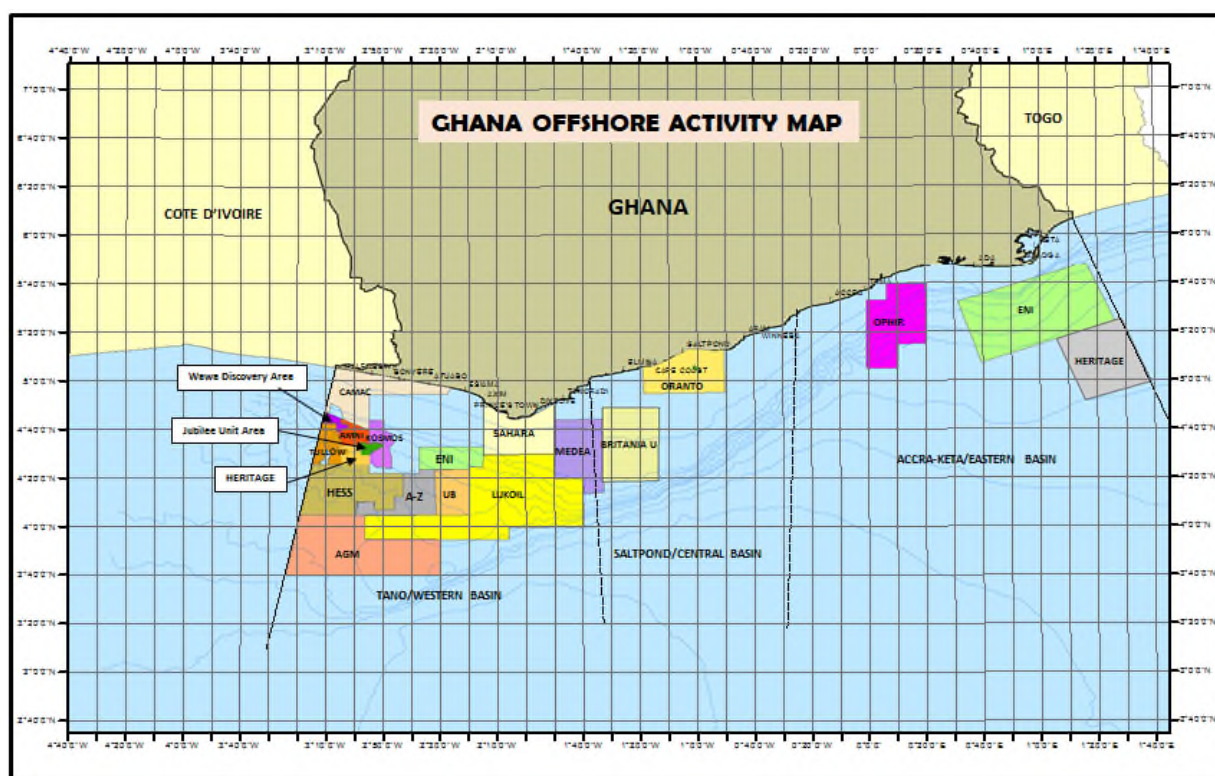
Ghana's oil exports amounted to US\$1.93 billion in 2015 and US\$3.72 billion in 2014. The government's revenues from crude oil extractions and other petroleum receipts decreased to US\$396.17 million in 2015 from US\$978.89 million in 2014, primarily as a result of the rapid decline in crude oil prices. From January to May 2016, the government received a total of US\$66.23 million from crude oil extractions. In addition to the revenue that the government received from crude oil in this period, other petroleum receipts amounted to US\$20.92 million, which included surface rentals, gas receipts and corporate tax. The Jubilee Field has experienced disruptions to production recently and it has not reached its target production levels of 120,000 barrels per day. Oil production from the Jubilee Field in 2015 amounted to 37,411,661 barrels. This was slightly higher than the 2015 Budget projection of 37,242,186 and the 2014 production of 37,201,691. The average daily oil production for the year was 102,498 bopd, compared with 101,976 bopd in 2014. The average Jubilee crude oil price achieved for 2015 was US\$55.23 per barrel, compared to US\$103.50 per barrel in 2014. Tullow, the operator of the Jubilee Field, announced in its 30 June 2016 trading statement that it expects gross production for the Jubilee Field to be approximately 74,000 bopd in 2016. In addition, the Sankofa-Gye Nyame fields are expected to come on stream in August 2017.

In March 2009, GNPC partners discovered an additional large oil field, the TEN field. The TEN FPSO (Prof. John Evans Atta-Mills) docked in April 2016 having arrived from its construction site in Singapore. In August 2016, Tullow, the operator of the TEN fields, announced that oil production had commenced at the TEN fields on time and on budget three years after the planned development was approved by the government in 2013. The TEN oil project is located in the Deepwater Tano Block, 60 kilometres offshore of Ghana and approximately 30 kilometres west of the Jubilee Field. Tullow, a UK explorer with most of its licences in Africa, and its partners, Anadarko Petroleum, Kosmos Energy and GNPC, have invested more than US\$4.0 billion in the project. In 2013, GNPC and its partners discovered two new fields containing oil, gas and condensate. Since the discovery of the Jubilee Field, the GNPC and its partners have discovered 28 oil fields. In addition, the government is currently working on the Sankofa-Gye Nyame project, which it projects to have 131.3 million barrels of oil and 1.07 trillion cubic feet of gas. According to the 2016 Energy (Supply and Demand) Outlook for Ghana report published by the Ghana Energy Commission in April 2016 (the **"2016 Ghana Energy Commission Report"**), Sankofa and Sankofa East Fields are targeting production of 30,000 barrels of oil per day by the end of the third quarter of 2017. The government currently expects the first oil production by August 2017 and first gas production by February 2018. In anticipation of the development and subsequent production from the TEN Fields and Sankofa-Gye Nyame Fields, work is on-going to interconnect the Western Corridor Gas Infrastructure (WCGI) with the TEN FPSO (Prof. John Evans Atta-Mills), the WAGP and, the construction of a compressor station at Sanzule in order to support the increase in raw gas volumes and facilitate the movement of gas from the West to the East of Ghana.

In 2010, the World Bank launched an Oil and Gas Capacity Building Project, in which the World Bank approved a credit of US\$38 million to the government of Ghana to implement a plan to improve public management and regulatory capacity, enhance sector transparency by strengthening institutions and monitoring the oil sector and support the development of indigenous technical and professional skills that the petroleum sector needs. In 2014, following the government's request for additional funding, the World Bank increased Ghana's credit for the sector by US\$19 million.

In 2011, Ghana entered into a US\$3 billion loan agreement with the CDB to finance the development of key infrastructure, including for the country's oil industry. The CDB loan was divided into two tranches of \$1.5 billion each. In June 2014, the government decided to cancel the second US\$1.5 billion tranche of the CDB loan. See *"The Republic of Ghana—International Relations—Relations with China and Japan"*. The terms of the loan agreement provide, among other things, that the government will repay the loan from oil revenues earmarked for the annual budget. In May 2013, the government approved a plan of development for TEN, which includes the drilling and completion of up to 24 development wells, with half of the wells

designed as producers and the remainder for water and gas injection to support ultimate field discoveries. The TEN fields came on stream in August 2016 with projected average gross annualised output of 23,000 barrels per day in 2016 which is expected to gradually increase towards the field's FPSO capacity of 80,000 bopd through the remainder of 2016 (according to the 30 June 2016 Tullow trading statement). In addition, the Bulk Oil Storage and Transportation Company commenced the construction of a petroleum terminal in 2013, which, once complete, will develop petroleum and liquefied petroleum gas storage tanks, pipeline, coal bed methane and related facilities.



Source: GNPC

In 2011, oil displaced cocoa as Ghana's second-most valuable export, with shipments worth US\$2.78 billion. According to the US Energy Information Administration, as of 2014, Ghana was ranked as the world's 47th producer of petroleum and the world's 42nd country for proven reserves. The government intends to ensure increased local refining capacity in order to meet both domestic demand as well as exports. To that end, the government is currently working on developing its refining capacity. The government is in negotiations with Petro Saudi International Limited in order to increase refining activities in 2016. The government intends to increase TOR's refining capacity to 60,000 barrels of crude oil per day.

In January 2015, Eni S.p.A., Vitol and GNPC signed an agreement to proceed with the Sankofa Gye-Nyame project, a deep offshore development project off Ghana's coast. The project contemplates access to approximately 1.07 trillion cubic feet of gas and 162 million barrels of oil, and targets first oil production in 2017 and first gas production in 2018. The government anticipates that the US\$7 billion project will provide gas for approximately 20 years. Eni S.p.A., through its subsidiary Eni Ghana, is the operator with a 44.44 per cent. interest in the project, while Vitol and GNPC have 35.56 per cent. and 20 per cent. interest in the project, respectively. In July 2015, the World Bank approved a US\$700 million partial risk guarantee as further security against payment default by GNPC.

Ghana currently is in a dispute with Côte D'Ivoire over maritime boundaries around the TEN fields. In 2014, the parties submitted the dispute to ITLOS for resolution. In May 2015, a special chamber of ITLOS issued an interim order under which Ghana may continue to develop offshore projects in the disputed area, but may not commence new drilling. Ghana filed a memorial at ITLOS in September 2015 and, in April 2016, Côte D'Ivoire filed a counter-memorial. The government expects that the case will be heard in February 2017 and that ITLOS will issue a final ruling on the merits of the dispute in 2017. The

maritime dispute between Ghana and Côte D'Ivoire and a final ruling by ITLOS that favours Côte D'Ivoire could negatively affect investment into Ghana and oil production. See "Risk Factors—Risks Relating to the Republic of Ghana— Decreases or fluctuations in oil production or oil prices could adversely affect Ghana's economy".

*Refining.* Notwithstanding its recent discovery of oil, Ghana exports all its petroleum products and continues to rely on imports of crude oil and refined products to supply domestic demand for petroleum products and thermal power. Prior to 2009, TOR refined the bulk of the domestic market crude oil. In recent years, however, Ghana has imported mostly refined products to serve the domestic market because TOR has not been fully operational. Before 2011, TOR secured a greater percentage of its crude oil from Nigeria through a bilateral take-or-pay agreement that offered high quality crude oil at market prices, subject to preferential payment terms. The remainder of TOR's crude inputs came from oil-marketing companies or market traders, who import crude oil through competitive tender organised until recently by the National Petroleum Tender Board. Imported refined petroleum then supplied the remainder of the domestic market, based on competitive tender. However, currently, Ghana imports almost all refined petroleum products, due to TOR's operational challenges.

TOR suspended operations in July 2012 to undertake repair works to its main plant, which broke down as a result of challenges with power supply. TOR's operations have also been restricted by severe liquidity challenges for many years and it has incurred heavy losses. After securing approximately three-quarters of a US\$67 million facility from the government as part of its Plant Sustainability and Profit Enhancement Programme, the state refinery had operations with capacity to refine 30,000 barrels of crude oil per day. Beginning in 2014, however, TOR ceased refining crude oil and only recommenced limited commercial operations in February 2016. The government is in negotiations with Petro Saudi International Limited in order to increase refining activities in 2016. The government is seeking to restructure TOR's debts and is participating in negotiations with domestic banks. TOR will also benefit from funding from the energy debt recovery levy which was introduced by the Energy Sector Levies Act, 2015 (Act 899). "See –Energy". The government intends to increase TOR's refining capacity to 60,000 barrels of crude oil per day.

*Regulatory Framework.* The Petroleum Exploration and Production Law, 1984 (PNDCL 84) provides the framework for petroleum management, development and exploration. The government established the Petroleum Commission in 2011 to regulate, monitor and manage petroleum activities and petroleum resources, and to coordinate the policies relating to petroleum. The GNPC is a state-owned company that is responsible for exploring, licensing and distributing petroleum-related activities in Ghana. The government mandates the GNPC to contract with private oil exploration companies, and in the current production sharing model, the GNPC, the government and oil companies are each parties to oil production contracts. The government and private companies operate the Jubilee Field under a joint venture structure. Tullow is the field operator for oil production; however, the government is a member of committees that oversee Tullow's operations through GNPC.

Ghana's petroleum industry has two fiscal regimes: a royalty and tax regime, and a production sharing regime between the government and investors. Under the royalty and tax regime, the Republic charges private oil companies corporate income tax on income (35 per cent.), and royalties on gross oil production (5 per cent.). The production-sharing arrangement between the government and the Jubilee Field partners provides that the GNPC receives a 10 per cent. carried interest and a 3.6 per cent. participation interest in the oil production, bringing the government's total equity interest to 13.6 per cent. In addition, in the 2015 Budget Statement, the government introduced a special petroleum tax of 17.5 per cent. to bring Ghana's petroleum taxes more in line with the international practice.

The Ghana Revenue Authority ("GRA") is responsible for collecting all petroleum revenues. The GRA's estimates of oil revenues follow a rule-based approach, with spendable revenue calculation based upon a seven-year moving average of oil prices and three-year moving average of production. The government manages its oil wealth by transferring to the GNPC an amount not exceeding 55 per cent. of the net cash flow from its share of the carried and participating interests after deducting the equity financing cost, on an annual basis and subject to parliamentary approval. From 2011 to 2013, it transferred 40 per cent., and from 2014 to 2016 and 2016 to 2017, it plans to transfer approximately 30 per cent. The government allocates 70 per cent. of the remaining net receipts to the annual budget. In 2015, the government allocated US\$126.9 million to the GNPC and US\$239.3 million to its annual budget. In 2011, parliament passed the Petroleum Revenue Management Act, 2011 (Act 815) (the "PRMA"), establishing the Ghana Heritage Fund and the Ghana Stabilisation Fund for the purpose of receiving 30 per cent. of net oil receipts after allocating such receipts to the government's budget. Of the remaining 30 per cent. of net oil receipts, the Ghana Heritage Fund receives approximately 30 per cent. (9 per cent. of total net oil receipts) for future generations, and the Ghana Stabilisation Fund receives the remaining 70 per cent. (21 per cent. of total net oil receipts). The government established the Ghana Stabilisation Fund to sustain public expenditure capacity in periods of petroleum revenue shortfalls. The government established the Ghana Heritage Fund as an endowment to support the welfare of future generations. In 2015, the government transferred US\$6.5 million to the Ghana Heritage Fund, and the fund's book value at the end of 2015 was US\$259.4 million. In

2015, the government capped the Ghana Stabilisation Fund at US\$150 million, which it increased to US\$200 million in the 2016 Budget Statement and subsequently reduced to US\$100 million in the Mid-Year Review. In 2015, the government transferred US\$15.2 million to the Ghana Stabilisation Fund and withdrew US\$125.0 million from it which was allocated to the contingency fund, the annual budget funding amount (“**ABFA**”) and the Sinking Fund. The contingency fund was established in May 2014 to meet unforeseen expenditures, such as natural disasters (the “**Contingency Fund**”). The book value of the Ghana Stabilisation Fund at the end of the 2015 was US\$177.4 million. The government expects to use any excess over the cap to continue funding the Sinking Fund and Contingency Fund to support government debt repayments and natural disasters, respectively. See “Public Debt—Debt Management”. In August 2016, the government applied US\$63 million credited to the Sinking Fund account to partially fund the purchase by Ghana of its 2017 Notes pursuant to the July 2016 Tender Offer. See “Summary—Recent Developments—Tender Offer for 2017 Notes”. In July 2015, the president signed the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893), which, among other things, aims to address some of the operational challenges and inconsistencies in the PRMA.

The following table shows receipts and disbursements of the two petroleum funds for 2015:

Year Ended December 31, 2015		
	Stabilisation Fund	Heritage Fund
	(US\$ millions)	
Opening Balance .....	286.6	248.9
Receipts .....	15.2	6.5
Income from Investments .....	0.5	4.0
Bank Charges.....	(0.01)	(0.02)
Withdrawal .....	(125.0)	-
To Contingency Fund .....	(23.8)	-
To Debt Service Account .....	-	-
ABFA.....	(53.7)	-
To Sinking Fund.....	(47.5)	-
Closing Book Value.....	177.4	259.4

Source: Ministry of Finance

There were no disbursements from the Ghana Stabilisation Fund in the first six months of 2016.

Since 2004, the government has liberalised regulation in the energy sector. In 2005, the government adopted a new pricing mechanism aimed at full cost recovery in the petroleum industry. Consequently, prices increased by an average of 50 per cent. at that time, and subsequently increased further in response to rising world oil prices. In February 2013, premium gasoline and diesel prices each increased by 20 per cent. Despite the increases in oil prices, the government continued to subsidise petroleum prices for consumers, which led to petroleum price under-recoveries in 2012. The government substantially reduced fuel and utility subsidies in 2015, only budgeting GHS50.0 million for this purpose and setting prices at rates which reflect international market prices. The government used the full amount of the GHS50.0 million for the payment of petroleum subsidies. In 2015, the government also introduced a special petroleum tax of 17.5 per cent. to bring Ghana’s petroleum taxes more in line with the international practice. In 2016, the government deregulated ex-pump fuel prices and allowed prices of oil to be determined by the market. As a result, the government will cease to provide fuel price subsidies.

#### Manufacturing

Among Sub-Saharan African countries of its size, Ghana has a relatively broad and diverse industrial base, covering aluminium smelting, timber and agricultural processing, brewing, cement manufacturing, oil refining, textiles, electronics and pharmaceuticals. In the early 1980s, only one fifth of industrial capacity in Ghana’s factories was in use. Manufacturing production improved through the 1980s and 1990s, but contracted in 1998 after being hit by energy shortages that forced most factories to run below capacity. Steel and aluminium producers, who rely heavily on power supplies, were hit particularly hard. There was a significant rebound in 1999 and 2000, but manufacturing growth slowed again in 2001. Since 2008, manufacturing growth has fluctuated in part due to frequent energy shortages and competition from less costly imports. In 2015, the manufacturing sub-sector experienced an increase as a percentage of GDP of 2.2 per cent., compared to a decrease as a

percentage of GDP of 0.8 per cent. the previous year. The government attributes the limited growth in the manufacturing sub-sector over recent years to the continued challenges in the energy sector.

### *Construction*

Construction is another important industry sub-sector, contributing 13.2 per cent. of GDP in 2015, an increase from 12.7 per cent. of GDP in 2014 and 12.0 per cent. in 2013. The sub-sector grew by 3.3 per cent. in 2015 after registering no growth in 2014, and registering growth of 8.6 per cent. in 2013. The recent volatility in the sub-sector since 2013 is primarily due to the energy crisis, including disruptions to energy supplies, as well as exchange rate pressures. The sub-sector comprises roads, highways and bridges, coastal works and housing. Road construction has been significant in recent years, as many of Ghana's roads are being rehabilitated and a number of new roads are being built. Approximately 30 per cent. of Ghanaian roads are currently paved. Construction to expand airport capacity with a view towards increasing passenger and freight handling is expected to increase, primarily as a result of government efforts to promote such investments, see “—Infrastructure”.

Both foreign and local companies contribute to the construction sub-sector in Ghana. Foreign firms who have the requisite machinery and expertise undertake most of the large construction works, such as highways and coastal works, while local construction companies play an important role in the construction of access and feeder roads. Growth in the construction sub-sector is partially dependent on the availability of donor project funding and the government's speed in awarding contracts.

### *Agriculture*

The agricultural sector of Ghana's economy has decreased in significance in recent years, accounting for 20.5 per cent. of GDP in 2015 and 21.5 per cent. of GDP in 2014 and employing around 44.7 per cent. of the estimated workforce. Cocoa beans is the major export crop, accounting for approximately 19.4 per cent. of export earnings in 2015, followed by non-traditional products such as horticulture, fish and pineapples. Ghana's agricultural sector experienced growth of 2.4 per cent. in 2015, compared to growth of 4.6 per cent. in 2014. The agriculture sector has declined as growth has slowed in forestry and logging and fishing. Although the agricultural sector is not significantly affected by the current energy shortage in the country and the sector has experienced growth over recent years, Ghana's reliance on agriculture leaves the country vulnerable to shocks caused by fluctuations in world commodity prices, disease, and weather patterns. According to the ICCO, demand for cocoa is projected to exceed supply in the 2015/16 season, on account of a drop in production in Côte D'Ivoire and a lower than expected increase in production in Ghana compared to the previous crop season, which may be partially offset by a marginal increase in global demand in 2016.

### *Crops*

Crops are one of Ghana's most significant agricultural sub-sectors, accounting for 15.7 per cent. of GDP in 2015. Ghana Statistical Services is planning to carry out a new agricultural census in four phases, which it expects to complete by 2017 (the preliminary phase of which it has already completed), which the government will use as the basis for GDP figures in the crops sub-sector going forward. While Ghana's crops have traditionally been used for domestic consumption, they may contribute to non-traditional exports and therefore may become a key element of accelerating overall economic growth. Ghana's most important crops have traditionally included corn, rice, yams, cassava and other root crops. More recently, Ghana has focused on the production of higher income-generating crops such as mango, pineapple, bananas and cashews, raising Ghana's non-traditional exports from US\$1.08 billion in 2009 to US\$2.04 billion in 2015. Ghana has converted most of its pineapple production to the variety popular in Europe and is now the fifth-largest supplier of high-end pineapples to Europe. Banana exports are also growing. Ghana is currently exporting approximately 8 times the amount of bananas it exported in 2000 and is positioned to increase these exports further, as the World Trade Organisation recently mandated a change in EU banana-import rules, which previously favoured bananas from Latin America and the Caribbean. Multinational firms (including Dole, the world's largest fresh produce company) have invested in local businesses to ensure their ability to source high-quality produce from Ghana. The Ministry of Food and Agriculture's Horticultural Export Industry Initiative and related horticultural programmes funded by a number of Ghana's development partners also contribute to increasing the competitiveness of Ghana's agricultural exports. However, any significant increase in agricultural exports will require the establishment of a food grading system and the construction of inland handling facilities and holding facilities at ports to keep produce fresh for export. See “Risk Factors—Cocoa is a significant export product and Ghana is therefore vulnerable to decreases in crop production, demand for and price of cocoa and other agricultural commodities”.

### *Livestock*

Livestock as an agricultural sub-sector accounted for 1.2 per cent. of GDP in 2015. However, livestock production is limited due to poor grazing vegetation and because it is not as lucrative as other agricultural ventures. Cattle farms are mainly

owned by commercial farmers while other farms, such as those for sheep and pigs, are predominantly owned by smaller local farmers. GDP figures for livestock in the agriculture sector have been based on a census that the government carried out in 1996.

### *Cocoa*

Cocoa in Ghana is mainly produced by farmers on small plots of land in the forest areas of Ashanti, Brong Ahafo, Central, Eastern, Western and Volta regions. The main cocoa crop season begins in October and ends in February, while a second, smaller crop season runs from May to August. Most of the cocoa crop is exported as beans, although there are some cocoa-processing plants and more are under construction.

Cocoa production reached an all-time high in 2010/11 of 1,024,533 tonnes, which enabled Ghana to claim the position of the world's second largest cocoa producer, behind neighbouring Côte D'Ivoire. In 2013/14, production increased slightly compared to the previous season due to decrease in pests and diseases and increased use of subsidised fertilisers. Production decreased in volume terms in 2014/15, primarily because of poor weather conditions, including severe droughts. This prompted a global rise in cocoa prices, resulting in a net benefit for Ghana. The total value of cocoa bean exports in 2015 was US\$2.01 billion, comprising 19.4 per cent. of the value of Ghana's exports, compared to US\$1.85 billion and 14.0 per cent., respectively, in 2014.

For the 2016/2017 season, the government currently expects production to increase because of improved weather conditions during the 2015/2016 season and an increased distribution of subsidised fertilizers and chemicals. Production is still relatively high and prices have remained relatively strong. The total estimated value of cocoa bean exports in 2015 was approximately US\$2.01 billion. In 2015/2016, cocoa prices have increased, primarily due to an increase in global demand for cocoa and a decline in production in Cote d'Ivoire.

Ghana's cocoa production is regulated by the Ghana Cocoa Board ("**Cocobod**"), an organisation separate from the Ministry of Food and Agriculture that is wholly owned by the government. Cocobod does not purchase any of the cocoa which is exported, but is responsible for assuring the quality of the product. To ensure the high quality of Ghana's cocoa exports, the Cocobod oversees horticulture practices and regulates the use of pesticides and fertiliser. In addition, Cocobod sets the producer prices for cocoa farmers and, through a subsidiary, oversees the marketing of cocoa. The operations of the Cocobod are funded through the receipt of a percentage of the revenue received from cocoa exports, but all profits after covering expenses are passed onto the government in the form of export taxes. Cocobod has steadily raised producer prices in recent years and seeks to ensure that farmers retain at least 70 per cent. of the revenue from the cocoa they produce. In September 2015, Cocobod entered into a US\$1.8 billion loan agreement with international banks to finance purchases for cocoa for the 2015/2016 season and expects a similar US\$1.8 billion financing in September 2016 for the 2016/2017 season.

The following table sets forth data relating to the production of cocoa for the crop years indicated:

	<u>2009/2010</u>	<u>2010/2011</u>	<u>2011/2012</u>	<u>2012/2013</u>	<u>2013/2014</u>	<u>2014/2015</u>
Cocoa Production <sup>(1)</sup> (tonnes) .....	632,048	1,024,526	879,501	835,617	896,883	740,254
Cocoa Exports (tonnes).....	862,911	814,671	715,197	663,562	693,473	644,105
Producer Prices (hundreds of GHS per tonne) .....	2,400	3,200	3,280	3,392	5,520	5,600
Average Price of Exports (US\$ per tonne) .....	3,012	3,218	3,051	2,463	2,524	3,022
Cocoa Beans Processed (thousands of tonnes).....	212	229	211	230	252	240

Source: Ministry of Finance / International Cocoa Organisation.

(1) Figures for cocoa production represent total purchases of cocoa in Ghana, for exports or for internal consumption, which were recorded by Cocobod.

### *Forestry and Logging*

In recent years, forest reserve depletion has become a concern in Ghana, and the government has confronted conflicting policy decisions in its goal to preserve forests and its need to export timber for hard currency. In 2001, the government launched a National Forest Development Programme in order to halt depletion and restore the depleted forest cover. Government efforts to conserve some of the nation's virgin forests led to an embargo on timber and timber products export, resulting in a forestry and

logging sub-sector decrease as a percentage of GDP of 3.3 per cent. in 2008. In 2010, the forestry and logging sub-sector registered growth of 10.1 per cent., due in part to the government's implementation of forest plantation programmes. The plantation programmes resulted in Ghana planting seedlings on 12,314.8 hectares of land. In addition, such plantation programmes created 470,359 man days of temporary by-day jobs (equivalent to 1,881 full-time jobs) and 12,595 full-time jobs. In 2011, the forestry and logging sub-sector registered a decrease as a percentage of GDP of 14 per cent. when compared to 2010, primarily due to a decline in reforestation activities. In 2012, the forestry and logging sub-sector improved from its decline as a percentage of GDP of 14 per cent. in 2011 to growth as a percentage of GDP of 6.8 per cent., primarily due to Ghana planting trees on 3,698 hectares of land under the National Plantation Development Programme, which created over 10,000 full time jobs. In 2013, the forestry and logging sub-sector remained stable, deriving support from the tree planting initiatives that the government made in 2012. In 2015 and 2014, the sub-sector registered growth as a percentage of GDP of 3.8 per cent., compared to growth as a percentage of GDP of 4.6 per cent. in 2013.

#### *Fishing*

In Ghana's fishing sub-sector, marine fishing is more important than inland fishing. Ghana possesses a total coastline of 539 kilometres with an exclusive economic zone of 200 nautical miles. Although the fish catch has been rising in recent years, it is still insufficient to satisfy national demand. Nonetheless, some of the catch, such as tuna and shrimp, are exported. In 2015, the fishing sub-sector recorded an increase of 1.2 per cent., compared to a contraction of 5.6 per cent. experienced in 2014.

### **Role of the Government in the Economy and Privatisation**

After gaining independence in 1957, Ghana brought most of the economy under government control, and by the early 1980s publicly owned enterprises were involved in almost all sectors of the economy. The government launched an SOE reform programme in 1988 as part of a broad reform programme to liberalise the economy. The SOE reform programme consists of a divestiture programme intended to reduce the size of the public sector as well as measures to improve the performance of enterprises which remain state-owned.

In 2006, the government adopted a policy of using the flotation of shares on the GSE as the preferred method of divestiture. However, the policy allowed for divestiture by direct sale in situations where investments required qualified strategic investors whose participation brought needed management skills, financing and technology. Each of the following modes of divestiture has been used in the past, although most divestitures prior to 2006 were negotiated transactions with a single buyer:

- the sale to private sector investors of the SOE's assets, with the government assuming responsibility for the discharge of the SOE's liabilities;
- the sale of shares by public flotation;
- the entry by the government into a joint venture with private sector investors (usually by transferring all or some of the SOE's business and assets to a newly formed vehicle, and the government and investors taking equity stakes in that vehicle);
- the leasing to private sector investors of an SOE's assets; and
- liquidation.

Examples of SOEs that have been privatised through public flotation are:

- State Insurance Company Limited;
- GOIL Limited; and
- Ghana Commercial Bank.

Examples of enterprises which have been sold to private investors and subsequently have been modernised and brought back into production include:

- West Africa Mills Company;
- Tema Steel Company (formerly GIHOC Steel);
- Ghana Agro-Food Company (formerly TFCL);
- The Coca-Cola Bottling Company of Ghana Limited (formerly GIHOC Bottling);

- Suhuma Company Limited (formerly known as Gliskten West Africa Company); and
- Ghana Oil Palm Development Company Limited.

To implement and execute government policies relating to divestiture programmes, the Divestiture of State Interests (Implementation) Law, 1993 (PNDC Law 326) established the Divestiture Implementation Committee (“**DIC**”). The DIC’s membership is comprised of ministers of state and trade unions, and institutional and private sector representatives. The members of the DIC meet regularly to consider, among other things, specific transactions negotiated by the Secretariat, submitting recommendations to the President for approval. The DIC is assisted by specialised sub-committees on mining, cocoa and coffee plantations and railways. The DIC’s functions under the law are:

- to plan, monitor, coordinate and evaluate all divestitures;
- to arrange for the effective communication of government policies and objectives for any divestiture;
- to develop criteria for the selection of enterprises to be divested and assume responsibility for preparing such enterprises for divestiture;
- to make appropriate consultations for successful processing of all divestiture programmes; and
- to ensure consistency in procedures for divestiture, in particular with regard to valuation, invitation for bids, negotiation of sales and settlement of accounts.

### ***Current Status of Privatisation***

The first divestitures under the privatisation programme were completed in 1990 and 1991. From 1990 to July 2016, the DIC has completed over 155 divestitures. In recent years the divestiture process has slowed down, primarily because the few SOEs that remain to be privatised would require extensive preparation involving major restructuring and in some cases redefinitions of mandates. Government policy is to divest the assets of the remaining SOEs when there is no longer a public policy need for the government to be a shareholder. As of July 2016, there were 39 SOEs, the majority of which the government wishes to continue to own, due to the strategic nature of the assets these SOEs hold. Beginning in 2012, the government commenced several divestitures, including for Gihoc Aboso Glass Company, Bonsa Tyre Factory, Bolgatanga Meat Company, Bolgatanga Catering Rest House, Eredec Hotel (Koforidua), Subri Industrial Plantation Limited and Gama Film Industry Limited. The DIC has successfully privatised Subri Industrial Plantation Limited and Gama Film Industry Limited, and plans to divest the assets of the remaining five companies by the end of 2017. See “Public Finance—2016 Mid-Year Review of the Budget Statement”.

In addition to its efforts to divest these companies, the DIC plans to pursue a strategy to divest residual properties of companies that it did not fully divest in previous years. The government aims to gradually decrease SOEs’ dependence on the national budget by preparing certain SOEs to finance themselves. The key remaining sectors in which the government continues to hold significant ownership interests are described below.

### ***Banking***

The government’s ownership position in the banking sector is as follows:

<b>Banking Institution</b>	<b>Government Ownership</b>
GCB Bank ( <i>formerly Ghana Commercial Bank</i> ).....	21.36%
National Investment Bank .....	52.58%
Agricultural Development Bank.....	51.80%

*Source:* Ministry of Finance

In 2012, the government announced its intention to reduce its participation in the banking sector and to create increased opportunity for private sector investment. In line with this policy, the government’s stake in GCB Bank has dropped from 32 per cent. to 21.4 per cent., with the government allowing its position to be diluted through the lapse of its pre-emptive rights.

### *Insurance*

The government wholly owned the State Insurance Company until its privatisation in 2007. Currently, the government wholly owns Ghana Reinsurance Company. Previously, the government mandated the Ghana Reinsurance Company to receive 20 per cent. of insurance premiums as reinsurance. In 2008, the Insurance Act, 2006 (Act 724) removed the mandatory reinsurance requirement.

### *Information and Communication*

Ghana's telecommunications industry consists of six privately-owned companies: MTN, Tigo, Vodafone Ghana (in which the Republic owns 30 per cent.), Airtel, Glo and Expresso. The telecommunications industry has grown significantly in recent years, resulting in growth in the information and communication sub-sector. The information and communication sub-sector accounted for 2.4 per cent. of GDP in 2015 and 2.3 per cent. of GDP in 2014. From year-to-year, the sub-sector registered growth of 13.4 per cent. in 2015 and growth of 38.4 per cent. in 2014. In December 2008, the total telephone subscription for both cellular and fixed lines was 11,713,699, representing 52.4 per cent. telephone density. The total telephone subscription for both cellular and fixed lines as of December 2015 was 34,400,153, representing 127.63 per cent. telephone density. With over 17 million subscribers at the end of March 2016, the MTN service is the largest cellular phone service provider. It is followed by Vodafone Ghana, which had over 7.9 million clients as of December 2015.

### *Energy*

The Ministry of Petroleum oversees the oil and gas sectors and the Ministry of Power ("**MOP**") oversees the renewable energy sectors. MOP formulates, monitors and evaluates programmes, policies and projects for the power sub-sector and the energy sector in general. The key energy sector holdings of the government are:

- the VRA, which generates electricity in Ghana. The VRA holds the country's equity interest in the WAGP, see "—Infrastructure";
- GRIDCo, which transmits electricity from wholesale suppliers (generating companies) to bulk customers, including the Electricity Company of Ghana, Northern Electricity Distribution Company ("**NEDCO**") and the mines;
- ECG, the distributor of electricity for the southern portion of the country. ECG's electricity is primarily supplied by the VRA;
- the Bulk Oil Storage and Transportation Company Limited ("**BOST**"), which is responsible for the storage of petroleum products. It is a private limited liability company SOE; however, the government of Ghana is its sole shareholder;
- GNPC, which is responsible for the exploration, development, production and sale of petroleum and gas in Ghana; and
- TOR, which is the only refinery in Ghana. It has a throughput capacity of approximately 45,000 barrels a day, although technical and financial difficulties have impaired its ability to operate at full capacity. Prior to the suspension of its operations in 2012, TOR met approximately 60 per cent. of domestic demand. TOR resumed limited commercial operations in February 2016. See "The Economy—Industry—Oil and Gas".

The government recognises that the state owned companies operating in the power sector face significant financial distress which threatens their ability to continue operating. In particular, VRA, ECG and GRIDCo have incurred significant levels of debt (in particular to domestic banks) and payment arrears over many years as a result of low collection rates and below cost-recovery pricing. For example, the 2016 Ghana Energy Commission report stated that as at the end of 2015, VRA owed N-Gas of Nigeria more than US\$100 million for gas supplied by it and a further US\$100 million to Ghana Gas Company for gas supplied from the Atuabo gas processing plant. The Energy Commission also reported that ECG is unable to pay its debts to the generation and supply utilities because of, amongst other things, delayed payments by government and agencies. Successive governments, operating with limited budgetary resources, have been unable to provide sufficient subsidies to eliminate the losses incurred by these companies. The government recognises that if it is unable to oversee a reduction, restructuring or refinancing of the legacy debts of VRA, ECG and GRIDCo and their dependence on government subsidies, the operational viability of these companies will not be sustainable. If any of these companies is unable to continue to operate, it will have a significant impact on the ability of the government to resolve the electrical power crisis.

In addition, the financial position of VRA, ECG and GRIDCo poses significant risks to the banking sector in Ghana. Resident commercial banks have extended substantial loans and advances to each of these companies and, as a result of this exposure, the financial position of these state owned companies has a material impact on the increasing level of NPLs within the banking sector.

In its second review report in January 2016, the IMF noted that failure to strengthen the VRA's and ECG's cash-flow situation and operating performance exposes Ghana to significant financial and fiscal risks. Completion of its consideration of the third review is conditional on the finalisation of a strategy by the government to address energy SOE debt.

The government has developed a strategy to address the financial position of SOEs in the energy sector and has taken a number of significant steps to improve their financial condition, to reduce their operating losses and to reduce the accumulation of arrears by the government. For example, the government introduced automatic price adjustments for petroleum and utility tariffs in July and December 2015, respectively. As a result, electricity tariffs increased by 59.2 per cent. and water tariffs increased by approximately 67.2 per cent. In addition, the government introduced the Energy Sector Levies Act, 2015 (Act 899) in December 2015 which imposed new petroleum and electricity levies from January 2016 and consolidated existing sector levies. The new levies, in particular, the energy debt recovery levy and the price stabilisation and recovery levy, will be collected by the Public Utilities Regulatory Commission and will not form part of the government's budget resources. The new levies will be applied principally to facilitate repayments of accumulated debt incurred by VRA, ECG and GRIDCo. The government will also seek to ensure that it does not accumulate new arrears to SOEs.

In July 2016, the government, acting through the ministry of finance and ministry of power, reached an agreement in principle in relation to the restructuring of a substantial proportion of the debts owed by VRA to domestic banks. Although a formal agreement has not yet been entered into, lenders, led by representatives of the Ghana Association of Bankers and the chief executives of each bank, have agreed a framework with the ministry of finance in relation to the restructuring and repayment of approximately GHS2.2 billion over 3 to 5 years. This amount represents legacy debt consisting of approximately US\$358 million and GHS776.6 million. The key features of the agreement in principle include the following:

- the banks will receive an upfront payment of approximately GHS250 million in aggregate which will be funded by the new levy from the Energy Sector Levies Act 2015 (Act 899);
- the interest rate on the domestic currency component of the VRA debt will be reduced from an average of 30 per cent. to 22 per cent.;
- the interest rate on the foreign currency component of the VRA debt will be reduced from an average of 11 per cent. to 8.50 per cent.;
- repayments of Cedi and US dollar denominated loan facilities totalling GHS2.2 billion (“**VRA Legacy Debts**”) will be funded from a debt service account which will receive cashflows from (i) the energy debt recovery levy and a debt service reserve and (ii) a proportion of VRA's receivables;
- the proceeds of the energy debt recovery levy which are applied to repay and service VRA Legacy Debts will be converted into equity on VRA's balance sheet or will be subject to an on-lending arrangement with the government.

In addition, the government will place limits on the ability of VRA to incur new indebtedness without the express approval from the ministry of power and the ministry of finance. The government anticipates that this approach will be used to restructure VRA's remaining indebtedness wholly or partially, as well as the debt of other energy-sector SOEs. The government anticipates that, once in place, the restructuring will enable VRA to access credit, including letters of credit, to support its imports of LCO and other materials and equipment for use in its generating plants.

In its January 2016 report, the IMF indicated that the poor performance of the main state-owned companies in Ghana poses substantial risks to the economy. As a result, the IMF has indicated that finalisation of a strategy to stabilise the financial position of certain state-owned companies operating in the power sector is one of the prior actions that needs to be finalised prior to the completion of the IMF's consideration of the third review under its programme with Ghana. See “Risk Factors — The IMF programme is subject to various conditions, and the continuation of the programme support depends on the Republic's ability to comply with the programme conditions. In addition, the programme conditions could impede economic development in the short-term.”

The government has conducted an assessment of arrears between the government and SOEs and cross-SOEs' arrears and prepared an action plan and a timeline for their elimination. This will include repaying the "legacy debt" to ECG in the amount of GHS728 million over five years. The government is implementing a number of significant reforms of SOEs, including the following:

- strengthening monitoring and evaluation: the government will introduce performance management contracts for senior managers which will include targets for reducing losses. The government will also introduce a framework facilitating monitoring of SOEs by the Office of the President, the Ministry of Finance, the relevant committee of Parliament and sector Ministry in order to strengthen operational and financial discipline;
- partial privatisation: the government is evaluating the potential for the partial privatisation of selected SOEs; and
- strengthening governance: the government has established a task force which has conducted an assessment of SOE's governance and which is preparing an action plan for the reform of the public sector. This will include the establishment of a single entity to be responsible for the oversight of the SOEs by end-December 2016.

## **Environment**

Ghana's participation in the Stockholm Conference in 1972 marked the beginning of the government's concerted efforts to establish and manage its environmental policies. The government adopted its first official environmental policy in 1992, the same year that it adopted the Constitution. Since adopting the environmental policy, Ghana established an Environmental Protection Agency (the "EPA"), which is focused on driving sustainable development efforts through policy and legal reforms. In the national environment policy, which the government adopted in 2014, the government identified several environmental and sustainable development pillars of focus, including (i) natural resource problems such as land degradation, desertification, deforestation, loss of biodiversity, water pollution, soil erosion, marine and coastal degradation, air pollution, sand mining, wildfires, climate change, invasive foreign species and illegal mining; (ii) socio-cultural issues such as poor land use planning, hazardous waste, environmental health, sanitation and waste management, noise pollution, proliferation of chemical use and growth of slums; (iii) economic issues such as the effects of industrial development, agriculture practices, tourism and unemployment and poverty; and (iv) institutional issues, such as weak institutional capacity for environmental management, ineffective institutional coordination, conflicting policy mandates, weak enforcement capacity, weak capacity to implement international conventions, protocols and agreements and trans-border issues. The national environment policy discusses each of these pillars and identifies proposed solutions to improve upon the country's current problematic issues.

## **Infrastructure**

*Roads.* Ghana has approximately 72,000 kilometres of roads, of which approximately 45 per cent. are in good condition, 25 per cent. are in fair condition and 30 per cent. are in poor condition, according to Ghana's Ministry of Roads and Highways. Road transport is the principal domestic carrier, accounting for the majority of Ghana's moved freight. In order to build a comprehensive cold chain to facilitate horticultural exports, the MCA provided financing to the Ministry of Roads and Highways to build or rehabilitate 1,500 kilometres of feeder and trunk roads over the period of 2007 to 2012. The government plans to construct approximately 200km of trunk roads and 40 km of urban roads in 2016.

Traffic congestion has been a problem in recent years, contributing to non-punctuality at the workplace and an increase in the number of traffic accidents. The government is working to reduce the traffic problems. The government instituted a public transport system in October 2003, called the Metro Mass Transit ("MMT"). The government owns 45 per cent. of the MMT. The MMT offers the citizenry urban, rural and bus hiring services. The MMT is available in all the 10 regional capitals of the country, as well as in some major municipal and district capitals. The public transport system has not taken over all public transportation, as private buses and mini-buses continue to compete for passengers. Currently, certain buses are assigned to specific routes with precise time schedules. However, operators' inability to conform to timetables represents the major transport challenge. In addition to its services to regular commuters, the MMT also rents out some of its buses to groups organising events such as weddings and funerals.

*Railways.* The total existing railway network is 1,300 kilometres, however, only approximately 25 per cent. of the total railway is currently operational. A 947-kilometre railway network connects Accra, Kumasi, other important mining areas, and Sekondi-Takoradi, but is not currently functioning. The railway network also provides passenger services from the interior of Ghana to the main seaports at Sekondi-Takoradi and Tema (near Accra). The government plans to extend the railroad north and

to connect to the proposed inland port at Boankra by rail, although much of the current rail network is in poor condition and will require considerable investment to modernise.

*Ports and Rivers.* The main waterways include the Volta, Ankobra and Tano Rivers, which provide 168 kilometres of year-round navigation, and Lake Volta, which provides 1,125 kilometres of arterial and feeder waterways. The main ports are at Sekondi-Takoradi and Tema, which together handle more than 85 per cent. of Ghana's exports and imports. Ghana dredged, upgraded and modernised ports at both Tema and Sekondi-Takoradi, by acquiring modern tugboats, creating an electronic data interchange, adding waste reception facilities and recently constructing Shed 9, a dedicated fruit terminal. Further expansion works are ongoing in the two harbours in order to create space for more ships. Authorities expect the project at the Sekondi-Takoradi port to be complete by 2018.

In June 2015, APM Terminals announced that Meridian Port Services, a joint venture between APM Terminals, Bolloré Africa Logistics, and the Ghana Ports and Harbours Authority, will invest US\$1.5 billion to upgrade the port at Tema. The project is expected to increase the port's annual throughput capacity by 3.5 million Twenty-Foot Equivalent Units and, in part, to accommodate increased container shipping. Each of APM Terminals and Bolloré Africa Logistics hold a 35 per cent. interest in the joint venture, while the Ghana Ports and Harbours Authority holds a 30 per cent. interest in the joint venture.

The government expects the construction of the Atuabo Free Port, a US\$1 billion project on the coast of Ghana, to begin in 2016. The government expects the port to serve as a free trade port for energy-related industries. Lonrho Ltd, a UK-based corporation, and its partners will hold a 55 per cent. interest in the project, while Ghanaian investors and the government will hold 35 per cent. and 10 per cent. interests in the project, respectively.

*Aviation.* There are five airports in Ghana. The largest is Accra's Kotoka International Airport ("KIA"), from which there are direct flights to Europe, the US, Southern Africa and most countries in the West African sub-region. Following the various expansion works, KIA is currently capable of handling more passengers than in past years. In 2014, approximately 2.37 million passengers travelled through KIA, of which approximately 1.65 million were international travellers and approximately 719,000 were domestic travellers. Ghana is well served by several international airlines including Lufthansa, KLM, British Airways, Kenya Airways, Alitalia, South African Airways, Delta and Emirates. In 2011, KIA completed three new boarding gates, increasing the total number of boarding gates to five and easing passenger flow. In 2011, KIA also commenced a third phase of expansion and modernisation, including constructing a new bay to accommodate wide boarding aircrafts, which the airport expects to complete by the end of 2016. The first two phases of the KIA rehabilitation project included an extension to the runway to accommodate wide bodied aircrafts and aprons, rehabilitation and expansion of terminal buildings (for arrivals and departures) facilities, communication aids, navigational aids and radar systems. In addition, the government signed a memorandum of understanding with China Airports Construction Corporation to undertake a feasibility study for a 16,000 acre location of a new international airport in Prampram, in the Greater Accra region. Furthermore, in 2014 the government commenced expanding and upgrading the Tamale airport to become an international airport. The first phase of this project was completed in 2016.

*Telecommunications.* Ghana has a modest telephone system which is Internet accessible, and although many rural communities are not yet connected, expansion of the services is underway. As of December 2015, an estimated 34 million cellular subscriptions were in use in the country, and cellular phone users now far outnumber fixed-line services. There are currently six licensed service providers: MTN, Vodafone Ghana, Tigo, Airtel, Glo Mobile Ghana and Expresso. As of July 2011, Glo Mobile Ghana, a subsidiary of Globacom Limited, Africa's fastest growing telecommunications company, had spent US\$750 million in infrastructure development including modern broadband technology, next generation networks, over 1,600 modern base transceivers, as well as a high-capacity Glo 1 submarine fibre-optic cable that connects Ghana directly to Europe, with a dedicated extension to the United States. In April 2012, Glo Mobile Ghana, launched its commercial operations in Ghana, and, with approximately 1.48 million subscribers at the end of March 2015, it is currently the fifth largest cellular service provider in the country. As of March 2016, there were 55 licensed Internet Service Providers ("ISPs") and an estimated 16 million Internet users in Ghana, mainly in urban areas. However, less than 1 per cent. of internet usage is accounted for by ISPs; almost all internet usage comes from mobile subscriptions. Services offered by ISPs are largely confined to government corporate clients and public internet cafes.

*Energy.* Energy in Ghana is largely generated by the VRA, a government-owned company which produces electricity from thermal- and hydro-generation facilities. The VRA and the ECG, another state-owned enterprise, then distribute energy to consumers. See "The Economy—Principal Sectors of the Economy—Water and Electricity".

### ***Infrastructure Development***

In connection with the GSGDA II, Ghana has initiated a comprehensive programme that aims to reduce poverty and accelerate economic growth through improvements in transportation procedures and infrastructure, see “—General—Ghana Shared Growth and Development Agenda I and II”. Under the transport infrastructure component of the programme, the MDAs in the transport sector have worked together to prepare a National Transport Policy, the primary goals of which include:

- *Establish Ghana as a transport hub in the West African Region*, through the liberalisation of policy affecting the aviation sector, along with improvements in the infrastructure and equipment at Kotoka International Airport and the regional airports in Ghana.
- *Create a sustainable, accessible, affordable, reliable, effective and efficient transport system that meets user needs*, through the use of investment which is better targeted to serve the needs of the population, the development of mass transport projects in urban areas, the development of non-motorised transport infrastructure to encourage cycling and the increased utilisation of inland water bodies and maritime facilities.
- *Integrate land use, transport planning, development planning and service provision*, through the establishment of consultation mechanisms among transport sector MDAs, which will allow for the implementation of decentralised management, financing and maintenance of local transport infrastructure and services.
- *Create a vibrant investment and performance-based management environment that maximises benefits for public and private sector investors*, by encouraging the private sector to invest in transport infrastructure and services through the use of tax incentives and bonds, by increasing user charges such as fuel levies and tolls in order to transfer the costs of transport services and maintenance to the users and by investing public funds in ways that will maximise social and environment benefits important to users and the country.
- *Develop and implement comprehensive and integrated policy, governance and institutional frameworks*, including the adoption of the National Transport Policy and the establishment of an institutional framework which separates the functions of policy formulation, regulation, asset management and services.
- *Ensure sustainable development in the transport sector*, through the use of strategic assessments of all transport policies, and by ensuring that all projects comply with existing environmental, health and safety regulations, through the use of sanctions against those who fail to observe environmental regulations.
- *Develop adequate human resources and apply new technology*, by increasing the range of professional and managerial courses available at tertiary institutions, increasing the range of vocational training courses available to transport personnel and developing a strategy to research transport sector performance.

In addition, in July 2014, the government passed the GIIF Act, the purpose of which is to establish an infrastructure fund, wholly owned by the Republic, to provide financial resources to manage, co-ordinate and invest in a diversified portfolio of infrastructural projects in the country for national development in partnership with the private sector. The GIIF is one of several key reform initiatives which the government has implemented to address the infrastructure financing gap.

### **The Labour Market**

According to the GLSS 6, the labour market in Ghana can be divided into seven segments: the public sector, the private sector, non-governmental organisations, cooperatives, international organisations, agri-business and other. Based on the GLSS 6, the total workforce in Ghana, which consists of economically active individuals who are 15 years old and older, comprised approximately 12.3 million people as of 2014. The government estimates that in 2014 the informal sector, comprised of private informal and the agri-business sub-sectors, employed approximately 88 per cent. of the workforce, the public sector and the private formal sector employed 5.9 per cent. and 5.7 per cent. of the workforce, respectively, and the remaining sectors each employed less than 1 per cent. of the workforce. Given that a significant part of Ghana’s workforce is employed in the informal sector, available data on the labour market is limited. The government plans to use the district assemblies to collect and aggregate national population data. With these data, the Republic aims to create a national database, which the government expects will help it to track the population and bring more workers into the formal sector. In July 2014, the government began implementing a pilot labour market information system in order to bring more workers into the formal sector.

Despite the lack of complete or reliable information, the government has made use of employment surveys, advertised job vacancies and the 2010 Population and Housing Census (the “**2010 Census**”) in order to develop estimates of labour market

statistics. According to the 2010 Census, a total of 632,994 people or 5.8 per cent. of the economically active population (i.e. 15 years and above) were unemployed. In 2014, the government carried out the GLSS 6. According to the GLSS 6, approximately 1.7 per cent. of the economically active population (i.e. 15 years and above) were unemployed.

The following table sets forth the estimated urban and rural rates of unemployment of the labour force based on the GLSS 6:

	Economically Active Population (15+)			Unemployed Population (15+)		
	(% of total population)					
	Total	Male	Female	Total	Male	Female
Urban.....	69.9	73.3	67.2	2.5	2.4	2.6
Rural.....	81.7	83.7	79.9	0.9	0.8	0.9
Ghana .....	<b>75.5</b>	<b>78.4</b>	<b>73.1</b>	<b>1.7</b>	<b>1.6</b>	<b>1.8</b>

Source: GLSS 6

In the GLSS 6, the government estimated the rate of the unemployment of the adult labour force to be 1.7 per cent.

Ghana's labour market is generally regarded as rigid, as evidenced by the high costs associated with laying off employees in the formal and public sectors. Organised labour has significant representation and is often involved in policy decisions relating to the labour market. For example, in 2006, public sector employees in the healthcare industry threatened to strike, which eventually led to a complete reformulation of the pay scale for government employees, having a significant impact on the government's budget deficit in 2006. In a bid to reduce the occurrence and threat of strikes, in 2010 the government undertook to organise all of the public sector pay structures together under SSSS to improve wage management. This realignment resulted in higher wages, including unanticipated payments of arrears to certain sectors of the government workforce and significantly contributed to the increased budget deficit in 2012. See "—Wages" and "Public Finance—Public Accounts". The government has since migrated almost all public sector workers to SSSS, and it has paid the wage arrears which it owed under SSSS.

### Employment by Industry

The following table shows estimates of the percentage of persons employed in selected industries between 18 October 2012 to 17 October 2013 based on the GLSS 6:

<b>Industry:</b>	
Agriculture, Forestry and Fishing .....	44.7%
Mining and Quarrying.....	1.6%
Manufacturing .....	9.1%
Electricity, Gas, Steam and Air Conditioning Supply .....	0.2%
Water Supply, Sewerage, Waste Management.....	0.2%
Construction.....	3.3%
Wholesale and Retail Trade.....	19.5%
Transportation and Storage.....	3.8%
Information and Communication .....	0.4%
Financial and Insurance Activities .....	0.7%
Real Estate Activities .....	0.1%
Professional, Scientific and Technical Activities.....	1.0%
Education .....	3.6%
Administrative and Support Service Activities .....	1.0%
Public Administration and Defence .....	0.8%
Human Health and Social Work Activities .....	1.0%
Accommodation and Food Service Activities .....	3.9%
Arts, Entertainment and Recreation .....	0.4%
Activities of Households as Employers .....	0.9%
Other Service Activities .....	3.8%
Total Estimated Size of Labour Force (millions of workers).....	12.3

Source: GLSS 6

## **Wages**

Each year, pursuant to the Labour Act, 2003 (Act 651), employers meet with the government and organised labour groups to fix the minimum wage. The daily national minimum wage was raised to GHS8.0 in 2016, up from GHS7.0 in 2015, GHS6.0 in 2014, GHS5.24 in 2013, GHS4.48 in 2012 and GHS3.73 in 2011. Salary negotiations and hiring freezes have led to disputes and strikes among different industry sectors. Although the National Labour Commission is responsible for monitoring compliance with minimum wage laws, a significant proportion of the workforce working in the private and informal sectors of the economy earns less than the minimum wage.

In the public sector, wages have increased significantly in recent years, with total government expenditures on public wages rising. As of 2015, the wage bill rose to GHS10.56 billion (43.7 per cent. of tax revenue), compared to GHS9.45 billion (49.1 per cent. of tax revenue) in 2014. The public sector wage bill increased by 23.7 per cent. in 2013, 14.9 per cent. in 2014 and 11.7 per cent. in 2015. Expenditure on wages and salaries in 2015 was 2.6 per cent. higher than the budgeted target. At 7.5 per cent. of GDP in 2015, Ghana's public sector wage bill is higher than the African regional average wage.

The government established a Fair Wages and Salaries Commission ("FWSC") to ensure fair, transparent and systematic implementation of the SSSS. The FWSC began a process to migrate public sector workers to the SSSS, with the primary purpose of ensuring equal pay for work of equal value, and eliminating ad hoc negotiations for adjustments of wages and salaries. The government's implementation of the SSSS was also designed to reduce pay disparities and attract much needed skills and to ensure improved productivity. The number of public sector workers rose from 418,517 as at the end of 2010 to 629,941 as at the end of April 2016. Ghana's implementation of the SSSS significantly increased the wage bill from GHS2.48 billion in 2009 to over GHS10.56 billion in 2015, and has been a significant factor in the increase in the fiscal deficit. Currently, almost all public sector workers have been migrated onto the SSSS. As a result of the SSSS, the average public sector worker receives an increase in the take home pay at close to sub-regional levels. Prior to the implementation of SSSS in 2010, Ghana's public sector salary levels were among the lowest in Africa. However, SSSS increased the public sector wage bill significantly over a short period of time. In August 2013, the government announced plans to reassess the SSSS in order to make certain improvements to its implementation and to link pay to specific performance benchmarks and productivity objectives. The government is currently implementing measures to lower the wage to tax revenue ratio, which include (i) negotiating public sector wages to factor in a cost of living allowance, (ii) reducing the number of state subsidised agencies from government payroll, (iii) recruiting and replacing public workers in more controlled ways that assess need, (iv) cutting market premium pay for certain skilled workers, (v) implementing a public service wide performance management system, (vi) biometric registration of workers and electronic payment systems to reduce fraudulent claimants and (vii) conducting a payroll audit. Negotiations on the determination of both the national daily minimum wage and base pay on the SSSS were, for the first time in many years, successfully concluded by government prior to the finalisation of the 2016 Budget Statement. Government remains committed to the SSSS and is pursuing measures to eliminate leakages in the payroll system.

In March 2015, the inter-ministerial committee on payroll issued a payroll plan aimed at resolving payroll irregularities. Key elements of the plan include: (i) removal from the payroll of the names of public employees with no bank account; (ii) suspension and verification of salary payments to employees with no social security number; (iii) implementation of a biometric validation of all employees on the mechanised payroll; (iv) rolling out of the electronic wage payment system to ensure a monthly validation by all department heads of their staff (including grades) before making of payments; (v) assessment of the security of the payroll system, through an audit of the payroll databases, which the government merged in 2014; (vi) introduction of new guidelines to strengthen internal control over the payroll processes; and (vii) a large scale public audit of the payroll management to provide evidence to assist in identifying government officials responsible for irregularities, as a basis for any legal actions the government may take. Under the plan, the Attorney General will prosecute cases of suspected fraud.

## **Pensions**

Employees in Ghana's public and private formal sector participate in a government-sponsored social security system that is managed by the Social Security and National Insurance Trust ("SSNIT"). SSNIT had approximately GHS7.1 billion investment assets under management at the end of 2015. The legislature passed a new law in 2008, the National Pensions Act 2008 (Act 766) (the "**National Pensions Act**") to introduce pension reforms and established National Pensions Regulatory Authority ("NPRA") to administer a new three-tier pension scheme that pushed the social security contribution to 18.5 per cent. from 17.5 per cent. (13 per cent. by the employer and 5.5 per cent. by the employee). The new structure is as follows:

- Tier 1: SSNIT-administered mandatory defined benefit public social security scheme (13.5 per cent., out of which 2.5 per cent. is a levy for the National Health Insurance Scheme);

- Tier 2: Mandatory defined contribution and privately-managed occupational pension scheme (5 per cent.); and
- Tier 3: Voluntary defined contribution occupational and personal private pension scheme.

In order to receive social security benefits under the current pension scheme, retirees must meet certain criteria, including a requirement that they work for at least 15 years (i.e. 180 months). In 2014, the legislature passed the National Pensions (Amendment) Act 2014 (Act 883), which amended the National Pensions Act. Under the amendment, benefits start at 37.5 per cent. of the employee's best three-year-average income, and with each year of work in excess of the minimum 15 year contribution period, benefits increase by 1.125 per cent. for every additional 12 months worked up to a limit of 60 per cent. The voluntary retirement age is age 55, and the mandatory retirement age is age 60. The amendment also extends the pension scheme to non-Ghanaian workers and specifies that employees, who at the time of the amendment were aged 50 or above, have the option to choose the old scheme. Approximately 1,000 workers retire and become pensioners every month, and the government expects that number to increase in the next few years.

### ***Health Care***

The Ministry of Health is responsible for the overall policy formulation, monitoring and evaluation, resource mobilisation and regulation of health services. Ghana Health Service is an autonomous agency that is responsible for implementing national policies under the control of the Ministry of Health. As part of the health sector reform process, the government established the Ghana Health Service with the goal to deliver an equitable, efficient, accessible and responsive health care system.

In 2003, the government implemented a national health insurance plan to enable citizens to make contributions into a fund so that in the event of illness, contributors would have access to affordable basic health care. Each of the 216 districts in Ghana has at least one health facility. As of August 2015, there were 7,102 health care providers in the country, of which 174 were government hospitals, 1,041 private health facilities, 70 were quasi-government and the remaining were clinics. Quasi-governmental hospitals are available to public employees.

Malaria is the leading cause of premature death in Ghana, especially among children under five years old and pregnant women. The total number of malaria cases seen at Ghanaian hospital outpatient departments ("OPD") between 2009 and 2015 has remained relatively constant, with 7,083,776 reported cases in 2009 as compared to approximately 10,000,000 reported cases in 2015. However, during that time period the proportion of malaria cases to total OPD cases has decreased from 39 per cent. to 38.1 per cent. Admissions for malaria and the number of deaths from malaria have also declined from 2009 to 2015, primarily due to early detection and treatment programmes and increased use of insecticide-treated nets. Malaria fatalities among children under five have also declined from 0.7 per cent. in 2011 to 0.51 per cent in 2014. The government is committed to the World Health Organisation's Roll Back Malaria Plan. The primary objectives of the government's Roll Back Malaria Plan included improving malaria case management to ensure early case recognition and appropriate response, increasing the use of preventive strategies, increasing the amount of collaboration among departments and programmes in the health sector, other government sectors and the private sector, and increasing the availability of funds for malaria research. Under the current NMCP, the Ghana Health Service has developed specific objectives to meet the goals of the Roll Back Malaria Plan, through equipment of all health facilities with malaria diagnostic facilities, providing effective antimalarial drugs to more people, strengthening human resource through in-service training of laboratory technicians and clinicians, scaling up community based treatment of malaria in all districts through the home base care of malaria targeting children under five years living in rural areas and areas with limited access, providing insecticide treated materials and access to insecticide nets to achieve universal coverage using models of indoor residual spraying campaigns in Obuasi and the northern region in other parts of the country, strengthening routine data collection system to capture reliable information, and developing functional partnerships and mechanisms between departments, programmes within and outside the health sector. In 2012, the government partnered with Labiofam Grupo Empresarial, a Cuban government-owned company that provides biolarvicides that eradicate pests and mosquitoes. In 2013, President Mahama commissioned a project with Labiofam Grupo Empresarial to establish a biolarvicide manufacturing company in the northern region of Ghana. The National Malaria Control Strategic Plan aims to improve malaria control in the high transmission areas and establish more low transmission areas in Ghana by the end of 2020. The plan calls for the reduction of malaria morbidity and mortality by 75 per cent. (using 2012 as baseline) by the year 2020. The government plans to achieve this goal through overall health sector development, improved strategic investments in malaria control, and increased coverage towards universal access to malaria treatment and prevention interventions.

According to the Joint United Nations Programme on HIV/AIDS ("UNAIDS"), the body coordinating the international fight against HIV/AIDS, adult HIV/AIDS prevalence in Ghana was estimated at 1.7 per cent. in 2012, compared to

approximately 4.9 per cent. for the Sub-Saharan Africa region. While the rate of HIV/AIDS infection in Ghana is low compared to many other African countries, the government is taking the threat posed by the pandemic seriously and has committed 2 per cent. of the healthcare budget to the treatment and prevention of HIV/AIDS. The public and private sectors, as well as international organisations, have contributed funding for prevention programmes, treatment and care facilities, orphans and children, programme management, social services and protection and HIV/AIDS-related research.

Ebola is a severe, often fatal illness that, according to the World Health Organisation, has recently reappeared in outbreaks in certain West and Central African countries, including Guinea, Liberia, Nigeria, Senegal and Sierra Leone. Since March 2014, the US Centers for Disease Control and Prevention have documented over 28,000 cases of Ebola in Guinea, Liberia, Nigeria, Senegal and Sierra Leone, with over 11,000 deaths recorded. Ebola is a dangerous and contagious virus that often results in death. Ebola is introduced into the human population through close contact with the blood, secretions, organs or other bodily fluids of infected animals. In Africa, infection is documented through the handling of infected chimpanzees, gorillas, fruit bats, monkeys, forest antelope and porcupines found ill or dead or in the rainforest. Ebola then spreads in the community through human-to-human transmission, with infection resulting from direct contact (through broken skin or mucous membranes) with the blood, secretions, organs or other bodily fluids of infected people, and indirect contact with environments contaminated with such fluids. No licensed vaccine for Ebola is currently available. While reported cases of Ebola had increased substantially in West Africa since 2014, there have been no confirmed cases of Ebola in Ghana. In July 2014, eleven African nations met in Accra to discuss and develop a plan to fight the disease, and in August 2014 the World Health Organisation declared the outbreak an international health emergency, which, *inter alia*, enables the World Health Organisation to impose travel bans to certain areas. In March 2016 the Ebola emergency committee of the World Health Organisation confirmed that in its view that Ebola transmission in West Africa no longer constitutes an extraordinary event, that the risk of international spread is now low, and that countries currently have the capacity to respond rapidly to new virus emergencies. Accordingly, in the committee's view, the Ebola situation in West Africa no longer constitutes a public health emergency of international concern and the temporary recommendations adopted in response should now be terminated.

The government's objective is to expand and sustain a high coverage of quality services for promoting health, preventing diseases, treating the sick and rehabilitating the disabled. The Ministry of Health's five-year capital investment plan (2012-2016) anticipates investments in four areas: infrastructure, equipment, transport and information and communications technologies. It is aimed at improving geographical access (through infrastructure and transportation improvements), better facilities and equipment, resource allocation and management.

### **Education**

Ghana had one of the most highly developed education systems in West Africa until the 1970s, when it was significantly affected by the general economic decline experienced in the country. Since the mid-1980s the government has undertaken a series of reforms in response to the deterioration of the education system. The reforms have been met with relative success, evidenced by increased literacy rates and school enrolment, although significant regional and gender-based discrepancies persist.

The Republic has a number of tertiary education institutions, including ten public universities, five medical schools, two dental schools, ten polytechnics and 38 teacher training colleges. Demand for tertiary education is high and growing but supply has lagged behind demand, and the backlog and inadequacies of some of the programmes in the public universities has led to the creation of private universities. The curricula of private universities are geared more towards business and information technology courses, whereas the public institutions focus more on the arts and sciences. The increase in private universities has eased some of the pressure on the public education sector, but the cost of attendance serves as a deterrent to many potential students.

In December 2014, the US Agency for International Development awarded the Partnership for Education: Learning project in Ghana to FHI 360, an international human development non-governmental organisation. The US\$71 million project aims to support Ghana's educational institutions over five years to improve, expand and sustain learning outcomes for at least 2.8 million primary students nationwide.

## **BALANCE OF PAYMENTS AND FOREIGN TRADE**

### **Balance of Payments**

While Ghana's current account deficit widened from US\$2.770 billion in 2010 to US\$5.704 billion in 2013, it decreased to US\$3.694 billion in 2014 and further to US\$2.809 billion (7.5 per cent. of GDP, determined on the basis of a US Dollar value for GDP calculated using the average Cedi/US Dollar exchange rates for the relevant period) in 2015. Although still high, the current account deficit decreased by approximately 24 per cent. between 2014 and 2015, primarily as a result of a significant increase in the balance on services, income and transfer accounts which recorded a surplus of US\$1.12 billion in 2015 compared to a deficit of US\$2.31 billion in 2014 despite a reduction in the value of exports. The current account deficit target for 2016 is US\$2.9 billion (7.9 per cent. of GDP). The government has targeted a balance of payments surplus of US\$1.01 billion in 2016 driven principally by net capital and financial account inflows of US\$3.9 billion, which are projected to cover the current account deficit target for 2016.

Despite a reduction in the value of exports to US\$10.36 billion in 2015 from US\$13.22 billion in 2014, exports from Ghana have increased significantly since 2010, from US\$7.96 billion in 2010 to US\$10.36 billion in 2015, aided by favourable commodity prices prior to 2013 and increased production, as well as the oil production from the Jubilee Field, which began in 2010. However, imports outpaced exports, rising from US\$10.9 billion in 2010 to US\$13.5 billion in 2015, due to increased oil and non-oil imports. In 2015, exports underperformed as a result of the slump in commodity prices on the international markets, especially oil and gold prices. As a result, the trade balance for 2015 recorded a deficit of US\$3.93 billion compared to a deficit of US\$1.38 billion in 2014. From January through May 2016, the value of merchandise exports was US\$3.36 billion, a decline of 14.0 per cent. from the outturn during the corresponding period in 2015. The government attributes this decrease to the decrease in the price of crude oil and gold and a reduction in the production volumes of oil and cocoa product exports. From January through April 2016, crude oil exports amounted to US\$212.3 million, compared to US\$687.3 million recorded in the same period in 2015. The decrease in value was due to both price and volume effects. The volume of crude oil exports decreased by 48.1 per cent to 6,589,482 barrels in the first four months of 2016 compared to 12,697,779 barrels in the same period of 2015. The average realized price of oil also decreased significantly by 40.5 per cent. in the first four months of 2015 to US\$32.2 per barrel from US\$54.13 per barrel recorded in the same period in 2014.

During the five-year period of increased exports prior to 2015, the capital and financial account experienced high net inflows of foreign direct investment, official capital and portfolio inflows which moderated increased net payments of short-term capital and other private capital. Foreign direct investment increased from US\$2.5 billion in 2010 to US\$2.97 billion in 2015, and portfolio investment increased from a net inflow of US\$620.5 million in 2010 to a net inflow of US\$900 million in 2015. On the other hand, short-term capital, which recorded net inflows of US\$193.0 million in 2010, registered net outflows of US\$474 million in 2015. Net payments of other private capital increased from net outflows of US\$493 million in 2010 to US\$1.45 billion in 2015.

Ghana's gross foreign assets increased from US\$4.65 billion in 2010 to US\$5.88 billion in 2015 (3.5 months of imports compared to US\$5.46 billion and 3.8 months, respectively, at the end of 2014). However, at the end of June 2016, gross foreign assets were US\$5.20 billion, sufficient to cover 2.8 months of imports, compared to US\$4.54 billion at the end of June 2015, which was sufficient to cover 2.9 months of imports. The government attributes this decrease partly to the decrease of prices of major export commodities, the seasonal variability of foreign exchange flows during the year and delayed funding from development partners.

Capital transfers (largely foreign aid) have been declining for some time now, and the government received US\$ 279 million in capital transfers in 2015 and no capital transfers in 2014.

The government used official reserves to finance its overall balance of payments deficit of US\$105.8 million in 2015.

The following table sets out Ghana's balance of payments and related statistics for the years 2011 through the first half of 2016:

	2011	2012	2013	2014	2015*	2016*
	(US\$ millions)					
<b>CURRENT ACCOUNT BALANCE .....</b>	<b>(3,541.4)</b>	<b>(4,910.6)</b>	<b>(5,704.1)</b>	<b>(3,694.5)</b>	<b>(2,808.3)</b>	<b>(1126.8)</b>
<b>Merchandise Trade Balance .....</b>	<b>(3,052.3)</b>	<b>(4,210.8)</b>	<b>(3,848.3)</b>	<b>(1,386.9)</b>	<b>(3,109.4)</b>	<b>(1494.5)</b>
<b>Exports (FOB) .....</b>	<b>12,785.4</b>	<b>13,552.3</b>	<b>13,751.9</b>	<b>13,213.1</b>	<b>10,356.7</b>	<b>5080</b>
Cocoa beans and products .....	2,870.9	2,828.6	2,267.3	2,612.9	2,763.9	1636
Gold .....	4,920.2	5,643.3	4,965.7	4,388.1	3,212.6	1853.4
Timber and Timber products .....	165.7	131.0	165.8	182.9	202.1	107.3
Oil .....	2,778.5	2,976.1	3,885.1	3,725.0	1,931.3	398.4
Others (including non-traditional) .....	2,050.1	1,973.4	2,468.1	2,304.3	2,246.8	1084.9
<b>Imports (FOB) .....</b>	<b>(15,837.7)</b>	<b>(17,763.2)</b>	<b>(17,600.3)</b>	<b>(14,600.1)</b>	<b>(13,465.1)</b>	<b>(6574.5)</b>
Non-oil .....	(12,672.3)	(14,432.6)	(14,049.8)	(10,906.1)	(11,418.3)	(5772.3)
Oil and gas .....	(3,165.4)	(3,330.6)	(3,550.4)	(3,694.0)	(2,046.7)	(802.2)
<b>Services (net) .....</b>	<b>(1,856.3)</b>	<b>(975.4)</b>	<b>(2,443.8)</b>	<b>(2,602.2)</b>	<b>(345.2)</b>	<b>(213.3)</b>
Receipts .....	1,810.1	3,259.4	2,454.0	2,044.8	6,098.9	2626.1
Payments .....	(3,666.4)	(4,234.8)	(4,897.8)	(4,647.0)	(6,444.1)	(2839.3)
<b>Income (net) .....</b>	<b>(1,230.1)</b>	<b>(2,130.4)</b>	<b>(1,351.4)</b>	<b>(1,717.4)</b>	<b>(1,131.9)</b>	<b>(380.7)</b>
Receipts .....	55.4	55.3	284.5	110.8	394.4	260.6
Payments .....	(1,285.5)	(2,185.7)	(1,635.9)	(1,828.2)	(1,526.3)	(641.2)
<b>Current Transfers (net) .....</b>	<b>2,597.4</b>	<b>2,405.3</b>	<b>1,939.4</b>	<b>2,008.5</b>	<b>2,597.7</b>	<b>961.6</b>
Official .....	228.7	257.8	80.3	9.6	222.4	2.06
Private .....	2,368.8	2,147.5	1,859.2	1,998.9	2,375.3	959.6
<b>Services, Income and Current Transfers (net) .....</b>	<b>(489.1)</b>	<b>(699.8)</b>	<b>(1,855.7)</b>	<b>(2,311.2)</b>	<b>1,120.6</b>	<b>367.7</b>
<b>CAPITAL &amp; FINANCIAL ACCOUNT .....</b>	<b>4,479.3</b>	<b>3,651.3</b>	<b>5,368.2</b>	<b>3,752.8</b>	<b>2,731.5</b>	<b>123</b>
<b>Capital Account (net) .....</b>	<b>445.1</b>	<b>283.5</b>	<b>349.3</b>	<b>0.0</b>	<b>279.4</b>	<b>188</b>
Capital transfers .....	445.1	283.5	349.3	0.0	279.4	188
<b>Financial Account (net) .....</b>	<b>4,034.3</b>	<b>3,367.9</b>	<b>5,018.9</b>	<b>3,752.8</b>	<b>2,731.5</b>	<b>(65)</b>
Direct Investments .....	3,222.2	3,293.4	3,226.3	3,357.0	2,970.9	1414.1
of which						
Other Investments .....	812.0	74.4	1,792.6	395.8	(518.8)	(1885.6)
of which						
Official Capital (net) .....	649.6	981.7	1,448.9	940.9	697.9	12
Disbursement .....	888.8	1,341.7	1765.4	1,377.3	1390.6	423.1
Amortisation .....	(239.2)	(360.0)	(316.4)	(436.4)	(730.3)	(401.4)
Other Private Capital (net) .....	(359.1)	(310.0)	(730.1)	(1,081.0)	(1454.9)	(682.3)
Short-term capital (net) .....	403.9	(1,695.0)	795.7	(154.7)	(474.4)	(1215.2)
Portfolio Investments .....	117.6	1,121.8	658.9	835.9	900	406.4
Government Oil Investments (net) .....	0.0	(24.0)	(380.9)	(145.3)	37.6	(9.6)
<b>ERRORS AND OMISSIONS .....</b>	<b>(225.5)</b>	<b>(590.1)</b>	<b>(538.3)</b>	<b>(143.6)</b>	<b>(238.4)</b>	<b>157.6</b>
<b>OVERALL BALANCE<sup>(1)</sup> .....</b>	<b>712.5</b>	<b>(669.2)</b>	<b>(874.2)</b>	<b>(85.2)</b>	<b>(105.8)</b>	<b>(846.1)</b>
<b>FINANCING .....</b>	<b>(712.5)</b>	<b>669.2</b>	<b>874.2</b>	<b>85.2</b>	<b>105.8</b>	<b>846.1</b>
Changes in international reserves .....	(712.5)	669.2	874.2	85.2	105.8	846.1

Source: BOG

\* Provisional for 2015 and estimates for the first half of 2016.

(1) Excludes foreign currency deposits of resident commercial banks.

## Foreign Trade

### Direction of Trade

Ghana's main trading partner is the Far East, accounting for 34.2 per cent. and 32.8 per cent. of total exports and imports, respectively, in 2015. South Africa, Switzerland and the United Arab Emirates were the most important export destinations, and China, the Netherlands and the United States were important sources of imports in 2015. Ghana's regional trade with members of ECOWAS also accounts for a large portion of its exports and imports. Exports to ECOWAS countries increased from 7.8 per cent. in 2010 to 10.5 per cent. in 2015. Most of the exports to ECOWAS countries were directed at

Burkina Faso, Nigeria, Benin and Togo. Imports from ECOWAS countries rose from 6.8 per cent. in 2010 to 10.8 per cent. in 2014, and fell back to 6.8 per cent. in 2015 and were principally from Benin, Togo, Nigeria and Cote D'Ivoire.

The following table sets out the geographic distribution of Ghana's imports and exports, by per cent., for the years 2011 to 2015:

	2011		2012		2013		2014*		2015*	
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
	(%)									
Industrial										
Countries.....	<b>47.7</b>	<b>43.5</b>	<b>45.9</b>	<b>31.4</b>	<b>47.4</b>	<b>33.0</b>	<b>46.3</b>	<b>31.4</b>	<b>40.8</b>	<b>47.6</b>
France .....	2.8	13.8	2.4	8.8	1.9	7.8	1.9	6.2	2.0	5.2
Germany.....	3.1	1.5	2.7	1.4	2.8	1.0	2.8	1.4	2.2	1.3
Italy .....	1.9	6.6	2.2	7.1	2.3	7.6	2.1	5.2	2.0	5.0
Japan .....	1.6	0.5	1.5	0.6	1.1	0.6	1.0	0.6	1.1	0.9
Netherlands.....	3.3	8.3	8.2	5.7	10.8	6.8	11.9	5.9	5.7	7.6
UK.....	4.9	3.5	4.1	2.2	3.8	2.8	3.5	2.6	4.1	2.4
US.....	10.1	4.0	9.1	2.1	7.8	2.5	6.8	1.8	8.6	2.5
Others .....	20.0	5.3	15.6	3.5	16.8	4.0	16.2	7.6	15.2	22.7
Other										
Europeans .....	<b>9.0</b>	<b>14.5</b>	<b>8.7</b>	<b>14.9</b>	<b>8.8</b>	<b>14.5</b>	<b>9.8</b>	<b>13.5</b>	<b>9.5</b>	<b>15.0</b>
Rest of the										
World .....	<b>43.3</b>	<b>42.0</b>	<b>45.4</b>	<b>53.8</b>	<b>43.8</b>	<b>52.5</b>	<b>43.9</b>	<b>55.2</b>	<b>49.7</b>	<b>37.4</b>
o/w China.....	15.8	1.6	13.1	3.7	13.6	3.4	14.5	6.6	17.1	9.5
o/w ECOWAS ....	5.3	7.4	9.7	6.4	10.2	7.2	10.8	7.0	6.8	10.5

Source: IMF Direction of Trade Statistics and BOG estimates

\* Provisional.

### **Composition of Trade**

The most significant export items in 2015 were gold, cocoa (beans and products), oil and non-traditional exports, such as preserved and processed fish (tuna), cashew nuts, crude palm kernel oil, tableware, kitchenware and other plastic and aluminium household articles. The most significant import items in terms of value were oil, motor vehicles for the transport of goods and persons, rice, cement clinker, wheat and meslin, frozen fish, poultry, insecticides, herbicides, fungicides and sugar.

The following table sets out the composition of selected exports and imports for the years 2011 to 2015:

	2011		2012		2013		2014		2015*	
	US\$ millions	%	US\$ millions	%	US\$ millions	%	US\$ millions	%	US\$ millions	%
<b>Exports .....</b>	12,785.40	100.0	13,552.35	100.0	13,751.91	100.0	13,216.79	100.0	10,356.71	100.0
Gold .....	4,920.22	38.5	5,643.27	41.6	4,965.71	36.1	4,388.06	33.2	3,212.59	31
Cocoa Beans .....	2,027.94	15.9	2,192.70	16.2	1,612.06	11.7	1,848.85	14.0	2,014.07	19.4
Timber and Timber Products.....	165.66	1.3	131.02	1.0	165.76	1.2	185.05	1.4	202.13	1.9
Aluminium Ingots.....	88.78	0.7	71.77	0.5	53.4	0.4	47.14	0.4	48.46	0.5
Cocoa Products .....	842.93	6.6	635.92	4.7	655.23	4.8	764.03	5.8	749.86	7.2
Residual										
Oil/Cracked .....	21.52	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Electricity .....	65.85	0.5	50.82	0.4	48.99	0.4	55.74	0.4	46.35	0.4
Crude Oil.....	2,778.52	21.7	2,976.06	22.0	3,885.07	28.3	3,724.96	28.2	1,931.28	18.6
Diamonds .....	18.32	0.1	10.48	0.1	5.76	0.0	9.10	0.1	4.22	0.04
Bauxite .....	7.09	0.1	24.63	0.2	32.56	0.2	36.26	0.3	41.06	0.4
Manganese .....	117.17	0.9	92.37	0.7	133.69	1.0	82.86	0.6	64.75	0.6
Non-Traditional Commodities & Others .....	1,731.39	13.5	1,723.31	12.7	2,193.68	16.0	2,074.72	15.7	2,041.94	19.7
<b>Imports .....</b>	15,837.73	100.0	17,763.16	100.0	17,763.16	100.0	14,600.20	100.0	13,465.05	100.0
Oil and Gas .....	3,165.45	20.0	3,330.60	18.7	3,330.60	20.2	3,693.95	25.3	2,046.71	15.2
Non-Oil .....	12,672.28	80.0	14,432.56	81.3	14,049.82	79.8	10,906.25	74.7	11,418.34	84.8

Source: BOG

\* Provisional.

## Trade Policy

Ghana's trade policy aims to provide clear and transparent guidelines for domestic and international trade. The government designed the trade policy with the goal to ensure a consistent and stable policy environment within the context of the Republic's long-term strategic growth plans.

All foreign trade transactions which involve foreign exchange are governed by the Foreign Exchange Act, 2006 (Act 723) (the "**Foreign Exchange Act**"), see "Monetary and Financial System—Foreign Exchange Regulations".

Ghana is a member of the WTO and ECOWAS. Effective 1 February 2016, the government changed its external tariff regime in order to adopt the ECOWAS unified tariff regime. Under the CET, members are required to simplify and harmonise customs tariff rates into five bands: zero duty on essential social goods, 5 per cent. duty on primary raw materials, 10 per cent. duty on intermediate goods, 20 per cent. duty on finished goods and 35 per cent. duty on special goods for economic development. Tariff rates for the items covered under exceptions are within the 0 per cent. to 20 per cent. range, but require some increase or decrease to align with the CET.

Ghana currently enjoys full duty-free and quota-free access to the EU under the EU's Market Access Regulation. However, the Market Access Regulation is a unilateral and temporary measure which is scheduled to expire in October 2016. Ghana's continued duty-free access to the EU is dependent either on ratification of a regional economic partnership agreement by ECOWAS or entry by Ghana into an interim economic partnership agreement.

Under the regional economic partnership agreement, the EU agrees to provide ECOWAS countries who have signed the agreement with duty and quota-free access to its market, while the ECOWAS signatories agree to provide a partial and gradual opening of their markets to EU products. In addition, ECOWAS signatories to the agreement may continue to shield their agricultural products from EU competition either by keeping tariffs in place or, when necessary, by imposing safeguard measures, while the EU will not subsidise its agricultural exports to those ECOWAS countries. However, the regional economic partnership agreement, which was signed by Ghana and other ECOWAS countries in 2014 was not signed by Nigeria and Gambia. Until the agreement has been signed by all ECOWAS countries the regional economic partnership agreement cannot be ratified. Consequently, on 28 July 2016, Ghana signed an interim economic partnership agreement with the EU which was

ratified by parliament on 3 August 2016. The ratification is currently awaiting presidential assent. The interim partnership agreement allows Ghana to continue to enjoy duty-free and quota-free access to the EU once the EU's Market Access Regulation expires in October 2016.

In addition to tariffs, imports are affected by a variety of other fees and charges. Ghana levies a 15 per cent. VAT and a 2.5 per cent. National Health Insurance Levy on the duty-inclusive value of all imports and locally-produced goods, with a few selected exemptions. There is also a 17.5 per cent. VAT on certain financial services. Ghana also imposes a 0.5 per cent. ECOWAS surcharge on all goods originating from non-ECOWAS countries and charges 0.4 per cent. of the sum of the free on board (“**FOB**”) value of goods and VAT for the use of the automated clearance system, the Ghana Community Network. Further, under the Ghana Export-Import Bank Act, 2016 (Act 911), Ghana imposes a 0.75 per cent. duty on all non-petroleum products imported in commercial quantities. Ghana also applies a 1 per cent. processing fee to all duty-free imports. Finally, all imports into Ghana are subject to destination inspection and an inspection fee of 1 per cent. of cost, insurance and freight, and excise taxes at varying rates apply to the import of certain products.

### Foreign Direct Investment

In 2013, the government passed the Ghana Investment Promotion Centre Act (Act 865) to provide for the centre as the agency responsible for the encouragement and promotion of investments in Ghana. The centre was founded to provide for the creation of an attractive incentive framework and a transparent, predictable environment that aims to facilitate investments in the country. The Ghana Investment Promotion Centre’s purposes include formulating investment promotion policies and plans, initiating support measures to enhance the investment climate, organising and participating in promotional activities, collecting information about investment data and opportunities, registering and monitoring Ghanaian enterprises, identifying specific projects and preparing profiles on investments and harmonising institutional investment activities.

Total foreign direct investment (“**FDI**”), which represents the foreign component of the total estimated cost of registered projects with the Ghana Investment Promotion Centre, was US\$2.33 billion in 2015. This amount represents a decrease compared to 2014 and 2013, in which registered FDI totalled US\$3.39 billion and US\$3.95 billion, respectively. The government attributes the recent decrease in FDI primarily to the energy crisis in Ghana. According to the United Nations Conference on Trade and Development’s 2016 World Investment Report, in 2015 global FDI inflows increased by 38 per cent. from US\$ 1.28 trillion in 2014 to US\$1.76 trillion in 2015. In Ghana, the FDI value from January to June 2016 showed an increase of 11.35% from the amount recorded in the corresponding period of 2015, totalling US\$1.57 billion. According to the Ghana Investment Promotion Centre, the cumulative aggregate of FDI in Ghana between 2010 and 2015 was over US\$22 billion. Annual FDI recorded by the Ghana Investment Promotion Centre varies significantly from year-to-year due to single large investments in certain years.

There are no restrictions or limitations on direct investments, repatriation of capital, dividends, capital gains or profits. There are also no restrictions on outward direct investments. Banks are, however, required to submit reports to the BOG. In addition, the Financial Intelligence Centre (the “**FIC**”) monitors FDI flows and suspicious activities. See “Monetary and Financial System—The Financial Sector and Capital Markets—Banking Sector”.

The following table shows total registered FDI for the periods indicated in US\$ millions:

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 (to June)</b>
6,820	4,904	3,946	3,387	2,329	1,572

*Source:* Ghana Investment Promotion Centre. Numbers do not include “upstream” oil investment.

The following table shows a breakdown of registered FDI by country of origin for the top six countries by value of FDI during 2014 and 2015:

	<b>2014</b>		<b>2015</b>		<b>2016 (to June)</b>
	(US\$ millions)		(US\$ millions)		(US\$ millions)
China .....	1,613.89	British Virgin Islands .....	602.64	Netherlands .....	70.00
Netherlands .....	662.79	Canada .....	374.98	United Kingdom .....	40.38
Canada .....	308.19	Turkey .....	301.51	South Africa .....	65.66
South Africa .....	167.74	Singapore .....	212.44	Singapore .....	1,066.02
Mauritius .....	103.40	China .....	201.67	China .....	276.59
Nigeria/UK .....	87.61	Korea .....	181.00	United Arab Emirates .....	10.00
Other .....	443.54	Other .....	455.05	Other .....	43.41
<b>Total .....</b>	<b>3,387.16</b>	<b>Total .....</b>	<b>2,329.30</b>	<b>Total .....</b>	<b>1,572.06</b>

Source: Ghana Investment Promotion Centre. These amounts are based on the investors' declared intention to invest which may differ from the actual amounts ultimately invested. Numbers do not include "upstream" oil investment.

The following table shows the number of projects and the total investment cost by sector for the periods indicated:

	<b>2012</b>		<b>2013</b>		<b>2014</b>		<b>2015</b>		<b>2016 (to June)</b>	
	<b>US\$ mill.</b>	<b>No. of Projects</b>	<b>US\$ mill.</b>	<b>No. of Projects</b>	<b>US\$ mill.</b>	<b>No. of Projects</b>	<b>US\$ mill.</b>	<b>No. of Projects</b>	<b>US\$ mill.</b>	<b>No. of Projects</b>
Manufacturing ..	2,000.8	53	522.87	63	1,391.35	57	169.62	41	303.56	20
Liaison .....	153.5	16	646.07	25	257.9	28	9.33	22	12.06	12
Service .....	541.0	142	1,058.31	131	1,726.68	39	1,134.55	55	1,290.65	32
Tourism .....	36.1	21	64.72	22	32.99	4	601.09	3	0.60	1
Building and Construction .....	2,699.4	56	1,497.64	61	21.91	8	589.63	19	65.51	10
Export Trade .....	20.3	13	10.72	12	14.47	12	28.39	6	0.50	1
Agriculture .....	13.9	12	154.43	14	22.95	7	16.48	3	9.68	4
General Trade ...	165.7	86	307.56	89	101.4	29	131.53	21	17.73	10
<b>Total Investment .....</b>	<b>5,630.7</b>	<b>399</b>	<b>4,262.33</b>	<b>417</b>	<b>3,569.58</b>	<b>184</b>	<b>2,680.63</b>	<b>170</b>	<b>1,699.68</b>	<b>90</b>

Source: Ghana Investment Promotion Centre. Numbers do not include "upstream" oil investment.

## MONETARY AND FINANCIAL SYSTEM

### Role of The Bank of Ghana

The BOG is the central bank of Ghana. It was established by the British Parliament just before the declaration of Ghana's independence in 1957, and it traces its roots to the Bank of the Gold Coast. The BOG has overall supervisory and regulatory authority in all matters relating to banking and non-banking financial business and its purpose is to achieve a sound, efficient banking system in the interest of depositors and other customers of these institutions and the economy as a whole.

The governing body of the BOG is the Board of Directors, which consists of one representative from the Ministry of Finance, the Governor of the Bank and the First and Second Deputy Governors of the Bank and eight other directors, each of whom, except the representative from the Ministry of Finance, is appointed by the President acting in consultation with the Council of State. Members of the Board of Directors, other than the Governor and the two Deputy Governors, are appointed for a period of three years but are eligible for re-appointment. The Governor and the Deputy Governors are each appointed for terms of four years and are also eligible for re-appointment.

The functions and responsibilities of the BOG are defined in the BOG Act, which is the governing law relating to the central bank. The BOG Act provides that the primary objective of the BOG is to maintain stability in the general level of prices. The BOG's overall supervisory and regulatory authority over the banks reinforces its mandate to maintain price stability. Without prejudice to the BOG's primary objective, the BOG is additionally directed to support the general economic policy of the government and to promote economic growth and effective and efficient operation of banking and credit systems in the country, independent of instructions from the government or any other authority.

The BOG Act further provides that the BOG shall perform the following functions: (i) formulate and implement monetary policy aimed at achieving the objectives of the BOG; (ii) promote by monetary measures the stabilisation of the value of the currency within and outside Ghana; (iii) institute measures which are likely to have a favourable effect on the balance of payments, the state of public finances and the general development of the national economy; (iv) regulate, supervise and direct the banking and credit system and ensure the smooth operation of the financial sector; (v) promote, regulate and supervise payment and settlement systems; (vi) issue and redeem the currency notes and coins; (vii) ensure effective maintenance and management of Ghana's external financial services; (viii) license, regulate, promote and supervise non-banking financial institutions; (ix) act as banker and financial adviser to the government; (x) promote and maintain relations with international banking and financial institutions and, subject to the Constitution or any other relevant enactment, implement international monetary agreements to which Ghana is a party; and (xi) do all other things that are incidental or conducive to the efficient performance of its functions.

In compliance with the structural benchmarks of the IMF's extended credit facility for Ghana, the government prepared a new bill which amends the BOG Act. The bill was approved by parliament on 2 August 2016 subject to certain amendments. The new act, among other things, (i) strengthens the autonomy of the BOG; (ii) sets the terms of office of the Governor of the Bank and the other members of the Board of Directors; (iii) introduces explicit rules to preserve the personal autonomy of the Board of Directors and audit committees of the Bank; and (iv) sets clear rules and mechanisms for emergency lending to banks during times of distress. Parliament rejected certain provisions of the bill requested by the IMF, including imposing a zero limit on BOG monetary financing of central government and public institutions (including SOEs) and instead approved a limit of 5 per cent. of the previous year's government revenues. The government has confirmed that its intention is to continue to adhere to the zero limit on BOG financing of central government in accordance with the IMF's structural benchmarks (which permits BOG to finance up to 2 per cent. of the previous year's government revenues for a cumulative period of up to 90 business days of the calendar year). See "Overview Recent Developments — IMF" and "Risk Factors — The IMF programme is subject to various conditions, and the continuation of the programme support depends on the Republic's ability to comply with the programme conditions. In addition, the programme conditions could impede economic development in the short-term".

The BOG is the sole custodian of state funds both in and outside of Ghana. As the banker for the government, the BOG receives, collects, pays and remits money and securities on behalf of the government, and may act as banker to any government institution or agency. Except as otherwise determined by agreement with the Minister for Finance, the BOG does not receive remuneration from the government for these services. Further, the BOG is entrusted with the issue and management of government loans publicly issued upon the terms and conditions that are agreed upon between the government and the BOG.

In counteracting any unusual movements in the money supply and prices in the country, the BOG is directed, after consultation with the Minister for Finance, to use its instruments of control (described above) to maintain and promote balanced

growth of the national economy. The BOG may, in consultation with the Minister for Finance, formulate exchange rate policy, and the BOG is responsible for holding all foreign exchange of the State.

Except as authorised by its board, and for the purposes of supporting the BOG's core functions, the BOG is not permitted to (i) engage in trade or have a direct interest in any commercial, agricultural, industrial or any other undertaking except an interest that the BOG may acquire in the course of the satisfaction of debts due to it; (ii) purchase the shares of a company except shares of a financial institution; (iii) advance money on mortgage or otherwise on the security of immovable property; (iv) become the owner of an immovable property except insofar as it is necessary for its own business premises; (v) draw or accept bills payable otherwise than on demand; (vi) pay interest on deposits; or (vii) accept for discount or as guarantee for an advance made by the BOG, bills or notes signed by members of the bank's board of directors or by the bank's officials or other employees.

In 2008, the BOG announced the minimum capital requirement for obtaining a Class 1 Banking Licence (Universal Banking Licence) at GHS60 million, up from GHS7 million for new banks; however, as of November 2013, the minimum capital requirement for new banks to obtain a Universal Banking Licence is GHS120 million. The recapitalisation exercise was part of the BOG's strategy to deepen Ghana's financial sector. All 29 universal banks in the country have achieved the relevant minimum capitalisation requirement.

In February 2010, the BOG established a Collateral Registry under the Borrowers and Lenders Act, 2008 (Act 773) to enable financial institutions to secure their credit facilities in an efficient and transparent manner and ultimately improve upon the overall credit delivery system in the country. The new law empowered lenders to dispose of assets of defaulters thirty days from the date of default, without resorting to legal courts.

### **Monetary Policy**

The ultimate goal of the BOG's monetary policy, which is enshrined in the BOG Act, is to maintain price stability. The Bank's Monetary Policy Committee (the "**MPC**"), modelled after that of the Bank of England, sets the policy rate every two months, and communicates its decision to the public, "independent of the instruction from government or any other authority" (BOG Act). This has supported a shift in macroeconomic policy from one of considerable fiscal relaxation and monetary accommodation to one of fiscal and monetary prudence, by using interest rates to steer expectations. In pursuit of its monetary policy objectives the BOG relies on open market operations and utilises adjustments in the monetary policy rate, reserve requirements and the money supply.

To strengthen the connection between liquidity management and inflation expectations and the transmission of monetary policy actions, the central bank introduced a "policy rate" in March 2002, now known as the Monetary Policy Rate. It is the rate at which the Bank provides overnight funds to banks, which should influence the interbank market rate and interest rates generally, on a basis consistent with its monetary policy. In reaching its decision on the MPR, the MPC meets every two months over two days to examine and analyse a considerable amount of data on the economy, including the fiscal outlook, monetary and inflation developments, external sector, financial stability, fiscal outlook and the real sector performance of the economy. The MPC holds a press conference at the end of each bi-monthly meeting. Statistical information in the form of monetary policy reports is released to the general public at a later date. At its second meeting of the year, held in May 2015, the MPC increased the MPR by 100 basis points, to 22 per cent. In August 2015, the BOG merged the MPR with the BOG lending rate, which resulted in a policy rate of 24 per cent. The MPC further increased the MPR to 25 per cent. in September 2015 and 26 per cent. in November 2015.

In November 2010, Ghana Statistical Services rebased its national accounts, changing the base year from 1993 to 2006. Until 2010, the Republic used a 1993 measure of economic activity that did not fully reflect growth in areas such as banking and telecommunications. In rebasing its accounts, the government updated its systems of national accounts compilation methodology, revised and improved its data sources and restructured its economic classifications by adopting the International Standard Industrial Classification revision 4 system. These measures have led to changes in the size of the GDP, growth rates, contributions by sector and related indicators that use the GDP.

### **Money Supply**

Reserve money grew by 15.7 per cent year-on-year at the end of May 2016, compared to 17.7 per cent at the end of May 2015 and 24.2 per cent at the end of December 2015. In December 2014, reserve money recorded a year-on-year growth of 30.1 per cent.

On a year-on-year basis, total liquidity (M2+) growth at end-May 2016 was 16.8 per cent., down from 33.1 per cent. recorded for the same period a year earlier. The net foreign assets (in cedi terms) of the banking system over the 12-month period to May 2016 increased by 49.9 per cent., compared to an increase of 18.9 per cent. over the same period to May 2015.

The increase in Broad Money (M2) is reflected mainly in increased deposit growth. In May 2016, demand deposits grew by 31.7 per cent., compared to a growth of 21.5 per cent. in May 2015, while quasi-money grew by 24.1 per cent., compared to a growth of 29.4 per cent. in May 2015. At the same time, foreign currency deposits decreased by 1.7 per cent. in May 2016, compared to a growth of 59.7 per cent. over the same period in 2015.

On a year-on-year basis to May 2016, the narrow money supply expanded by 25.3 per cent., compared to an expansion of 21.5 per cent. in May 2015 and 31.3 per cent. in 2014. The expansion of narrow money was largely the result of growth in demand deposits.

The following table sets out information regarding selected monetary aggregates for the periods indicated:

	Year				Year-on-Year Growth Rate	
	2013	2014	2015	May 2016	May 2015	May 2016
	(GHS million)				May 2015	
					(%)	(%)
Net Foreign Assets .....	5,700.4	8,991.3	11,151.0	9,201.5	18.9	49.9
Bank of Ghana .....	5,972.7	8,677.8	9,954.3	7,740.9	25.6	38.3
Commercial Banks .....	(272.3)	313.5	1,196.7	1,460.6	(23.4)	168.7
Net Domestic Assets of which: ....	21,236.6	27,851.9	35,304.2	38,016.5	36.2	10.9
Net Claims on Government .....	11,326.8	14,344.7	12,845.2	13,900.3	0.2	(2.3)
Claims on Private sector						
(including public enterprises) .....	19,942.4	24,180.0	30,274.4	31,400.2	32.1	11.0
Total Liquidity (M2+) .....	26,937.0	36,843.2	46,455.2	47,218.0	33.1	16.8
Broad Money Supply (M2) .....	20,692.0	27,530.2	34,860.9	35,286.4	24.2	24.8
Narrow Money Supply (M1) .....	12,902.5	17,257.6	21,018.3	21,697.4	21.5	25.3
Currency with Non-Bank						
Public .....	5,499.7	6,896.3	8,503.7	7,458.2	21.5	14.6
Demand Deposits .....	7,402.8	10,361.3	12,514.5	14,239.2	21.5	31.7
Quasi-Money .....	7,789.5	10,272.6	13,842.6	13,589.0	29.4	24.1
Foreign Currency Deposits .....	6,245.0	9,313.0	11,594.4	11,931.6	59.7	(1.7)
Foreign Currency Deposits						
(US\$ millions) .....	2,838.6	2,910.2	3,047.0	3,112.3	15.5	2.5

Source: BOG

### **Financial Deepening and Intermediation**

The Broad Money to nominal GDP ratio is widely used as an indicator of financial sector deepening, where higher values represent a more developed financial sector. Broad Money (as a percentage of GDP) rose from 26.3 per cent. in 2014 to 29.3 per cent. in 2015.

The increase in financial depth in recent times is the result of many factors, including, but not limited to, demand and supply side incentives. A significant increase in access to financial services has contributed to increases in deposits within the banking system (especially quasi-money). Although currency outside banks increased from 2014 to 2015, the currency ratio decreased from 23.0 per cent. in 2014 to 22.4 per cent. in 2015 and further decreased to 18.8 per cent. in May 2016, reflecting a faster pace in deposit increases.

### **Inflation**

In July 2013, the Ghana Statistical Services introduced a rebased calculation of the CPI which, along with other changes, updated the relative weights of the items in the consumption basket and moved the CPI base year from 2002 to the average prices of 2012. CPI indices and rates of inflation under the new calculation vary slightly from indices and rates calculated for the same periods under the old calculation. In general, rates of inflation under the new calculation are slightly

higher than they would be if calculated using the old methodology. As at the end of June 2015, the rate of inflation under the rebased CPI was 17.1 per cent. In this Prospectus, CPI information for the period prior to July 2013 does not reflect the July 2013 CPI rebase and is calculated using a base year of 2002, while the CPI information for the period after July 2013 reflects the July 2013 rebase and is calculated using a base year of 2012. Although the government achieved its goal of consistent single-digit levels of inflation from 2010 through 2012, the inflation level rose to 17.7 per cent. at the end of 2015 (against a revised target of 13.7 per cent.) and 18.4 per cent. in June 2016, primarily due to increased utility tariffs and fuel prices and the depreciation of the Cedi. Inflation decreased to 16.7 per cent. in July 2016. The government's inflation target for the end of 2016 is 10.1 per cent. and the medium-term inflation target is  $8\pm 2$  per cent. (i.e., 6 to 10 per cent.).

The following table shows the Consumer Price Index as at the end of the periods indicated:

	Consumer Price Index (CPI)*					
	Inflation over 12 Months <sup>(1)</sup>			Yearly Inflation <sup>(2)</sup>		
	Combined	Food	Non-Food	Combined	Food	Non-Food
	(%)					
2009.....	16.0	11.8	18.8	19.3	15.7	21.8
2010.....	8.6	4.5	11.2	10.7	6.1	13.9
2011.....	8.6	4.3	11.2	8.7	4.0	11.7
2012.....	8.8	3.9	11.6	9.2	4.6	11.9
2013.....	13.5	7.2	18.1	11.6	7.3	15.0
2014.....	17.0	6.8	23.9	15.5	6.8	21.8
2015.....	17.7	8.0	23.3	17.1	7.5	23.3
June 2016.....	18.4	8.6	24.1	18.1	8.0	24.1

Source: Ghana Statistical Services

\* Data for the period prior to July 2013 does not reflect the July 2013 CPI rebase and is calculated using a base year of 2002, while the data for the period after July 2013 reflects the July 2013 rebase and is calculated using a base year of 2012.

- (1) Inflation over 12 months is calculated as the index as of 31 December of the year in question minus the index as of 31 December of the preceding year, divided by the index as of 31 December of the preceding year.
- (2) Yearly inflation is calculated as the average of the monthly indices for the year in question minus the average of the monthly indices for the preceding year divided by the average of the monthly indices for the preceding year.

### Interest Rates

Against a backdrop of increased inflation, higher inflation expectations and unstable macroeconomic conditions, the MPC of the BOG increased its policy interest rate from 12.5 per cent. in December 2011 to 22 per cent. in May 2015. In August 2015, the BOG merged the MPR with the BOG lending rate, which resulted in a policy rate of 24 per cent. The MPC further increased the MPR to 25 per cent. in September 2015 and 26 per cent. in November 2015. The BOG implemented increased policy interest rates in an attempt to reduce volatility in the domestic foreign exchange market so as to meet the target inflation rate.

The following table sets out month-end interest rates from the BOG from December 2012 through June 2016:

	<b>Treasury Bill Discount Rate (91 Days)</b>	<b>Interest Rate Equivalent</b>	<b>Monetary Policy Rate</b>	<b>Inflation Over 12 Months<sup>(1)</sup></b>
		(%)		
Dec. 2013 .....	17.96	18.80	16.00	13.50
Mar. 2014 .....	22.36	23.69	18.00	14.50
Jun. 2014 .....	22.72	24.09	18.00 <sup>(2)</sup>	15.00
Sept. 2014 .....	23.94	25.46	19.00 <sup>(3)</sup>	16.50
Dec. 2014 .....	24.25	25.81	21.00	17.00
Mar. 2015 .....	24.02	25.55	21.00 <sup>(4)</sup>	16.60
Jun. 2015 .....	23.69	25.09	22.00 <sup>(5)</sup>	17.10
Sept. 2015 .....	23.78	25.22	25.00 <sup>(6)</sup>	17.40
Dec. 2015 .....	23.08	24.50	26.00	17.70
Mar. 2016 .....	21.41	22.62	26.00	19.20
Jun. 2016 .....	21.56	22.80	26.00	18.40

*Source:* Ghanaian Authorities

- (1) Inflation over 12 months is calculated as the index as of 31 December of the year in question minus the index as of 31 December of the preceding year, divided by the index as of 31 December of the preceding year.
- (2) The monetary policy rate increased to 19.00 per cent. in July 2014.
- (3) The monetary policy rate increased to 21.00 per cent. in November 2014.
- (4) The monetary policy rate increased to 22.00 per cent. in May 2015.
- (5) In July 2015, the BOG merged the MPR with the BOG lending rate, which resulted in a policy rate of 24 per cent. The policy rate increased to 25.00 per cent. in September 2015.
- (6) The policy rate increased to 26.00 per cent. in November 2015.

#### ***Mandatory Reserves***

In order to promote growth of credit to the private sector, in August 2006 the BOG abolished former secondary reserve requirements. Under current regulations, banks must hold 11 per cent. of their eligible deposits as primary reserves at the BOG.

#### ***Open Market Operations***

Open market operations are the BOG's main instrument for adjusting the banking system reserves supply and are a function of prevailing market conditions.

#### ***Foreign Exchange Regulations***

The BOG is the licensing, regulatory and supervisory authority on all foreign exchange dealings. In April 2007, the BOG published the operational guidelines for the Foreign Exchange Act, which became effective at the end of December 2006. The Foreign Exchange Act, which governs foreign exchange transactions in Ghana, places emphasis on flexible exchange rate dealings and served to liberalise controls on capital markets insofar as they involve foreign exchange. For example, the Foreign Exchange Act permits non-residents to invest in money market instruments with maturity periods of three or more years, which has allowed foreign investors to purchase the government's domestic debt, including the Cedi-denominated seven-year treasury bonds issued in August 2013, see "Public Debt—Domestic Debt".

All foreign exchange transactions between residents and non-residents are accounted for through the banking system. Under the Foreign Exchange Act, the guidelines for foreign exchange transactions in Ghana are as follows:

- Residents and non-residents are permitted to open Foreign Currency Accounts with domestic banks. Such accounts may be credited with transfers in foreign currency from abroad or other foreign currency accounts and balances are freely transferable.

- Residents are allowed to open foreign exchange accounts with banks. Residents may transfer abroad up to US\$10,000 (or equivalent) every year without documentation. Transfers in excess of US\$10,000 (or equivalent) are freely permitted, subject to provision of supportive documentation of the transaction. Importers, however, may transfer up to US\$50,000 (or equivalent) per transaction from such accounts without initial trade documentation.
- The BOG guidelines for foreign exchange transactions require the repatriation of all export proceeds to local banks, and the repatriation period must be specified in the terms agreed between the trading parties. Export proceeds from cocoa and gold are surrendered to the BOG except in specified cases (such as mining leases), in which the BOG may permit a portion of the foreign exchange earned to be retained in an offshore account or in a foreign exchange account or foreign currency account at a domestic bank. In an effort to slow the depreciation of the Cedi, in February 2014, the BOG introduced additional foreign exchange guidelines, which it subsequently revised in August 2014. Under the revised guidelines, exporters continue to repatriate in full their exports proceeds, in accordance with terms agreed between the trading parties, and such proceeds are credited to their foreign exchange accounts to be converted as needed.
- In general, there are no restrictions on the purchase of capital market instruments by residents abroad. Non-resident purchases of domestic capital market instruments have no restrictions except in the banking sector where acquisition of more than a 10 per cent. stake requires approval from the BOG. Residents can also issue capital market instruments abroad. In all cases, however, domestic banks must submit reports of such transactions to the BOG.
- Sale or issuance of money market instruments by non-residents is not permitted. However, purchases of such instruments abroad by residents have no restrictions. Non-residents are permitted to invest only in onshore money market instruments with maturity period of two or more years. In all such cases, banks are required to submit reports to the BOG.
- All foreign exchange transactions on credit operations—commercial and financial credit to residents from non-residents; loans by residents to non-residents and vice versa, and settlements of debts abroad by residents to non-residents have no restrictions. Banks are, however, required to submit reports of such transactions to the BOG.
- There are no restrictions on direct investments, repatriation of capital, dividends, capital gains or profits. All foreign investors must register with the Ghana Investment Promotion Centre, however. There are also no restrictions on outward direct investments. Banks are, however, required to submit reports to the BOG.
- There are no restrictions on real estate transactions, neither on purchases abroad by residents, nor on purchases or sales in Ghana. Banks are, however, required to submit reports to the BOG.

### **Foreign Exchange Rates and International Reserves**

The currency of Ghana is the Ghana Cedi. Ghana's exchange rate policy is primarily market-based, with intervention by the BOG to smooth out short-term fluctuations in the foreign exchange market. Gross foreign assets rose from US\$4.65 billion at the end of 2010 to US\$5.88 billion at the end of 2015. Net international reserves, however, fell in 2013, impacted primarily by a fall in export receipts due to the decline in the prices of the country's major export commodities, cocoa and gold. The recovery in international cocoa prices in 2014 did not immediately impact export receipts due to the forward sales of cocoa adopted by the Cocobod. Net international reserves remained unchanged at US\$3.2 billion in 2014 and 2015. The exchange rate is driven by the demand and supply on the foreign exchange markets and foreign exchange bureaus fix their rates on a daily basis. The market-based exchange rate policy is aligned with the broad monetary policy objective of the BOG, that is, to achieve price stability and build sustainable international reserves.

#### ***Foreign Exchange Rates***

In 2000, Ghana experienced a currency crisis where the Cedi depreciated by approximately 50 per cent. against the US Dollar as a result of weak cocoa and gold prices and the high price of imported oil. Depreciation against foreign currencies remains a major concern for the BOG. The Cedi became increasingly stable until 2012, when it sharply declined in value, falling from 1.57 Cedi per US Dollar as at 3 January 2012 to 1.88 Cedi per US Dollar as at 31 December 2012. This decline was the result of several factors, including pressures in the foreign exchange market following a surge in import demand that accompanied GDP growth, premature redemption of portfolio investments by non-residents and divestments of foreign holdings in government bonds. As a result, the BOG took a number of measures in 2012 to tighten domestic liquidity, including

increasing the MPR from 12.5 per cent. to 15 per cent. and requiring banks to hold mandatory reserves on foreign currency deposits in Cedi rather than foreign currency.

In recent years, the British Pound and Euro strengthened due to international market developments. In 2013, the Cedi cumulatively depreciated by 16.85 per cent., 20.05 per cent. and 14.51 per cent. against the British Pound, the Euro and the US Dollar, respectively. In 2014, the Cedi cumulatively depreciated by 26.26 per cent., 20.48 per cent., and 31.25 per cent. against the British Pound, the Euro and the US Dollar, respectively. In 2015, the Cedi cumulatively depreciated by 11.51 per cent., 6.15 per cent. and 15.66 per cent. against the British Pound, the Euro and the US Dollar respectively. The Cedi depreciated in the first half of 2015 as a result of seasonal demand pressures and reduced inflows to the foreign exchange market. In the second half of 2015, however, the Cedi was relatively stable as a result of tight monetary policy, improved inflows from development partners and proceeds from the 2015 eurobond issue by Ghana and the US\$1.8 billion Cocobod syndicated loan. From the beginning of January 2016 until June 2016, the Cedi cumulatively appreciated by 6.02 per cent. against the British Pound and cumulatively depreciated by 4.78 per cent. and 3.35 per cent. against the Euro and the US Dollar, respectively. Although the rate of depreciation has declined, the Cedi continues to depreciate against the Euro and the US Dollar. The government attributes depreciation of the Cedi to various factors including higher trade deficits resulting from declining prices of commodities, such as oil and gold, and lower production of key exports, gold and cocoa, declines in grants from development partners, speculative activities of certain companies and individuals and increases in domestic demand for imported goods and, more recently, the economic recovery in the United States and the consequent appreciation of the US Dollar.

The following table sets forth the Ghana Cedi/US Dollar, British Pound and Euro closing exchange rate at the end of each of the periods indicated:

	2009	2010	2011	2012	2013	2014	2015	June 2016
<b>GHS/US\$</b> .....	<b>1.43</b>	<b>1.47</b>	<b>1.55</b>	<b>1.88</b>	<b>2.20</b>	<b>3.20</b>	<b>3.79</b>	<b>3.92</b>
% Change .....	14.81	3.09	4.97	17.52	14.51	31.25	15.66	3.35
<b>GHS/£</b> .....	<b>2.30</b>	<b>2.25</b>	<b>2.52</b>	<b>3.05</b>	<b>3.67</b>	<b>4.98</b>	<b>5.63</b>	<b>5.31</b>
% Change .....	22.37	(2.02)	10.47	17.64	16.85	26.26	11.51	(6.02)
<b>GHS/Euro</b> .....	<b>2.05</b>	<b>1.94</b>	<b>2.10</b>	<b>2.48</b>	<b>3.10</b>	<b>3.90</b>	<b>4.15</b>	<b>4.36</b>
% Change .....	16.20	(5.71)	7.60	15.08	20.05	20.48	6.15	4.78

Source: Ghanaian Authorities

#### **International Reserves**

Between 2011 and 2015, gross foreign assets increased, from US\$5.45 billion at the end of 2011 to US\$5.88 billion at the end of 2015. The government attributes the increase primarily to increased export earnings and foreign direct investment. The government aims to continue to increase reserves, which will reduce the country's vulnerability to external shocks. The Republic has recently faced diminishing reserve levels, making the economy susceptible to short-term stability risks, partly as a result of the decrease in prices of major export commodities, the seasonal variability of foreign exchange flows during the year, reduced funding from development partners and the depreciation of the Cedi. In addition, the Bank of Ghana pledged approximately US\$26 million as collateral in June 2015 as security for a stand-by letter of credit to provide security for the generation of 250MW of electric power at Aboadze thermal plant.

The following table sets forth Ghana's gross foreign assets in millions of US Dollars as at the end of the periods indicated:

	<b>Gross Foreign Assets*</b> (US\$ millions)
2011 .....	5,452.1
2012.....	5,442.3
2013.....	5,632.2
2014.....	5,461.0
2015.....	5,884.7
2016 (June) .....	5,199.4

Source: BOG

\* Represents all foreign assets of the BOG and includes short term assets, long term assets, encumbered funds, the Ghana Heritage Fund and the Ghana Stabilisation Fund.

## The Financial Sector and Capital Markets

Financial services have seen a significant improvement since reforms in 1989 led to the establishment of a stock market and several other financial services that were previously unavailable. The BOG regulates the banking and non-banking financial sub-sectors, and the Ghana SEC regulates the securities market. The regulatory role of Ghana's SEC, which operates under a full disclosure regime, has become increasingly important in recent years. The Ghana SEC is responsible for licensing and regulating all capital market operators and has the ability to intervene in the market in the event of an emergency, to correct lapses in the market, to correct irregularities and, as part of its enforcement powers, has the ability to impose penalties on market participants. As the capital markets in Ghana continue to expand, the staff and other resources of the Ghana SEC will need to be increased if the organisation is to play a meaningful role in the surveillance of the market.

The Ghanaian financial system is made up of four core sectors: (i) banking and non-banking financial institutions; (ii) capital market operators comprising the Ghana Stock Exchange, brokerage firms and investment dealers; (iii) insurance companies (life and non-life) and insurance brokerage firms; and (iv) pension funds. Separate regulatory bodies oversee each such sector: the BOG, the Ghana SEC, the Ghana NIC and the NPRA, respectively.

### Banking Sector

Banking in Ghana is currently governed by the Banking Act, 2004 (Act 673), as amended by the Banking (Amendment) Act 2007 (Act 738) (the “**Banking Act**”). The Banking Act restricts banking business in the country to corporate bodies which are incorporated in Ghana and have obtained a licence from the BOG. The Banking Act requires that all banks maintain a capital ratio of at least 10 per cent., and the BOG is empowered to prescribe a higher ratio for a particular bank or for all banks during a specified period. By the end of 2017, the BOG plans to adopt additional regulatory capital ratios that will assess the capital requirements for banks based on the strength of their internal capital adequacy assessment process.

The following table sets forth the NPLs and capital adequacy ratios of the banking industry for the periods indicated:

	2013	2014	2015 (%)	May 2015	May 2016
Capital Adequacy Ratio .....	18.45	17.92	17.81	16.20	16.61
Non-Performing Loans Ratio.....	12.00	10.98	14.70	11.19	19.30
Non-Performing Loans Ratio, Excluding Loss Category .....	4.61	5.35	6.81	5.35	11.45

Source: BOG

The capital adequacy ratio within the banking industry was 16.61 per cent. in May 2016, compared to 16.20 per cent. in May 2015 and 17.81 per cent. in December 2015.

The non-performing loans ratio within the banking industry was 19.30 per cent. in May 2016, compared to 11.19 per cent. in May 2015 and 14.70 per cent. in December 2015. The ratio of NPLs excluding the loss category was 11.45 per cent. in May 2016, compared to 5.35 per cent. in May 2015 and 6.81 per cent. in December 2015.

In addition, the financial position of VRA, ECG and GRIDCo poses significant risks to the banking sector in Ghana. Resident commercial banks have extended substantial loans and advances to each of these companies and, as a result of this exposure, the financial position of these state-owned companies has a material impact on the increasing level of NPLs within the banking sector. See “The Economy—Role of the Government in the Economy and Privatisation”.

According to the January 2016 IMF Report, the banking system remains generally well capitalized, liquid, and profitable, although there is substantial variation across banks. The report noted, however, that the impact of currency depreciation during the first half of the 2015 and the slowdown in economic activity had started to result in a deterioration in asset quality within the banking system, which is reflected in an increase in NPLs. The report stated that NPL growth has risen most sharply in the manufacturing sector which has been particularly affected by exchange rate volatility and the energy crisis.

The government's operating role in the sector has diminished in recent years as a result of policy reforms which have allowed for increased competition and the entry of new banks, although it has retained a significant but declining ownership interest in Ghana Commercial Bank, which is the country's largest commercial bank, see “The Economy—Role of the Government in the Economy and Privatisation—Current Status of Privatisation—Banking”. In line with the BOG's policies, the banking system has improved capitalisation, soundness and liquidity.

Largely as a result of structural and policy reforms implemented since 2000, including the introduction of a universal banking concept in 2003, the banking industry has experienced significant growth in recent years. Universal banking replaced the existing three-pillar banking model, which segmented the financial sector into development, merchant and commercial banking. Under the current banking system, licensed banks may engage in both commercial banking and investment banking. There are currently 29 universal banks (and two additional banks have been issued with a provisional licence) which are diversified in geographic origin, corporate character and reach in the global financial markets. In addition to the universal banks, Ghana has a rural banking system in which 139 RCBs, which are licensed only for domestic banking, operate throughout the country.

Deposit money banks' total credit to the private sector and public institutions over the twelve-month period to May 2016 increased by GHS3,193.94 million (11.3 per cent.) compared to GHS6,852.52 million (32.1 per cent.) recorded for the same period in 2015. The private sector accounted for 86.5 per cent. of the total credit flow in the period, which is broadly consistent with the level recorded over the twelve month period to May 2015.

As a percentage of GDP and in real growth terms, deposit money banks' credit to the private sector declined significantly. Private sector credit declined from 17.62 per cent. of GDP in May 2015 to 17.14 per cent. of GDP in May 2016. Real private sector credit growth rate contracted by 7.4 per cent. for the period ended May 2016, compared to 11.4 per cent. growth for the period ended May 2015.

According to the April 2015 IMF Report, although recent economic developments have not led to widespread corporate failures or asset quality problems, many firms have come under financial stress and loan restructurings have increased. Under the IMF programme, to address concerns about bank balance sheets, the BOG and external audit firms completed a review in September 2015 of loan classification and provisioning and structured loans. Informed by this audit, the BOG plans to develop new regulations to ensure banks are meeting prudent standards in their underwriting and credit evaluation practices and are not under-provisioning. See "Public Debt—Relations with Multilateral Financial Institutions—International Monetary Fund (IMF) Programme".

As a result, banks have increased their capital buffers, as indicated by an increase in net tier one capital to risk weighted assets from 13.3 per cent. to 13.8 per cent. between June and October 2015. Moreover, the BOG has required banks with capital adequacy ratios ("CAR") below 13 per cent (but above 10 per cent.) to pay only half dividends to shareholders until they raise their CAR to 13 per cent. and improve their risk managements systems. Banks with CAR of less than 10 per cent are required by BOG to suspend dividend payments altogether until their capital levels are enhanced and risk management systems improved.

In 2007, the Credit Reporting Act 2007 (Act 726) (the "**Credit Reporting Act**") was enacted to provide a legal framework for the licensing, operation and supervision of credit bureaus in Ghana. Prior to the introduction of the Credit Reporting Act, borrowers were not sufficiently protected from the misuse of their private information and as a result were hesitant to reveal such information to banks. The Credit Reporting Act established a comprehensive, reliable credit reporting system, which has increased the willingness of borrowers to share information with banks, thus increasing the demand for and supply of private credit facilities. The BOG plays a supervisory role in order to ensure that proper standards of conduct, registration and licensing are maintained.

The BOG has instituted procedures to counter money laundering, whereby suspicious transactions are reviewed and third-party transfers are checked against a list of suspected organisations, and parliament adopted the Anti-Money Laundering Act 2007 (749) (the "**Anti-Money Laundering Act**") in 2008. In 2014, parliament adopted the Anti-Money Laundering (Amendment) Act 2014 (Act 874), which amended the Anti-Money Laundering Act. The US Department of Treasury provided assistance to the BOG in support of the Anti-Money Laundering Act. Furthermore, the BOG has revised its procedures for recording and reporting monetary data to improve timeliness and provide an improved basis for policy analysis and greater transparency in communications with the public. In addition, the FIC receives, analyses and disseminates financial intelligence to appropriate agencies in Ghana and similar bodies in foreign jurisdictions. The FIC monitors FDI flow and accountable institutions, including banks and non-bank financial institutions, to ensure that they investigate any abnormal or suspicious activities. The FIC is independent of Ministry of Finance and the BOG.

### ***The Ghana Stock Exchange***

The Ghana Stock Exchange (the "**GSE**" or the "**Exchange**") was incorporated in July 1989 as a private company limited by guarantee under Ghana's Companies' Code. Trading on the floor of the Exchange commenced on November 12, 1990, and the Exchange changed its status to a public company in April 1994. The GSE operates under membership, listing, trading, clearing and settlement and depository rules, collectively referred to as the "GSE Rule Book." A Council (the

“**Council**”) governs the Exchange, with representation from six constituencies, including licensed dealing members, listed companies, banks, insurance companies, money market, allied institutions, independents, executives of the GSE and the general public. The Council acts as the Board of Directors with all powers and functions of a Board under the Companies Act, 1963 (Act 179), as amended (the “**Companies Code**”) and is responsible for setting the policies of the Exchange. Council members include individuals in the commercial, industrial, financial and public service sectors. The functions of the Council include regulating trading and settlement, granting approvals for listing, maintaining public confidence in the market and promoting the Exchange. As of June 2016, there were 39 companies listed on the GSE. All ordinary shares listed on the Exchange (except the ordinary shares of companies listed on the Exchange whose shares are also listed on other markets) are included in the GSE Composite Index, the Exchange’s main stock index.

In 2013, the Exchange introduced a second trading platform, the Ghana Alternative Market, to promote access to long-term capital at relatively lower cost, particularly for small and medium-sized enterprises. In addition, the Exchange launched a third trading platform, the Ghana Fixed Income Market, in August 2015 to provide an efficient secondary market for trading of fixed income and similar securities.

In 2004, market capitalisation, trading volumes and values on the GSE increased significantly, mainly as a result of the AngloGold Ashanti Limited merger with the merged entity comprising approximately 75 per cent. of the overall market capitalisation. See “The Economy—Principal Sectors of the Economy—Industry”. Tullow listed on the GSE in 2011, resulting in a doubling of the market capitalisation for the GSE. The GSE has exhibited significant volatility in recent years, with returns ranging from a high of 78.11 per cent. in 2013 to a low of -46.58 per cent. in 2009. The market recorded a decline of 11.7 per cent. in 2015 compared with a loss of 5.4 per cent. in 2014.

Market capitalisation has increased consistently, from GHS20.12 billion in 2010 to GHS57.12 billion in 2015, reflecting a compounded annual growth rate of 23.21 per cent. However, annual volume and value traded have fluctuated, with annual volume traded ranging from 419.8 million shares in 2011 to 63.0 million shares in June 2016 (representing total trading volume for the first six months of 2016). Similarly, annual value traded has fluctuated between a high of GHS456.14 million in 2013 and a low of GHS102.20 million in 2012, but in 2015 it recorded a high of GHS247.64 million.

The government of Ghana’s medium-term notes and bonds are listed on the GSE. The standard maturities are two, three, five and seven years. The total value of government notes and bonds listed was GHS9,291.84 million and GHS11,135.88 million as of December 2015 and June 2016, respectively.

The GSE does not restrict foreign investors, however, to acquire a 10 per cent. stake of a bank on the market, investors must seek the BOG’s approval. The GSE allows full remittance of funds with respect to capital gains, original and principal amounts, interest and related earnings.

The following table sets forth the number of listed equities, market capitalisation, trading volumes and values on the GSE for the periods indicated:

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>June 2016</b>
Number of Listed Companies .....	34	34	34	35	39	39
Market Capitalisation (GHS millions) .....	47,347.2	57,264.2	61,158.3	64,352.4	57,116.87	54,790.80
Annual Trading Volumes (shares millions).....	419.8	218.1	313.0	207.5	246.4	63.0 <sup>(1)</sup>
Annual Value Traded (GHS millions) .....	446.6	102.2	456.1	346.0	247.6	136.7 <sup>(2)</sup>

Source: Ghana Stock Exchange Market Report

(1) Represents total trading volume for the first six months of 2016.

(2) Represents total value traded for the first six months of 2016.

### ***The Ghana Commodities Exchange***

To address the challenges facing smallholder farmers and associated value chain participants, in June 2015, the government launched the Ghana Commodities Exchange project. The project aims to create a transparent and efficient marketing system for Ghana’s key agricultural commodities and thereby promote investment in agriculture and enhance agricultural productivity. The government expects that the exchange will help farmers to shift from subsistence to commercial farming and enhance exports of agricultural commodities. The project is a public private partnership between the government and a private sector consortium comprised of domestic and global institutional investors, including Ecobank Ghana Limited, GCB Bank

Limited, 8 Miles Fund, and the International Finance Corporation (the “**IFC**”). The government expects the exchange to become fully operational by the end of 2017.

### ***The Financial Sector***

In the past two decades, a programme of structural and policy reforms in the financial sector has been implemented, aimed at positioning the sector for accelerated growth. The reforms have opened the financial sector to competition and have allowed for the entry of new banks, which has helped to reduce the dominance of state-owned enterprises in the sector.

The government has developed a strategic plan for the financial sector aimed at consolidating gains made from the earlier structural and policy reforms in the financial sector. One of the targeted priority policy areas seeks to develop an efficient domestic capital market which is supported by a payment infrastructure and settlement system that would make the financial system more competitive. The government has made progress in competitive reforms, such as implementing the Real Time Gross Settlement (“**RTGS**”) system for high value inter-bank settlements, the Central Securities Depository (“**CSD**”) system and the introduction of biometric smart cards. However, the financial sector continues to require efforts to promote corporate bonds and to enhance secondary market activities in order to further develop the market.

Commercial banks and other financial institutions dominate Ghana’s financial sector. Commercial bank assets constitute 74.6 per cent. of total financial system assets in 2015, while the other financial institutions constitute approximately 25 per cent. There are currently 29 commercial banks in Ghana (and two additional banks have been issued with a provisional licence). In May 2016, total assets for the commercial banks were GHS66,095.43 million, an increase of 17.8 per cent. from GHS56,131.3 million in May 2015.

Other financial institutions include savings and loans companies, rural and community banks, credit unions and micro-finance companies, pension funds and financial NGOs. These financial institutions serve a significant portion of the population, specifically low income and rural people.

### ***Rural and Community Banks***

There are currently 139 RCBs with over 700 branches and outlets in Ghana providing domestic banking services in the rural areas. Members of the community generally own RCBs, and their operations are generally limited to specific areas. Individual ownership is limited to 30 per cent. of paid-up capital to ensure that no single individual has a commanding controlling share of any RCB. RCBs account for approximately 3.4 per cent. of the total assets of the banking industry in Ghana. By December 2015, the total assets of RCBs amounted to GHS2,551.48 million, a 21.82 per cent. increase from the end-December 2014 level of GHS2,094.5 million. Total liabilities amounted to GHS2,551.48 million by December 2015. As of April 2016, the total assets of RCBs amounted to GHS2,679.55 million, a 5.02 per cent. increase from the end-December 2015 level, and the total liabilities of RCBs amounted to GHS2,296.90 million, a 3.67 per cent. increase from the end-December 2015 level.

### ***Non-Bank Financial Institutions***

Non-bank financial institutions (“**NBFIs**”) play an increasingly significant role in Ghana’s financial system by complementing commercial banks’ efforts by providing financial services in the form of alternative instruments and products. NBFIs include savings and loans, mortgage finance companies, leasing companies, leasing and finance companies, credit reference bureaus as well as foreign exchange bureaus. The total assets of the NBFIs increased by 24.52 per cent. in 2015 to GHS7,277.03 million compared to GHS5,844.27 million in 2014. Of this amount, the assets of savings and loans companies constituted 53.4 per cent.; finance companies constituted 40.0 per cent., mortgage companies constituted 5.2 per cent. and leasing companies constituted 1.4 per cent.

### ***Micro-Finance Institutions***

Micro-finance has become increasingly popular in Ghana as an alternative to banks. In 2011, the BOG commenced a process to register all micro-finance institutions that meet certain capital requirements. In connection with its registration of micro-finance institutions, in July 2011, the BOG instituted guidelines categorizing micro-finance institutions into a four-tier classification system. Under the system, each tier defines the permissible activities, such as capitalisation and prudential requirements. As of May 2016, 546 firms had received licences to operate as micro-finance institutions, and the BOG granted provisional approval to 22 firms. Micro-finance institutions include credit unions, *susu* companies, financial NGOs and money lenders. As of December 2015, total assets of the microfinance sector were GHS1,248.93 million, which represents 1.69 per cent. of total assets of the industry. As of June 2016, total assets of the microfinance sector had increased by GHS663.93, which represents 0.85 per cent. of the total banking sector assets.

### *Pensions*

The largest non-bank financial institution is the state pension fund, SSNIT. Other non-bank financial institutions include insurance companies, pension funds, discount houses and mortgage finance companies. Employees in Ghana's formal sector, both public and private, participate in a government-sponsored social security system which is managed by the SSNIT. The government passed a new law in 2008, the National Pensions Act, as amended, which introduced pension reforms by establishing the NPRA to administer a new three-tier pension scheme which increased social security contribution to 18.5 per cent. from 17.5 per cent. of basic salary (13 per cent. by the employer and 5.5 per cent. by the employee). The new system is made up of a Tier 1 mandatory basic social security scheme managed by SSNIT (13.5 per cent.), a Tier 2 mandatory contribution privately-managed occupational pension scheme and a Tier 3 voluntary occupational and personal private pension scheme. The pension fund trustees licensed by the NPRA manage Tiers 2 and 3.

## **PUBLIC FINANCE**

### **General**

The government's budget process is currently governed by the 1992 Constitution, the Financial Administration Act, 2003 (Act 654) as amended by the Financial Administration (Amendment) Act 2008 (Act 760) and the Appropriations Bill which is passed each year. The state budget consists of the revenues and expenditures of the central government and incorporates payments to the District Assemblies Common Fund, which is used to provide general budgetary support at the district level. The accounts of SOEs are not included in the national budget. However, the national budget reflects capital transfers to and distributions received from SOEs.

Ghana's fiscal policy objectives since 2001 have been in line with the overall macroeconomic goals of stability for accelerated growth and development. In this regard, far-reaching fiscal policy reforms have been implemented in order to increase efficiency in tax and expenditure administration. The government has also worked closely with the donor community, whose support to the Ghanaian economy is significant.

### **The Budget Process**

The fiscal year for the government is the calendar year. There are four main phases of the budgetary cycle in Ghana: (i) planning and preparation, (ii) analysis and approval, (iii) implementation and monitoring and (iv) audit and evaluation. In the first phase, the government develops the macroeconomic framework for the country, incorporating policy measures and initiatives aimed at the attainment of the growth target, and the various MDAs prepare draft estimates of their budgets. Typical macroeconomic objectives of Ghana's budget include attaining real GDP growth targets, decreasing the rate of inflation, reducing the fiscal deficit as a percentage of GDP and increasing gross foreign assets. All external government borrowing is subject to parliamentary approval.

In the second phase of Ghana's budgetary cycle, the analysis and approval phase, the Ministry of Finance presents draft budget estimates to parliament for discussion and debate. After the Ministry of Finance presents its estimates, the parliament refers MDA estimates to committees for examination before the final house debates. The parliamentary debates on the budget are concluded with an approval by parliament of the Appropriations Bill. Under the 1992 Constitution, the budget estimate of Ghana's revenues and expenditures for the upcoming year must be prepared and presented to parliament at least one month before the end of the year. Despite the constitutional mandate, however, the 2006 budget was the first one presented to parliament before the beginning of the upcoming fiscal year since Ghana's independence in 1957. Prior to 2006, the practice had been to present and seek parliament's approval of the estimates for the first quarter's expenditures by the end of December, and by the end of March for the entire fiscal year.

In the third phase of the budgetary cycle, the implementation and monitoring phase, the Minister for Finance authorises the release of funds. In order to monitor government spending and ensure that MDAs do not incur excessive obligations for the government, the Ministry of Finance is responsible for the supervision of the spending of the MDAs through the use of quarterly and monthly expenditure ceilings and the imposition of sanctions on MDAs which exceed their ceilings. The Ministry of Finance is established under Section 11 of the Civil Service Law, 1993 (PNDCL 327) and is responsible for formulating and implementing fiscal and financial policies and generally for managing the economy. It also has ministerial oversight responsibilities for the cocoa sector and, on behalf of the government, oversees the development of programmes with multilateral institutions, such as the World Bank and the IMF, and bilateral development partners. It is a strategic Central Management Agency ("CMA"), and together with the National Development Planning Commission and the Public Services Commission, among others, is responsible for the central functions of government and provides a focal point in government for policy formulation and implementation.

In the fourth phase of the budgetary cycle, the audit and evaluation phase, the government assesses the fiscal performance for the year in order to identify appropriate corrective measures for the ensuing year.

In fiscal years in which the amount of funds appropriated is insufficient or in which a need has arisen for expenditures for which no funds have been appropriated, the Constitution provides that a supplementary budget estimate shall be presented to parliament for its approval. In 2009, 2011, 2012, 2014 and 2015, the government presented supplementary estimates to parliament in response to unanticipated increases in revenues and expenditures. The government did not present supplementary estimates in 2010 or in 2013. In July 2016, the government presented supplementary estimates to parliament. These supplementary estimates have not yet been approved by parliament. Since 2016 is an election year in Ghana, the 2017 budget will not be presented to parliament until the first quarter of 2017.

The government has identified the need to provide a stronger regime for budget planning and formulation, execution and monitoring and for this to be properly codified in an integrated public financial management law. The comprehensive public financial management law will among other things, provide an integrated basis to cover all phases of the budget cycle, more effective supervision, oversight and reporting of the wider public sector as well as a sanctions regime. The new law will also assist in meeting several strategic objectives including tying expenditures to realistic medium and long term strategies, ensuring borrowings are within fiscal capacity as well as integrating into one budget system the parallel expenditure systems of statutory funds.

The new Public Financial Management Act was approved, subject to minor amendments, by parliament on 2 August 2016 and focusses on the following:

- provisions to strengthen the medium term macro fiscal framework by codifying certain fiscal rules in the legislation;
- strengthening the process of budgeting through a robust budget calendar and clearly specified role of Cabinet;
- expansion of the coverage of national accounts to include all public funds;
- stronger commitment control to regulate the medium term expenditure framework;
- strengthening the debt management functions within the ministry of finance with a stronger oversight of all borrowing across sectors to ensure more sustainable debt levels consistent with the medium term macro fiscal framework;
- strengthening cash management to support a more reliable and predictable budget release;
- stronger framework for external scrutiny to improve government wide accountability; and
- introduction of a stronger sanctions regime to ensure efficient management of public resources.

The purpose of the new law is to ensure:

- transparent consultative fiscal policy formulation process to garner support for government's fiscal policy to improve budget credibility;
- tighter commitment control to reduce budget overruns and accumulation of arrears;
- predictable and timely release of funds through improved cash and treasury management;
- more sustainable debt through tighter borrowing controls and systems; and
- improved service delivery through the effective monitoring of results and performance of public sector institutions.

#### **Public Accounts**

Since coming into office, the current government has made controlling the fiscal deficit an important goal of fiscal policy. The budget deficit, which stood at 5.8 per cent. of GDP in 2009, increased to 11.5 per cent. of GDP in 2012 due mainly to (i) the implementation issues associated with the SSSS; (ii) shortfalls in development partner grants; (iii) over-estimation of projected oil revenues; (iv) larger-than expected petroleum and utility subsidies; and (v) higher interest cost burden resulting from the steep rise in short-term domestic interest rates. In 2013, the fiscal deficit decreased to 10.1 per cent. of GDP, against a budget target of 9 per cent. of GDP, but was lower than the 11.5 per cent. deficit in 2012. The deficit in 2013 was primarily attributable to (i) shortfalls in domestic revenue resulting from the slowdown in economic activity in the first half of the year, as well as the decline in commodity prices on the world market, including the decline in gold prices over the period, with lower than expected company taxes and mineral royalties (GHS3,155.3 million); (ii) non-disbursement of programmed grants from development partners (GHS298.6 million); (iii) higher spending on interest costs (GHS1,202.6 million); and (iv) higher than expected spending on wages and salaries and SSSS arrears (GHS1,700.2 million). Additional reasons for the 2013 deficit include higher than expected imports of crude oil used for thermal power, resulting from shortages caused by a nearly year-long power sector disruption of the WAGP and frequent inactivity of the Takoradi and Tema thermal power plants and Bui hydroelectric dam. The 2014 fiscal deficit increased to 10.2 per cent. of GDP, against a revised budget target of 8.8 per cent. of GDP. The 2014 deficit was primarily attributable to shortfalls in domestic revenue as a result of the slowdown in economic activity, lower grant disbursements and higher than estimated payment of domestic arrears. The 2015 fiscal deficit decreased to 6.3 per cent. of GDP against a revised budget target of 7.3 per cent. of GDP. This reduction in the deficit was primarily attributable to the impact

of the government's fiscal consolidation programme and, in particular, higher tax revenues (including VAT on fee-based financial services and a 5 per cent. flat rate on real estate, a special petroleum tax of 17.5 per cent. and special import levy of 1–2% on certain imported goods) and contained expenditure for the period.

Ghana has historically financed its deficits through a combination of divestiture receipts, foreign borrowing, overdrafts and the issuance of domestic debt. The government financed 32.9 per cent. of the 2015 budget deficit through domestic borrowing (including support from the excess over the cap on the Ghana Stabilisation Fund), while external sources financed the remaining 67.1 per cent. Foreign financing of the 2015 deficit is estimated at GHS5,877.9 million. Domestic financing of the budget deficit is estimated at GHS2,882.4 million. High domestic borrowing by government in the past has contributed to high domestic interest rates. The recent increases in the government's domestic borrowing may negatively impact access to credit by the private sector by reducing the incentives for banks to seek lending opportunities to the private sector, in particular, to small and medium-sized enterprises, and by raising the costs of financing to significantly higher levels.

The following table shows a summary of budgeted government operations for the periods indicated:

	2011	2012	2013	2014	2015
			(GHS millions)		
<b>REVENUES</b>					
<b>Total Revenues and Grants.....</b>	<b>11,967.4</b>	<b>16,928.6</b>	<b>22,533.4</b>	<b>26,230.3</b>	<b>30,526.2</b>
<b>Total Revenue .....</b>	<b>10,621.9</b>	<b>15,377.9</b>	<b>21,275.0</b>	<b>24,839.4</b>	<b>28,524.5</b>
<b>Tax Revenue.....</b>	<b>8,527.1</b>	<b>12,438.4</b>	<b>17,090.8</b>	<b>19,788.6</b>	<b>23,127.9</b>
<b>Income &amp; Property Taxes.....</b>	<b>3,935.4</b>	<b>5,874.4</b>	<b>7,825.0</b>	<b>9,159.7</b>	<b>9,410.8</b>
Company Taxes.....	1,178.9	2,685.6	3,432.7	3,561.7	3,753.7
Personal Income Tax.....	1,364.9	1,789.4	2,908.5	3,322.6	3,812.1
Others.....	642.0	837.4	4,284.5	5,015.7	5,604.7
<b>Taxes on Domestic Goods &amp; Services .....</b>	<b>2,500.9</b>	<b>4,203.1</b>	<b>5,576.2</b>	<b>6,478.3</b>	<b>9,348.4</b>
VAT .....	2,028.2	2,802.8	3,768.0	4,626.6	5,760.7
Domestic .....	870.4	1,060.5	1,482.9	1,765.4	2,398.1
Imports .....	1,157.8	1,742.3	2,285.0	2,861.2	3,362.7
National Health Insurance Levy (NHIL) .....	495.4	682.1	753.6	738.9	1,003.1
Communication Service Tax .....	158.6	145.7	150.8	317.0	281.1
Petroleum Tax .....	330.0	475.5	657.8	636.1	2,089.7
Excise Duty.....	142.7	218.2	246.0	159.7	213.8
<b>International Trade Taxes .....</b>	<b>1,411.3</b>	<b>2,123.9</b>	<b>3,689.7</b>	<b>4,150.5</b>	<b>4,368.7</b>
Import Duties .....	1,349.1	1,986.1	2,593.5	3,047.2	3,275.3
Export Duties .....	62.2	137.8	25.0	311.0	340.0
Import Exemptions .....	273.8	382.7	1,071.1	792.3	753.3
Social Security Contribution to National Health Insurance Levy (NHIL) .....	495.4	682.1	164.2	165.9	182.6
Non-Tax Revenue .....	1,845.4	2,672.6	4,019.9	4,884.9	5,214.0
Grants .....	1,346.5	1,549.7	1,258.5	1,390.8	2,001.8
Project Grants .....	811.2	794.0	454.5	910.7	1,065.5
Programme Grants .....	291.1	436.1	456.7	480.1	936.3
HIPC Assistance (multilaterals) .....	133.2	190.9	173.4	0.0	0.0
Multilateral Debt Relief Initiative ("MDRI") .....	111.0	128.8	173.8	0.0	0.0
<b>EXPENDITURES</b>					
<b>Total Expenditures .....</b>	<b>13,534.0</b>	<b>19,035.7</b>	<b>28,163.4</b>	<b>33,783.0</b>	<b>37,930.3</b>
<b>Recurrent.....</b>	<b>9,222.5</b>	<b>13,063.3</b>	<b>23,008.2</b>	<b>27,792.8</b>	<b>28,351.9</b>
<b>Non-Interest Recurrent Expenditures .....</b>	<b>7,534.1</b>	<b>10,872.2</b>	<b>19,813.9</b>	<b>19,908.1</b>	<b>19,002.1</b>
Compensation of Employees.....	3,910.4	6,489.8	9,004.0	10,793.4	12,312.9
Wages & Salaries .....	3,910.4	5,637.5	7,465.4	9,218.9	10,286.5
Goods & Services.....	836.4	967.2	1,742.4	1,085.0	1,856.4
Transfers .....	2,383.4	3,765.3	6,208.8	6,570.0	4,832.8
Reserve Expenditure Vote .....	403.9	707.5	726.6	0.0	0.0
<b>Interest Payments.....</b>	<b>1,688.4</b>	<b>2,191.2</b>	<b>3,194.4</b>	<b>7,884.7</b>	<b>9,349.8</b>
Domestic .....	1,372.2	1,683.4	2,574.2	6,820.2	7,734.0
External.....	316.2	507.8	620.2	1,064.6	1,615.8
<b>Subsidies .....</b>	<b>27.3</b>	<b>470.0</b>	<b>1,022.2</b>	<b>618.8</b>	<b>50.0</b>
<b>Capital Expenditures (Total).....</b>	<b>4,311.5</b>	<b>5,972.3</b>	<b>5,155.1</b>	<b>5,990.2</b>	<b>6,357.0</b>
Capital Expenditures (Domestic financed) .....	2,078.7	2,691.3	1,304.6	1,241.5	1,834.5
Capital Expenditures (Foreign financed) .....	2,232.8	3,281.0	3,850.5	4,748.7	4,522.5
<b>HIPC-financed Expenditure.....</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>MDRI-financed Expenditure .....</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Balance (commitment) .....</b>	<b>(1,566.7)</b>	<b>(2,108.1)</b>	<b>(5,629.9)</b>	<b>(7,552.7)</b>	<b>(7,404.1)</b>
Road Arrears .....	221.8	250.0	250.0	231.7	(322.3)
Non-road Arrears.....	588.3	2,233.8	1,820.2	2,019.2	(1,539.0)
Tax Refunds .....	53.3	77.1	310.7	324.4	(462.0)
Divestiture Receipts.....	0.0	0.0	0.0	0.0	0.0
Divestiture Liabilities .....	0.0	0.0	0.0	0.0	0.0
Discrepancy.....	(489.0)	0.0	0.0	0.0	0.0
<b>OVERALL BALANCE</b>					
Overall Deficit (including divestitures).....	<b>(2,430.0)</b>	<b>(4,669.0)</b>	<b>(8,010.8)</b>	<b>(10,128.1)</b>	<b>(9,772.0)</b>
					(% of GDP)
Total Government Budget Balance .....	(4.3)	(6.7)	(9.0)	(8.8)	(7.3)
Total Expenditures.....	13.5	19.0	28.1	28.2	28.3
Domestic Primary Balance.....	0.8	2.5	(0.2)	2.9	3.0

Source: Ministry of Finance

The following table shows a summary of government operations for the periods indicated:

	2011	2012	2013	2014	2015*
			(GHS millions)		
<b>REVENUES</b>					
<b>Total Revenues and Grants .....</b>	<b>12,805.8</b>	<b>16,668.4</b>	<b>19,471.6</b>	<b>24,745.5</b>	<b>32,040.4</b>
<b>Total Revenue .....</b>	<b>11,676.6</b>	<b>15,508.1</b>	<b>18,732.1</b>	<b>23,931.3</b>	<b>29,351.7</b>
<b>Tax Revenue .....</b>	<b>9,776.1</b>	<b>12,517.3</b>	<b>14,307.7</b>	<b>19,229.8</b>	<b>24,140.9</b>
<b>Income &amp; Property Taxes.....</b>	<b>4,036.6</b>	<b>5,536.2</b>	<b>6,301.7</b>	<b>8,486.6</b>	<b>8,706.5</b>
Company Taxes .....	1,568.0	2,361.5	2,734.4	3,830.3	3,619.9
Personal Income Tax .....	1,493.3	2,368.3	2,549.0	3,219.8	3,570.2
Others .....	975.3	806.4	1,018.3	1,437.1	1,471.6
<b>Taxes on Domestic Goods &amp; Services .....</b>	<b>3,589.0</b>	<b>4,212.0</b>	<b>4,833.0</b>	<b>6,434.3</b>	<b>9,926.8</b>
VAT .....	2,376.1	2,777.3	3,317.1	4,671.7	6,254.4
Domestic .....	987.4	1,061.2	1,333.7	1,915.1	2,765.5
Imports .....	1,388.7	1,716.1	1,983.4	2,756.6	3,488.9
National Health Insurance Levy (NHIL) .....	471.6	576.1	647.7	781.7	1,018.7
Communication Service Tax.....	135.0	128.4	174.0	216.6	251.8
Petroleum Tax .....	438.5	544.5	525.1	617.5	2,163.4
Excise Duty .....	167.7	185.8	169.2	146.8	238.6
<b>International Trade Taxes .....</b>	<b>2,150.5</b>	<b>2,769.0</b>	<b>3,173.0</b>	<b>4,308.9</b>	<b>5,507.6</b>
Import Duties .....	1,511.0	1,886.9	2,231.0	2,772.7	3,078.4
Export Duties .....	5.0	103.2	100.0	318.6	370.6
Import Exemptions.....	634.6	779.0	842.0	1,217.7	2,058.7
Social Security Contribution to National Health Insurance Levy (NHIL) .....	78.5	137.9	159.1	218.2	289.3
Non-Tax Revenue .....	1,822.0	2,853.0	4,265.4	4,483.4	4,921.4
Grants .....	1,231.4	1,160.3	739.4	814.1	2,688.8
Project Grants .....	708.1	512.3	374.0	787.3	1,743.5
Programme Grants.....	280.9	502.5	158.1	26.8	945.3
HIPC Assistance (multilaterals) .....	140.2	56.7	135.2	0.0	0.0
Multilateral Debt Relief Initiative ("MDRI") .....	102.2	88.8	72.2	0.0	0.0
<b>EXPENDITURES</b>					
<b>Total Expenditures .....</b>	<b>13,429.7</b>	<b>20,944.8</b>	<b>27,463.0</b>	<b>31,962.2</b>	<b>38,589.9</b>
<b>Recurrent .....</b>	<b>9,575.0</b>	<b>15,164.5</b>	<b>20,234.9</b>	<b>23,986.5</b>	<b>28,296.1</b>
<b>Non-Interest Recurrent Expenditures .....</b>	<b>7,963.8</b>	<b>12,728.4</b>	<b>15,838.0</b>	<b>16,905.6</b>	<b>19,220.7</b>
Compensation of Employees .....	5,305.6	7,177.6	9,479.1	10,466.8	12,111.2
Wages and Salaries .....	4,323.5	6,665.5	8,243.0	9,448.6	10,555.9
Goods & Services .....	723.9	1,321.8	1,449.1	1,776.6	1,388.2
Transfers.....	1,603.8	3,156.9	4,112.1	4,662.2	5,721.3
Reserve Expenditure Vote .....	330.5	1,072.1	797.7	0.0	0.0
<b>Interest Payments.....</b>	<b>1,611.2</b>	<b>2,436.2</b>	<b>4,397.0</b>	<b>7,080.9</b>	<b>9,075.3</b>
Domestic.....	1,307.9	1,879.7	3,788.2	6,111.0	7,312.9
External .....	303.3	556.4	608.7	969.9	1,762.4
<b>Subsidies.....</b>	<b>130.0</b>	<b>809.0</b>	<b>1,158.1</b>	<b>473.7</b>	<b>25.0</b>
<b>Capital Expenditures (Total).....</b>	<b>3,724.7</b>	<b>4,971.3</b>	<b>6,070.0</b>	<b>7,502.0</b>	<b>7,133.6</b>
Capital Expenditures (Domestic financed) .....	1,962.8	2,436.7	3,111.6	2,671.5	1,215.1
Capital Expenditures (Foreign financed) .....	1,761.9	2,534.6	2,958.4	4,830.5	5,918.5
<b>HIPC-financed Expenditure.....</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>MDRI-financed Expenditure .....</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Balance (commitment) .....</b>	<b>(623.9)</b>	<b>(4,276.3)</b>	<b>(7,991.5)</b>	<b>(7,216.8)</b>	<b>(6,549.5)</b>
Road Arrears .....	(312.1)	0.0	(205.1)	(231.7)	(322.3)
Non-road Arrears .....	(1,536.5)	(3,306.3)	(1,965.8)	(3,848.8)	(2,087.2)
Tax Refunds .....	(89.2)	(163.7)	(181.6)	(156.7)	(627.1)
Divestiture Receipts .....	0.0	0.0	0.0	0.0	0.0
Divestiture Liabilities .....	0.0	0.0	0.0	0.0	0.0
Discrepancy .....	173.4	(902.3)	889.3	(96.7)	825.7
<b>OVERALL BALANCE</b>					
Overall Deficit (including divestitures).....	(2,388.2)	(8,648.7)	(9,454.6)	(11,550.6)	(8,760.3)
			(% of GDP)		
Total Government Budget Balance .....	(4.0)	(11.5)	(10.1)	(10.2)	(6.3)
Total Expenditures.....	22.5	27.8	20.8	28.2	27.6
Overall Primary Balance .....	(1.3)	(8.2)	(5.4)	(3.9)	(0.2)
Domestic Primary Balance.....	2.8	(2.0)	(0.7)	3.2	4.3

Source: Ministry of Finance

\* Provisional

## ***Revenues and Grants***

The main sources of budgetary receipts are direct taxes, indirect taxes, international trade taxes, non-tax revenues and grants. Direct taxes include personal and self-employment income taxes, company taxes and other taxes such as the airport tax. Indirect taxes include the domestic and import VAT, petroleum taxes and excise taxes. International trade taxes are comprised of import duties and export duties. Other sources of receipts include revenues from divestitures of state-owned enterprises, and grant disbursements from development partners for general budgetary support and specific projects. See “Public Debt—Relations with Multilateral Financial Institutions”.

In recent years the government has made significant policy reforms aimed at increasing revenue collection. Specific measures undertaken include:

- the creation of the GRA, which integrated the revenue agencies (IRS, VAT, CEPS) into one body to increase efficiency in tax administration;
- the establishment of a Large Taxpayers Unit, which facilitates the payment of taxes by significant contributors;
- the introduction of a single Taxpayer Identification Number and the automation of customs systems;
- the upward adjustment of the VAT rate by 2.5 percentage points to 17.5 per cent. (including National Health Insurance Levy of 2.5 per cent.);
- the introduction of a 17.5 per cent. special petroleum tax on petroleum products to bring Ghana’s petroleum taxes more in line with the international practice;
- expansion of the VAT to include certain fee-based financial services, domestic airlines services and a 5 per cent. VAT on real estate; and
- the introduction of new tax measures such as the National Fiscal Stabilisation Levy (“**NFSL**”), a 1-2 per cent. levy on imports, an increase in corporate income tax rate of free zones companies selling on the local market from 8 to 25 per cent., an increase in the withholding tax on management and technical services fees from 15 to 20 per cent., and an increase in withholding tax on rent on commercial properties from 8 to 15 per cent. The collection of the NFSL and the 1-2 per cent. levy on imports are set to expire in December 2017.

These reforms have yielded broadly positive results, as evidenced by improved fiscal performance and by recent external assessments of Ghana’s fiscal transparency. Tax revenue, which was around 13 per cent. of GDP at the end of 2009, increased to 17.3 per cent. of GDP in 2015, as a result of the policy reforms that the government has implemented in the past several years. The government has also improved tax revenue collection as a result of a policy decision to increase full audits and implement more aggressive tax collection methods, such as monitoring cash registers and creating a rent collection task force to collect landlord information and developing a taxpayer identification system. Since 2000, the burden of taxation has shifted significantly to indirect taxes (mainly consumption-related) as an effort to minimise any adverse impact on production. Despite recent reforms aimed at improving revenue collection, the majority of Ghanaians do not pay any income tax, due in large part to the significant informal sector.

In 2013 and 2014, the government undertook further reforms to improve revenue collection, including migrating all GRA tax processes to an electronic platform in order to enhance tax administration and compliance. In addition to certain NFSL measures mentioned above, in July 2013, the government approved several new policies, including (i) a fiscal stabilisation levy of 5 per cent. of profit before tax for institutions in banking, insurance, financial services, communication and brewing, which will expire at the end of 2017, (ii) a broadened base of environmental tax and a reduction in the tax rate from 15 per cent. to 10 per cent. and (iii) re-imposition of 20 per cent. import duty and VAT on imported mobile telephones. These measures yielded revenue of approximately GHS1,254 million or 1.1 per cent. of GDP in 2014. In the 2016 Budget Statement, the government also introduced further revenue measures including (i) increasing the excise tax rate from 150 per cent. to 175 per cent. (ii) full implementation of the Income Tax Act from January 2016, which seeks to simplify the income tax regime and improve tax compliance through new withholding mechanisms (iii) implementation of the common external tariff and (iv) various measures to enhance tax compliance and improve revenue administration. For 2016 and the medium term, the government’s tax policy will focus on measures that seek to ensure tax compliance and improve revenue administration rather than to introduce new measures. The GRA has developed a 2015-2017 strategic plan that outlines administrative and operational efforts to enable the Authority to consolidate its integration and modernisation agenda. It is expected that the successful implementation of this plan will deepen the current organisational reforms and result in a substantial increase in revenue mobilization.

In addition to improved revenue collection, reforms such as the institution of the multi-donor budget support framework, together with the commitment on the part of the government to further structural and institutional reforms, historically had a positive impact on financial flows from development partners. More recently, the general trend in donor support has been downwards, however, as a result of the Republic having attained lower middle-income status, thereby restricting its access to certain grants and concessional loans, and also as a result of its failure to meet the conditions of certain institutional donors. For these reasons, total grants, which constituted 2.4 per cent. of GDP and 12.3 per cent. of total revenues and grants in 2010, have decreased to 1.9 per cent. of GDP and 8.4 per cent. of total revenues and grants in 2015. Disbursement of grants amounted to GHS2.69 billion in 2015, 34.3 per cent. above the budget target.

### ***Expenditures***

Budget expenditures are divided into statutory payments and discretionary payments. Statutory payments, which are provided for by specific legislation and agreements, include interest and principal payments on external and domestic debt, pensions, gratuities, Social Security contributions by the government, transfers to statutory funds such as the District Assemblies Common Fund (which funds the expenditures of the local government units), the Ghana Education Trust Fund, the National Health Insurance Fund and the Road Fund. All other payments are discretionary, including payments for wages and salaries, goods and services and investment outlays.

Since 2001, the regulatory framework for public finances has been strengthened through the passage of key legislation such as the Financial Administration Act, 2003 (Act 654) as amended by the Financial Administration (Amendment) Act 2008 (Act 760), the Internal Audit Agency Act, 2003 (Act 658) and the Public Procurement (Amendment) Act, 2016 (Act 914). Significant progress has also been made in the area of budget execution and reporting. Fiscal data is now published in a timely manner with a six-week lag, basic systems for cash planning and commitment control have been installed and are functioning. Additionally, external oversight of budget execution has improved through the submission of Auditor-General reports to parliament and the clearance of the backlog of outstanding audit reports.

To strengthen the capacity for budget monitoring and control, the government adopted GIFMIS (Ghana Integrated Financial Management Information System) in October 2010. The focus of the GIFMIS is to upgrade and install a new public financial management system for the accounting, control, audit and reporting of the budget. The government expects GIFMIS to improve the effectiveness of service delivery, the allocation of resources and transparency in government expenditures.

In an additional effort to improve expenditure management, the government has taken steps to gradually reduce utilities and petroleum subsidies through frequent adjustment of prices. The petroleum price liberalisation policy, which aims to fully eliminate petroleum subsidies, became effective on 1 July 2015. The government is currently in the process of implementing the policy. The government expects that the full implementation of the policy will promote competition among the market participants. In addition, the elimination of petroleum subsidies will decrease the government's total expenditures.

To further address one of the main sources of fiscal imbalance, the government plans to limit the nominal increase in the total wage bill to levels within budgetary constraints. To achieve and maintain such limits, in 2013, the government granted a nominal wage increase of 10 per cent. In 2014, the government froze the basic salaries of public sector workers and granted a 10 per cent. cost of living allowance. The government subsequently discontinued the cost of living allowance, and, in 2015, it granted a wage increase of 13 per cent. over 2013 basic salaries. In addition, the government has imposed strict limits on net public sector hiring (which the government froze except with respect to the education and health sectors). Negotiations for the national daily minimum wage and base pay on the SSSS were concluded prior to the finalisation of the 2016 Budget Statement for the first time in many years and resulted in a nominal wage increase of 10 per cent. The government remains committed to implementing on-going expenditure measures including (i) negotiation of public sector wages within the budgetary constraints to ensure the sustainability of SSSS, (ii) observation of budgetary constraints in the wage bill and (iii) continuation of the policy of net freeze on employment in some sectors of the public service (excluding the health and education sectors). Other payroll management measures include payroll audits and an electronic salary payment voucher system to reduce the incidence of fraudulent compensation claims on government payroll. Moreover, the government plans to fully eliminate utilities and petroleum subsidies through strict implementation of quarterly and bi-weekly tariff adjustment mechanisms, respectively.

## Results for Fiscal Year 2015

The following table sets forth a summary of the actual results for the year ended 31 December 2015:

	<b>Results for 2015</b>
	(GHS millions)
Total Revenues and Grants .....	32,040.4
Revised Budget Revenues and Grants .....	30,526.2
Total Expenditures .....	38,589.9
Revised Budget Expenditures .....	37,930.3
Total Deficit .....	(8,760.3)
Total Domestic Primary Surplus .....	5,954.2

*Source:* Ministry of Finance

Ghana's budget deficit decreased to GHS8,760.3 million in 2015, from GHS11,550.6 million in 2014. As a percentage of GDP, the budget deficit decreased from 10.2 per cent. in 2014 to 6.3 per cent. in 2015.

Total revenues (including grants) in 2015 amounted to GHS32,040.4 million, as compared to GHS24,745.5 million in 2014, representing an increase of 29.5 per cent. The government attributes this increase in total receipts primarily to the implementation of recent tax policy measures and improved tax administration. Ghana received a total of GHS2,688.8 million in grants in 2015, comprising 8.4 per cent. of total receipts for the year, up from GHS814.1 million in 2014. Tax revenue increased in 2015, from GHS19,229.8 million in 2014 to GHS24,140.9 million in 2015, an increase of 25.5 per cent. Non-tax revenue fell below budgeted targets by 5.6 per cent. which the government attributes to the decline in crude oil prices which significantly affected non-tax oil revenues such as dividends or interest and profits from oil, surface rentals from oil and gas receipts.

Total expenditures (including clearance of arrears and outstanding commitments) in 2015 amounted to GHS40,800.7 million, as compared to GHS40,298.2 million in 2014. The outturn was 1.2 per cent. higher than budget target and 12.4 per cent. higher than the outturn for 2014. The increase in expenditures is attributable primarily to recurrent expenditures, which increased from GHS23,986.5 million in 2014 to GHS28,296.1 million in 2015, an increase of 18.0 per cent. The largest component of the increase in recurrent spending was interest cost on servicing external and domestic debts, which increased by over 28.2 per cent. as compared to 2014. In addition, expenditure on wages and salaries for the period totalled GHS10,555.9 million, which was 2.6 per cent. higher than the budget target and 11.7 per cent. higher than the outturn in 2014.

## The 2016 Budget Statement

The Ministry of Finance presented the 2016 Budget Statement to parliament on 13 November 2015. Parliament approved the 2016 Budget Statement on 10 December 2015.

The macroeconomic framework for 2016 is guided by the overall objectives of the GSGDA II, see "The Economy—General—Ghana Shared Growth and Development Agenda I and II". The average real GDP growth target for the medium-term, including the 2016 fiscal year, is 8.2 per cent. and is based on the following assumptions:

- population growth rate of 2.3 per cent. per year;
- a stable Cedi exchange rate with prudent management that will reduce the depreciation of the Cedi;
- reduced cost of investment loans;
- containment of fiscal deficits;
- substantial increase in merchandise exports, reversal of the persistently high trade deficits and accumulation of gross foreign assets to at least six months of import cover for goods and services;
- stable global economic environment and demand; and
- favourable world market prices and an increase in the volume of Ghana's main exports of commodities.

The 2016 Budget Statement is based on the following macroeconomic targets for the fiscal year (as revised in the Mid-year Review):

- real GDP (including oil) growth of 4.1 per cent. and non-oil real GDP growth of 4.6 per cent.;

- accumulation of gross foreign assets to at least three months of import cover for goods and services;
- an overall budget deficit of 5.0 per cent. of GDP, revised from an earlier target of 5.3 per cent. of GDP; and
- end of period inflation of 10.1 per cent.

Over the medium-term, the government aims fiscal policy at ensuring fiscal prudence and debt sustainability through improved revenue collection, rationalising and enhancing the efficiency of public expenditures and reviewing financing methods. The government also plans to focus on fiscal policy that will ensure transparent, effective and efficient natural resource revenue management, and continue with the ongoing reforms to strengthen financial management and management of financial risks. See “The Economy—Role of the Government in the Economy and Privatisation—Current Status of Privatisation—Energy”.

The following table sets forth a summary of the budget for the year ending 31 December 2016 and the provisional outturn for January through May 2016:

	2016 Budget	2016 Revised Budget <sup>(1)</sup> (GHS millions)	January-May 2016 Provisional Outturn
<b>REVENUES</b>			
Total Revenues and Grants .....	38,038.1	37,889.3	13,456.6
Total Revenue .....	36,430.2	36,300.1	12,724.2
Tax Revenue .....	28,868.5	29,129.0	10,326.1
Income & Property Taxes .....	12,072.0	11,358.9	3,637.1
Company Taxes .....	5,612.7	5,243.2	1,687.7
Personal Income Tax .....	4,574.2	4,482.6	1,385.5
Others .....	1,885.1	1,633.2	521.9
Taxes on Domestic Goods & Services .....	11,323.9	12,116.5	4,969.8
VAT .....	6,971.5	7,347.7	2,795.1
Domestic .....	2,959.9	3,185.9	1,209.4
Imports .....	4,011.7	4,161.7	1,585.7
Petroleum Tax .....	2,643.2	3,042.8	1,467.7
Excise Duty .....	250.3	290.9	125.6
National Health Insurance Levy (NHIL) .....	1,145.3	1,124.9	444.7
Communication Service Tax .....	313.6	310.4	136.7
International Trade Taxes .....	5,472.6	5,653.6	1,719.2
Import Duties .....	4,752.6	4,899.6	1,629.2
Export Duties .....	720.0	754.0	90.0
Social Security Contribution to National Health Insurance Levy (NHIL) .....	352.0	352.8	77.5
Non-Tax Revenue .....	7,209.7	6,818.2	2,320.6
Grants .....	1,607.9	1,589.3	732.3
Project Grants .....	1,474.7	1,463.1	717.7
Programme Grants .....	133.2	126.1	14.6
<b>EXPENDITURES</b>			
Total Expenditures .....	43,505.1	43,356.4	15,408.0
Recurrent .....	32,156.5	31,509.9	12,764.8
Non-Interest Recurrent Expenditures .....	21,665.9	21,019.7	8,750.8
Compensation of Employees .....	14,024.0	13,730.9	5,811.9
Wages and Salaries .....	11,722.8	11,722.8	5,055.9
Goods & Services .....	2,536.8	2,126.9	800.8
Transfers .....	5,105.1	5,207.4	1,183.3
Interest Payments .....	10,490.6	10,490.3	4,014.0
Domestic .....	8,317.2	8,317.2	3,055.7
External .....	2,173.4	2,173.0	958.3
Subsidies .....	50.0	50.0	0.0
Capital Expenditures (Total) .....	6,676.9	6,393.0	1,887.3
Capital Expenditures (Domestic financed) .....	1,783.2	1,605.5	207.0
Capital Expenditures (Foreign financed) .....	4,893.7	4,787.5	1,680.3
Balance (commitment) .....	(5,467.1)	(5,467.1)	(1,951.5)
Road Arrears .....	0.0	0.0	0.0
Non-road Arrears .....	(2,313.2)	(2,313.2)	(72.0)
Tax Refunds .....	(627.4)	(627.4)	433.4
Divestiture Receipts .....	0.0	0.0	0.0
Divestiture Liabilities .....	0.0	0.0	0.0
Discrepancy .....	(0.0)	(0.0)	(0.0)
<b>OVERALL BALANCE</b> .....	(8,407.7)	(8,407.7)	(4,178.7)
Overall Deficit (including divestitures) .....	(8,407.7)	(8,407.7)	(4,178.7)
		(% of GDP)	
Total Government Budget Balance .....	(5.3)	(5.0)	(2.5)
Total Revenues and Grants .....	24.0	22.7	8.1
Total Expenditures .....	27.5	26.0	9.2
Domestic Primary Balance .....	4.8	4.6	0.5

Source: Ministry of Finance (based on the 2016 Budget Statement presented to parliament on 13 November 2015 and the Mid-Year Review)

<sup>(1)</sup> Figures revised in the Mid-Year Review

## 2016 Mid-Year Review of the Budget Statement

On 25 July 2016, the Minister of Finance presented to parliament a Mid-Year Review of the Budget Statement for the 2016 Financial Year. The 2016 Mid-Year Review identified developments in both the global and domestic economic environment that had affected certain assumptions which underpinned the 2016 Budget Statement. As a result, it was necessary to revise certain macroeconomic targets and assumptions which had been set out in the 2016 Budget.

In particular, the 2016 Mid-Year Review identified the following key challenges:

- Although crude oil prices had increased from a low of US\$28 per barrel in January 2016 to US\$46.04 on 20 July 2016, prices are still below the benchmark oil price of US\$53.05 which was used in the 2016 Budget;
- Oil production has been adversely effected at the Jubilee Field for most of the first half of 2016 as a result of technical problems at the Jubilee Field;
- Crude oil exports had declined significantly to US\$212.3 million for the first four months of 2016, compared to US\$687.3 million recorded in the same period in 2015. The decrease in value was due to both price and volume effects. The volume of crude oil exported decreased for the first four months of 2016 by 48.1 per cent to 6,589,482 barrels compared to 12,697,779 barrels for the same period in 2015. The average realized price of oil also decreased significantly by 40.5 per cent to US\$32.2 per barrel from US\$54.13 per barrel recorded in the same period in 2015;
- The decline in oil production and prices impacted both tax and non-tax revenues between January and May 2016. The provisional outturn for this period indicates that total tax revenues were 6.4 per cent. below the budget target and non-tax revenues were 22.5 per cent. below the budget target. The Mid-Year review also reported that, based on provisional data, the cash fiscal deficit amounted to 2.5 per cent. for the period from January through May 2016 compared to 2.2 per cent. for the same period in the prior year and against a budgeted target of 2.2 per cent.
- The external sector also faced challenges during for the first four months of 2016 mainly as a result of volatility in international commodity prices. Consequently, the provisional trade balance for the first four months of 2016 indicates a deficit of US\$972.78 million compared to a deficit of US\$542.71 million recorded in the corresponding period of 2015. The worsening trade balance was due to a significant decline in exports receipts, which outpaced the drop in imports.

The 2016 Mid-Year Review revised projections of GDP growth for 2016. Overall GDP (including oil) projected growth has been revised from 5.4 per cent. to 4.1 per cent. and real GDP (excluding oil) projected growth has been revised from 5.2 per cent. to 4.6 per cent. The government attributes these revisions to developments including, the revision of gold production forecasts, power supply bottlenecks and the impact of the technical problems at the Jubilee Field which adversely affect oil production. In addition, the GDP data which informed the 2016 Budget Statement has been revised.

Based on current estimations of the likely range of crude oil prices in 2016, the government therefore revised the projected benchmark crude oil price in the 2016 Mid-Year Review. The revised projected crude oil price is US\$45.35 per barrel. Based on the revised projected crude oil price and lower oil production volumes than originally budgeted, the government projects the total government petroleum revenues for 2016 at GHS1,400.8 million (0.8 per cent. of GDP), compared to GHS2,008.4 million (1.3 per cent. of GDP) in the 2016 Budget Statement. The difference of GHS600 million is approximately 32 per cent. lower than the original 2016 Budget target. As a result of the revision to oil revenue estimates for 2016, total expenditure and arrears clearance has been revised downwards in the 2016 Mid-Year Review from GHS46,445.7 million (29.3 per cent. of GDP) to GHS46,297.0 million (27.8 per cent. of GDP). On the basis of the revised revenue and expenditure estimates, the 2016 Mid-Year review is targeting an overall budget deficit which is 5 per cent. of GDP (compared to the original target of 5.3 per cent. of GDP). In so doing, the government is seeking to ensure that the pace of public debt accumulation remains consistent with that envisaged in the 2016 Budget and in line with the government's debt sustainability objectives. On the basis of provisional figures, public debt as a percentage of GDP amounted to 63.07 per cent. at the end of May 2016 compared to 68.53 per cent. at the end of May 2015 and 71.63 per cent. at the end of 2015.

As a result of the revisions made to the benchmark oil revenue and the fiscal performance for the first five months of the year, 2016 revenue and expenditure estimates have been revised in the 2016 Mid-Year Review. See “Public Finance—The 2016 Budget Statement”. The table below sets out revisions to certain key 2015 macroeconomic targets and budget estimates:

	<b>Actual 2015 Results</b>	<b>Original 2016 Budget Targets</b>	<b>2016 Mid-Year Review Targets</b>
		(%)	
GDP Growth (including oil) .....	3.9	5.4	4.1
GDP Growth (excluding oil) .....	4.1	5.2	4.6
o/w Agriculture .....	2.4	3.5	3.6
Industry.....	1.2	7.0	0.8
Services .....	5.7	6.0	5.9
Budget deficit (% of GDP) .....	6.3	5.3	5.0
Revenues and grants (% of GDP).....	22.9	24.0	22.7
Expenditures (% of GDP) .....	27.6	27.5	26.0

## PUBLIC DEBT

### Overview

For reporting purposes relating to external and domestic debt, Ghana defines public debt to include debts incurred by the government and government-guaranteed debts.

The Ministry of Finance classifies debt as external or domestic by origin.

The following table shows total public sector debt outstanding as at the end of the periods indicated:

	2011	2012	2013	2014	2015	May 2016*
	(US\$ millions)					
Domestic Debt .....	7,697.13	9,997.20	12,559.45	10,915.60	10,621.43	11,275.84
External Debt .....	7,652.95	9,153.58	11,901.97	13,871.84	15,781.89	16,146.23
<b>Total Public Debt .....</b>	<b>15,350.08</b>	<b>19,150.78</b>	<b>24,461.42</b>	<b>24,787.44</b>	<b>26,403.33</b>	<b>27,422.07</b>

Source: Ministry of Finance

\* Provisional

The following table shows external debt as a percentage of GDP for the periods indicated:

	2011	2012	2013	2014	2015	May 2016*
	(% of GDP)					
Domestic Debt	19.9	14.7	29.2	30.9	28.8	25.9
External Debt.....	19.8	22.9	27.2	39.3	42.8	37.1

Source: Ministry of Finance

\* Provisional

### Debt Management

Prior to the debt forgiveness associated with the HIPC and MDRI programmes, the vast majority of Ghana's financing was provided by grants and concessionary loans from multilateral organisations and development partners. As such, Ghana's debt management strategy has traditionally focused on its domestic debt portfolio. The broad objectives of government of Ghana's debt management strategy are outlined each year in the annual budget presentation. The Debt Management Division at the Ministry of Finance has formulated a debt management framework based on international best practices. Its objectives include:

- obtaining adequate funding to meet the government's budgetary needs;
- minimising funding costs;
- maintaining the government's long-term debt sustainability;
- forecasting government cash needs as accurately as possible and determining public sector borrowing requirements;
- improving cash management efficiency by implementing a Treasury Single Account for government at the BOG;
- supporting initiatives to deepen the domestic market and increase issuance capacity;
- supporting the BOG's initiatives to develop a national electronic payments system;
- developing a foreign investor segment for domestic securities and the capacity to issue sovereign bonds in international capital markets;
- maintaining credible and reliable financing sources for contingent needs;
- reducing refinancing risk by lengthening portfolio duration;
- lengthening duration and developing benchmark securities;

- developing new medium-term investor segments including domestic pension and social security funds and foreign investors;
- managing the issuance calendar;
- strengthening the role of primary dealers and balancing privileges with obligations;
- creating a liquid secondary market for government securities;
- fostering the development of an active corporate bond market priced over benchmark government securities; and
- building additional capacity for improved debt management through training, investment in market data sources (e.g. Bloomberg), and an enhanced IT platform.

The Ministry of Finance is developing its own domestic debt management capacity distinct from that of its fiscal agent, the BOG. With respect to domestic debt strategy, the Ministry of Finance plans to decrease its reliance on short-term financing and increase its reliance on long-term financing. As required by the IMF programme, the Ministry of Finance developed a comprehensive medium-term debt management strategy based on an analysis of cost and risk of alternative financing strategies, consistent with the medium-term macroeconomic framework and available sources of financing. See “The Economy—Debt Management Strategy”. The Ministry of Finance developed the strategy within a risk management framework that aims to identify, mitigate and monitor refinancing, interest rate and exchange rate risks. By utilising embedded advisors with specialised expertise, the Ministry of Finance has been able to provide improved technical assistance and review its progress. With the Ministry of Finance’s sponsorship, the advisors have developed solid working relationships with key stakeholders in public financial management, including the BOG, Controller and Accountant General, GRA and many line ministries. Some of the Ministry of Finance’s achievements during this period include:

- the creation of more dependable periodic financial reports;
- forecasting cash needs in a more disciplined fashion;
- the implementation of a formal loan and fiscal agency agreement with the BOG;
- a reduction in refinancing risk;
- the development of a medium-term investor base including domestic banks and insurance companies, SSNIT and foreign investors;
- publication of a half-yearly issuance calendar;
- lower borrowing costs through continued macroeconomic stability and improved budget efficiency; and
- evolution of an extended domestic yield curve with the establishment of markets for the following medium-term securities: three-year, five-year and seven-year bonds.

In addition, the government has introduced initiatives to improve control of government spending and promote good governance. For example, the government has started an on-lending and escrow account initiative to prevent loans and guarantees the government provided to SOEs, special purpose vehicles, and MDAs from aggravating the public debt situation. See “The Economy—General—Debt Management Strategy”.

To manage the orderly redemption of Eurobonds and the government’s other debt instruments, the government has established a Sinking Fund funded periodically by excess amounts over the cap on the Ghana Stabilisation Fund. See “The Economy—General—Debt Management Strategy”. The government has recently applied Sinking Fund proceeds to buy back in open market purchases US\$30 million in aggregate principal amount of the 2017 Notes as part of government’s strategy to repurchase outstanding bonds if market conditions are appropriate. In addition, in August 2016, the government applied US\$63 million credited to the Sinking Fund account to partially fund the purchase by Ghana of its 2017 Notes pursuant to the July 2016 Tender Offer. See “Summary—Recent Developments—Tender Offer for 2017 Notes”. The government will be required to redeem the US\$400 million outstanding principal amount of the 2017 Notes in October 2017 and, in order to do so, the government plans to adopt the following policies: (i) apply part of the issue proceeds from the Notes subject to this offering to redeem or repurchase the 2017 Notes; (ii) dedicate the balance of the Sinking Fund to provide a buffer for the redemption of the 2017 Notes; and (iii) increase the buffer further by reducing the cap on the Stabilisation Fund to US\$100 million in order to increase cashflow into the Sinking Fund. The Controller and Accountant General’s Department opened the Sinking Fund account and the government transferred US\$100 million to the account from the excess amount over the cap on the Ghana

Stabilisation Fund. In March 2015, BOG swept all positive balances in all government accounts, including the balance in the Sinking Fund account, to repay the government's debt to BOG. The government plans to establish corrective measures to ensure that in the future statutory government accounts, such as the Sinking Fund account, will be protected from general sweeps of government accounts. As at the date of this Prospectus, and following the application of funds credited to the Sinking Fund account in connection with the July 2016 Tender Offer, the Sinking Fund has a credit balance of approximately US\$7 million.

In the 2016 Budget Statement, the government raised the cap on the Ghana Stabilisation Fund to US\$200 million in 2016, with the aim of growing the Ghana Stabilisation Fund to US\$400 million in the medium term. The government will use the excess amount over the cap as follows: (i) transfer 50 per cent. of the excess amount into the Sinking Fund designated for government debt repayments, (ii) transfer 25 per cent. of the excess amount into the Contingency Fund and (iii) transfer 25 per cent. of the excess amount into the Ghana Stabilisation Fund. When the cap reaches US\$400 million, the Ghana Stabilisation Fund will be capped at US\$400 million and the government will use the excess amount over the cap as follows: (i) transfer 75 per cent. of the excess amount into the Sinking Fund designated for government debt repayments and (ii) transfer 25 per cent. of the excess amount into the Contingency Fund.

Ghana's Constitution requires the establishment of the Contingency Fund out of which urgent or unforeseen expenditures, for example those arising from natural disasters, will be paid. Payments made out of the Contingency Fund may only cover expenditures for which there is no other express payment provision and must be authorised by parliament.

### Domestic Debt

At the end of May 2016, Ghana's total outstanding domestic debt stood at US\$11.28 billion (GHS43.25 billion), an increase from the US\$10.62 billion (GHS40.32 billion) outstanding at the end of 2015. The Republic attributes the increase to the net domestic debt issue to finance the budget for the first five months of the year.

The maturity profile of Ghana's domestic securities transformed dramatically from 2008 to June 2016 as the government pursued debt management objectives to reduce refinancing risk and develop a medium-term benchmark yield curve. Nonetheless, the government regards short-term domestic debt with high interest cost as a major feature of the country's current domestic debt structure, comprising 39.06 per cent. and 45.25 per cent. of total domestic debt in 2014 and 2015, respectively.

The following table shows domestic debt by maturity structure for 2014 and 2015:

	2014	2015
	(US\$ millions)	
Short Term .....	4,263.5	4,805.76
Medium Term .....	4,016.5	3,344.07
Long Term.....	2,457.5	2,361.01
Standard Loans .....	178.1	110.60
<b>Total.....</b>	<b>10,915.6</b>	<b>10,621.43</b>

Source: Ministry of Finance

The focus on shifting the maturity structure of recent issuances is consistent with the government's debt management objective of extending its debt profile into the medium and long-term. The shift to a longer maturity structure accelerated after the Foreign Exchange Act became effective at the end of 2006 and permitted non-residents to invest in domestic government instruments with a minimum maturity of three years. As at May 2016, non-resident investors held 20.39 per cent. of domestic debt as a result of improved investor confidence. See "The Economy—General—Debt Management Strategy".

### Foreign Investor Participation in the Domestic Debt Market

Foreign investors first participated in a special five-year government bond auction in December 2006, followed by quarterly three-year bond auctions and a second five-year bond auction in July 2007. In August 2013, the government introduced its seven-year bond. In addition, the range of securities created by the shift to a longer maturity structure and the resulting benchmark yield curve is expected to ultimately foster the development of a domestic corporate and municipal bond market where corporations, MDAs, and state-owned and quasi-state-owned institutions are able to issue their own debt instruments at spreads above the domestic risk-free rate.

The following table shows outstanding domestic debt as at the end of the periods indicated:

	2011	2012	2013	2014	2015	May 2016
			(US\$ millions)			
<b>Short-Term Instruments.....</b>	<b>2,756.65</b>	<b>3,050.82</b>	<b>4,058.25</b>	<b>4,263.46</b>	<b>4,805.8</b>	<b>4,784.8</b>
91-Day Treasury Bills .....	794.75	1,901.24	2,129.20	2,473.26	2,454.5	2,331.4
182-Day Treasury Bills .....	837.62	603.45	934.90	1,399.76	2,146.7	2,223.0
1-Year Treasury Notes.....	1,124.27	546.13	994.16	390.43	204.6	230.4
Short-term advance .....	-	-	-	-	-	-
<b>Medium-Term Instruments.....</b>	<b>3,633.76</b>	<b>5,077.42</b>	<b>5,795.78</b>	<b>4,016.54</b>	<b>3,344.1</b>	<b>4,044.8</b>
2-Year Fixed Treasury Notes .....	761.74	912.57	1,679.03	855.49	549.6	582.6
3-Year Floating Treasury Note (SADA) ..	-	107.74	93.33	63.09	-	-
3-Year Fixed Rate Bonds .....	1,780.10	2,640.52	2,219.92	1,529.24	1,333.6	1,590.5
3-Year Stock (SBG).....	19.41	15.92	13.79	-	-	-
3-Year Stock (SSNIT) .....	105.07	86.15	243.98	399.31	282.8	356.0
5-Year GOG Bonds .....	450.98	887.30	1,068.16	869.19	924.2	1,264.3
5-Year Jubilee Bond .....	22.09	21.84	-	-	-	-
7-Year GOG Bond .....	-	-	92.96	62.84	53.1	52.6
GOG Petroleum Financed Bonds .....	51.91	42.57	36.88	24.93	21.1	20.9
TOR Bonds.....	442.45	362.80	314.29	212.45	179.7	177.8
NPRA Stock .....	-	-	33.44	-	-	-
<b>Long-Term Instruments .....</b>	<b>1,224.03</b>	<b>1,676.51</b>	<b>2,434.34</b>	<b>2,457.52</b>	<b>2,361.0</b>	<b>2,336.8</b>
Long-Term government Stocks .....	856.72	1,375.32	2,217.06	2,310.64	2,236.8	2,213.9
Revaluation Stocks .....	295.66	242.44	166.39	112.48	95.1	94.1
Other government Stocks .....	0.64	0.52	0.45	0.31	0.3	0.3
Telekom Malaysia Stocks .....	71.01	58.23	50.44	34.10	28.8	28.5
<b>Standard Loans .....</b>	<b>82.69</b>	<b>192.45</b>	<b>271.08</b>	<b>178.09</b>	<b>110.6</b>	<b>109.5</b>
<b>Total .....</b>	<b>7,697.13</b>	<b>9,997.20</b>	<b>12,559.45</b>	<b>10,915.60</b>	<b>10,621.4</b>	<b>11,275.8</b>

Source: Ministry of Finance

The following table shows a breakdown of domestic debt by holder category as at the end of the periods indicated:

	2011	2012	2013	2014	2015	May 2016
			(US\$ millions)			
<b>Banking System .....</b>	<b>4,476.68</b>	<b>4,700.30</b>	<b>6,436.66</b>	<b>5,727.83</b>	<b>5,361.7</b>	<b>5,081.0</b>
Bank of Ghana .....	1,685.52	1,949.95	2,894.12	2,646.87	2,614.5	2,613.7
Deposit Money Banks .....	2,791.16	2,750.36	3,542.54	3,080.96	2,747.2	2,467.3
<b>Non-Bank Sector.....</b>	<b>1,644.22</b>	<b>2,454.99</b>	<b>3,198.83</b>	<b>3,148.47</b>	<b>3,379.7</b>	<b>3,786.2</b>
SSNIT .....	308.24	400.77	326.06	486.98	395.8	499.4
Insurance Companies .....	25.29	24.56	22.33	19.73	21.3	19.5
NPRA .....	-	-	33.44	-	-	-
Other Holders .....	1,310.69	2,029.66	2,817.00	2,641.75	2,962.6	3,267.3
<b>Foreign Sector .....</b>	<b>1,471.44</b>	<b>2,627.62</b>	<b>2,652.87</b>	<b>1,861.21</b>	<b>1,769.5</b>	<b>2,299.2</b>
Jubilee Bond.....	22.09	21.84	-	-	-	-
<b>Other Standard Loans.....</b>	<b>82.69</b>	<b>192.45</b>	<b>271.08</b>	<b>178.09</b>	<b>110.6</b>	<b>109.5</b>
<b>Total Domestic Debt .....</b>	<b>7,697.13</b>	<b>9,997.20</b>	<b>12,559.45</b>	<b>10,915.60</b>	<b>10,621.4</b>	<b>11,275.8</b>

Source: Ghanaian Authorities

#### External Debt

At the end of May 2016, Ghana's external debt stood at US\$16.15 billion, an increase from US\$15.78 billion at the end of 2015. The Republic largely attributes this increase in external debt to the drawdown of existing loans to complete on going projects.

On 31 March 2009, Ghana issued five promissory notes (the “**Euroget Promissory Notes**”) with an aggregate face value of US\$587,508,000 to Euroget de Invest S.A. (“**Euroget**”), an Egyptian construction company, in support of Ghana’s repayment obligations to Euroget, as lender, under two credit agreements for the financing of projects involving the construction of certain military and civilian hospitals in Ghana. On 19 November 2014, Saderea Limited (“**Saderea**”), an Irish SPV, issued US\$253,189,000 12.5 per cent. Senior Secured Amortising Bonds due 2026 secured, among other things, by Saderea’s rights under the Euroget Promissory Notes, which Saderea acquired from Euroget as part of the transaction. The bonds are listed and trade on the Irish Stock Exchange.

The following table sets out Ghana’s external public debt by creditor as at the end of the periods indicated:

	2012	2013	2014	2015	May 2016
			(US\$ millions)		
<b>Long-Term External Debt Total .....</b>	<b>9,153.58</b>	<b>11,901.97</b>	<b>13,871.84</b>	<b>15,781.89</b>	<b>16,146.23</b>
<b>Short-Term External Debt Total .....</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
<b>External Debt Total.....</b>	<b>9,153.58</b>	<b>11,901.97</b>	<b>13,871.84</b>	<b>15,781.89</b>	<b>16,146.23</b>
<b>Multilateral creditors.....</b>	<b>4,225.14</b>	<b>4,557.92</b>	<b>4,900.73</b>	<b>5,379.45</b>	<b>5,442.42</b>
<i>Of which:</i>					
IDA.....	2,490.86	2,800.76	2,941.49	3,279.33	2,943.16
IBRD .....	-	-	-	-	-
IMF.....	704.79	678.08	605.12	753.00	569.02
African Development Bank Group .....	742.93	689.53	994.70	967.16	939.58
IFAD .....	149.97	148.54	125.28	152.07	119.49
Others .....	248.27	241.01	234.14	227.88	218.77
<b>Official Bilateral.....</b>	<b>948.73</b>	<b>1,114.91</b>	<b>1,127.81</b>	<b>1,096.32</b>	<b>1,148.57</b>
<i>Of which:</i>					
<b>Paris Club.....</b>	<b>609.47</b>	<b>644.66</b>	<b>685.00</b>	<b>668.07</b>	<b>666.08</b>
Austria.....	12.75	25.52	29.66	26.65	26.58
Belgium.....	15.78	9.95	14.57	13.10	13.06
France.....	225.82	252.21	299.32	333.20	273.38
Germany .....	250.60	265.01	227.06	202.94	202.82
Italy .....	26.31	13.76	24.29	21.83	21.77
Spain .....	77.69	65.62	68.49	48.68	65.34
Sweden.....	0.51	12.62	21.59	21.67	22.60
<b>Non-Paris Club .....</b>	<b>339.26</b>	<b>470.25</b>	<b>442.82</b>	<b>428.26</b>	<b>482.49</b>
China .....	234.66	381.39	370.93	345.07	370.30
Kuwait.....	41.13	34.76	22.73	18.79	18.03
Korea PR.....	52.66	40.91	30.31	25.08	24.32
Saudi Arabia .....	10.81	13.19	8.54	7.74	6.84
India .....	-	-	10.29	31.58	14.82
<b>Export/Suppliers/Buyers Credits .....</b>	<b>1,036.38</b>	<b>1,119.38</b>	<b>1,158.43</b>	<b>1,176.29</b>	<b>1,350.58</b>
Belgium.....	255.18	349.90	337.23	304.91	301.50
Canada.....	218.57	238.39	254.09	252.43	252.04
France.....	19.82	13.52	6.92	13.49	3.76
Finland.....	12.34	12.91	9.45	8.93	8.46
Israel .....	119.98	103.53	277.68	357.69	328.49
Netherlands .....	332.87	327.24	215.18	192.45	178.42
United States of America .....	77.63	73.89	57.89	46.39	55.10
<b>Commercial .....</b>	<b>1,708.40</b>	<b>3,359.27</b>	<b>4,801.31</b>	<b>6,318.51</b>	<b>6,383.55</b>
ABSA Bank .....	4.58	4.58	0.44	1.73	1.73
Citibank.....	9.63	56.30	88.64	97.95	101.30
Credit Agricole .....	74.57	64.22	48.98	37.18	37.85

Deutsche Bank Sociedad Anonima Es .....	79.80	-	57.90	49.53	50.43
Export-Import Bank of China .....	255.63	461.98	505.73	488.42	492.18
Export-Import Bank of USA .....	185.17	270.08	271.25	326.57	338.92
Hospital Engineering GmbH .....	-	-	-	-	-
International Capital Markets .....	750.00	1,530.51	2,530.51	3,530.51	3,530.51
NEDBANK .....	3.65	0.96	0.66	1.10	1.10
Samsung Corporation .....	-	-	-	-	-
Societe Generale .....	24.38	20.63	16.88	13.13	13.13
Belfius Bank NV/SA .....	5.69	13.82	10.56	6.74	6.86
CDB .....	192.70	546.50	657.89	728.98	728.98
Others .....	122.62	389.68	611.86	1,036.68	1,080.56
<b>Other Concessional .....</b>	<b>1,123.28</b>	<b>1,750.48</b>	<b>1,883.56</b>	<b>1,811.32</b>	<b>1,821.11</b>
Austria .....	84.20	103.82	102.37	93.67	92.69
Belgium .....	71.04	65.29	52.04	45.30	43.64
China .....	484.90	587.27	721.11	755.06	719.48
Egypt .....	186.55	597.14	536.71	476.29	509.87
India .....	99.28	98.67	94.67	90.37	92.52
Netherlands .....	2.48	69.40	145.30	127.62	141.97
United Kingdom .....	-	-	-	-	-
United States of America .....	194.83	228.9	231.35	223.01	231.35

Source: Ghanaian Authorities

The following table sets out Ghana's external debt by currency composition as at the end of the periods indicated:

	2009	2010	2011	2012	2013	2014	2015	May 2016
	(% of total debt)							
Special Drawing Rights (SDR) .....	36.25	33.32	31.02	31.14	26.44	22.76	22.37	22.14
United States Dollar (USD) .....	32.40	37.00	38.64	40.56	49.74	54.13	57.98	58.50
Euro (EUR) .....	21.59	18.34	18.97	17.81	15.23	13.84	11.59	11.45
Great Britain Pound (GBP) .....	-	-	-	0.06	0.41	0.50	0.47	0.45
Japanese Yen (YEN) .....	0.67	0.85	0.75	0.57	0.33	0.27	0.51	0.54
Chinese Yuan Renminbi (CNY) .....	3.15	3.29	3.63	2.63	3.20	2.67	2.19	2.12
Others .....	5.94	7.21	6.99	7.22	4.64	5.83	4.89	4.79
<b>Total .....</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Ghanaian Authorities

The following table sets out debt service projections for Ghana's external debt by type of creditor for the years 2016 to 2027. It does not include debt service projections beyond the years indicated. The data contained in the table does not assume any refinancing of existing debt and has not been adjusted to reflect the purchase by Ghana of its 2017 Notes in connection with the July 2016 Tender Offer. See "Overview–Recent Developments–Tender offer for 2017 Notes".

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
	(US\$ millions)											
<b>Principal</b>												
<b>Payments</b>												
Multilateral....	122.76	128.42	136.93	141.21	147.02	163.06	174.05	178.67	192.37	194.13	123.12	122.46
Bilateral.....	197.24	197.01	202.72	178.87	182.41	184.06	179.50	168.04	151.28	136.93	120.52	65.56
Commercial...	707.28	1,330.31	813.81	518.88	419.77	351.27	227.81	1,171.62	464.12	409.69	400.99	50.34
<b>Total</b>												
<b>Principal</b>												
<b>Payments .....</b>	<b>1,027.27</b>	<b>1,655.74</b>	<b>1,153.46</b>	<b>838.96</b>	<b>749.20</b>	<b>698.40</b>	<b>581.36</b>	<b>1,518.32</b>	<b>807.77</b>	<b>740.76</b>	<b>644.63</b>	<b>238.36</b>
<b>Interest</b>												
<b>Payments</b>												
Multilateral....	40.63	39.88	39.25	38.56	37.79	36.94	35.93	34.85	33.73	32.50	31.26	30.09
Bilateral.....	35.45	34.31	32.04	25.22	22.15	19.11	16.10	13.30	10.75	8.33	6.14	4.44
Commercial...	469.73	458.75	394.85	348.48	323.73	305.77	291.77	285.35	201.73	170.35	141.22	112.36
<b>Total</b>												
<b>Interest</b>												
<b>Payments.....</b>	<b>545.81</b>	<b>532.94</b>	<b>466.14</b>	<b>412.26</b>	<b>383.67</b>	<b>361.82</b>	<b>343.80</b>	<b>333.50</b>	<b>246.218</b>	<b>211.18</b>	<b>178.62</b>	<b>146.90</b>
<b>Total Debt</b>												
<b>Service</b>												
Multilateral....	163.39	168.30	176.18	179.77	184.81	200.00	209.98	213.52	226.09	226.63	154.37	152.55
Bilateral.....	232.69	231.31	234.76	204.09	204.56	203.17	195.61	181.34	162.03	145.26	126.66	70.00
Commercial...	1,177.01	1,789.06	1,208.66	867.37	743.50	657.04	519.57	1,456.96	665.85	580.04	542.22	162.70
<b>Total Debt</b>												
<b>Service .....</b>	<b>1,573.08</b>	<b>2,188.68</b>	<b>1,619.60</b>	<b>1,251.23</b>	<b>1,132.87</b>	<b>1,060.21</b>	<b>925.16</b>	<b>1,851.82</b>	<b>1,053.98</b>	<b>951.93</b>	<b>823.25</b>	<b>385.26</b>

Source: Ghanaian Authorities

Since its new Constitution came into effect in 1993, Ghana has not defaulted on any external debt in respect of which it is liable. Debts of state-owned enterprises are legal obligations of the Republic only when explicitly guaranteed pursuant to the constitutional authority of the Minister for Finance.

The following table sets out debt service projections for Ghana's domestic debt by type of creditor for the years 2016 to 2027. It does not include debt service projections beyond the years indicated. The data contained in the table does not assume any refinancing of existing debt.

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
	(US\$ millions)											
<b>Principal Payment</b>												
Standard Loans	54	41	16	0	0	0	0	0	0	0	0	0
91/182-Day T-bills	4,225	0	0	0	0	0	0	0	0	0	0	0
1-Year Note	205	0	0	0	0	0	0	0	0	0	0	0
2-Year Note	116	434	0	0	0	0	0	0	0	0	0	0
3-Year Note	344	364	625	0	0	0	0	0	0	0	0	0
5-Year Note	132	432	171	0	189	0	0	0	0	0	0	0
7-Year Note	0	0	0	0	53	0	0	0	0	0	0	0
Non-Marketable	29	792	0	241	42	0	0	0	0	0	0	0
<b>Total Principal Payment</b>	<b>5,104</b>	<b>2,062</b>	<b>813</b>	<b>241</b>	<b>284</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Interest Payment</b>												
Standard Loans	27	14	4	0	0	0	0	0	0	0	0	0
91/182-Day T-bills	1,027	0	0	0	0	0	0	0	0	0	0	0
1-Year Note	46	0	0	0	0	0	0	0	0	0	0	0
2-Year Note	127	100	0	0	0	0	0	0	0	0	0	0
3-Year Note	298	221	140	0	0	0	0	0	0	0	0	0
5-Year Note	197	168	77	40	40	0	0	0	0	0	0	0
7-Year Note	9	9	9	9	9	0	0	0	0	0	0	0
Non-Marketable	391	387	291	291	262	257	257	257	257	257	257	257
<b>Total Interest Payment</b>	<b>2,122</b>	<b>900</b>	<b>521</b>	<b>341</b>	<b>312</b>	<b>257</b>	<b>257</b>	<b>257</b>	<b>257</b>	<b>257</b>	<b>257</b>	<b>257</b>
<b>Total Debt Service</b>												
Standard Loans	81	54	20	0	0	0	0	0	0	0	0	0
91/182-Day T-bills	5,252	0	0	0	0	0	0	0	0	0	0	0
1-Year Note	251	0	0	0	0	0	0	0	0	0	0	0
2-Year Note	243	534	0	0	0	0	0	0	0	0	0	0
3-Year Note	643	585	765	0	0	0	0	0	0	0	0	0
5-Year Note	329	600	248	40	229	0	0	0	0	0	0	0
7-Year Note	9	9	9	9	63	0	0	0	0	0	0	0
Non-Marketable	420	1,179	291	532	304	257	257	257	257	257	257	257
<b>Total Debt Service</b>	<b>7,227</b>	<b>2,962</b>	<b>1,334</b>	<b>582</b>	<b>596</b>	<b>257</b>	<b>257</b>	<b>257</b>	<b>257</b>	<b>257</b>	<b>257</b>	<b>257</b>

Source: Ghanaian Authorities

#### Relations with Multilateral Financial Institutions

Ghana continues to maintain relationships with multilateral financial institutions. In July 2009, the Republic entered a three-year extended credit facility with the IMF under which the IMF provided the country with US\$581.28 million. The programme was successfully completed and terminated in July 2012. As discussed in greater detail below, the Republic and the IMF entered into a new three-year extended credit facility in April 2015. See “—International Monetary Fund (IMF) Programme”.

In support of Ghana's transition to a lower middle-income oil producing economy, the World Bank recently approved the Ghana Oil and Gas Capacity Building Project (US\$38 million) and the Ghana Public Private Partnership Project (US\$30 million).

In June 2012, the government and its development partners agreed on a ten-year compact, the Leveraging Partnership for Shared Growth and Development (the "**Compact**"). The Compact aims to take into account the challenges that Ghana faces as it begins its transition to a lower middle-income economy, as well as the country's transition to becoming an oil producing and exporting economy.

Specifically, the objectives of the Compact are to:

- contribute to accelerated and inclusive economic growth and sustained poverty reduction by assisting Ghana to establish middle-income status;
- reduce dependence on official development assistance and to increase levels of domestic resource collection and reliance on alternative development funding;
- ensure predictability and minimise the risk of abrupt reductions in inflows of official development assistance and other forms of development finance;
- focus development assistance on issues and sectors of significant strategic importance for national development; and
- increase accountability, transparency and effectiveness of development assistance to Ghana so that it delivers results and value.

Ghana's development partners agreed to align their support to the priorities and strategic interventions the government has identified under the Compact.

#### ***International Monetary Fund (IMF) Programme***

In May 2014, the IMF published its staff report in connection with its annual Article IV consultation with officials representing Ghana on economic developments and policies (the "**2014 Article IV Report**"). The 2014 Article IV Report acknowledged that Ghana experienced strong and broadly inclusive growth over the past two decades and that its medium-term prospects were supported by rising energy production. In addition, the report stated that the country has outperformed regional peers in reducing poverty and improving social indicators and that its democratic credentials and a highly rated business climate have helped attract FDI, supporting growth record and helping Ghana achieve lower middle-income status. The 2014 Article IV Report also stated that, over the medium-term, growing energy production would boost exports and carry the potential of easing one of Ghana's main constraints to economic growth by making the provision of energy more reliable.

The 2014 Article IV Report also raised a number of concerns. In particular, it stated that the emergence of large fiscal and current account deficits since 2012 had created significant challenges. It considered that the fiscal deficit was fuelled by a large public sector wage bill and costly energy subsidies. In addition, it reported that the fiscal deficit was accompanied by a growing current account deficit that exceeded FDI, loans, grants and portfolio inflows attracted by high interest rates on domestic bonds. As a result, public debt increased significantly and the international reserve position weakened alongside a depreciating currency. The report identified Ghana's main vulnerability as arising from its large fiscal and current account deficits in the context of a low reserve buffer. Although the IMF agreed with the thrust of the measures adopted pursuant to the government's fiscal consolidation programme, it recommended deeper and entrenched reforms in order to achieve significant medium-term consolidation.

In particular, the IMF recommended a comprehensive policy package that (i) targets additional fiscal adjustment of about 1 ¾ per cent. of GDP in 2014 and (ii) entrenches the structural and legislative reforms that ensure more significant and durable consolidation over the medium-term.

The IMF proposed the following medium-term structural measures:

- revenue measures including (i) legislative revisions to streamline exemptions permanently and to strictly constrain the power to grant them, (ii) a thorough review of the tax regime for free zones to reduce tax expenditures, (iii) reconsideration of a windfall profit tax on mining and (iv) strengthening of tax administration focused on improved compliance (particularly of large taxpayers); and

- expenditure measures including (i) multi-year wage agreements which are consistent with fiscal consolidation plans, (ii) a specific program to reduce the public workforce while improving its skill mix, (iii) streamlining of subsidised agencies, with time-bound targets for removing them from the public payroll through closure or commercialisation, (iv) full integration of spending by statutory funds in the overall investment program, combined with a review of possible legislative changes to replace rigid transfer rules and (v) acceleration of various public financial management reforms, including GIFMIS, the Treasury Single Account, and payroll and human resources management.

In addition, the IMF recommended that the government adopt additional short-term measures including the following:

- revenue measures including (i) the introduction or increase of selective tax rates (for example, higher ad valorem tax, or VAT, on fuel), (ii) higher excises on specific products, (iii) higher tax rates on real estate along with stepped up registration and valuation efforts, (iv) an immediate freeze on new tax exemptions and (v) better identification and targeted auditing of large taxpayers; and
- expenditure measures including (i) a reduction in wage costs through streamlining of allowances (starting at higher income levels), (ii) non-replacement of departing public sector employees in overstaffed areas, (iii) the further prioritisation of capital spending, combined with reduction in transfers to statutory funds to lowest permissible levels and (iv) reduction or elimination of transfers to the GNPC.

The 2014 Article IV Report also considered monetary policy. It supported the tightening of monetary policy, but expressed reservations about the effectiveness of recent foreign exchange regulations introduced by the BOG. The IMF suggested that the BOG reduce direct government financing, which amounted to 6.23 per cent. of current-year revenue in 2013 (exceeding the BOG's own target of 5 per cent.). In addition, the IMF suggested that the BOG adopt a unified market-determined exchange rate and increase its inflation target horizon.

In August 2014, the government requested an arrangement with the IMF to help support stronger policy adjustment, restore market confidence and revive Ghana's transformation agenda. Consequently, on 3 April 2015, the Executive Board of the IMF approved a three-year extended credit facility for Ghana in the amount of SDR664.2 million (US\$918 million) to support Ghana's balance of payments. The programme provides that the IMF will disburse the total amount in eight equal tranches. The IMF made the first disbursement immediately after approving the credit facility, and the IMF is due to make the remaining seven disbursements after completion of subsequent reviews under the credit facility.

Prior to the IMF's approval of the programme, the government implemented certain measures, including (i) adoption of the 2015 budget consistent with front-loaded fiscal consolidation plan, (ii) adoption of an agreement establishing a ceiling of five per cent. of previous year's budget revenue for monetary financing of the governmental budget through government overdrafts or loans from the BOG, (iii) institution and implementation of a strictly rules-based method using market transactions to determine the BOG's official exchange rate, (iv) implementation of a petroleum products price structure reform to reflect a full cost recovery, including imposition of special petroleum tax of 17.5 per cent., (v) announcement of a medium-term inflation target, endorsed by the Ministry of Finance, and (vi) publication of a plan to strengthen public sector payroll management.

The programme, anchored on Ghana's GSGDA II, aims to make sizeable and frontloaded fiscal adjustments to restore debt sustainability, rebuild external buffers and eliminate fiscal dominance of monetary policy, while safeguarding financial sector stability. The programme provides that social safety net programmes should be expanded to restore real income of the poor and to mitigate possible adverse impact of the fiscal consolidation. The programme anticipates that strengthened public financial management and revenue administration will support fiscal consolidation and elimination of fiscal dominance of the monetary policy will restore the effectiveness of the inflation targeting framework. The programme projects that non-oil GDP growth will decrease to 2.3 per cent. in 2015 before picking up in the following years, reaching 5.5 per cent. by 2017.

To achieve the programme objectives, Ghana plans to implement a number of policies, which are consistent with Ghana's home grown fiscal consolidation programme. See "The Economy—Home Grown Fiscal Consolidation Programme". The government plans to continue to implement existing structural reforms as well as adopt new structural reforms. These structural reforms are primarily in the area of revenue administration, tax policy, human resource management, public sector employment and payroll, debt management and supervision and regulation of the financial system.

With respect to the fiscal policy, the programme focuses on substantially strengthening the fiscal position by mobilizing additional revenues, restraining the wage bill and other primary governmental spending, while making space for priority governmental spending. The programme expects that a prudent borrowing policy will complement fiscal consolidation

efforts to restore debt sustainability. Combined with the expected expansion in hydrocarbon production, the programme expects these measures will bring total public debt to a more sustainable level of approximately 50 per cent. of GDP within a decade.

The programme also focuses on accelerating the reform agenda by strengthening public financial management and expenditure controls. In particular, the programme aims at cleaning-up the payroll and enhancing wage bill control, improving revenue collection through tax policy and tax administration reforms, restoring the effectiveness of the inflation-targeting framework by eliminating fiscal dominance and enhancing monetary policy operations. To safeguard the government's goal for debt and fiscal sustainability, the Ministry of Finance has developed a comprehensive medium-term debt management strategy, which was approved by the cabinet in June 2015. The strategy aims to deepen the domestic debt market to reduce refinancing and exchange rate risks while securing a more stable source of financing over the medium-term. The government also intends to strengthen its risk management practice by developing an operational framework for building cash buffers (Sinking Funds), strengthening the management of the on-lending portfolio and reducing the exposure to contingent liabilities.

To support the fiscal adjustment effort, the government plans to adopt certain measures to reform the public financial management framework. To signal the urgent need to reform the public financial management framework, the cabinet has approved a public financial management reform strategy. The government has already submitted to parliament for approval comprehensive public financial management legislation, which aims to amend weaknesses in the existing public financial management laws. The new Public Financial Management Bill was approved by parliament on 2 August 2016. To restore budget credibility and avoid significant overruns, the government plans to strengthen the medium-term fiscal framework and revenue forecasting models. To increase control over budget execution and avoid accumulation of new arrears, the government plans to (i) only recognise purchases generated by its integrated financial management system as valid government commitments and (ii) extend the system to revenue and expenditure transactions of internally generated funds to progressively enhance budget comprehensiveness. The Ministry of Finance has strengthened the treasury and cash management by gradually centralizing cash holding in the Treasury Single Account. The Treasury Single Account has operated since 2013 in order to pool and manage government accounts in all banks into one account. Several thousand accounts have been identified both at BOG and commercial banks. Over three thousand accounts at BOG have been closed and seven hundred have been set up under GIFMIS. The government is continuing to implement this policy and work is on-going to streamline remaining accounts both within BOG and commercial banks.

To improve fiscal transparency and accountability, the government plans to continue to follow the recommendations of the Extractive Industry Transparency Initiative with regard to the management of natural resource revenues. The Ministry of Finance also plans to improve the production and timely publication of fiscal data not yet publicly available, including revenues and expenditures of local governments and extra-budgetary funds, financial statements of SOEs, public investment plans and wage bill performance reports.

With respect to monetary policy and the exchange rate regime, the government plans, among other things, to reduce inflation to 10.1 per cent. by the end of 2016. Guided by inflation forecasts, the MPC plans to take all decisions on the reference interest rate and the interest rate band, while, to strengthen the BOG's ability to steer the interbank interest rates to the policy rate, the BOG has introduced a new set of regulations making the two-week fixed rate BOG bills the main instrument for liquidity management. In July 2016, the government submitted to parliament for approval in August an amendment to the BOG Act which, amongst other things, sought to impose at the IMF's request a zero limit (subject to limited exceptions) on BOG monetary financing of central government and public institutions (including SOEs). However, parliament rejected the provisions of the new bill which imposed a zero limit on BOG monetary financing of central government and public institutions (including SOEs) and instead approved a limit of 5 per cent. of the previous year's government revenues. However, the government has confirmed that its intention is to continue to adhere to the zero limit on BOG financing of central government in accordance with the IMF's structural benchmarks (which permits BOG to finance up to 2 per cent. of the previous year's government revenues for a cumulative period of up to 90 business days of the calendar year). See "Overview — Recent Developments — Bank of Ghana Amendment Bill" and "Risk Factors — The IMF programme is subject to various conditions, and the continuation of the programme support depends on the Republic's ability to comply with the programme conditions. In addition, the programme conditions could impede economic development in the short-term."

With respect to financial stability, to address concerns about bank balance sheets, the BOG and external audit firms have reviewed loan classification and provisioning and structured loans. Informed by this audit, the BOG is developing new regulations to ensure banks are meeting prudent standards in their underwriting and credit evaluation practices and are not under-provisioning. In the second quarter of 2016, the BOG presented to the parliament draft legislation to strengthen the BOG's supervisory and resolution powers and crisis management in line with international best practices. The proposed legislation

empowers the BOG to (i) take prompt corrective actions, (ii) provide for liquidity support instruments, (iii) clear triggers for bank resolution and (iv) use a range of bank resolution tools.

Under the programme, the IMF monitored the progress of the programme based on periodic quantitative and continuous performance criteria as well as indicative targets as at end of the months of April, August, December 2015 and June 2016 and will subsequently monitor progress against this criteria at the end of the months of December 2016 and June and December 2017. IMF reviews after each test date assess the performance of each of the performance criteria and structural benchmarks of the programme. The indicative targets under the programme are (i) central target rate of inflation and (ii) a floor on social protection spending. The quantitative and continuous performance criteria under the programme are:

- a floor on the primary cash fiscal balance of the government, measured in terms of financing;
- a ceiling on gross credit to government by the BOG;
- a floor on the net international reserves of the BOG;
- a ceiling on net domestic assets of the BOG;
- a ceiling on wages and salaries;
- a ceiling on the net change in the stock of domestic arrears;
- a continuous non-accumulation of domestic arrears;
- a continuous non-accumulation of new external arrears; and
- a ceiling on the contracting or guaranteeing of new external non-concessional debt.

The following table shows quantitative programme targets and results (as defined in the programme technical memorandum of understanding) for the dates indicated:

	2015 Projections	Mar 2016 Target	Jun 2016 Target	Sep 2016 Target	Dec 2016 Target
<b>Quantitative Performance Criteria<sup>1</sup></b>					
Primary fiscal balance of the government (floor in millions of cedis) .....	-220	13	723	1,227	2,083
Wage Bill (ceiling; in millions of cedis) .....	10,286	2,928	5,853	8,783	11,723
Net international reserves of the Bank of Ghana (floor; millions of U.S. dollars) <sup>2</sup> .....	863	-555	-357	-928	832
Net change in stock of arrears (ceiling, millions of cedis) .....	-1,561	-630	-1,476	-2,313	-2,313
<b>Continuous Performance Criteria</b>					
Gross financing of BoG to the Government and SOEs (ceiling; in millions of cedis) <sup>3</sup> .....	15,814	15,814	15,814	15,814	15,814
Non-accumulation of external arrears (ceiling; millions of U.S. dollars) .....	0	0	0	0	0
Non-accumulation of domestic arrears (ceiling; millions of cedis) .....	0	0	0	0	0
Contracting or guaranteeing of new external nonconcessional debt (ceiling; millions U.S. Dollars) <sup>4</sup> .....	2,000	2,000	2,150	2,150	2,150
o/w: Debt for a debt management purpose .....	1,500	1,000	1,150	1,150	1,150
Debt for projects (cumulative from the beginning of 2015) <sup>5</sup> .....	500	1,000	1,000	1,000	1,000
<b>Monetary Policy Consultation Clause</b>					
Twelve-month consumer price inflation (percent) .....					
'Outer band (upper limit) .....	22.6	20.5	19.0	16.9	13.0
'Inner band (upper limit) .....	21.6	19.5	18.0	15.9	12.0
Central target rate of inflation .....	19.6	17.5	16.0	13.9	10.0
'Inner band (lower limit) .....	17.6	15.5	14.0	11.9	8.0

	2015	Mar 2016	Jun 2016	Sep 2016	Dec 2016
	Projections	Target	Target	Target	Target
'Outer band (lower limit) .....	16.6	14.5	13.0	10.9	7.0
<b>Indicative Target</b>					
Net Domestic Assets of Bank of Ghana (ceiling; millions of cedis) <sup>6</sup> .....	3,410	4,031	3,818	6,447	265
Contracting or guaranteeing of new external concessional debt (ceiling; millions U.S. Dollars) .....	100	400	400	400	400
Social Protection (floor, in million of cedis) .....	2,489	522	1,050	2,573	3,022

Source: IMF Second Review extended credit facility January 2016

<sup>1</sup> Performance criteria for end-June and end-December, and Indicative targets for end-March and end-September 2016.

<sup>2</sup> Program definition excludes foreign currency deposits in BOG. Defined as a change from end-2015.

<sup>3</sup> Defined as a level.

<sup>4</sup> The USD 2000 million ceiling, with the two subceilings, applies starting from the date of completion of the second review. Prior to this date, the ceiling remains as specified in Table 1 of the August 25, 2015 Supplementary Letter of Intent, and as specified in the August 2015 TMU.

<sup>5</sup> Non-concessional debt used to improve the overall public debt profile, including a Eurobond.

<sup>6</sup> Net domestic assets is computed using the program's exchange rate of GHc 3.4 per U.S.\$1 for 2015 and GHc 4.0 per U.S.\$1 for 2016 as defined in the attached Technical Memorandum of Understanding (TMU). Defined as a level.

See “Risk Factors—The IMF programme is subject to various conditions, and the continuation of the programme support depends on the Republic’s ability to comply with the programme conditions. In addition, the programme conditions could impede economic development in the short-term”.

The following table shows programme structural reform benchmarks for the first and second reviews of the programme and dates indicated:

Category	Structural benchmarks	Economic rationale	Indicative timeframe	Status
<b>Revenue administration and Tax policy</b>				
Revenue administration	- Adoption of the presumptive income tax, followed by revision of VAT thresholds	To enhance compliance in tax payments.	October 2015	Not Met. Partially implemented
Tax policy	- Identify exemptions to SOEs and free zone companies that will be eliminated in 2016, to be included in the 2016 budget, and further eliminate GIPC’s role in granting exemptions.	Broaden tax base	October 2015	Not Met. Partially implemented
<b>Public Financial Management</b>				
Payroll management	- Audit of the payroll database and security system.	Improve security of the payroll system	May 15, 2015	Not Met. Implemented with delay

Category	Structural benchmarks	Economic rationale	Indicative timeframe	Status
PFM reform strategy	- Biometric validation of all employees on the mechanized payroll, as well as publication of the public audit of payroll management	Cleaning of the payroll database	June 2015	Not Met. Partially Implemented; Delayed
	- Approval by Cabinet of a new PFM reform strategy and action plan, including a strategy for completion of the Treasury Single Account (TSA)	To revamp PFM reform effort	August 2015	Met
<b>Public Debt Management</b>				
Public Debt Management	Approval by Cabinet of a medium-term debt management strategy - with clear risk priorities and plans on how these will be addressed, and its publication	To have a clear financing strategy communicated with the market to reduce uncertainty and borrowing costs		Met
<b>Monetary Policy and Financial Sector</b>				
Exchange rate	- Adopt a plan to eliminate the compulsory requirement of foreign exchange to BoG and stop provisions of foreign currency funding for priority sector imports	Support market-based determination of the exchange rate and deepening of the foreign exchange market.	April 2015	Not Met. Implemented with delay
Prudential supervision	- Submit to parliament a new Banks and Specialized Deposit-Taking Institutions Bill which provides BOG with the authority for prompt corrective action, liquidity support instruments, clear triggers for bank resolution, and a range of bank resolution tools.		May 15, 2015	Met
	- Submit to parliament a Deposit Insurance Bill which is consistent with the Banks SDI bill; that establishes an institution with the responsibility of paying deposits from recovered assets of failed banks; and ensures that incentives are appropriate and does not undermine market discipline		May 15, 2015	Met
Diagnostic Review	- Complete an asset quality review of the banks, undertaken by independent third parties, in consultation with IMF staff	Ensure prudent standards bank's underwriting and in credit evaluation practices.		Met

Source: IMF

The following table shows the proposed programme structural reform benchmarks for 2015 to 2016 and dates indicated:

Category	Proposed structural benchmarks	Economic rationale	Indicative timeframe
<b>Revenue administration and tax policy</b>			
Revenue administration	- Publish the first quarterly report on the results of the risk-based audit of taxpayers program.	To enhance compliance in tax payments.	June 2016
Non-Tax Revenue	- Adopt and implement legal and regulatory changes to improve to improve management of Internally Generated Funds and channel a larger share of revenues through the central government budget.	To enhance mobilization of non-tax revenues.	December 2016
<b>Public Financial Management (PFM)</b>			
Human resource Management	- Finalize roll out the HRMIS to remaining MDAs	To strengthen control on net hiring and the wage bill.	December 2016
	- Integration of the GIFMIS Payroll, financial HRMIS and Hyperion in the Health and Education sectors.	To strengthen control on net hiring and the wage bill	June 2016
Payroll management	- Migrating employees of subvented agencies into the mechanized payroll	To strengthen control on net hiring and the wage bill	Proposed to be reset to May 2016
Subvented Agencies	- Wean-off the remaining eight subvented agencies from government payroll that were identified as commercially viable.	To strengthen control on the wage bill	June 2016
Budget Preparation	- Publication of a pre-budget statement, including explicit debt and deficit target for the 2017 Budget.	To improve budget credibility	June 2016
TSA	- Roll-out GIFMIS to 25 central government MDAs generating IGFs, including the 20 highest generating IGF, and close all related bank accounts in commercial banks.	To reduce borrowing costs	December 2016
Legal framework	- Submit to Parliament the draft PFM bill to amend existing PFM legal framework with the aim to: clarify the scope of application of the legislation and the institutional arrangements; strengthen budget formulation and execution, treasury management, accounting and reporting; introduce provisions on fiscal responsibility and on debt management	To strengthen the PFM system	Proposed to be reset to March 2016

Category	Proposed structural benchmarks	Economic rationale	Indicative timeframe
	- Adopt regulations for the implementation of the new PFM act.	To strengthen the PFM system	December 2016
<b>Public Sector Reform</b>			
Public sector reform	- Adoption by Cabinet of a comprehensive public sector reform strategy designed with the assistance of development partners.	To rationalize the size and increase the efficiency of public sector	December 2015
<b>Monetary Policy and financial sector</b>			
Bank of Ghana Act	- Submit to Parliament a revised Law that: strengthens the functional autonomy of BoG; sets a zero limit on monetary financing to the government and public institutions; establishes appointment durations for Governor and Board members; sets rules for emergency lending to banks in distress; and ensures compliance with IFRS.	Strengthen autonomy of the bank; set mechanisms for emergency lending.	December 2015
Elimination of foreign exchange surrender requirements	- Fully implement the first two stages of the set of measures to deepen the foreign exchange market. This includes: redirect the surrender requirement for gold and residual cocoa export proceeds from the BoG to commercial banks; design of a rule-based competitive system to intermediate FX flows to market, and; establish a settlement mechanism agreed with all stakeholders for the resolution of the outstanding stock of matured LCs to oil importers, following an audit to determine eligibility.	Deepen the foreign exchange market to reduce volatility.	June 2016

Source: IMF

The IMF will also monitor reforms through specific structural benchmarks within set timeframes. For example, to broaden the tax base, the government has identified exemptions to SOEs and free zone companies that will be eliminated in 2016 and further eliminate Ghana Investment Promotion Centre's role to grant exemptions. As part of the monitoring of the programme, the Ministry of Finance, the BOG and other agencies must submit certain data, including fiscal, monetary and balance of payments and external debt and foreign assistance data, to the IMF on a regular basis.

The IMF conducted the first review of the programme in June 2015 to assess the performance criteria targets for April 2015 and the structural benchmarks. The IMF reported that, while the programme is generally on track, there are some areas for improvement, such as the BOG financing of government expenditures, tax administration and rising inflation. The first review also assessed the status of implementation of some of the structural reforms. The Executive Board of the IMF met in August 2015 to complete the performance review from June 2015. The Executive Board of the IMF made the second disbursement in September 2015. The IMF conducted the second review of the programme between 21 October and 5 November 2015. The Executive Board of the IMF met in January 2016 to complete the second performance review. The Executive Board of the IMF made the third disbursement in January 2016. The IMF conducted the third review of the programme between 27 April and 11 May 2016 and adjudged the programme to be broadly satisfactory at the Staff level. At the time, the government's expectation was that the IMF would complete its consideration of the third review only upon the satisfaction of the following prior actions: (i) submission to parliament of the new Public Financial Management Bill (in the form agreed with the IMF), (ii) submission to parliament of the new bill amending the Bank of Ghana Act, 2002 (Act 612) (in the form agreed with the IMF) and (iii)

finalisation of a strategy to address the significant levels of debt of state-owned enterprises (“SOEs”) operating within the power sector. The government believes that it has satisfied the prior actions which the IMF had indicated would need to be carried out before the IMF’s executive board would complete its consideration of the third review. The IMF has, however, indicated that it must first complete its review and consideration of the new legislation recently passed by parliament before it will be in a position to conclude the third review. The government continues to work with the IMF toward the conclusion of the third review. See “Risk Factors—The IMF programme is subject to various conditions, and the continuation of the programme support depends on the Republic’s ability to comply with the programme conditions. In addition, the programme conditions could impede economic development in the short-term”, “Overview — Recent Developments— IMF” and “Public Debt—Relations with Multilateral Financial Institutions—International Monetary Fund (IMF) Programme”.

The following table sets out the original schedule of reviews and purchases under the IMF’s SDR664.2 million extended credit facility arrangement for Ghana, 2015-18<sup>1</sup>.

Amount of Purchase		Availability Date	Conditions
Millions of SDR	Percent of Quota		
83.025	22.50	April 3, 2015	Executive Board approval of the three-year extended credit facility arrangement
83.025	22.50	July 15, 2015	Observance of the performance criteria for April 30, 2015, and completion of the first review under the arrangement
83.025	22.50	November 15, 2015	Observance of the performance criteria for August 31, 2015, and completion of the second review under the arrangement
83.025	22.50	April 15, 2016	Observance of the performance criteria for December 31, 2015, and completion of the third review under the arrangement
83.025	22.50	October 15, 2016	Observance of the performance criteria for June 30, 2016, and completion of the fourth review under the arrangement
83.025	22.50	April 15, 2017	Observance of the performance criteria for December 31, 2016, and completion of the fifth review under the arrangement
83.025	22.50	October 15, 2017	Observance of the performance criteria for June 30, 2017, and completion of the sixth review under the arrangement
83.025	22.50	March 15, 2018	Observance of the performance criteria for December 31, 2017, and completion of the seventh review under the arrangement
664.200	180.00	Total under the extended credit facility arrangement	

Source: IMF

<sup>1</sup> In addition to the generally applicable conditions under this extended credit facility arrangement. Total access under this arrangement is 180 % of quota.

### ***EU Budget Support***

In June 2015, the EU announced that it will provide Ghana approximately US\$181 million of budget support. Of this amount, the EU has released (i) approximately US\$119 million to support the government’s implementation of GSGDA II, (ii) approximately US\$35 million to support the Ministry of Health’s efforts to reduce maternal mortality, (iii) approximately US\$8 million to improve service delivery at the local level and (iv) approximately US\$8 million to support the preparation and implementation of policy reforms in the environment and natural resources sector.

***International Development Association (“IDA”) Budget Support***

In July 2015, the Board of Directors of IDA approved US\$150 million of budget support to Ghana. The credit is the first in a series of three development policy financing (“**DPF**”) operations under the Macroeconomic Stability for Competitiveness and Growth DPF programme. The objective of this programme is to help the government stabilize the economy and strengthen fiscal control by implementing financial policies and processes that are transparent and predictable.

The credit is intended to support efforts to consolidate on-going fiscal stabilization measures and support policies outlined in the GSGDA. Specifically, the proceeds will be used to support the implementation of the 2015 budget and economic policy of the government and contribute to attainment of the key macroeconomic targets outlined in it.

In October 2015, Ghana issued US\$1,000,000,000 10.75 per cent. Amortising Notes due 2030 partially guaranteed by the International Development Association.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the Terms and Conditions of the Notes which, upon issue, will represent the terms and conditions applicable to all Notes, and, subject to completion and amendment, will be endorsed on each Note Certificate and will be attached and (subject to the provisions thereof) apply to each Global Note Certificate (capitalised terms as defined below). The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note in individual form to the extent described under “The Global Note Certificates—Form of the Notes” section.*

The U.S.\$750,000,000 9.250 per cent. Amortising Notes due 2022 (the “**Notes**”, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 16 (*Further Issues*) and forming a single series with the Notes) of the Republic of Ghana (the “**Issuer**”) are issued subject to and with the benefit of (a) an Agency Agreement dated 15 September 2016 (such agreement as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) made between the Issuer, Deutsche Bank Trust Company Americas as registrar (the “**US Registrar**”) and transfer agent, Deutsche Bank Luxembourg S.A. as registrar (the “**Luxembourg Registrar**”) and, together with the U.S. Registrar, the “**Registrars**”) and transfer agent (together with Deutsche Bank Trust Company Americas as transfer agent, the “**Transfer Agents**”) and Deutsche Bank AG, London Branch as fiscal agent (the “**Fiscal Agent**”) and paying agent (together with Deutsche Bank Trust Company Americas as paying agent, the “**Paying Agents**”) and, together with the Fiscal Agent and the Registrars, the “**Agents**”) and (b) a Deed of Covenant dated 15 September 2016 (as amended or supplemented from time to time, the “**Deed of Covenant**”) of the Issuer.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement are available for inspection during normal business hours by the holders of the Notes (the “**Noteholders**”) at the Specified Office (as defined in the Agency Agreement) of each of the Paying Agents. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. References in these Conditions to the Fiscal Agent, the Registrars, the Paying Agents and the Agents shall include any successor appointed under the Agency Agreement.

### 1. Form, Denomination and Title

#### 1.1 Form and Denomination

The Notes are issued in registered form in denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof, each an “**Authorised Denomination**”. A note certificate (each a “**Certificate**”) will be issued to each Noteholder in respect of its registered holding of Notes. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the relevant Register (as defined below) which the Issuer will procure to be kept by the Registrars.

#### 1.2 Title

The Registrars will each maintain a register (each a “**Register**”) in respect of the relevant Notes in accordance with the Agency Agreement. Title to the Notes passes only by registration in the relevant Register. The holder of any Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions “**Noteholder**”, and in relation to a “**Note**”, “**holder**” means the person in whose name a Note is registered in the relevant Register (or, in the case of a joint holding, the first named thereof).

### 2. Transfers of Notes and Issue of Certificates

#### 2.1 Transfers

Subject to Condition 2.4 (*Closed Periods*) and Condition 2.5 (*Regulations*), a Note may be transferred by depositing the Certificate issued in respect of that Note, with the form of transfer on the back duly completed and signed, at the Specified Office of the relevant Registrar or any of the Transfer Agents together with such evidence as the relevant Registrar or Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided however that* a Note may not be transferred unless the principal amount of the Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the Notes not transferred, are Authorised Denominations.

## 2.2 **Delivery of New Certificates**

Each new Certificate to be issued upon transfer or exchange of Notes will, within five business days of receipt by the relevant Registrar or Transfer Agent of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Note to the address specified in the form of transfer. For the purposes of this Condition 2.2, “**business day**” shall mean a day on which banks are open for business in the city in which the Specified Office of the relevant Registrar or Transfer Agent with whom a Certificate is deposited in connection with a transfer is located.

Where some but not all of the Notes in respect of which a Certificate is issued are to be transferred a new Certificate in respect of the Notes not so transferred will, within five business days of receipt by the relevant Registrar or Transfer Agent of the original Certificate, be mailed by uninsured mail at the risk of the holder of the Notes not so transferred to the address of such holder appearing on the relevant Register or as specified in the form of transfer.

## 2.3 **Formalities Free of Charge**

Registration of transfer of Notes will be effected without charge by or on behalf of the Issuer, the Registrars, or any Transfer Agent but upon payment (or the giving of such indemnity as the relevant Registrar or any Agent may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

## 2.4 **Closed Periods**

No Noteholder may require the transfer of a Note to be registered during the period of 15 calendar days ending on the due date for any payment of principal or interest on that Note.

## 2.5 **Regulations**

All transfers of Notes and entries on the Registers will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrars. A copy of the current regulations will be mailed (free of charge) by the relevant Registrar to any Noteholder upon request.

## 3. **Status**

The Notes constitute direct, unconditional and (subject to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of the Issuer and (subject as provided above) rank and will rank *pari passu*, without any preference among themselves, and with all other present and future unsecured and unsubordinated obligations of the Issuer, save only for such obligations as may be preferred by mandatory provisions of applicable law, provided, however, that the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other unsecured and unsubordinated obligations of the Issuer and, in particular, shall have no obligation to pay other unsecured and unsubordinated obligations of the Issuer at the same time or as a condition of paying sums due on the Notes and vice versa.

## 4. **Negative Pledge**

### 4.1 **Negative Pledge**

So long as any Note remains outstanding (as defined in the Agency Agreement) the Issuer will not, save for the exceptions set out below, create, incur, assume or permit to subsist any Security upon the whole or any part of its present or future assets, undertaking or revenues to secure (i) any of its Public External Indebtedness; (ii) any Guarantees in respect of Public External Indebtedness; or (iii) the Public External Indebtedness of any other person; without at the same time or prior thereto securing the Notes equally and rateably therewith or providing such other arrangement (whether or not comprising Security) as shall be approved by an Extraordinary Resolution or by a Written Resolution (each as defined in Condition 13.1 (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*)).

The following exceptions apply to the Issuer’s obligations under this Condition 4.1:

- (a) any Security upon property to secure Public External Indebtedness of the Issuer or any Guarantee by the Issuer of Public External Indebtedness of any other person incurred for the purpose of financing the acquisition or construction of such property and any renewal and extension of such Security which is limited

to the original property covered thereby and which (in either case) secures any renewal or extension of the original secured financing;

- (b) any Security securing Public External Indebtedness of the Issuer or any Guarantee by the Issuer of Public External Indebtedness of any other person incurred for the purpose of financing all or part of the costs of the acquisition, construction or development of a project; *provided that* (A) the holders of such Public External Indebtedness or Guarantee expressly agree to limit their recourse to the assets and revenues of such project or the proceeds of insurance thereon as the principal source of repayments of such Public External Indebtedness and (B) the property over which such Security is granted consists solely of such assets and revenues; and
- (c) any Security securing the Public External Indebtedness of the Issuer or any Guarantee by the Issuer of Public External Indebtedness of any other person which was in existence on 13 September 2016.

#### 4.2 Interpretation

In these Conditions:

- (a) “**External Indebtedness**” means Indebtedness expressed or denominated or payable or which, at the option of the relevant creditor, may be payable in a currency other than the lawful currency from time to time of the Republic of Ghana;
- (b) “**Guarantee**” means any obligation of a person to pay the Indebtedness of another person including, without limitation: an obligation to pay or purchase such Indebtedness; an obligation to lend money or to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness; an indemnity against the consequences of a default in the payment of such Indebtedness; or any other agreement to be responsible for such Indebtedness;
- (c) “**Indebtedness**” means any obligation (whether present or future) for the payment or repayment of money which has been borrowed or raised (including money raised by acceptances and leasing);
- (d) “**person**” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, trust or other juridical entity, state or agency of a state or other entity, whether or not having a separate legal personality;
- (e) “**Public External Indebtedness**” means any Indebtedness which (i) is payable, or at the option of the relevant creditor may be payable, in any currency other than the lawful currency from time to time of the Republic of Ghana, and (ii) is in the form of, or is represented by, bonds, notes or other securities with a stated maturity of more than one year from the date of issue which are, or are capable of being, quoted, listed or ordinarily purchased or sold on any stock exchange, automated trading system, over the counter or other securities market; and
- (f) “**Security**” means any mortgage, pledge, lien, hypothecation, security interest or other charge or encumbrance including, without limitation, anything analogous to the foregoing under the laws of any jurisdiction.

### 5. Interest

#### 5.1 Interest Rate and Interest Payment Dates

The Notes bear interest on their outstanding principal amount from and including 15 September 2016 (the “**Issue Date**”) to but excluding the Maturity Date (as defined in Condition 7.1 (*Redemption by Amortisation and Final Redemption*)), at the rate of 9.250 per cent. per annum (the “**Rate of Interest**”), payable semi-annually in arrear on 15 March and 15 September in each year (each an “**Interest Payment Date**”), except that the first Interest Payment Date on 15 March 2017 will be in respect of the period from and including the Issue Date to but excluding 15 March 2017, and the amount of interest payable for the first Interest Period (as defined below) will amount to U.S.\$9,250 per denomination of U.S.\$200,000 of Notes, subject as provided in Condition 6.4 (*Payment on Business Days*). Each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date is herein called an “**Interest Period**”.

## 5.2 **Interest Accrual**

Each Note will cease to bear interest from and including its due date for final redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) seven days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 12 (*Notices*) (except to the extent that there is any subsequent default in payment).

## 5.3 **Calculation of Interest**

The amount of interest payable in respect of each Note for any Interest Period shall be calculated by applying the Rate of Interest to the then outstanding principal amount of such Note, dividing the product by two and rounding the resulting figure to the nearest cent (half a cent being rounded upwards). If interest is required to be calculated for any period other than an Interest Period, it will be calculated on the basis of a year of 360 days consisting of 12 months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed.

## 6. **Payments**

### 6.1 **Payments in Respect of Notes**

Payment of principal and interest will be made by transfer to the registered account of the Noteholder or by a cheque in U.S. Dollars drawn on a bank that processes payments in U.S. Dollars mailed to the registered address of the Noteholder if it does not have a registered account. Payment of principal in respect of the final redemption will only be made against presentation and surrender of the relevant Certificate at the Specified Office of any of the Paying Agents. Interest on Notes due on an Interest Payment Date will be paid to the holder shown on the relevant Register at the close of business on the date (the “**record date**”) being the fifteenth day before the due date for the payment of interest.

For the purposes of this Condition 6, a Noteholder’s “**registered account**” means the U.S. Dollar account maintained by or on its behalf with a bank that processes payments in U.S. Dollars, details of which appear on the relevant Register at the close of business, in the case of principal, on the second Business Day (as defined below) before the due date for payment and, in the case of interest, on the relevant record date, and a Noteholder’s “**registered address**” means its address appearing on the relevant Register at that time.

### 6.2 **Payments Subject to Applicable Laws**

Payments in respect of principal and interest on Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*).

### 6.3 **No Commissions**

No commissions or expenses shall be charged to the Noteholders in respect of any payments made in accordance with this Condition 6.

### 6.4 **Payment on Business Days**

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day, for value the first following day which is a Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed, on the due date for payment or, in the case of a payment of principal, if later, on the Business Day on which the relevant Certificate is surrendered at the Specified Office of an Agent.

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day, if the Noteholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition 6.4 arrives after the due date for payment.

In these Conditions “**Business Day**” means a day (other than a Saturday or a Sunday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the city in which the Fiscal Agent has its Specified Office and in New York City and, in the case of presentation of a Certificate, in the place in which the Certificate is presented.

## 6.5 Partial Payments

If the amount of principal or interest which is due on the Notes is not paid in full, the relevant Registrar will annotate the Register with a record of the amount of principal or interest in fact paid.

## 6.6 Agents

The names of the initial Agents and their initial Specified Offices are set out in the Agency Agreement. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents *provided that* there will at all times be a Fiscal Agent, a Registrar and a Transfer Agent.

Notice of any termination or appointment and of any changes in Specified Offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 12 (*Notices*).

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

## 7. Redemption, Purchase and Cancellation

### 7.1 Redemption by Amortisation and Final Redemption

Unless previously purchased and cancelled, the Notes will be redeemed in three instalments on each amortisation date specified in column A below (each an “**Amortisation Date**”) at the related amortisation amount specified in column B below (each an “**Amortisation Amount**”) payable as provided in Condition 6 (*Payments*). The outstanding principal amount of the Notes shall be reduced by the Amortisation Amount for all purposes with effect from the relevant Amortisation Date such that the outstanding aggregate principal amount of the Notes following such reduction shall be as specified in column C below, unless the payment of the relevant Amortisation Amount is improperly withheld or refused. In such a case, the relevant principal amount will remain outstanding until whichever is the earlier of (a) the day on which all sums due in respect of such Notes up to that day are received by or on behalf of the relevant Noteholders and (b) the Business Day after the Fiscal Agent has given notice to the Noteholders of receipt of all sums due in respect of all Notes up to that Business Day (except to the extent that there is any subsequent default in payment in accordance with these Conditions). The Notes shall be finally redeemed on 15 September 2022 (the “**Maturity Date**”), at their final Amortisation Amount payable as provided in Condition 6 (*Payments*).

<b>Amortisation Date (A)</b>	<b>Amortisation Amount (B)</b>	<b>Outstanding Aggregate Principal Amount of the Notes (C)</b>
15 September 2020	U.S.\$250,000,000.00	U.S.\$500,000,000.00
15 September 2021	U.S.\$ 250,000,000.00	U.S.\$250,000,000.00
15 September 2022	U.S.\$ 250,000,000.00	U.S.\$0.00

In these Conditions, references to “**principal**” shall, unless the context requires otherwise, be deemed to include any Amortisation Amount and references to the “**due date**” for payment shall, unless the context requires otherwise, be deemed to include any Amortisation Date.

### 7.2 Purchase and Cancellation

The Issuer may, directly or indirectly or through any public sector instrumentality (as defined in Condition 13.9 (*Notes Controlled by the Issuer*)), at any time, purchase Notes in the open market or otherwise at any price. Any Notes so purchased may be cancelled or held and resold. Any Notes so purchased, while held by or on behalf of the Issuer or by any public sector instrumentality, shall not entitle the holder to vote at any meeting of holders of Notes or for the purposes of any Written Resolution and shall not be deemed outstanding, all as more particularly set out in Condition 13.9 (*Notes Controlled by the Issuer*). Any Notes cancelled shall not be reissued and for so long as the Notes are admitted to trading on the Irish Stock Exchange and the rules of such exchange require, the Issuer shall promptly inform such exchange of the cancellation of any Notes under this Condition 7.2.

**7.3 No other Redemption or Purchase**

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Condition 7.1 (*Redemption by Amortisation and Final Redemption*) or purchase Notes otherwise than as provided in Condition 7.2 (*Purchase and Cancellation*).

**8. Taxation**

**8.1 Payment without Withholding**

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”) imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts (“**Additional Amounts**”) as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction; except that no Additional Amounts shall be payable in relation to any payment in respect of any Note:

- (a) presented for payment by or on behalf of a holder who is liable to the Taxes in respect of the Note by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note; or
- (b) presented for payment more than 30 days after the Relevant Date (as defined below), except to the extent that the relevant holder would have been entitled to such Additional Amounts if it had presented such Note for payment on the last day of such period of 30 days assuming, whether or not such is in fact the case, that day to have been a Business Day (as defined in Condition 6 (*Payments*)); or
- (c) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a member state of the European Union.

**8.2 Interpretation**

In these Conditions:

- (a) “**Relevant Date**” means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Fiscal Agent on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 12 (*Notices*); and
- (b) “**Relevant Jurisdiction**” means the Republic of Ghana or any political subdivision or any authority thereof or therein having power to tax in respect of payments made by it of principal and interest on the Notes.

**8.3 Additional Amounts**

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any Additional Amounts which may be payable under this Condition 8.

**9. Prescription**

Claims in respect of principal and interest will become void unless made within 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date, as defined in Condition 8 (*Taxation*).

**10. Events of Default**

If any of the following events (“**Events of Default**”) shall have occurred and be continuing:

- (a) **Non-payment**
  - (i) the Issuer fails to pay any principal on any of the Notes when due and payable and such failure continues for a period of 15 days; or
  - (ii) the Issuer fails to pay any interest on any of the Notes or any amount due under Condition 8 (*Taxation*) when due and payable, and such failure continues for a period of 30 days.

(b) **Breach of Other Obligations**

the Issuer does not perform or comply with any one or more of its other obligations under the Notes, which default is incapable of remedy or is not remedied within 45 days following the service by any Noteholder on the Issuer of notice requiring the same to be remedied; or

(c) **Cross-default**

- (i) the acceleration of the maturity (other than by optional or mandatory prepayment or redemption) of any External Indebtedness of the Issuer; or
- (ii) any default in the payment of principal of any External Indebtedness of the Issuer shall occur when and as the same shall become due and payable if such default shall continue beyond the initial grace period, if any, applicable thereto; or
- (iii) any default in the payment when due and called upon (after the expiry of any applicable grace period) of any Guarantee of the Issuer in respect of any External Indebtedness of any other person,

*provided that* the aggregate amount of the relevant External Indebtedness in respect of which one or more of the events mentioned in this Condition 10(c) have occurred equals or exceeds U.S.\$25,000,000 or its equivalent; or

(d) **Moratorium**

a moratorium on the payment of principal of, or interest on, the External Indebtedness of the Issuer shall be declared by the Issuer; or

(e) **IMF Membership**

the Issuer shall cease to be a member of the International Monetary Fund (“**IMF**”) or shall cease to be eligible to use the general resources of the IMF; or

(f) **Validity**

- (i) the validity of the Notes shall be contested by the Issuer; or
- (ii) the Issuer shall deny any of its obligations under the Notes (whether by a general suspension of payments or a moratorium on the payment of debt or otherwise); or
- (iii) it shall be or become unlawful for the Issuer to perform or comply with all or any of its obligations set out in the Notes, including, without limitation, the payment of interest on the Notes, as a result of any change in law or regulation in the Republic of Ghana or any ruling of any court in the Republic of Ghana whose decision is final and unappealable or for any reason such obligations cease to be in full force and effect; or

(g) **Consents**

- (i) if any authorisation, consent of, or filing or registration with, any governmental authority necessary for the performance of any payment obligation of the Issuer under the Notes, when due, ceases to be in full force and effect or remain valid and subsisting,
- (ii) then, the holders of at least 25 per cent. in aggregate principal amount of the Notes then outstanding may, by notice in writing to the Issuer (with a copy to the Fiscal Agent), declare all the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their outstanding principal amount together with accrued interest without further action or formality. Notice of any such declaration shall promptly be given to all other Noteholders by the Issuer in accordance with Condition 12 (Notices).

If the Issuer receives notice in writing from holders of at least 50 per cent. in aggregate principal amount of the Notes then outstanding to the effect that the Event of Default or Events of Default giving rise to any above mentioned declaration of acceleration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn, the Issuer shall give notice thereof to the Noteholders (with a copy to the Fiscal Agent), whereupon the relevant declaration shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations which may have arisen before the Issuer gives such notice (whether pursuant to these Conditions

or otherwise). No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Noteholder in relation thereto.

**11. Replacement of Certificates**

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the Specified Office of the relevant Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

**12. Notices**

All notices to the Noteholders will be valid if mailed to them at their respective addresses in the relevant Register at the time of publication of such notice by pre-paid first class mail (or any other manner approved by the Registrars (or the Fiscal Agent on their behalf), which may be by electronic transmission) and for so long as the Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require, shall be sent to the Companies Announcement Office of the Irish Stock Exchange. Any such notice shall be deemed to have been given on the fourth business day after being so mailed.

**13. Meetings of Noteholders; Written Resolutions**

**13.1 Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions**

- (a) The Issuer may convene a meeting of Noteholders at any time in respect of the Notes in accordance with the provisions of the Agency Agreement. The Issuer will determine the time and place of the meeting and will notify the Noteholders of the time, place and purpose of the meeting not less than 21 and not more than 45 days before the meeting.
- (b) The Issuer will convene a meeting of Noteholders if the holders of at least 10 per cent. in principal amount of the outstanding Notes (as defined in the Agency Agreement and described in Condition 13.9 (*Notes Controlled by the Issuer*)) have delivered a written request to the Issuer setting out the purpose of the meeting. The Issuer will determine the time and place of the meeting and will notify the Noteholders within 10 days of receipt of such written request of the time and place of the meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given.
- (c) The Issuer will set the procedures governing the conduct of any meeting in accordance with the Agency Agreement. If the Agency Agreement does not include such procedures, or additional procedures are required, the Issuer will set such procedures as are customary in the market and in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Issuer proposes any modification to the terms and conditions of, or action with respect to, two or more series of debt securities issued by it.
- (d) The notice convening any meeting will specify, *inter alia*:
  - (i) the date, time and location of the meeting;
  - (ii) the agenda and the text of any Extraordinary Resolution to be proposed for adoption at the meeting;
  - (iii) the record date for the meeting, which shall be no more than five business days before the date of the meeting;
  - (iv) the documentation required to be produced by a Noteholder in order to be entitled to participate at the meeting or to appoint a proxy to act on the Noteholder's behalf at the meeting;
  - (v) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the Notes are traded and/or held by Noteholders;
  - (vi) whether Condition 13.2 (*Modification of this Series of Notes only*), or Condition 13.3 (*Multiple Series Aggregation – Single limb voting*), or Condition 13.4 (*Multiple Series Aggregation – Two limb voting*) shall apply and, if relevant, in relation to which other series of debt securities it applies;

- (vii) if the proposed modification or action relates to two or more series of debt securities issued by it and contemplates such series of debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group of debt securities;
  - (viii) such information that is required to be provided by the Issuer in accordance with Condition 13.6 (*Information*);
  - (ix) the identity of the Aggregation Agent and the Calculation Agent, if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in Condition 13.7 (*Claims Valuation*); and
  - (x) any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities.
- (e) In addition, the Agency Agreement contains provisions relating to Written Resolutions. All information to be provided pursuant to this Condition 13.1 shall also be provided, *mutatis mutandis*, in respect of Written Resolutions.
- (f) A “**record date**” in relation to any proposed modification or action means the date fixed by the Issuer for determining the Noteholders and, in the case of a multiple series aggregation, the holders of debt securities of each other affected series that are entitled to vote on a Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution.
- (g) An “**Extraordinary Resolution**” means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.
- (h) A “**Written Resolution**” means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.
- (i) Any reference to “**debt securities**” means any notes (including the Notes), bonds, debentures or other debt securities issued by the Issuer in one or more series with an original stated maturity of more than one year.
- (j) “**Debt Securities Capable of Aggregation**” means those debt securities which include or incorporate by reference this Condition 13 and Condition 14 (*Aggregation Agent; Aggregation Procedures*) or provisions substantially in these terms which provide for the debt securities which include such provisions to be capable of being aggregated for voting purposes with other series of debt securities.

### 13.2 **Modification of this Series of Notes only**

- (a) Any modification of any provision of, or any action in respect of, these Conditions or the Agency Agreement in respect of the Notes may be made or taken if approved by a Single Series Ordinary Resolution, a Single Series Extraordinary Resolution or a Single Series Written Resolution (each as defined below) as set out below.
- (b) For the purposes of a meeting of Noteholders convened in respect of this series of Notes only and for the purposes of passing a Single Series Ordinary Resolution and/or a Single Series Extraordinary Resolution (a “**Single Series Noteholder Meeting**”) at any such Single Series Noteholder Meeting, any one or more persons present in person holding Notes or proxies or representatives and holding or representing in the aggregate not less than 50 per cent. in principal amount of the Notes for the time being outstanding shall (except for the purposes of passing a Single Series Extraordinary Resolution) form a quorum for the transaction of business, and no business (other than the choosing of a chairman) shall be transacted at any such Single Series Noteholder Meeting unless the requisite quorum be present at the commencement of business. The quorum at any such Single Series Noteholder Meeting convened for the purpose of passing of a Single Series Extraordinary Resolution shall (subject as provided in Condition 13.2(c)) be one or more persons present in person holding Notes or being proxies or representatives and holding or representing in the aggregate not less than 66⅔ per cent. of the principal amount of the Notes for the time being outstanding.

- (c) If within 15 minutes from the time fixed for any such Single Series Noteholder Meeting a quorum is not present, the Single Series Noteholder Meeting shall, if convened upon the requisition of Noteholders, be dissolved. In any other case it shall stand adjourned for such period, being not less than 14 days nor more than 42 days, as may be determined by the chairman either at or after the Single Series Noteholder Meeting. At such adjourned Single Series Noteholder Meeting, one or more persons present in person holding Notes or being proxies or representatives (whatever the principal amount of Notes so held or represented) shall form a quorum and may pass any resolution and decide upon all matters which could properly have been dealt with at the Single Series Noteholder Meeting from which the adjournment took place had a quorum been present at the Single Series Noteholder Meeting, provided that at any adjourned Single Series Noteholder Meeting at which it is to be proposed a Single Series Extraordinary Resolution, the quorum shall be one or more persons so present in person holding Notes or being proxies or representatives and holding or representing in the aggregate not less than 33⅓ per cent. of the aggregate principal amount of Notes for the time being outstanding.
- (d) A “**Single Series Ordinary Resolution**” means a resolution passed at a Single Series Noteholder Meeting duly convened and held in accordance with the procedures prescribed by the Issuer pursuant to Conditions 13.1 (*Convening Meetings of Noteholders*; *Conduct of Meetings of Noteholders*; *Written Resolutions*), 13.2(b) and 13.2(c) in respect of any matter other than a Reserved Matter by the affirmative vote of at least 66⅔ per cent. of the aggregate principal amount of the outstanding Notes present in person or represented by proxy.
- (e) A “**Single Series Extraordinary Resolution**” means a resolution passed at a Single Series Noteholder Meeting duly convened and held in accordance with the procedures prescribed by the Issuer pursuant to Conditions 13.1 (*Convening Meetings of Noteholders*; *Conduct of Meetings of Noteholders*; *Written Resolutions*), 13.2(b) and 13.2(c) in respect of a Reserved Matter by the affirmative vote of at least 75 per cent. of the aggregate principal amount of the outstanding Notes present in person or represented by proxy.
- (f) A “**Single Series Written Resolution**” means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:
  - (i) in the case of a Reserved Matter, at least 75 per cent. of the aggregate principal amount of the outstanding Notes; or
  - (ii) in the case of a matter other than a Reserved Matter at least 66⅔ per cent. of the aggregate principal amount of the outstanding Notes.
- (g) Any Single Series Written Resolution may be contained in one document or several documents in the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders.
- (h) Any Single Series Ordinary Resolution or Single Series Extraordinary Resolution duly passed or Single Series Written Resolution approved shall be binding on all Noteholders, whether or not they attended such Single Series Noteholder Meeting, whether or not they voted in favour thereof and whether or not they signed or confirmed in writing any such Single Series Written Resolution, as the case may be.

### 13.3 Multiple Series Aggregation – Single limb voting

- (a) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Single Limb Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, provided that the Uniformly Applicable condition is satisfied.
- (b) A “**Multiple Series Single Limb Extraordinary Resolution**” means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer pursuant to Condition 13.1 (*Convening Meetings of Noteholders*; *Conduct of Meetings of Noteholders*; *Written Resolutions*), as supplemented if necessary, which is passed by a majority of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate).

- (c) A “**Multiple Series Single Limb Written Resolution**” means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate). Any Multiple Series Single Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.
- (d) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Written Resolution, as the case may be.
- (e) The “**Uniformly Applicable**” condition will be satisfied if:
  - (i) the holders of all affected series of Debt Securities Capable of Aggregation are invited to exchange, convert, or substitute their debt securities, on the same terms, for (A) the same new instrument and/or other consideration or (B) a new instrument, new instruments and/or other consideration from an identical menu of instruments or other consideration; or
  - (ii) the amendments proposed to the terms and conditions of each affected series of Debt Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments having identical provisions (other than provisions which are necessarily different, having regard to the currency of issuance).
- (f) It is understood that a proposal under Condition 13.3(a) above will not be considered to satisfy the Uniformly Applicable condition if each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation (or, where a menu of instruments or other consideration is offered, each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation electing the same option from such menu of instruments).
- (g) Any modification or action proposed under Condition 13.3(a) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 13.3 may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

#### 13.4 **Multiple Series Aggregation – Two limb voting**

- (a) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.
- (b) A “**Multiple Series Two Limb Extraordinary Resolution**” means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer pursuant to Condition 13.1 (*Convening*

*Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*), as supplemented if necessary, which is passed by a majority of:

- (i) at least 66  $\frac{2}{3}$  per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate); and
  - (ii) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).
- (c) A “**Multiple Series Two Limb Written Resolution**” means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:
- (i) at least 66  $\frac{2}{3}$  per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate); and
  - (ii) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).
- (d) Any Multiple Series Two Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.
- (e) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Two Limb Written Resolution, as the case may be.
- (f) Any modification or action proposed under Condition 13.4(a) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 13.4 may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

### 13.5 **Reserved Matters**

In these Conditions, “**Reserved Matter**” means any proposal:

- (a) to change the date, or the method of determining the date, for payment of principal, interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the Notes on any date;
- (b) to change the currency in which any amount due in respect of the Notes is payable or the place in which any payment is to be made;
- (c) to change the majority or quorum required to pass an Extraordinary Resolution, a Written Resolution or any other resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them;
- (d) to change this definition, or the definition of “Extraordinary Resolution”, “Single Series Extraordinary Resolution”, “Multiple Series Single Limb Extraordinary Resolution”, “Multiple Series Two Limb Extraordinary Resolution”, “Written Resolution”, “Single Series Written Resolution”, “Multiple Series Single Limb Written Resolution” or “Multiple Series Two Limb Written Resolution”;
- (e) to change the definition of “debt securities” or “Debt Securities Capable of Aggregation”;
- (f) to change the definition of “Uniformly Applicable”;

- (g) to change the definition of “outstanding” (as set out in the Agency Agreement) or to modify the provisions of Condition 13.9 (*Notes Controlled by the Issuer*);
- (h) to change the legal ranking of the Notes set out in Condition 3 (*Status*);
- (i) to change any provision of the Notes describing circumstances in which Notes may be declared due and payable prior to their scheduled maturity date, as set out in Condition 10 (*Events of Default*);
- (j) to change the law governing the Notes, the courts to the jurisdiction of which the Issuer has submitted in the Notes, any of the arrangements specified in the Notes to enable proceedings to be taken or the Issuer’s waiver of immunity, in respect of actions or proceedings brought by any Noteholder, as set out in Condition 17 (*Governing Law and Submission to Jurisdiction*);
- (k) to impose any condition on or otherwise change the Issuer’s obligation to make payments of principal, interest or any other amount in respect of the Notes, including by way of the addition of a call option;
- (l) to modify the provisions of this Condition 13.5;
- (m) except as permitted by any related guarantee or security agreement, to release any agreement guaranteeing or securing payments under the Notes or to change the terms of any such guarantee or security; or
- (n) to exchange or substitute all the Notes for, or convert all the Notes into, other obligations or securities of the Issuer or any other person, or to modify any provision of these Conditions in connection with any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Issuer or any other person, which would result in the Conditions as so modified being less favourable to the Noteholders which are subject to the Conditions as so modified than:
  - (i) the provisions of the other obligations or debt securities of the Issuer or any other person resulting from the relevant exchange, substitution or conversion; or
  - (ii) if more than one series of other obligations or debt securities results from the relevant exchange, substitution or conversion, the provisions of the resulting series of debt securities having the largest aggregate principal amount.

#### 13.6 Information

Prior to or on the date that the Issuer proposes any Extraordinary Resolution or Written Resolution pursuant to Condition 13.2 (*Modification of this Series of Notes only*), Condition 13.3 (*Multiple Series Aggregation – Single limb voting*) or Condition 13.4 (*Multiple Series Aggregation – Two limb voting*), the Issuer shall publish in accordance with Condition 14 (*Aggregation Agent; Aggregation Procedures*) and provide the Fiscal Agent with the following information:

- (a) a description of the Issuer’s economic and financial circumstances which are, in the Issuer’s opinion, relevant to the request for any potential modification or action, a description of the Issuer’s existing debts and a description of its broad policy reform programme and provisional macroeconomic outlook;
- (b) if the Issuer shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, a description of any such arrangement or agreement and where permitted under the information disclosure policies of the multilateral or such other creditors, as applicable, copies of the arrangement or agreement shall be provided;
- (c) a description of the Issuer’s proposed treatment of external debt securities that fall outside the scope of any multiple series aggregation and its intentions with respect to any other debt securities and its other major creditor groups; and
- (d) if any proposed modification or action contemplates debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of Noteholders in Condition 13.1(d)(vii).

**13.7 Claims Valuation**

For the purpose of calculating the par value of the Notes and any affected series of debt securities which are to be aggregated with the Notes in accordance with Condition 13.3 (*Multiple Series Aggregation – Single limb voting*) and Condition 13.4 (*Multiple Series Aggregation – Two limb voting*), the Issuer may appoint a Calculation Agent. The Issuer shall, with the approval of the Aggregation Agent and any appointed Calculation Agent, promulgate the methodology in accordance with which the Calculation Agent will calculate the par value of the Notes and such affected series of debt securities. In any such case where a Calculation Agent is appointed, the same person will be appointed as the Calculation Agent for the Notes and each other affected series of debt securities for these purposes, and the same methodology will be promulgated for each affected series of debt securities.

**13.8 Manifest error, etc.**

The Notes, these Conditions, the Deed of Covenant and the provisions of the Agency Agreement may be amended without the consent of the Noteholders to correct a manifest error. In addition, the Issuer may, in relation to these Conditions and the Deed of Covenant, and the parties to the Agency Agreement may agree to, in relation to the Agency Agreement, modify any provision hereof or thereof (as applicable), but the Issuer shall not, without the consent of the Noteholders, make or agree to make (as applicable) any such modification unless it is of a formal, minor or technical nature or it is not materially prejudicial to the interests of the Noteholders.

**13.9 Notes Controlled by the Issuer**

For the purposes of (a) determining the right to attend and vote at any meeting of Noteholders, or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution, (b) this Condition 13 and (c) Condition 10 (*Events of Default*), any Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any public sector instrumentality of the Issuer shall be disregarded and be deemed not to remain outstanding, where:

- (a) “**public sector instrumentality**” means the Bank of Ghana any department, ministry or agency of the government of the Republic of Ghana or any corporation, trust, financial institution or other entity owned or controlled by the government of the Republic of Ghana or any of the foregoing; and
- (b) “**control**” means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or through contractual control or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

A Note will also be deemed to be not outstanding if the Note has previously been cancelled or delivered for cancellation or held for reissuance but not reissued, or, where relevant, the Note has previously been called for redemption in accordance with its terms or previously become due and payable at maturity or otherwise and the Issuer has previously satisfied its obligations to make all payments due in respect of the Note in accordance with its terms.

In advance of any meeting of Noteholders, or in connection with any Written Resolution, the Issuer shall provide to the Fiscal Agent a copy of the certificate prepared pursuant to Condition 14.4 (*Certificate*) which includes information on the total number of Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any public sector instrumentality of the Issuer and, as such, such Notes shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Noteholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting. The Fiscal Agent shall make any such certificate available for inspection during normal business hours at its Specified Office and, upon reasonable request, will allow copies of such certificate to be taken.

**13.10 Publication**

The Issuer shall publish all Extraordinary Resolutions and Written Resolutions which have been determined by the Aggregation Agent to have been duly passed in accordance with Condition 14.7 (*Manner of publication*).

**13.11 Exchange and Conversion**

Any Extraordinary Resolutions or Written Resolutions which have been duly passed and which modify any provision of, or action in respect of, the Conditions may be implemented at the Issuer’s option by way of a mandatory exchange

or conversion of the Notes and each other affected series of debt securities, as the case may be, into new debt securities containing the modified terms and conditions if the proposed mandatory exchange or conversion of the Notes is notified to Noteholders at the time notification is given to the Noteholders as to the proposed modification or action. Any such exchange or conversion shall be binding on all Noteholders.

#### **14. Aggregation Agent; Aggregation Procedures**

##### **14.1 Appointment**

The Issuer will appoint an Aggregation Agent to calculate whether a proposed modification or action has been approved by the required principal amount outstanding of Notes and, in the case of a multiple series aggregation, by the required principal amount of outstanding debt securities of each affected series of debt securities. In the case of a multiple series aggregation, the same person will be appointed as the Aggregation Agent for the proposed modification of any provision of, or any action in respect of, these Conditions, the Deed of Covenant or the Agency Agreement in respect of the Notes and in respect of the terms and conditions or documentation in respect of each other affected series of debt securities. The Aggregation Agent shall be independent of the Issuer.

##### **14.2 Extraordinary Resolutions**

If an Extraordinary Resolution has been proposed at a duly convened meeting of Noteholders to modify any provision of, or action in respect of, these Conditions and other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as practicable after the time the vote is cast, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have voted in favour of the Extraordinary Resolution such that the Extraordinary Resolution is passed. If so, the Aggregation Agent will determine that the Extraordinary Resolution has been duly passed.

##### **14.3 Written Resolutions**

If a Written Resolution has been proposed under the Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as reasonably practicable after the relevant Written Resolution has been signed or confirmed in writing, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have signed or confirmed in writing in favour of the Written Resolution such that the Written Resolution is passed. If so, the Aggregation Agent will determine that the Written Resolution has been duly passed.

##### **14.4 Certificate**

For the purposes of Condition 14.2 (*Extraordinary Resolutions*) and Condition 14.3 (*Written Resolutions*), the Issuer will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in Condition 13.2 (*Modification of this Series of Notes only*), Condition 13.3 (*Multiple Series Aggregation – Single limb voting*) or Condition 13.4 (*Multiple Series Aggregation – Two limb voting*), as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution.

The certificate shall:

- (a) list the total principal amount of Notes outstanding and, in the case of a multiple series aggregation, the total principal amount of each other affected series of debt securities outstanding on the record date; and
- (b) clearly indicate the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities which shall be disregarded and deemed not to remain outstanding as a consequence of Condition 13.9 (*Notes Controlled by the Issuer*) on the record date identifying the holders of the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities.

The Aggregation Agent may rely upon the terms of any certificate, notice, communication or other document believed by it to be genuine.

**14.5 Notification**

The Aggregation Agent will cause each determination made by it for the purposes of this Condition 14 to be notified to the Fiscal Agent and the Issuer as soon as practicable after such determination. Notice thereof shall also promptly be given to the Noteholders.

**14.6 Binding nature of determinations; no liability**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 14 by the Aggregation Agent and any appointed Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Fiscal Agent and the Noteholders and (subject as aforesaid) no liability to any such person will attach to the Aggregation Agent or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

**14.7 Manner of publication**

The Issuer will publish all notices and other matters required to be published pursuant to the Agency Agreement including any matters required to be published pursuant to Condition 13 (*Meetings of Noteholders; Written Resolutions*), this Condition 14, Condition 15 (*Noteholders' Committee*) and Condition 10 (*Events of Default*):

- (a) through Euroclear Bank SA/NV, Clearstream Banking, *société anonyme*, and The Depository Trust Company and/or any other clearing system in which the Notes are held;
- (b) in such other places and in such other manner as may be required by applicable law or regulation; and
- (c) in such other places and in such other manner as may be customary.

**15. Noteholders' Committee**

**15.1 Appointment**

- (a) Holders of at least 25 per cent. of the aggregate principal amount of the outstanding debt securities of all series of affected debt securities (taken in aggregate) may, by notice in writing to the Issuer (with a copy to the Fiscal Agent), appoint any person or persons as a committee to represent the interests of such holders (as well as the interests of any holders of outstanding debt securities who wish to be represented by such a committee) if any of the following events has occurred:
  - (i) an Event of Default under Condition 10 (*Events of Default*);
  - (ii) any event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 10 (*Events of Default*) become an Event of Default;
  - (iii) any public announcement by the Issuer, to the effect that the Issuer is seeking or intends to seek a rescheduling or restructuring of the Notes or any other affected series of debt securities (whether by amendment, exchange offer or otherwise); or
  - (iv) with the agreement of the Issuer, at a time when the Issuer has reasonably reached the conclusion that its debt may no longer be sustainable whilst the Notes or any other affected series of debt securities are outstanding.
- (b) Upon receipt of a written notice that a committee has been appointed in accordance with Condition 15.1(a) and a certificate delivered pursuant to Condition 15.4 (*Certification*), the Issuer shall give notice of the appointment of such a committee to:
  - (i) all Noteholders in accordance with Condition 12 (*Notices*); and
  - (ii) the holders of each affected series of debt securities in accordance with the terms and conditions of such affected series of debt securities,

as soon as practicable after such written notice and such certificate are delivered to the Issuer.

## 15.2 Powers

Such committee in its discretion may, among other things:

- (a) engage legal advisers and financial advisers to assist it in representing the interests of the Noteholders;
- (b) adopt such rules as it considers appropriate regarding its proceedings;
- (c) enter into discussions with the Issuer and/or other creditors of the Issuer; and
- (d) designate one or more members of the committee to act as the main point(s) of contact with the Issuer and provide all relevant contact details to the Issuer.

Except to the extent provided in this Condition 15.2, such committee shall not have the ability to exercise any powers or discretions which the Noteholders could themselves exercise.

## 15.3 Engagement with the committee and provision of information

- (a) The Issuer shall:
  - (i) subject to Condition 15.3(b) immediately below, engage with the committee in good faith;
  - (ii) provide the committee with information equivalent to that required under Condition 13.6 (*Information*) and related proposals, if any, in each case as the same become available, subject to any applicable information disclosure policies, rules and regulations; and
  - (iii) pay any reasonable fees and expenses of any such committee as may be agreed with it (including without limitation, the reasonable and documented fees and expenses of the committee's legal and financial advisers, if any) following receipt of reasonably detailed invoices and supporting documentation.
- (b) If more than one committee has been appointed by holders of affected series of debt securities in accordance with the provisions of this Condition 15 and/or equivalent provisions set out in the terms and conditions of any affected series of debt securities, the Issuer shall not be obliged to engage with such committees separately. Such committees may appoint a single steering group (to be comprised of representatives from such committees), whereupon the Issuer shall engage with such steering group.

## 15.4 Certification

Upon the appointment of a committee, the person or persons constituting such a committee (the "**Members**") will provide a certificate to the Issuer and to the Fiscal Agent signed by the authorised representatives of the Members, and the Issuer and the Fiscal Agent may rely upon the terms of such certificate.

The certificate shall certify:

- (a) that the committee has been appointed;
- (b) the identity of the Members; and
- (c) that such appointment complies with the terms and conditions of the relevant bond documentation.

Promptly after any change in the identity of the Members, a new certificate which each of the Issuer and the Fiscal Agent may rely on conclusively, will be delivered to the Issuer and the Fiscal Agent identifying the new Members. Each of the Issuer and the Fiscal Agent will assume that the membership of the committee has not changed unless and until it has received a new certificate.

The provisions of this Condition 15.4 shall apply, *mutatis mutandis*, to any steering group appointed in accordance with Condition 15.3 (*Engagement with the committee and provision of information*).

In appointing a person or persons as a committee to represent the interests of the Noteholders, the Noteholders may instruct a representative or representatives of the committee to form a separate committee or to join a steering group with any person or persons appointed for similar purposes by other affected series of debt securities.

**16. Further Issues**

The Issuer may from time to time without the consent of the Noteholders create and issue further notes having terms and conditions the same as those of the Notes, or the same except for the amount of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes, *provided that* such additional securities shall be issued under a separate CUSIP and/or ISIN unless such additional securities are issued in a “**qualified reopening**” for U.S. federal income tax purposes.

**17. Governing Law and Submission to Jurisdiction**

**17.1 Governing Law**

The Notes (including any non-contractual obligations arising from or in connection with them) are governed by, and will be construed in accordance with, English law.

**17.2 Jurisdiction**

The Courts of England have exclusive jurisdiction to settle any dispute, claim, difference or controversy, arising from or connected with the Notes (including a dispute regarding the existence, validity or termination of and any non-contractual obligations arising out of or in connection with these Notes) or the consequences of their nullity (a “**Dispute**”). The Issuer agrees that the Courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary. This Condition 17.2 is for the benefit of the Noteholders only. As a result nothing in this Condition 17.2 prevents any Noteholder from taking proceedings related to a Dispute (“**Proceedings**”) in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent proceedings in any number of jurisdictions.

**17.3 Appointment of Process Agent**

The Issuer has appointed the High Commissioner of the Republic of Ghana in London, presently located at 13 Belgrave Square, Westminster, London SW1X 8PN as its agent for service of process and hereby undertakes that, in the event of the High Commissioner of the Republic of Ghana ceasing so to act or ceasing to be located in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

**17.4 Consent to Enforcement and Waiver of Immunity**

- (a) The Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Proceedings.
- (b) To the extent that the Issuer may in any jurisdiction claim for itself or its assets, property or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process in respect of any Proceedings and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets, property or revenues, the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction (and consents generally for the purposes of the State Immunity Act 1978 to the giving of any relief or the issue of any process in connection with any Proceeding). The Issuer does not hereby waive such immunity from execution or attachment in respect of (i) property or assets used by a diplomatic or consular mission of the Issuer, (ii) property or assets of a military character and under the control of a military authority or defence agency of the Issuer (iii) property, assets and infrastructure located in the Republic of Ghana and dedicated to a public or governmental use (as distinct from property, assets or infrastructure dedicated to a commercial use) by the Issuer or (iv) assets protected in the Petroleum Revenue Management Act, 2011 (Act 815) of the Republic of Ghana, as amended.

**18. Rights of Third Parties**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

**19. Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the “**first currency**”) in which the same is payable under these Conditions or such order or judgment into another currency (the “**second currency**”) for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

## THE GLOBAL NOTE CERTIFICATES

*The following provisions apply to the Notes whilst they are represented by the Global Note Certificates, some of which modify the effect of the Terms and Conditions of the Notes. Terms defined in the Terms and Conditions of the Notes have the same meaning in paragraphs 1 to 4 below.*

### 1. Payments

Notwithstanding Condition 6.1 (*Payments in Respect of Notes*), payments of principal and interest in respect of Notes represented by a Global Note Certificate shall be made to the person shown as the Noteholder in the Register at the close of business on the Clearing System Business Day before the due date for payment, where “Clearing System Business Day” means a day on which each clearing system for which this Restricted Global Note is being held is open for business, and shall be made against presentation for endorsement and if no further payment falls to be made in respect of the Notes, surrender of the relevant Global Note certificate to or to the order of the Fiscal Agent.

### 2. Notices

So long as the Notes are represented by a Global Note Certificate and such Global Note Certificate is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to Noteholders in substitution for notification as required by Condition 12 (*Notices*) as set forth herein. See “Terms and Conditions of the Notes”.

The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed.

### 3. Individual Note Certificates

Global Note Certificates will be only be exchanged in whole (but not in part) for duly authenticated and completed individual note certificates if any of the following events occurs:

- (a) (in the case of each Restricted Global Note Certificate only) DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Restricted Global Note Certificate or ceases to be a clearing agency (as defined in the United States Securities Exchange Act of 1934), as amended or is at any time no longer eligible to act as such, and the Issuer is (in the case of DTC ceasing to be a depositary) unable to locate a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of DTC;
- (b) (in the case of the Unrestricted Global Note Certificate only) Euroclear and Clearstream is closed for business for a continuous period of 14 days (other than by reason of holidays statutory or otherwise) or announces an intention permanently to cease business;
- (c) the Issuer, at its option, elects to terminate the book entry system through Euroclear or Clearstream, Luxembourg; or
- (d) any of the circumstances described in Condition 10 (Events of Default) occurs.

### 4. Transfers

Transfers of book-entry interests in the notes will be effected through the records of Euroclear, Clearstream, Luxembourg and DTC and their respective participants in accordance with the rules and procedures of Euroclear, Clearstream, Luxembourg and DTC and their respective direct and indirect participants, as more fully described under “*Clearing and Settlement Arrangements*”.

## CLEARING AND SETTLEMENT ARRANGEMENTS

*The Republic has obtained the information in this section from sources it believes to be reliable, including from DTC, Euroclear and Clearstream Luxembourg. The Republic takes no responsibility, however, for the accuracy of this information. Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the following procedures in order to facilitate transfers of interests in the Unrestricted Global Note Certificate and in the Restricted Global Note Certificate among participants of DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Republic nor the Fiscal Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.*

### **DTC**

DTC is a limited-purpose trust company organised under the New York Banking Law, a “banking organisation” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participating organisations (“**DTC Participants**”) and to facilitate the clearance and settlement of securities transactions between DTC Participants through electronic book-entry changes in accounts of its DTC Participants, thereby eliminating the need for physical movement of certificates. DTC Participants include securities brokers and dealers, brokers, banks, trust companies and clearing corporations and may include certain other organisations. Indirect access to the DTC system also is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (“**Indirect DTC Participants**”).

Because DTC can only act on behalf of DTC Participants, who in turn act on behalf of Indirect DTC Participants and certain banks, the ability of a person having a beneficial interest in a note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate of such interest. The Rules applicable to DTC and its Participants are on file with the US Securities and Exchange Commission.

### **Euroclear and Clearstream, Luxembourg**

Euroclear and Clearstream, Luxembourg hold securities for participating organisations, and facilitate the clearance and settlement of securities transactions between their respective participants, through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg interface with domestic securities markets. Euroclear and Clearstream, Luxembourg participants are recognised financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organisations and include the Managers. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

### **Book-Entry Ownership**

#### ***Euroclear and Clearstream, Luxembourg***

The Unrestricted Global Note Certificate will have an ISIN and a Common Code and will be registered in the name of a nominee for, and deposited with a common depositary on behalf of Euroclear and Clearstream, Luxembourg. The address of Euroclear is 1 Boulevard du Roi Albert II. B1210 Brussels, Belgium, and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy. L-1855, Luxembourg.

### **DTC**

The Restricted Global Note Certificate will have a CUSIP number and will be deposited with a custodian (the “**Custodian**”) for and registered in the name of Cede & Co., as nominee of DTC. The Custodian and DTC will electronically record the principal amount of the Notes held within the DTC system. The address of the DTC is 55 Water Street, New York, New York 10041, USA.

### ***Relationship of Participants with Clearing Systems***

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the holder of a Note evidenced by a Global Note Certificate must look solely to Euroclear, Clearstream, Luxembourg or DTC (as the case may be) for his share of each payment made by the Republic to the holder of such Global Note Certificate and in relation to all other rights arising under the Global Note Certificate, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or DTC (as the case may be). The Republic expects that, upon receipt of any payment in respect of Notes evidenced by a Global Note Certificate, the common depositary by whom such Global Note Certificate is held, or nominee in whose name it is registered, will immediately credit the relevant participants' or account holders' accounts in the relevant clearing system with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Note Certificate as shown on the records of the relevant clearing system or its nominee. The Republic also expects that payments by direct participants in any clearing system to owners of beneficial interests in any Global Note Certificate held through such direct participants in any clearing system will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Republic in respect of payments due on the Notes for so long as the Notes are evidenced by such Global Note Certificate and the obligations of the Republic will be discharged by payment to the registered holder of such Global Note Certificate in respect of each amount so paid. None of the Republic, the Fiscal Agent or any agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Note Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

### ***Settlement and Transfer of Notes***

Subject to the rules and procedures of each applicable clearing system, purchases of Notes held within a clearing system must be made by or through direct participants, which will receive a credit for such Notes on the clearing system's records. The ownership interest of each actual purchaser of each such Note (the "**Beneficial Owner**") will in turn be recorded on the direct and indirect participants' records. Beneficial Owners will not receive written confirmation from any clearing system of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in Notes held within the clearing system will be affected by entries made on the books of participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes, unless and until interests in any Global Note Certificate held within a clearing system are exchanged for interests evidenced by a definitive note certificate.

No clearing system has knowledge of the actual Beneficial Owners of the Notes held within such clearing system and their records will reflect only the identity of the direct participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the clearing systems to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Note Certificate to such persons may be limited. Because DTC can only act on behalf of DTC Participants, who in turn act on behalf of Indirect DTC Participants, the ability of a person having an interest in a Restricted Global Note Certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by a lack of physical certificate in respect of such interest.

Investors that hold their interests in the Notes through DTC will follow the settlement practices applicable to global bond issues. Investors' securities custody accounts will be credited with their holdings against payment in same-day funds on the settlement date.

Investors that hold their interests in the Notes through Clearstream, Luxembourg or Euroclear accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. The interests will be credited to the securities custody accounts on the settlement date against payment in same-day funds.

### ***Secondary Market Trading***

Since the purchaser determines the place of delivery, it is important to establish at the time of trade where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

***Trading between DTC Participants***

Secondary market trading between DTC Participants will be settled using the procedures applicable to global bond issues in same-day funds.

***Trading between Euroclear and/or Clearstream, Luxembourg participants***

Secondary market trading between Euroclear participants and/or Clearstream, Luxembourg participants will be settled using the procedures applicable to conventional Eurobonds in same-day funds.

***Trading between DTC seller and Euroclear or Clearstream, Luxembourg purchaser***

When Notes are to be transferred from the account of a DTC Participant to the account of a Clearstream, Luxembourg or Euroclear participant, the purchaser will send instructions to Clearstream, Luxembourg or Euroclear through a Clearstream, Luxembourg or Euroclear participant, as the case may be, at least one business day prior to settlement. Clearstream, Luxembourg or the Euroclear operator will instruct its respective depository to receive the Notes against payment. Payment will include interest accrued on such beneficial interest on the Note from and including the last interest payment date to and excluding the settlement date. Payment will then be made by the depository to the DTC Participant's account against delivery of Notes. After settlement has been completed, the Notes will be credited to the respective clearing system, and by the clearing system, in accordance with its usual procedures, to the Clearstream, Luxembourg or Euroclear participant's account. The securities credit will appear the next day (European time) and the cash debit will be back-valued to, and the interest on the Note will accrue from, the value date (which would be the preceding day when settlement occurred in New York). If settlement is not completed on the intended value date (i.e., the trade fails), the Clearstream, Luxembourg or Euroclear cash debit will be valued instead as of the actual settlement date.

Euroclear and Clearstream, Luxembourg participants will need to make available to the respective clearing system the funds necessary to process same-day funds settlement. The most direct means of doing so is to preposition funds for settlement, either from cash on-hand or existing lines of credit. Under this approach, participants may take on credit exposure to the Euroclear operator or Clearstream, Luxembourg until the interests in the Note are credited to their accounts one day later.

As an alternative, if Clearstream, Luxembourg or Euroclear has extended a line of credit to a Clearstream, Luxembourg or Euroclear participant, as the case may be, such participant may elect not to pre-position funds and may allow that credit line to be drawn upon to finance settlement. Under this procedure, Clearstream, Luxembourg participants or Euroclear participants purchasing interests in a Note would incur overdraft charges for one day, assuming they cleared the overdraft when the interests in the Note were credited to their accounts. However, interest on the Note would accrue from the value date. Therefore, in many cases, the investment income on the interest in the Note would accrue from the value date. Therefore, in many cases, the investment income on the interest in the Note earned during that one-day period may substantially reduce or offset the amount of such overdraft charges, although this result will depend on each participant's particular cost of funds.

Since the settlement is taking place during New York business hours, DTC Participants can employ their usual procedures for transferring interests in the Global Note Certificates to the respective depositories of Clearstream, Luxembourg or Euroclear for the benefit of Clearstream, Luxembourg participants or Euroclear participants. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the DTC Participants, a cross-market sale transaction will settle no differently than a trade between two DTC Participants.

***Trading between Clearstream, Luxembourg or Euroclear Seller and DTC purchaser***

Due to time zones differences in their favour, Clearstream, Luxembourg and Euroclear participants may employ their customary procedures for transactions in which interests in a Note are to be transferred by their respective clearing system, through its respective depository, to a DTC Participant, as the case may be, at least one business day prior to settlement. In these cases, Clearstream, Luxembourg or Euroclear will instruct its respective depository to deliver the interest in the Note to the DTC Participant's account against payment. Payment will include interest accrued on such beneficial interest in the Note from and including the interest payment date to and excluding the settlement date. The payment will then be reflected in the account of the Clearstream, Luxembourg participant or Euroclear participant the following day, and receipt of the cash proceeds in the Clearstream, Luxembourg or Euroclear participant's account would be back-valued at the value date (which would be the preceding day, when settlement occurred in New York). Should the Clearstream, Luxembourg or Euroclear participant have a line of credit in its respective clearing system and elect to be in debit in anticipation of receipt of the sale proceeds in its account, the back-valuation will extinguish any overdraft charges occurred over that one-day period. If settlement is not completed on the

intended value date (i.e., the trade fails), receipt of the cash proceeds in the Clearstream, Luxembourg or Euroclear participant's account would instead be valued as of the actual settlement date.

Finally, day traders that use Clearstream, Luxembourg or Euroclear to purchase interests in a Note from DTC Participants for delivery to Clearstream, Luxembourg participants or Euroclear participants should note that these trades will automatically fail on the sale side unless affirmative action is taken. At least three techniques should be readily available to eliminate this potential problem:

- borrowing through Clearstream, Luxembourg or Euroclear for one day (until the purchase side of the day trade is reflected in their Clearstream, Luxembourg or Euroclear accounts) in accordance with the clearing system's customary procedures;
- borrowing the interests in the United States from a DTC Participant no later than one day prior to settlement, which would give the interests sufficient time to be reflected in their Clearstream, Luxembourg or Euroclear account in order to settle the sale side of the trade; or
- staggering the value date for the buy and sell sides of the trade so that the value date for the purchase from the DTC Participant is at least one day prior to the value date for the sale to the Clearstream, Luxembourg participant or Euroclear participant.

#### **No trading and settlement on the Ghana Stock Exchange**

It is anticipated that application will be made to the Ghana SEC and the Ghana Stock Exchange for the Notes to be admitted to the main market of the Ghana Stock Exchange. Prospective purchasers of Notes should note, however, that the Notes will not be registered in the Central Securities Depository of Ghana, and that, therefore, the Notes will not be traded on, or cleared or settled through, the Ghana Stock Exchange.

## TRANSFER RESTRICTIONS

*Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Notes offered hereby.*

The Notes have not been registered under the Securities Act, and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold (1) in the United States only to “qualified institutional buyers” (“**QIBs**”) within the meaning of Rule 144A under the Securities Act and (2) outside the United States in offshore transactions pursuant to Regulation S under the Securities Act. Terms used herein that are defined in Rule 144A (“**Rule 144A**”) or Regulation S (“**Regulation S**”) under the Securities Act are used herein as defined therein, as applicable.

### 1. Transfer Restrictions

On or prior to the 40th day after the Issue Date, a beneficial interest in the Unrestricted Global Note Certificate may be transferred to a person who wishes to take delivery of such beneficial interest through a Restricted Global Note Certificate only upon receipt by the Registrar of a written certification from the transferor (in the form scheduled to the Agency Agreement) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. After such 40th day, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Note, as set out below.

The Restricted Global Note Certificate will bear a legend substantially identical to that set out below and neither a Restricted Global Note Certificate nor any beneficial interest in the Restricted Global Note Certificate may be transferred except in compliance with the transfer restrictions set forth in such legend.

A beneficial interest in the Restricted Global Note Certificate may be transferred to a person who wishes to take delivery of such beneficial interest through the Unrestricted Global Note Certificate only upon receipt by the Registrar of a written certification from the transferor (in the form scheduled to the Agency Agreement) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 (if available) under the Securities Act.

Any beneficial interest in either the Restricted Global Note Certificate or the Unrestricted Global Note Certificate that is transferred to a person who takes delivery in the form of a beneficial interest in the other Global Note Certificate will, upon transfer, cease to be a beneficial interest in such Global Note Certificate and become a beneficial interest in the other Global Note Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global Note Certificate for so long as such person retains such an interest.

The Republic is a foreign government as defined in Rule 405 under the Securities Act and is eligible to register securities on Schedule B of the Securities Act. Therefore the Republic is not subject to the information provision requirements of Rule 144A(d)(4)(i) under the Securities Act.

### 2. Restricted Notes

Each prospective purchaser of Notes in reliance on Rule 144A (a “**144A Offeree**”), by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged as follows:

- (a) such 144A Offeree acknowledges that this Prospectus is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes. Distribution of this Prospectus, or disclosure of any of its contents to any person other than such 144A Offeree and those persons, if any, retained to advise such 144A Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Regulation S is unauthorised, and any disclosure of any of its contents, without the prior written consent of the Republic, is prohibited; and
- (b) such 144A Offeree agrees to make no photocopies of this Prospectus or any documents referred to herein.

Each purchaser of Restricted Notes within the United States, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged as follows:

- (c) the purchaser (i) is a QIB, (ii) is acquiring the Notes for its own account or for the account of a QIB and (iii) is aware that the sale of the Notes to it is being made in reliance on Rule 144A. If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the herein acknowledgments, representations and agreements on behalf of each such account;
- (d) the purchaser understands that such Restricted Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, such Restricted Notes have not been and will not be registered under the Securities Act or any other applicable State securities laws, the purchaser acknowledges that such Restricted Note is a “restricted security” (as defined in Rule 144(a)(3) under the Securities Act) and that (i) if in the future the purchaser decides to offer, resell, pledge or otherwise transfer such Restricted Notes, such Restricted Notes may be offered, sold, pledged or otherwise transferred only (A) in the United States to a person that the seller reasonably believes is a QIB purchasing for its own account in a transaction meeting the requirements of Rule 144A whom the seller has notified, in each case, that the offer, resale, pledge or other transfer is being made in reliance on Rule 144A, (B) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, (C) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) or (D) to the Republic; in each case in accordance with any applicable securities laws of any state of the United States, and (ii) no representation can be made as to the availability at any time of the exemption provided by Rule 144 for the resale of the Notes;
- (e) the purchaser agrees that it will deliver to each person to whom it transfers Notes notice of any restriction on transfer of such Notes;
- (f) the purchaser understands that the Restricted Notes offered hereby will bear a legend to the following effect, unless the Republic determines otherwise in accordance with applicable law:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), OR (4) TO THE REPUBLIC, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALE OF THIS NOTE.

THIS NOTE AND RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS NOTE TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFERS OF RESTRICTED SECURITIES GENERALLY. BY ACCEPTANCE OF THIS NOTE, THE HOLDER HEREOF SHALL BE DEEMED TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.

- (g) the purchaser understands that Notes offered in reliance on Rule 144A will be represented by a Restricted Global Note Certificate. Before any interest in a Note represented by a Restricted Global Note Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Note Certificate, it will be required to provide the Registrar with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws; and
- (h) the purchaser understands that the Republic, the Registrar and the Managers and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

For so long as the Notes are held in global form, Noteholders may not require transfers to be registered during the period beginning on the third business day before the due date for any payment of principal or interest in respect of such Notes.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

### **3. Unrestricted Notes**

Each purchaser of Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes in resales prior to the expiration of the distribution compliance period (within the meaning of Regulation S), by accepting delivery of this Prospectus and the Notes, will be deemed to have represented, agreed and acknowledged that:

- (a) It is, or at the time Notes are purchased will be, the beneficial owner of such Notes and (i) is located outside the United States (within the meaning of Regulation S) and (ii) it is not an affiliate of the Republic or a person acting on behalf of such an affiliate.
- (b) It understands that such Notes have not been and will not be registered under the Securities Act and it will not offer, sell, pledge or otherwise transfer such Notes except (i) to the Republic, (ii) in accordance with Rule 144A under the Securities Act to a person that it reasonably believes is a QIB purchasing for its own account or the account of a QIB whom it has notified, in each case, that the offer, resale, pledge or other transfer is being made in reliance on Rule 144A, (iii) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, or (iv) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States.
- (c) It understands that the Republic, the Registrar, the Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.
- (d) It understands that the Notes offered in reliance on Regulation S will be represented by the Unrestricted Global Note Certificate. Prior to the expiration of the distribution compliance period (within the meaning of Regulation S), before any interest in the Unrestricted Global Note Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Restricted Global Note Certificate, it will be required to provide the Registrar with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.
- (e) None of the Republic, the Managers or any person representing any such entity has made any representation to it with respect to any such entity or the offering or sale of any Notes, other than the information in this Prospectus.
- (f) It understands that the Notes, while represented by the Unrestricted Global Note Certificate or if issued in exchange for an interest in the Unrestricted Global Note Certificate or for Note Certificates, will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THIS NOTE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF ANY US PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

## TAXATION

### Ghanaian Taxation

The following is a description of the material tax implications of the ownership, acquisition, disposal and redemption of Notes by a holder thereof under the laws of the Republic of Ghana. The following description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of Notes. Prospective purchasers of Notes should consult their own tax advisors concerning the tax consequences of their particular situations.

Section 1 of the Income Tax Act, 2015 (Act 896), as amended (the “**Income Tax Act**”), requires that income tax be paid on a person’s chargeable income (meaning total assessable income after all allowable deductions have been deducted). Section 3 provides that the assessable income of a person from employment, business or investment is: in the case of a resident person, the income of that person from each employment, business or investment, whether or not the source from which the income was derived has ceased; and in the case of a non-resident person, the income of that person from each employment, business or investment which accrues in or is derived from Ghana. Section 115 of the Income Tax Act requires that the income tax payable be deducted by the resident person as withholding tax from the gross amount of interest payments payable to another person.

Resident and non-resident holders of Notes are liable to pay tax on the interest accruing on the Notes unless the Act provides an exemption. The Act defines a resident as:

- An individual who is a citizen of Ghana, other than a citizen who has a permanent home outside Ghana and lives in that home for the whole year of assessment; an individual present in Ghana for a period or periods amounting in aggregate to 183 days or more in any 12 month period that commences or ends during the year of assessment; an employee or official of the government of Ghana posted abroad during the year of assessment; or a citizen who is temporarily absent from Ghana for a period not exceeding 365 continuous days where the citizen has a permanent home in Ghana.
- A company incorporated under the laws of Ghana; or a company that is managed and controlled in Ghana at any time during the year of assessment.
- A partnership that has any of its partners residing in Ghana at any time during the year of assessment.
- A trust established in Ghana; a trust whose trustee is resident in Ghana at any time during the year of assessment. A trust is also resident in Ghana where a person, directly or indirectly, exercises control over senior managerial decisions during the year of assessment.

Any person who does not fit into the above definition is therefore considered non-resident.

### *Payment of Interest on the Notes*

Section 7 (1)(p)(ii) of the Income Tax Act specifically exempts the taxation of “individuals” on interest accruing from Ghana government bonds. The Act does not define “individual” so the ordinary meaning of the word individual is used. However, the Act defines a person as “an individual, or an entity”; and “entity” is defined as a “company”, “partnership” or “trust”. . Section 7 (1)(b-c) provides exemptions for certain categories of persons on non –business income. Section 7(1)(q) provides that the interest or dividend paid or credited to a holder or member on an investment in an approved unit trust scheme or mutual fund is exempt.

Regulation 18 of the Internal Revenue Regulations 2001 (L.I.1675) (the “**Regulations**”), extended the exemption from the payment of tax on Ghana government bonds to non-resident persons. The combined effect of the Act and the Regulations is as follows:

- individuals are exempt from taxation of interest on bonds issued by the government of Ghana;
- the persons listed in Section 7(1)(b - c) and (q) are exempt from taxation of interest on bonds issued by the government of Ghana; and
- non-resident persons are equally exempt from taxation on interest on bonds issued by the Government of Ghana.

Companies resident in Ghana that hold bonds for their own account, including government bonds, are liable to pay income tax on interest payments on the Notes; the Republic will make interest payments in respect of the Notes to the Fiscal

Agent free and clear of, and without deductions or withholding in respect of, income tax payable in Ghana. Companies resident in Ghana are liable to declare and pay income tax in Ghana on such interest payments on the Notes.

### ***Acquisition***

Under the Income Tax Act, a gift received by a person in respect of employment, business or investment forms part of that person's employment, business or investment income respectively and liable to income tax at the applicable income tax rates.

### ***Sale and Redemption***

The Income Tax Act does not impose a separate tax rate for capital gains. A capital gain from the disposition of any capital assets and liabilities of a business forms part of the business income of the person while capital gain from the disposition of any investment asset forms part of the investment income of that person. A capital asset is an asset employed in a business but excludes trading stock or a depreciable asset. An investment asset is defined to include "a capital asset held as part of an investment being shares or securities in a company or a beneficial interest in a trust", and a company is defined to include "a government, a political subdivision of a government or a public international organisation." A gain from the realisation of bonds forms part of the investment income of the bondholders. Section 35 of the Income Tax Act indicates that a gain made by a person from the realisation of an asset or liability is the amount by which the sum of the consideration received for the asset exceeds the cost of the asset at the time of realisation; or the sum of the consideration offered for the liability is less than the amount outstanding at the time of realisation.

Likewise, a loss of a person from the realisation of an asset or liability is the amount by which the cost of the asset exceeds the sum of the consideration received for the asset at the time of realisation; or the sum of the consideration offered for the liability is more than the amount outstanding at the time of realisation. For the purposes of the above, "asset" is defined as property of any kind whether tangible or intangible, currency, goodwill, know-how, a right to income or future income, a benefit that lasts longer than twelve months, a part of or any right or interest in, to or over an asset.

### **US Taxation**

The following is a description of the material US federal income tax consequences of the acquisition, ownership and disposition of Notes by a US Holder (as defined below) thereof. This description only applies to US Holders that will hold the Notes as capital assets and does not address, except as set forth below, aspects of US federal income taxation that may be applicable to holders that are subject to special tax rules, such as

- former citizens or long-term residents of the United States;
- financial institutions;
- insurance companies;
- real estate investment trusts;
- regulated investment companies;
- tax-exempt organisations;
- dealers or traders in securities or currencies; or
- those who hold Notes as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for US federal income tax purposes or those who have a functional currency other than the US Dollar.

Moreover, this description does not address the US federal estate and gift tax or alternative minimum tax consequences of the acquisition, ownership or disposition of Notes and does not address the US federal income tax treatment of holders that do not acquire Notes as part of the initial distribution at their initial issue price. Each prospective purchaser should consult its tax advisor with respect to the US federal, state, local and foreign tax consequences of acquiring, holding and disposing of Notes.

This description is based on the US Internal Revenue Code of 1986, as amended (the "**Code**"), existing and proposed Treasury Regulations, administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of the foregoing are subject to change, possibly with retroactive effect, or differing interpretations which could affect the tax consequences described herein.

For purposes of this description, a “**US Holder**” is a beneficial owner of Notes who for US federal income tax purposes is

- a citizen or resident individual of the United States
- a corporation or other entity taxable as a corporation organised in or under the laws of the United States, any State thereof or the District of Columbia
- an estate the income of which is subject to US federal income taxation regardless of its source or
- a trust (1) that validly elects to be treated as a US person for US federal income tax purposes or (2) if a court within the United States is able to exercise primary supervision over its administration and one or more US persons have the authority to control all of its substantial decisions.

A “**Non-US Holder**” is a beneficial owner of Notes that is not a partnership and that is not a US Holder.

If a partnership (or any entity treated as a partnership for US federal income tax purposes) holds or owns the Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner and partnership should consult their own tax advisors as to the consequences of acquiring, holding and disposing of the Notes.

#### ***Stated Interest***

If you are a US Holder, stated interest paid to you on a Note, including any Additional Amounts, will be includible in your gross income as ordinary interest income in accordance with your usual method of tax accounting. In addition, interest on the Notes will be treated as foreign source income for US federal income tax purposes.

Subject to the discussion below under the caption “US Backup Withholding Tax and Information Reporting”, if you are a Non-US Holder, payments to you of stated interest on a Note, including any Additional Amounts, generally will not be subject to US federal income tax unless the income is effectively connected with your conduct of a trade or business in the United States or, if you are eligible for the benefits of a US income tax treaty, attributable to a US permanent establishment or a fixed base, as the case may be.

#### ***Original Issue Discount***

The Republic expects that the Notes will be issued with no more than a de minimis amount of original issue discount (“**OID**”). However, if the Notes are issued with OID for US federal income tax purposes, US Holders generally will be required to include such OID in gross income (as ordinary income) for US federal income tax purposes on an annual basis under a constant yield accrual method regardless of their regular method of accounting for US federal income tax purposes. As a result, US holders will include any OID in income in advance of the receipt of cash attributable to such income. The Notes will be treated as issued with OID if the stated principal amount of the Notes exceeds their issue price by an amount equal to more than a statutorily defined de minimis amount (generally, 0.0025 multiplied by the stated principal amount and the weighted average maturity of the Note as defined in the relevant Treasury Regulations). If the Notes are issued with de minimis OID, US Holders will include such de minimis OID in income, as a capital gain, on a pro rata basis as principal payments are made on the Notes.

In the event that the Notes are issued with OID, the amount of OID on a Note will generally be equal to the excess of the principal amount of such Note over its issue price. As such, a U.S. Holder generally must include in its taxable income for any particular taxable year the sum of the “daily portions” of the OID that accrues on the Note for each day during the taxable year on which the US Holder holds the Note, in addition to stated interest. Thus, the US Holder will be required to include OID in income in advance of the receipt of the cash to which such OID is attributable. The daily portion is determined by allocating to each day of an accrual period (generally, the period between interest payments or compounding dates) a pro rata portion of the OID allocable to such accrual period. The amount of OID that will accrue during an accrual period other than the final accrual period is the product of the “adjusted issue price” of the Note at the beginning of the accrual period and its “yield to maturity” (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less the amount of any stated interest allocable to such accrual period. OID allocable to a final accrual period is the difference between the amount payable at maturity (other than a payment of stated interest) and the adjusted issue price at the beginning of the final accrual period. Special rules will apply for calculating OID for an initial short accrual period. The “adjusted issue price” of a Note at the beginning of an accrual period will equal its issue price, increased by the aggregate amount of OID that has accrued on the Note in all prior accrual periods and decreased by the aggregate amount of payments other than payments of stated interest, if any, made during all prior accrual periods. The “yield to maturity” of a Note is the discount rate

that, when used in computing the present value of all payments on the Note, produces an amount equal to the issue price of the Note. A U.S. Holder may elect to treat all interest on a Note as OID and calculate the amount includible in gross income under the constant yield method described above. The election is made for the taxable year in which the U.S. Holder acquired the Note, and may not be revoked without the consent of the IRS. US Holders should consult with their tax advisors about this election.

#### ***Foreign Tax Credit***

For US foreign tax credit limitation purposes, stated interest and OID, if any, on the Notes generally will constitute foreign source income and “passive category income”, or, in the case of certain US holders, “general category income”. The rules relating to foreign tax credits are extremely complex and US Holders should consult their own tax advisors regarding the availability of a foreign tax credit and the application of the foreign tax credit limitations to their particular situations.

#### ***Sale, Exchange, Retirement or Other Disposition***

If you are a US Holder, upon the sale, exchange, retirement, repayment of principal or other disposition of a Note you will recognise taxable gain or loss equal to the difference, if any, between the amount realised on the sale, exchange, retirement, repayment of principal or other disposition (other than the accrued but unpaid stated interest, which will be taxable as interest income to the extent not previously included in income) and your adjusted tax basis in the Note or relevant portion thereof. Your adjusted tax basis in a Note generally will equal the cost of the Note to you, increased by any OID accrued by the US Holder with respect to such Note and decreased by the amount of any payments on a Note other than payments of stated interest. Any such gain or loss will be capital gain or loss. The gain or loss will be long-term capital gain or loss if the US Holder held the Note for more than one year at the time of the sale, exchange, retirement or other disposition. Under current law, long-term capital gains recognised by non-corporate US Holders are generally subject to a reduced US federal income tax rate. Any gain or loss realised on the sale, exchange, retirement or other disposition of a Note generally will be treated as US source gain or loss, as the case may be, for US federal income tax purposes. The deductibility of capital losses is subject to limitations.

Subject to the discussion below under the caption “US Backup Withholding Tax and Information Reporting”, if you are a Non-US Holder, any gain you realise upon the sale, exchange, retirement or other disposition of a Note, other than accrued but unpaid stated interest (including accrued OID, if any) which will be subject to the rules discussed above under the caption “Stated Interest”, generally will not be subject to US federal income tax, unless

- the gain is effectively connected with your conduct of a trade or business in the United States or, if you are eligible for the benefits of a US income tax treaty, attributable to a US permanent establishment or a fixed base, as the case may be; or
- if you are an individual Non-US holder, you are present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition and certain other conditions are met.

#### ***Tax on Net Investment Income***

US Holders that are individuals, estates or trusts and whose income exceeds certain thresholds generally are subject to a 3.8 per cent. tax on net investment income, including interest (including OID, if any) and capital gains from the sale or other taxable disposition of the Notes, subject to certain limitations and exceptions. The amount of this tax may not be reduced by the foreign tax credit otherwise available to the US Holder. US Holders that are individuals, estates or trusts are urged to consult their own tax advisors regarding the applicability of this tax to your income and gains in respect of your investment in the Notes.

#### ***US Backup Withholding Tax and Information Reporting***

US Holders are subject to information reporting requirements with respect to certain payments of principal of, and interest (including the accrual of OID, if any) on, the Notes and to proceeds of the sale or redemption of the Notes if the interest (including OID, if any), principal, or proceeds are paid within the United States or through certain US-related financial intermediaries. Backup withholding at a rate of 28 per cent. with respect to payments within the United States or through certain US-related financial intermediaries would generally apply unless the US Holder provides a correct taxpayer identification number, certifies that it is not subject to backup withholding, and otherwise complies with applicable requirements of the backup withholding rules.

Certain persons are exempt from information reporting and backup withholding, including corporations and financial institutions. The amount of any backup withholding from a payment to a US Holder will be allowed as a credit against such holder’s US federal income tax liability and may entitle such holder to a refund provided that the required information is timely furnished to the IRS. A Non-US Holder generally may eliminate the requirement for information reporting and backup

withholding by providing certification of its foreign status, under penalties of perjury, on a duly executed applicable IRS Form W-8 or by otherwise establishing an exemption.

Certain specified individuals and certain domestic entities, who, at any time during the taxable year, hold interests in specified foreign financial assets (including obligations, such as the Notes, that are not held in an account maintained by a financial institution) having an aggregate value in excess of applicable reporting thresholds (which depend on the individual's filing status and tax home, and begin at a low of more than US\$50,000 on the last day of the taxable year or more than US\$75,000 at any time during the taxable year) are required to attach a disclosure statement on Form 8938 (Statement of Specified Foreign Financial Assets) to their US federal income tax return. No Form 8938 is required to be filed by a specified person who is not required to file a US federal income tax return for the taxable year. Investors are urged to consult their own tax adviser regarding these reporting requirements.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of Notes. Prospective purchasers of Notes should consult their own tax advisors concerning the tax consequences of their particular situations.

## **TENDER OFFER**

On 8 September 2016, the Republic announced an invitation (the “**Tender Offer**”) to holders of the 2017 Notes to offer to sell any and all of such securities to the Republic, for cash, subject to the terms and conditions set out in a Tender Offer Memorandum dated 8 September 2016. As of 7 September 2016, the nominal amount of the outstanding 2017 Notes was US\$400,598,000. The Republic is not obligated to purchase any 2017 Notes pursuant to the Tender Offer.

In connection with the Tender Offer, the Republic entered into a dealer manager agreement dated 8 September 2016 with Citigroup Global Markets Limited, Merrill Lynch International and Standard Chartered Bank (the “**Dealer Managers**”), which contains certain provisions regarding payment for fees, expense reimbursement and indemnity arrangements.

## PLAN OF DISTRIBUTION

Each of the managers named in the table below (the “**Managers**”) has, pursuant to a Subscription Agreement (the “**Subscription Agreement**”) dated 13 September 2016 severally and not jointly agreed to subscribe or procure subscribers for the principal amount of Notes set out opposite its name in the table below at the issue price of 100.00 per cent. of the principal amount of Notes, less, in the case of Citigroup Global Market Limited, Merrill Lynch International and Standard Chartered Bank, (i) a combined management and underwriting commission and (ii) other expenses incurred in connection with the issue of the Notes and, in the case of IC Securities (Ghana) Limited, certain fixed fees.

<u><b>Managers</b></u>	<u><b>Underwriting Commitment</b></u>
	US\$
Citigroup Global Market Limited .....	250,000,000.00
Merrill Lynch International .....	250,000,000.00
Standard Chartered Bank .....	250,000,000.00
IC Securities (Ghana) Limited.....	0.00
Total .....	750,000,000.00

The Republic has agreed to indemnify the Managers against certain liabilities (including liabilities under the Securities Act) incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the net subscription money in respect of the Notes to the Republic.

The Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Managers or their respective affiliates may have performed investment banking and advisory services for the Republic or its state-owned enterprises from time to time for which they may have received customary fees and expenses. The Managers or their respective affiliates may, from time to time, engage in transactions with and perform advisory and other services for the Republic or its state-owned enterprises in the ordinary course of their business. In the ordinary course of their various business activities, the Managers and their respective affiliates may make or hold a broad array of loans or other investments and actively trade debt securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Republic.

### **United States**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Managers have agreed to offer the Notes for resale in the United States initially only to persons (1) they reasonably believe to be QIBs purchasing for their own account or for the account of a QIB in reliance on Rule 144A, or (2) outside the United States in offshore transactions in reliance on Regulation S. Terms used in this paragraph have the respective meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act.

Each Manager has represented and agreed that, except as permitted by the Subscription Agreement, it has not offered and sold, and will not offer and sell, the Notes by means of any general solicitation or advertising in the United States or otherwise in any manner involving a public offering within the meaning of Section 4(a)(2) of the Securities Act. Accordingly, neither such Manager nor its affiliates, nor any persons acting on its or their behalf, have engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Notes.

**United Kingdom**

Each Manager has represented and agreed, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the United Kingdom Financial Services and Markets Act 2000 (“**FSMA**”)) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Republic; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

**The Republic of Ghana**

Each Manager has represented, warranted and agreed that it has not offered or sold, and will not offer or sell, any Notes in Ghana except in compliance with all applicable laws, rules and regulations.

**General**

No action has been taken by the Republic or any of the Managers that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Manager has undertaken that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

## **GENERAL INFORMATION**

### **Contact Information**

The address of the Republic is: Republic of Ghana, Ministry of Finance, Finance Drive P.O. Box MB40 Ministries, Accra, Ghana. The telephone number of the Republic is +233 302 665587.

### **Listing**

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on the Main Securities Market. The listing of the Notes is expected to be granted on or before 15 September 2016. The total expenses related to the admission to trading of the Notes are expected to be EUR4,540.

Walkers Listing & Support Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the Main Securities Market of the Irish Stock Exchange.

### **Indication of Yield**

Based upon a re-offer price of 100.00 per cent. of the principal amount of the Notes, the yield of the Notes is 9.250 per cent. on an annual basis. The yield is calculated at the Issue Date. It is not an indication of future yield.

### **Authorisations**

The Republic has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Notes. The Parliament of Ghana authorised the issue of the Notes on 23 December 2015 pursuant to the Loans Act 1970 (Act 335) and Article 181(5) of the Constitution of the Republic of Ghana.

### **Documents on Display**

For so long as any Notes shall be outstanding, physical copies of: (i) the Republic's budget for the current fiscal year (ii) the Agency Agreement and (iii) the Deed of Covenant may be inspected during normal business hours at the specified offices of the Fiscal Agent.

### **Clearing Systems**

The Notes have been accepted for clearance through Euroclear, Clearstream, Luxembourg and DTC. The Unrestricted Global Note Certificate has been accepted for clearance through Euroclear and Clearstream, Luxembourg under the Common Code No. 147069995 and the ISIN XS1470699957. The Restricted Global Note Certificate has been accepted for clearance through DTC. The CUSIP number for the Restricted Global Note Certificate is 374422 AF0, the Common Code No. is 149073540, and the ISIN is US374422AF02. The address of Euroclear is 1 Boulevard du Roi Albert II, B. 1210 Brussels, Belgium, the address of Clearstream, Luxembourg is Avenue J.F. Kennedy, L-1855 Luxembourg and the address of DTC is 55 Water Street, New York, NY, 10041 USA.

### **Litigation**

Save as otherwise disclosed in this Prospectus in the sections "Risk Factors—Decreases or fluctuations in oil production could adversely affect Ghana's economy" and "The Economy—Principal Sectors of the Economy—Industry—Oil and Gas", the Republic is not involved in, and has not been involved for 12 months prior to the date of this Prospectus in, any governmental, legal or arbitration proceedings which may have or have had in the recent past a significant effect on its financial position nor, so far as the Republic is aware, is any such proceeding pending or threatened.

### **Significant Change**

Since 31 December 2015, there has been no significant change in the Republic's (a) tax and budgetary systems, (b) gross public debt or the maturity structure or currency of its outstanding debt and debt payment record (c) foreign trade and balance of payment figures (d) foreign exchange reserves including any potential encumbrances to such foreign exchange reserves as forward contracts or derivatives (e) financial position and resources including liquid deposits available in domestic currency and (f) income and expenditure figures.

**Interest of Natural and Legal Persons**

So far as the Issuer is aware, no person involved in the offer or the Notes has an interest material to the offer.

**Managers transacting with the Issuer**

Certain of the Managers and their affiliates have engaged, and may in the future engage in investment banking and/or commercial banking transactions with, and may perform services to, the Issuer in the ordinary course of business.

## ISSUER

**Republic of Ghana**  
Ministry of Finance  
Finance Drive  
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Accra  
Ghana

## JOINT LEAD MANAGERS

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**Merrill Lynch International**  
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**Standard Chartered Bank**  
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## FISCAL AND PRINCIPAL PAYING AGENT AND TRANSFER AGENT

**Deutsche Bank AG, London Branch**  
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## REGISTRARS, PAYING AND TRANSFER AGENTS

*In respect of the Rule 144A Restricted Notes*

**Deutsche Bank Trust Company Americas**  
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*In respect of the Regulation S Unrestricted Notes*

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