INTERNATIONAL DEVELOPMENT ASSOCIATION AND
THE INTERNATIONAL MONETARY FUND

GHANA

Enhanced Heavily Indebted Poor Countries (HIPC) Initiative Decision Point Document

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CURRENCY EQUIVALENTS

Currency unit 7,291 cedis = US$1 (at end-December, 2001)

ABBREVIATIONS AND ACRONYMS

BOG	Bank of Ghana
BPEMS	Budget and Public Expenditure Management System
CAGD	Controller and Accountant General's Department
CAS	Country Assistance Strategy
CG	Consultative Group
COCOBOD	Cocoa Board
DIC	Divestiture Implementation Committee
EC	Energy Commission
ECG	Electricity Company of Ghana
ERSO II	Second Economic Reform Support Operation
GCB	Ghana Commercial Bank
GDP	Gross Domestic Product
GLSS	Ghana Living Standard Survey
GPRS	Ghana Poverty Reduction Strategy
GWCL	Ghana Water Company Limited
HIPC	Heavily Indebted Poor Countries
IDA	International Development Association
IFC	International Finance Corporation
IMF	International Monetary Fund
LBC	Licensed Buying Company
LDP	Letter of Development Policy
MTEF	Medium Term Expenditure Framework
NIB	National Investment Bank
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
PUFMARP	Public Financial Management Reform Program
PURC	Public Utilities Regulatory Commission
SDR	Special Drawing Rights
TOR	Tema Oil Refinery
VRA	Volta River Authority

I. INTRODUCTION

1. This paper presents a decision point assessment of Ghana's eligibility for assistance under the enhanced Initiative for Heavily Indebted Poor Countries. The Executive Boards of IDA and the IMF discussed the preliminary HIPC document for Ghana (IDA/R2001-0111 of 6/12/01, and IMF/EBS/01/89 of 6/14/01) on July 3, 2001 and June 27, 2001, respectively. During the discussion of the preliminary HIPC document, Directors made a preliminary determination that Ghana is eligible for assistance under the enhanced HIPC Initiative in view of its (a) high level of indebtedness and external vulnerability; (b) satisfactory track record under successive arrangements with the Fund and IDA and, in particular, completion of the third review under the current PRGF arrangement.

2. As early as 1999, debt sustainability analysis confirmed that Ghana could qualify for assistance under the HIPC Initiative.[2] However, at that time, the Ghanaian authorities decided that it was not in the country's best interest to pursue debt relief under the Initiative. With the change of government in Ghana early in 2001, the authorities re-assessed their debt position and macroeconomic situation. As a result of this reassessment, the authorities are requesting IDA and the Fund to consider the country's eligibility under the Initiative.

3. The remainder of this document is organized as follows. Section II provides background information on eligibility, poverty, and the policy track record to date. Section III presents the medium-term outlook for the Ghanaian economy and discusses structural and priority sector policies as well as issues regarding implementation capacity. Section IV presents the preliminary debt sustainability analysis, including possible assistance under the enhanced HIPC Initiative. Section V outlines the proposed floating completion point triggers and the main elements regarding the use and tracking of resources made available by debt relief under the enhanced HIPC Initiative. Finally, Section VI contains issues for discussion by the Boards of Executive Directors.

II. ASSESSMENT OF ELIGIBILITY

A. PRGF and IDA Status

4. Ghana is currently a PRGF-eligible and IDA-only country, with a per capita GDP of about US$300 in 2001, somewhat below the average for sub-Saharan countries. Even taking into account projected growth rates, and an expected improvement in its terms of trade, Ghana is expected to remain an IDA-only and PRGF-eligible country for the foreseeable future.

B. The Dimensions of Poverty

5. **Poverty.** Ghana's poverty trends were favorable in the 1990s, with the percentage of the adult population defined as poor falling from 52 percent in 1991-92 to just under 40

[2] IDA/SecM99-656 and IMF/SM/99/273.

percent in 1998-99.[3] Most groups experienced a decline in poverty during the 1990s, but to differing degrees. Export farmers and private sector employees benefited the most, and food crop farmers the least. These improvements were made possible by sustained GDP growth at an average rate of 4.3 percent per year during the 1992-99 period, accompanied by a broad improvement in social indicators. Ghana's economic development was especially beneficial for the poor because it was accompanied by agricultural growth, which lifted out of poverty a large number of farmers, thereby reducing the percentage of the poor in rural areas from 63.6 percent in 1991/92 to 49.5 percent in 1998/1999.

6. **Poverty and regional inequality**. Within both urban and rural areas, poverty remained disproportionately concentrated in the savannah, especially in the Northern, Upper East, and Upper West Regions (Table 1). These regions have benefited little from poverty reduction that has occurred at the national level. The largest declines were recorded in the Greater Accra Region—which includes the bulk of industrial and service activities—and the Western, Volta, Ashanti and Brong Ahafo regions, where exports such as cocoa, gold and timber are produced.

Table 1. Ghana, Summary Poverty Rates, 1991/92 and 1998/99

(In percent)

	Poverty Incidence 1/	
	1991/92	1998/99
Greater Accra	25.8	5.2
Western	59.6	27.3
Eastern	48.0	43.7
Volta	57.0	37.7
Ashanti	41.2	27.7
Brong Ahafo	65.0	35.8
Upper West	88.4	83.9
Central	44.3	48.4
Northern	63.4	69.2
Upper East	66.9	88.2
Rural areas	63.6	49.5
Urban areas	27.7	19.4
All Ghana	51.7	39.5

Source: Ghana Statistical Service " Poverty Trends in Ghana in the 1990s" October 2000.
1/ Poverty line = 900,000 cedis (US$363) in 1999 prices.

7. **Growth and inequality**. Growth in average income will reduce poverty, other things being equal, except when it is accompanied by an increase in inequality, in which case the decline in poverty will be reduced. Conversely, the effectiveness of growth in reducing poverty will be enhanced when growth is accompanied by falling inequality.

[3] Ghana Statistical Service, "Poverty Trends in Ghana in the 1990s"; October 2000. The data in the text refer to an absolute poverty line (900,000 cedis per adult per year in 1998/99). Individuals with expenditures above that level are considered able to purchase enough food to meet their nutritional requirements and to meet their non-food basic needs.

This is shown in Table 2, which breaks down the change in poverty into three components: (i) the change in the mean value of consumption assuming that inequality had remained unchanged (growth effect); (ii) the observed change in inequality assuming that mean consumption had remained unchanged (distribution effect); and (iii) a residual effect (which measures the interactive term between growth and redistribution effects).

8. In Ghana's case, broad economic growth accounted for nearly all the poverty reduction at the national level between 1991/92 and 1998/99. However, Ghana's poverty reduction would have proceeded faster if the process of economic development had been more equal. This is especially the case for the Coastal Urban region, where the effectiveness of growth in reducing poverty was substantially reduced by inequality increases. In all regions, however, changes in inequality were not strong enough to overturn the effect of growth.

Table 2. Decomposition of Change in Poverty, 1991/92 and 1998/99

		Share of percentage change due to:		
	Total Change	Growth effect	Redistribution effect	Residual
Accra	-19.6	-12.6	-10.3	3.3
Urban Coastal	-3.0	-11.8	8.0	0.8
Urban Forest	-8.7	-11.2	0.0	2.4
Urban Savannah	5.5	6.5	-1.7	0.6
Rural Coastal	-7.0	-9.8	1.8	1.0
Rural Forest	-25.2	-23.3	1.6	-0.3
Rural Savannah	-2.0	-5.0	1.6	1.5
All Ghana	-12.1	-13.8	0.1	1.5

Source: Poverty trends in the 1990s, Ghana Statistical Service, October 2000.

9. **Characteristics of the poor.** Not surprisingly, there is a strong link between poverty and low access to basic infrastructure, health services and education. In participatory studies of poverty, Ghana's poor expressed a strong demand for improved social services, but there were substantial regional differences. Communities in the north of the country saw a priority need for irrigation, potable water, health facilities and off-farm employment generation. Those in the south placed more emphasis on skill training, general education, transparency, good governance and provision of economic and social infrastructure. In both regions, lack of access to credit was mentioned as a factor exacerbating poverty, especially for farmers and the informal sector.

10. **Access to social services**. Overall, access by the poor and the very poor to essential social services such as education and potable water improved substantially from 1991/92 to 1998/99. In the case of electricity, only the non-poor households experienced any significant gains (Table 3). In the **education sector**, net enrollment rates rose at the primary and secondary level due to increased enrollment in private schools, especially in urban areas. In contrast, enrollment in public schools either declined (primary level) or remained constant (secondary level), largely on account of budgetary constraints and the

perceived lower quality of public education relative to private schools.[4] While Ghana's education system provided reasonable access to a majority of the population, it suffered from several shortcomings, including: (i) poor quality of the public primary education, which resulted in a low rate of progression to secondary schools; and (ii) an unequal distribution of teaching capacity and infrastructure, with the greatest shortages found in the three northern regions.[5]

Table 3. Characteristics of the Poor, 1991/92 and 1998/99 1/

	Very Poor	*Poor*	*Non-poor*	*National Average*
Electricity connection (%)				
1991/92	9.7	20.1	40.8	29.8
1998/99	10.0	21.7	53.3	41.4
Access to potable water (%)				
1991/92	57.8	62.1	67.9	64.6
1998/99	69.7	70.3	75.2	74.5
Ill or injured individuals that did not consult health personnel (%)				
1991/92	51.1	54.3	43.1	46.3
1998/99	59.7	59.5	48.1	50.8
Primary education (net enrollment) 2/				
1991/92	65.5	72.8	83.4	74.1
1998/99	72.6	86.3	88.9	83.4
Secondary schools (net enrollment) 2/				
1991/92	32.3	38.8	41.7	37.5
1998/99	38.8	42.0	46.1	40.7

Note: 1/ From "Poverty Trends in Ghana in the 1990s," Ghana Statistical Services, October 2000, which compares two household surveys (GLSS) taken in 1991/92 and 1998/99. "Very poor" corresponds to those living below the extreme poverty line, "poor" to those below the poverty line but above the extreme poverty line.
2/ Public and private schools.

11. **Gender differences.** As in most other African countries, Ghana's school enrollment rates are lower for girls than for boys.6 In 1998/99, the gender differential in net enrollment rates between girls and boys at secondary level was similar in magnitude to

[4] The share of public enrollment in primary schools declined from 79 percent in 1991/92 to 73 percent in 1997/98 (Ministry of Education data), coinciding with declining budgetary expenditures on education (-3.8 percent per year in real terms in 1994-98).

[5] "Public Health and Education Spending in Ghana in 1992-98: Issues of Equity and Efficiency". Sudarshan Canagarjah; Xiao Ye. World Bank Working Papers, 2001.

[6] This is true for each of the income quintile groups, i.e. the net primary enrolment rate for girls was less than for boys in poor as well as rich households.

that for primary schools, suggesting that there may now be no additional discrimination against girls at the secondary level compared to that observed at the primary level.

Table 4. Ghana: Selected Poverty and Social Development Indicators

12. Compared to other African countries, Ghana's **health sector** performed quite well in the 1990s. Although budgetary expenditures on health (1.8 percent of GDP) were

	Latest single year		Same region/income group	
	1980-85	1994-99	Sub-Saharan Africa*	Low-income*
POPULATION				
Total population, mid-year (millions)	12.6	18.8	642.3	2,417.0
Growth rate (percent annual average)	3.2	2.5	2.4	1.9
Urban population (percent of population)	32.3	37.9	33.9	31.4
Total fertility rate (births per woman)	6.4	4.3	5.4	3.8
POVERTY *(percent of population)*				
Urban population	..	19.4	..	..
Rural population	..	49.5	..	..
INCOME				
GNI per capita (US$)	360	400	490	420
Consumer price index (1995=100)	8	241	131	138
SOCIAL INDICATORS				
Public expenditure				
Health (percent of GDP)	..	1.8	1.7	1.2
Education (percent of GNI)	2.6	4.2	4.1	3.3
Gross primary school enrollment rate				
Total *(percent of age group)*	75	79	78	96
Male	85	84	85	102
Female	66	74	71	86
Access to an improved water source				
Total *(percent of population*	..	64	55	76
Urban	57	87	82	88
Rural	40	49	41	70
Immunization rate *(percent under 12 months)*				
Measles	21	73	57	64
DPT	19	72	59	70
Child malnutrition (percent under 5 years)	27	25	..	..
Life expectancy at birth *(years)*				
Total	55	58	47	59
Male	54	57	46	58
Female	57	59	48	60
Mortality				
Infant (per thousand live births)	85	57	92	77
Under 5 (per thousand live births)	157	109	161	116
Adult (15-59)				
Male (per 1,000 population)	400	316	499	288
Female (per 1,000 population)	334	272	453	258
Maternal (per 100,000 live births)	1,000	210	..	..
Births attended by skilled health staff (%)	47	44	..	..

*Latest available data for countries in group.

Source: World Bank, 2001 World Development Indicators, and Regional Database

roughly equal to the average for sub-Saharan Africa (1.7 percent of GDP; see Table 4)[7], the key available outcome indicators such as life expectancy, infant and adult mortality rates, and children immunization rates were much above the average for Sub-Saharan Africa (Table 4). As in most countries, health infrastructure remains biased towards urban and curative care, but the gap in preventive care between urban and rural areas has narrowed significantly. This is particularly the case as concerns the immunization of children, which shows few differences among regions despite wide differences in income.

13. Income growth, improved sanitation, and greater access to potable water in rural areas are some of the main factors behind Ghana's improved social indicators. Increased partnership with non-governmental organizations has also been a positive factor. In the health sector, for instance, the private sector played a major role in managing hospitals and providing health services.[8] Based on the 1998/99 household survey data, per capita expenditures on health amounted to US$15, of which about US$5 were financed by the budget. This raises important issues, however, concerning access to health services by the poor. A comparison of the 1991/92 and 1998/99 household surveys shows that Ghanaians are now less likely to consult health professionals when sick or injured (Table 3). The reason for this is not entirely clear, although the introduction of user fees combined with an inconsistent application of exemptions from fees could have resulted in reduced health facility use.[9]

C. Macroeconomic and Structural Adjustment Record

14. Ghana has made progress on structural and macroeconomic reforms since 1984, sustaining output growth and increasing private sector activity and investment over the last two decades. The major reforms are outlined in Box 1. This has been accompanied by a political evolution to a firmly democratic form of government. However, progress on growth and poverty reduction has been periodically interrupted by episodes of weak macroeconomic management associated with the electoral cycle.

15. Ghana made initial progress on macroeconomic stabilization and structural reforms under the Economic Recovery Program launched in 1983. By the early 1990s, inflation had fallen to 9.2 percent (from 122 percent in 1983), the trade regime had been largely liberalized, the exchange rate was market-determined (though the market remained segmented and inefficient), and the majority of price and distribution controls had been lifted. These efforts were supported by a series of stand-by arrangements and

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[7] Budgetary health expenditures for Ghana exclude donor financed expenditures, which are estimated to amount to 10 percent of the health budget.

[8] Budgetary expenditures per capita amounted to about US$4.9 dollars in 1999. Ghanaian households were found to spend US$15.4 per capita on health in 1998/99, which implies that private expenditures per capita must have been about US$10.

[9] While several categories of patients (such as pregnant women) are exempt from fees, the policy is not uniformly enforced. Due to a lack of budgetary resources, the contribution from patients has become relatively more important. In recent years, financing from health fees was on average twice the planned level.

arrangements under the SAF and ESAF with the Fund, as well as a sequence of adjustment credits from IDA.

16. In 1992, the reform process was interrupted by political unrest in connection with national elections, and by high government spending in the pre-election period, which worsened macroeconomic balances and rekindled inflation. The Fund did not provide financial support between 1992-94. In 1995, however, the government launched an ambitious medium-term fiscal program, supported by a new ESAF arrangement. At the same time, substantial progress was made on the structural front. A number of important state assets were divested, including Social Security Bank, Ashanti Goldfields and a 15 percent stake in Ghana Telecom. The investment code was revised and an Export Duty Free Zone launched. The Government also initiated a series of public sector reforms on financial management, management of state-owned enterprises and civil service personnel and salary structure.

17. In the run up to the elections in December 1996, large fiscal slippages occurred again. After the elections, the government curtailed domestic budgetary expenditures and succeeded in halving the inflation rate over the subsequent two years. On this basis, and to support Ghana's progress in completing previously delayed reforms—in particular, increased tariffs aimed at restoring financial viability to the public utilities, and the passage of the VAT law—IDA approved a one-tranche adjustment credit, the Economic Reform Support Operation (ERSO) in 1998.

18. By mid 1999, Ghana had made significant progress in restoring macroeconomic stability—inflation had fallen to below 10 percent and real interest rates were declining from a very high positive level. The VAT had been successfully re-introduced, a number of insolvent banks were closed, the Government had reached a consensus with stakeholders on the strategy for further liberalizing the cocoa sector and progress was being made on the divestiture of the Ghana Commercial Bank. The 1995 ESAF arrangement was succeeded in May 1999 by the current arrangement under the Poverty Reduction and Growth Facility (PRGF), and in July 1999, IDA approved a second Economic Reform Support Operation (ERSO II) credit, based on a program of continued reforms in the cocoa, energy and banking sectors.

19. Beginning in the latter half of 1999, Ghana suffered a major terms of trade shock, with falling prices for Ghana's two main exports, gold and cocoa, and rising prices for petroleum imports. This shock, together with a delay in adjusting fiscal and monetary policy accordingly, led to a sharp deterioration in macroeconomic performance, including a build-up in external arrears. The exchange rate depreciated rapidly in the latter part of 1999 and inflation increased significantly. These problems were compounded by delays in the adjustment of domestic petroleum prices and electricity rates, resulting in an accumulation of large bank debts at the state-owned monopoly importer, Tema Oil Refinery (TOR), and threatening the financial viability of the utilities.

Box 1. Major Macroeconomic and Structural Reforms - 1983-2000

Exchange rate regime: Fully flexible exchange rate introduced (1992); liberalization of the current account and capital inflows (1994).

Trade and investment policies: Tariff regime progressively lowered to current top rate of 20% and simplified to 4 lines; majority of import and price controls relaxed (by 1986); trade in coffee, and domestic marketing of cocoa liberalized (1992); new investment code and free zone program enacted (1995); and cocoa export trade partially opened to private firms (2001).

Privatization and reform of state-owned enterprises: Privatization of 255 SOEs (or parts of SOEs) had been authorized by end-2000; state enterprise law enacted and performance contracting initiated in 1992; accelerated divestiture program launched in 1995 targeting economically significant SOEs including Ghana Ports and Harbours Authority, Ashanti Goldfields.

Fiscal reforms: Civil service reforms (1987, 1995); Value Added Tax introduced and partial implementation of universal Tax Identification Numbers (1999); price subsidies on agricultural inputs removed; independent utilities regulatory commission established (1998); Medium Term Expenditure Framework introduced for budget (1999), though yet to become fully effective.

Financial sector reforms: Private banks authorized to operate (1988); removal of credit controls and liberalization of interest rates and bank charges (1990); sale of government shares in large state-owned banks (1996); modern prudential regulations enacted (1992); privatization of remaining state-owned banks launched (1998); closure of three insolvent banks (2000) and transfer of guaranteed deposits; creation of an apex bank to oversee all rural banks.

Decentralization: Creation of District Assemblies (local government) in 1988; District Assemblies Common Fund established with statutory contribution of 5% of revenues (1992).

20. As the terms of trade worsened further, the exchange rate depreciation and rising inflation continued through 2000. The authorities responded in early 2000 by tightening monetary policy, postponing public expenditures and by raising the VAT rate. Based on these and other upfront measures, the second review of the PRGF arrangement was completed in August 2000. IDA also disbursed part of ERSO II in 2000, based on continued progress on the structural front, with the closure of several insolvent banks, further development of the regulatory framework for the electricity sector aimed at encouraging future private investment, and issuance of regulations permitting the private exports of cocoa beans.

21. Fiscal and monetary discipline faltered once again in the run up to the December 2000 elections. The newly-elected government, however, having inherited a very difficult economic situation, moved quickly to restore stability. In February 2001, petroleum prices were doubled in order to staunch operating losses at the state-owned refinery, and similar increases in electricity and water tariffs took effect in May to curtail losses at those utilities. An interim budget passed in March 2001 raised taxes and curtailed expenditure appropriations, and a further package of fiscal measures was devised for implementation beginning mid-2001. On the strength of the government's macroeconomic and structural reform program for 2001, the third review under the PRGF arrangement was completed (IMF/EBS/01/88, 6/27/01) and IDA presented the Third Economic Reform Support Operation (ERSO III) operation to the Board (IDA/R2001-0121 of 7/05/01).

22. Sustained implementation of tight financial policies during 2001 resulted in significant progress on macroeconomic stabilization. The inflation rate was brought down from a peak of 42 percent in early 2001 to half that rate by end-year, the nominal exchange rate remained basically constant during the year, and the foreign exchange reserve position was rebuilt. All the main monetary and fiscal performance indicators under the program for August 2001 were met. At the same time, progress was made in the restructuring of public enterprise debt, and work advanced on setting a fee schedule for public utilities that would allow them to move progressively toward full cost recovery. Measures intended to strengthen public expenditure control at the commitment stage were delayed, however, resulting in the build-up of new domestic arrears. Progress was also slower than expected in the area of divestiture, although this in part reflected the authorities' efforts to ensure a transparent process. On the strength of the government's record in restoring macroeconomic stability in 2001 and its economic program for 2002, Fund staff is proposing completion of the fourth review under the PRGF arrangement in February 2002.

III. Medium-Term Outlook for Poverty Reduction

A. The PRSP Process

23. The **Ghana Poverty Reduction Strategy (GPRS),** as the PRSP is referred to in Ghana, builds upon the Interim PRSP. The Interim PRSP was reviewed in August 2000 by the Boards of IDA and the Fund, which agreed that it provided a sound basis for the formulation of a full participatory PRSP.[10]

24. The preparation of the GPRS started in July 2000. Teams were established, participatory poverty analyses were conducted in thirty six sample communities, and consultation workshops were held in twelve districts and six administrative regions. Following the constitution of a new government, the preparation process accelerated in early 2001, led by the newly-formed Ministry of Economic Planning and Regional Cooperation.

25. The preparation of the GPRS was guided by three key objectives. The first was to prepare a strategy for poverty reduction that would rest to a large extent on increasing the participation of the poor in economic development (see key steps to the GPRS process provided in Table 5). The second objective was to ensure broad participation of civil society in the preparation of the GPRS, in order to build consensus for the strategy. The third objective was to translate the overall poverty reduction strategy of the GPRS into fully costed programs that would be included in the annual budgets, starting with the 2002 budget. These three characteristics were viewed as distinguishing the GRPS from Ghana's previous poverty reduction strategies.

26. Task forces were formed in March 2001 with the participation of key partners, including civil society groups, the media, private sector, government ministries and

[10] IDA/SecM2000-400 and IMF/EBD/00/65.

development partners (Table 5). The reports of these task forces were reviewed in a broader two-day forum called the National Economic Dialogue (NED) in mid-May 2001, with the objective of preparing a preliminary development and poverty reduction agenda. Extensive consultations with civil society were subsequently conducted in various regions of the country, involving NGOs, CSOs, business associations, labor unions, religious organizations as well as the general public.[11] This process led to a series of revisions of the initial draft GPRS.

Table 5. Key Steps of the GPRS Process in 2000-2001

Activity	*Participants*	*Date*
Launching of GPRS process	Cross section of Ghanaian society	July 2000
Community, district and regional consultations	Community groups, district and regional representatives	Oct.-Nov. 2000
Harmonizing and synthesizing workshops	Government, civil society, donors	March 2001
National Economic Dialogue	Government, cross-section of civil society	May 2001
Presentation on draft GPRS	Development partners	July 2001
Consultation workshops	Chief directors of MDAs, NGOs and religious bodies, labor unions, policy advocacy groups, think tanks, women's groups and media	Aug. 2001
Call for comments	National Association of Local Governments, gender network, donors	Aug. 2001
Regional GPRS workshops	Public and private sector, NGOs, CSOs and CBOs	Sept-Oct. 2001
Policy Review workshops with MTEF/Budget Division	Administrative Group A (economic and safety groups) and Group B (social, infrastructure and administration); policy advocacy groups and think tanks	Sept. 2001
Review of strategic plans – GPRS policies	MDAs	Sept. 2001
Retreat	Political parties and parliamentarians	Oct. 2001
Budget hearings	MDAs	Oct. 2001
Review of budget with GPRS priorities	Cabinet and Parliament	Nov. 2001

27. Starting in the second half of 2001, and in parallel with the on-going consultation process, working group meetings were held within the government for the purpose of

[11] Key organizations included Trade Union Congress, Civil Society Coalition, and the Ghana Association of Private Voluntary Organizations in Development (GAPVOD).

integrating the GRPS into the budgetary process.[12] This was perceived as crucial for effective implementation of the poverty reduction strategy. Policy Review workshops were held with sectoral ministries, district government were instructed to prepare strategic implementation plans based on the GPRS priorities, and budget ceilings for the MDAs were issued based on the results of the workshops. Following the completion of further work to cost the proposed programs and revise the draft document, the authorities expect to publish the GPRS in the first half of 2002.

B. Macroeconomic Objectives

28. The main objective of the authorities' medium-term macroeconomic strategy is to reduce the burden of government debt and create a virtuous circle of declining debt-service payments, lower inflation, and lower interest rates. The authorities aim to create an environment favorable to private sector-led growth and sustainable poverty reduction, and to make room within the government's budget for increased expenditures on education, health, and other priority services. This strategy and its associated goals were discussed with all sectors of society within the framework of the National Economic Dialogue, and will form the backbone of the GPRS. The government intends to achieve its macroeconomic goals through a combination of sustained surpluses in the domestic primary budget and a firm monetary stance, and counts on strong support from the international community, including in the form of debt relief under the enhanced HIPC Initiative.

29. The authorities' medium-term framework, as reflected in the draft GPRS, targets by 2004 a single-digit inflation rate (5 percent), an acceleration of the real rate of economic growth (to at least 5 percent), and the restoration of a prudent level of official foreign reserves (equivalent to about three months of imports). In addition to macroeconomic stability, underlining the government's growth projections are policies to enhance the efficiency of the public enterprise sector, reorient public expenditure to growth-promoting activities, and enhance private sector development. Overall investment will rise gradually to about 25 percent of GDP, and will be increasingly financed out of higher domestic saving; in particular, the authorities count on higher public savings, generated through measures to enhance the tax revenue-GDP ratio.

30. In the short-term, the authorities view the restoration of macroeconomic stability as a cornerstone on which policies can be put in place to reduce poverty on a sustained basis. They have set the following main goals: (i) bringing down the inflation rate, and hence nominal interest rates; (ii) reducing the government's domestic and external debt burden, by curtailing budget deficits and seeking debt relief; (iii) strengthening public expenditure management and control; (iv) curtailing losses in key state enterprises; and (v) pursuing an ambitious divestiture strategy to reduce the stock of domestic debt and increase the role of the private sector in economic activity.

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[12] The review also led to the identification of priority spending areas, as outlined in Table 6 below.

C. Sectoral and Social Policies for Poverty Reduction

31. The formulation of Ghana's poverty reduction strategy builds upon analytical work carried out by government and civil society participants. The emerging strategy includes the following three broad components (Box 2):

- Supply side measures to increase the participation of the poor in economic development;
- Governance and institutional reforms to facilitate policy implementation and reallocation of budgetary expenditures; and,
- Bridging disparities in access to social services that are essential to poverty reduction.

Supply-side measures

32. In recent years, the financial sector's ability to provide reasonably priced credit to small and medium-sized borrowers has been seriously compromised by the large borrowing requirements of the public sector (government and public enterprises).[13] The availability of nearly risk-free investments in high-yielding treasury bills and lending to public enterprises with government guarantees has impeded savings mobilization by banks. This has been a key factor accounting for high interest rates in real terms. The strategy for **improving financial intermediation** in Ghana is therefore focused on: (i) reducing the domestic debt of government and public enterprises; (ii) improving the financial soundness of banks by improving their financial viability; and (iii) assuming part of the debt of state enterprises incurred as a result of the government decision to delay price adjustments in 2000 when the exchange rate depreciated substantially.

33. Measures to **improve the financial viability of key public enterprises** are viewed as important in part to avoid the diversion of fiscal and quasi-fiscal resources away from uses that could better benefit the poor. Phased price increases for the public utilities will be an essential element, and are being planned through a series of consultations with civil society to ensure that the effects on low-income groups and the need for corresponding improvements in service delivery are taken into account.

34. The objectives of the **divestiture program** are to ensure greater efficiency and to mobilize funds that would be used for reducing the domestic debt. Progress in this area in the past two years has been limited. However, following the appointment of a new Board for the Divestiture Implementation Committee (DIC) in August 2001, work is proceeding on the planned sale of several large state enterprises, two banks, and a dozen or so other state-owned firms.

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[13] About 60 percent of non-farm enterprises identified lack of capital or credit as the most limiting factor on their operations. Only 2 percent were successful in obtaining credit. (1998/99 Ghana Living Standards Survey, October 2000.)

Box 2. Pillars of Ghana's Poverty Reduction Strategy

I. Supply side objectives to stimulate pro-poor growth

A. Macroeconomic environment for poverty reduction

- Stable macroeconomic environment: reduce inflation and maintain competitiveness of exchange rate
- Domestic debt management: reduce domestic debt of government and public enterprises to bring down interest rates and facilitate credit access by small entrepreneurs
- Public enterprise reforms: adjust prices and restructure enterprises in a manner consistent with poverty reduction

B. Increased Production and Employment

- Stimulate the development of agriculture, agro-processing, non-traditional exports and employment
- Improve environment for private sector development
- Provide skills and entrepreneurship development for the youth

II. Governance and Institutional Reforms

- Budgetary reform: enhance cost effectiveness of public expenditure through improved budget preparation and expenditure management
- Reform of government administration: enhance the capacity of the civil service and rationalize the roles and structures of Central Management Agencies and subvented agencies
- Decentralization: ensure wider participation of local communities in the decision-making process by increasing the leadership role and capacity of District Assemblies
- Strengthen transparency and accountability, with "zero tolerance of corruption"

III. Bridging disparities in access to social services that are essential to poverty reduction

A. Equitable human resource development

- Increase access to education by improving school quality and infrastructure in the poorest regions and extending special partnership programs with non-government actors
- Improve health care by bridging equity gaps in access to quality health and nutrition services; ensuring sustainable financing arrangements that protect the poor; and enhancing efficiency in service delivery
- Reduce the incidence of HIV/AIDS, and provide support for people living with HIV/AIDS and their families
- Increase access to safe water and strengthen environmental health

B. Specific Programs for the Excluded and Vulnerable

- Expand the coverage and effectiveness of essential services for the poorest groups and geographical areas
- Develop systems that enforce protection of rights, especially for children and women
- Increase partnerships with non-governmental organizations

35. Because about 80 percent of Ghana's poor live in rural areas, accelerating **agricultural growth** and creating sources of off-farm employment is key for reducing poverty. The Agricultural Service Sector Investment Program (AgSSIP) aims at providing improved service delivery to smallholders, mechanisms for the sustainable use of land, and off-farm employment. The strategy also envisages devoting resources to improve storage facilities and construct feeder roads which are critically important to increase market access for poor farmers. Reforms will continue in the cocoa sector, to increase producers' share from export sales and liberalize external marketing. Investments

in agro-processing will be promoted, and foreign participation sought, through infrastructure development and reforms to facilitate access to land and to clarify property rights.

Governance and institutional reforms

36. **Budgetary management** has deteriorated in recent years (see section III.D). To begin remedying this problem, a number of immediate measures have been taken, including:

- Strengthening procedures to control expenditures at the commitment stage. For this purpose, a system of rolling forecasts of cash receipts and payments has been established, and quarterly ceilings on expenditure commitments set for the line ministries to help ensure that the fiscal program remains on track.

- Improving budgetary execution. Monthly reports on expenditure commitments and cash expenditures are now being produced in order to monitor the implementation of the budget and avoid the accumulation of arrears. The government has also introduced Quarterly Allocation Control Registers to monitor allocations and releases made to MDAs.

- Strengthening the Treasury accounting system.

37. In parallel, a medium-term program of budgetary reforms is underway, with three main components: (i) a resuscitation of the Medium-Term Expenditure Framework; (ii) the introduction of a Budget and Public Expenditure Management System (BPEMS), under which the three different functions of budget preparation, budget implementation and budgetary accounting would be integrated into one system; and (iii) the decentralization of government functions.

38. The long-term objective of the **decentralization** plan is to increase the role of local communities in determining the regional and sectoral allocation of expenditures. This will require measures to enhance the capacity of District Assemblies. As a first step, a bill to establish a Local Government Service will be submitted to Parliament, giving the District Assemblies greater control over the management of staff as well as special incentives for staff to relocate to poor areas.

39. **Transparency** in the rules and procedures governing public resource use would be improved by: (i) revising the procurement law with the objective of providing a unified set of standards for open procurement to be applied to all public expenditures; and (ii) strengthening the procedures for internal auditing.

Bridging disparities in essential services for the poor

40. The GPRS identifies a range of government activities and services that are regarded as particularly important for the poor (Table 6). These are to be given high

priority in the allocation of budgetary resources, including resources released by debt relief.

Table 6. Classification of Poverty-Related Expenditures

Sector	*Category*
Education	Basic Education (Early childhood development, Primary, JSS, Non-formal) Community secondary schools Technical/vocational
Health	Primary health care (District/Sub-district services, Public health, Training, Exemptions)
Works and Housing	Water and sanitation Social/Rural housing Drainage
Food and Agriculture	Extension Irrigation Storage Marketing
Roads and Transport	Feeder roads Road safety
Energy	Rural electricity Renewable energy
Manpower development and Employment	Social welfare Vocational training/Skills development
Local government and Rural Development	Governance Community Development Slum upgrading
Trade and Industry	Agro-industry
Environment	Environmental protection
Justice	Legal aid
Women affairs	Women centers Children centers
Others	HIV/AIDS Human rights Safety Disaster management Participation

Source: Ghana government

41. In the **education** sector, the main goals are to reduce inequalities in access to schooling and address acute resource gaps, particularly as regards teacher deployment and supervision, distribution of learning material and retention of qualified personnel. The strategy places a renewed focus on developing basic education, with emphasis on the hard-to-reach areas of northern Ghana, remote rural areas and urban slums. Education of

the youth will be linked to labor market needs through expansion of vocational and technical training, and special skill acquisition programs.

42. The objectives in the **health sector** are to: (i) promote equity of health outcomes, with a special focus on reducing geographical disparities and addressing diseases that affect the poor most; and (ii) enhance efficiency in service delivery, especially by strengthening links with the private sector and NGOs. Reducing equity gaps in access to health care will be achieved by strengthening community-based care and reforming the current financing arrangements. Health workers will be redistributed towards the poorest regions, and increased budgetary resources would be set aside for providing exemptions to user fees.[14] To improve service delivery in the face of limited resources, the intention is to give priority to cost-effective health interventions, particularly immunization and supervised birth delivery; high impact and rapid delivery programs to reduce under-five and maternal mortality and malnutrition in the three northern and Central regions; prevention and effective treatment of malaria, including ensuring availability and use of insecticide-treated bed nets; eradication of Guinea worm; and HIV/AIDS prevention and care.

43. **HIV/AIDS** and poverty are related through ill health, depletion of savings to finance medical expenditures, discrimination in the employment market, and loss of income. With an HIV/AIDS prevalence of over 3 percent among the adult population, HIV/AIDS has become a major health issue in the country. To address the developmental challenge of HIV/AIDS, a Ghana National AIDS Commission (GAC) has been established and a national AIDS strategy has been formulated, with broad civil society participation. The Ghana AIDS Response Fund—under the authority of the GAC—will finance governmental and civil society entities and communities to provide a broad spectrum of preventive and care activities at national, regional and local levels.

44. The strategy includes a number of special programs for the **vulnerable and excluded**, including the disabled, street children, and (in certain communities) women. These programs aim at enforcing protective rights and strengthening the effectiveness of social security schemes. They will make increased use of partnerships with civil society organizations, since CSOs have a strong comparative advantage in responding effectively to the needs of the vulnerable and excluded.

D. Implementation Capacity

45. An effective constraint on the ability of the government to implement its poverty reduction strategy is the poor state of public expenditure management systems in Ghana. The recent HIPC Assessment and Action Plan ranked Ghana among the group of HIPC countries in Africa that require considerable upgrading of their public expenditure management capacity. Notwithstanding the improvements made by the new administration during 2001, continued weaknesses in budget preparation, execution, and

[14] Internally Generated Funds (IGF) have been on average twice as much as initially programmed. These funds have been used to offset part of the shortfalls in the level of funds available from the consolidated fund.

reporting will hamper the ability of the government to ensure that resources are shifted to the priority sectors and to monitor the implementation of the priority programs identified in the poverty reduction strategy.

46. There are several weaknesses in the annual budget exercise as a tool for the implementation of the government's policies for poverty reduction. A large portion of donor flows as well as expenditures financed by the fees retained by ministries outside the treasury system are excluded from the budget formulation and implementation processes (see below). This makes it difficult to identify and channel resources to the priority programs identified in the poverty reduction strategy. The absence of functional and program breakdowns of budget expenditure compounds this problem further. The reliability of the budget estimates for planning purposes has also been undermined by a tendency to overestimate donor flows and underprovide for statutory costs, resulting in other expenditures being curtailed in the course of the year.

47. The effective execution of the budget is undermined by weak systems of commitment control and internal audit as well as the absence of reconciliation between budget and banking data. Weaknesses in expenditure commitment control and payroll management have led to a substantial stock of payments arrears and have limited the capacity of the ministries, the Education Trust Fund, and the District Assembly Common Funds to implement their social programs. The absence of internal audit systems at the treasury and most ministries implies that there is no formal mechanism to safeguard the use and targeting of budget outlays. The breakdown in the processes for reconciling fiscal and banking data and the proliferation of bank accounts outside the control of the Controller Accountant General's Department (CAGD) increase the risk of inappropriate or unintended use of budget resources.

48. Budget reporting systems are also weak. Most ministries fail to submit monthly reports on budget implementation to the CAGD. However, after a two year lapse, the CAGD has begun producing monthly reports on the transactions implemented through the treasury system. These reports provide a breakdown of expenditure funded through the budget by each ministry but they suffer from problems of timeliness, coverage and accuracy. The reports are available with up to a six-week lag because of the reliance on the manual processing of data. They also fail to capture many donor flows, especially those related to grants and projects, and own-resources of ministries. The staff estimate that these omissions are large and could seriously impact the government's ability to monitor poverty-related expenditures. Comparing the 2000 budget outturn reported by the Ministry of Finance, using an economic classification, with that complied by the CAGD on the ministries, suggests that the CAGD's system failed to capture expenditure amounting to 6.6 percent of GDP. The accuracy of the CAGD's reports is also compromised by the absence of systematic monthly reconciliation with bank account data.

49. The authorities are taking steps to address some of the shortcomings in the public expenditure management system. With technical assistance from the Fund, the Ministry of Finance is working to produce a system of rolling quarterly expenditure ceilings for ministries which should help control expenditure commitments and arrears. Quarterly

reports monitoring the implementation of these ceilings will be submitted to the Minister of Finance, accompanied by detailed projections of future revenue and budget releases. The government also plans to start work on the development of a budget manual for use by the budget officers, to improve operations and reporting at the ministry level.

50. Work is also underway to implement a system to track poverty-related expenditures (as defined in Table 6) and the use of HIPC relief. This tracking system, which has been designed as an integral part of the existing framework for budget monitoring and reporting, is described and assessed in section V.C.

IV. Debt Sustainability Analysis and Enhanced HIPC Initiative Assistance

A. Procedures and Reconciliation Status

51. The debt sustainability analysis (DSA), which was prepared jointly by the Ghanaian authorities and staffs of the IMF and the World Bank, assesses the possible evolution of Ghana's external debt indicators over the next 20 years. The analysis is based on the stock of external public and publicly guaranteed debt outstanding and disbursed at end-December 2000[15] and indebtedness is measured in NPV terms.[16] The computations are based on loan-by-loan data provided by the authorities and include information on external loans submitted by the parastatal enterprises. The reconciliation with creditors' statements has been fully completed for multilateral debt and is pending for Paris Club and other official bilateral debt.[17] Currently, approximately 86 percent of the total debt stock can be considered reconciled.

B. Structure and Evolution of External Debt

52. Ghana's public and publicly guaranteed external debt is estimated to have reached US$6.0 billion in nominal terms at end-2000 (Appendix II, Table 2), including US$81 million of arrears.[18] In net present value (NPV) terms, total external debt amounted to about US$3.9 billion, equivalent to about 571 percent of central government revenues,

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[15] It excludes short-term debt, except long outstanding arrears on short-term debt.

[16] The NPV of debt was calculated using end-2000 exchange rates, and the discount rates are the average currency-specific commercial interest reference rates (CIRRs) for the six-month period July- December 2000 (Appendix II, Table 13).

[17] Paris Club debt should be fully reconciled soon, since the authorities expect to request a flow rescheduling with Ghana's Paris Club creditors.

[18] This figure consists of bilateral arrears still outstanding as of December 31, 2000 on payments due in 2000. Of this, US$9.1 million were still outstanding at the time the DSA was done. Of the outstanding arrears, 68 percent were owed to Paris Club creditors, 4 percent to non-Paris Club official bilateral creditors, and the remaining 28 percent to commercial creditors.

about 157 percent of exports of goods and nonfactor services, and about 78 percent of GDP.[19]

53. There is relatively little change in the overall structure of the debt from that presented in the preliminary HIPC Initiative document (Table 7). The nominal stock of debt has increased by some US$103 million, much of it as a result of the inclusion of certain loans to public enterprises for which the Debt Management Unit had lacked information at the time the preliminary document was prepared. Additional changes are the result of a more complete reconciliation on debts to France, Germany, United Kingdom, and the United States.

Table 7. Comparison of Preliminary and HIPC Decision Point Documents
(In millions of U.S. dollars, unless otherwise indicated)

	Preliminary Document	Decision Point Document	Percent Change
Reference Date	End-December 2000	End-December 2000	
Nominal stock of external debt	5918	6021	1.7
NPV of external debt			
Before traditional mechanisms	3810	3898	2.3
After traditional mechanisms	3803	3893	2.4
Government Revenue	683	683	0.0
NPV of debt-to-revenue ratio (percent)	557	570	2.4
Common reduction factor (percent)	55.1	56.2	1.9
NPV of HIPC Initiative debt relief	2,096	2,186	4.3

Sources: IDA/R2001-0111 and IMF/EBS/01/89

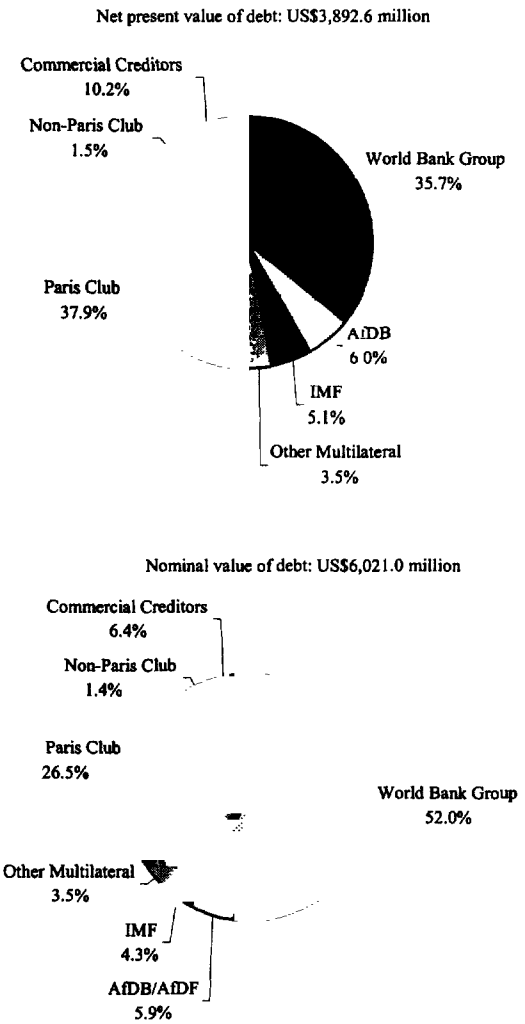
54. Multilateral creditors account for 50.3 percent of the overall NPV of debt before full use of traditional debt-relief mechanisms, with IDA, the African Development Bank (AfDB)/African Development Fund (AfDF), and the IMF accounting for 35.7 percent, 6.0 percent, and 5.1 percent of the total debt, respectively (Figure 1).[20] Paris Club creditors represent 37.9 percent of the total outstanding debt, and non-Paris Club creditors represent 1.5 percent. Commercial debt accounts for 10.2 percent of the public

[19] The NPV of debt-to-exports ratio is measured using the backward-looking three-year average of exports of goods and services. The NPV of debt-to-revenue ratio in the base year is based on a conversion of 2000 government revenue at the end-2000 exchange rate.

[20] The IMF's stock of debt has been revised downward by SDR 26.75 million from that contained in the Preliminary Document, due to the exclusion of a disbursement made in August 2000 which was deemed by the IMF Executive Board in June 2001 to be noncomplying, and which was repaid by the end of 2001.

and publicly guaranteed debt. Of the commercial debt, Korean creditors account for 36 percent of the NPV before traditional relief, with UK commercial creditors accounting for 25 percent, and those in the Netherlands and South Africa accounting for 10 percent each.

Figure 1. Ghana: Stock of External Debt, End-December 2000 1/



Source: Ghanaian authorities; and Fund-Bank staff estimates and projections.

1/ After full use of traditional debt relief mechanisms.

55. The baseline DSA simulates the full application at end-December 2000 of traditional debt relief mechanisms, including a stock-of-debt operation from Paris Club creditors on Naples terms, providing a NPV reduction of 67 percent on pre-cutoff date non-ODA debt, with comparable treatment from all other official bilateral and commercial creditors. Ghana has never benefited from a concessional rescheduling with the Paris Club and has repaid all its obligations on pre-cut-off date Paris Club loans.[21] Regarding other official bilateral debt, only 11 percent of the debt is considered to be eligible for a rescheduling under the existing framework. Therefore, traditional debt relief mechanisms offer limited relief in Ghana's case, reducing the NPV by only 0.1 percent.

56. Ghana is one of the few cases in which performing commercial credits are eligible for relief under the enhanced HIPC Initiative. In the case of Ghana, the debt has for the most part been fully serviced with the exception of some difficulties encountered in 2000/01. Furthermore, some of the loans are secured with substantial collateral. Staff have begun communicating with certain commercial creditors, to inform them of the burden-sharing approach under the enhanced HIPC Initiative, with a view to finding acceptable means for their provision of assistance under the HIPC Initiative. Possible solutions which are being considered are the provision of relief directly by the creditors concerned or by governments, or through the privatization of the projects or companies in question prior to completion point.

C. Long-Term Macroeconomic Outlook

57. The macroeconomic projections used in the DSA assume the continued implementation of sound macroeconomic policies, as outlined under the current PRGF-supported program. The long-term macroeconomic outlook is crucially dependent on continued assistance from donors, in addition to the debt reduction resulting from HIPC relief. Following the terms of trade shock in 1999-2000, donors provided extraordinary amounts of program support in 2001, totaling 6 percent of GDP, in addition to project loans and grants equal to nearly 8 percent of GDP. While the level of assistance is expected to return to more normal levels in 2002 and onwards, donors are aware that the provision of HIPC relief should not displace project and program aid, since this would contravene the principle that HIPC relief should enable Ghana to increase its poverty reduction efforts.

58. To ensure that the debt reduction resulting from the provision of HIPC relief is preserved, a greater share of the future external assistance provided to Ghana will need to be provided in the form of grants rather than loans. In line with the requirements of the PRGF-supported program, all new loans taken by Ghana are expected to have a grant element of at least 35 percent, and it is assumed that the share of new loans that are provided on IDA-terms (with a grant element of 75 percent), will be maintained at 50

[21] The cut-off date is January 1, 1983. Since 1983, Ghana has had only one nonconcessional rescheduling, in 1996. The agreement provided for a deferral of long-outstanding arrears and pre-1983 debts to Brazil, Italy and Norway.

percent, which is approximately the current share of World Bank loans in the total stock of debt.

59. Real GDP is projected to grow annually by 5 percent on average over the next 20 years. Export volume growth averages 4.2 percent annually over the projection period, compared to an average growth of 9.1 percent observed during the 1990s. Relatively low volume growth in 2002-2005 is assumed in view of a real appreciation of the exchange rate in 2001 and 2002 and the expectation of lower demand for imports among Ghana's trading partners in 2002. Growth in export values, however, is sustained during the 2002-2005 period by a projected recovery in world prices for cocoa and gold. Over the projection period as a whole, assumed annual increases in the U.S. dollar value of major export categories are as follows: Cocoa, almost 7 percent; gold, 6 percent; and other exports, just over 8 percent.

60. The key elements of the fiscal projections underlying the DSA are summarized in Box 3.[22] After rising to 18.1 percent of GDP in 2003, government tax revenues are projected to remain relatively constant as a share of GDP for the rest of the period. This assumes that there will be no changes in tax rates or structure (except for the elimination of the temporary National Reconstruction Levy in 2003) from end-2002 onwards. The projections are conservative, as they do not incorporate any allowance for the positive effects on revenues of planned tax administration reforms, which include, among other things, the introduction of a Large Taxpayers' Unit. Project and program grants, as a share of GDP, are assumed to decline gradually over the entire projection period, and will reach the level achieved during 1996-2000 towards the end of the projection period. Lower domestic borrowing requirements will reduce domestic interest expenditures as the stock of domestic debt declines, and real interest rates are expected to fall as macroeconomic stability is consolidated.

D. Debt Sustainability and Enhanced HIPC Initiative Assistance

61. In April 1997 the fiscal revenue/openness criteria were established to allow for the possibility that, for countries with a high export base, reaching the debt-to-export criteria targets may still leave the country with an unsustainable external debt burden relative to government revenues. In order to qualify for this window, the country must have an export-to-GDP ratio of at least 30 percent, and a fiscal revenue-to-GDP ratio of at least 15 percent, using an average of the last three years of actual data[23].

62. On the basis of the macroeconomic assumptions outlined in Box 3, Ghana's external debt would remain unsustainable even after the application of traditional debt-relief mechanisms. The NPV of debt-to-revenue ratio is estimated at 570.3 percent at end-2000 and would remain above 250 percent until 2008 (Appendix II, Table 4). With an exports-to-GDP ratio of 37 percent and a fiscal revenue-to-GDP ratio of 17 percent,

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[22] The expenditure projections described are before use of HIPC relief.

[23] "Modifications to the Heavily Indebted Poor Countries (HIPC) Initiative, July 23, 1999 (IDA/SecM99-475,and EBS/99/138).

Ghana qualifies for debt relief under the fiscal revenue/openness criteria, which would provide significantly more relief than using the debt-to-exports ratio (which stands at 157 percent after traditional debt relief).

Box 3. Ghana: Main Assumptions in the Debt Sustainability Analysis (DSA)

The following macroeconomic assumptions are used for the 20-year baseline DSA projection:

- Real GDP growth is projected to average 5 percent per year during 2001/02-2020/21 and inflation is projected to 5 percent per year after 2003.
- Following its sharp decline in 2000-01, the terms of trade is projected to improve by 25 percent by the end of 2005, and marginally in the subsequent 15 years.
- The growth in export volumes for cocoa and gold is projected to average 4 percent over the projection period. Overall growth in export volume is expected to increase from 2.2 percent annually in 2002-03 to 4.9 percent annual growth by 2009-10 and remain at this level for the rest of the period.
- Import volume growth is projected at a rate of 5.7 percent per annum.
- Gross domestic investment is projected to increase from 22.3 percent of GDP in 2001-02 to 24.5 percent by 2010-11, as the reduction in government debt frees up capital for the private sector.
- Foreign direct investment is projected to stay roughly constant at 0.8 percent of GDP over the entire projection period.
- Total government revenue is projected to increase from 21.2 percent of GDP in 2001 to 22.4 percent of GDP in 2003. Tax revenues rise from 15.9 percent of GDP in 2001 to 18.1 percent of GDP in 2003. After 2003, non-grant revenue remains constant as a share of GDP, and grant revenue declines gradually to 2 percent of GDP in 2020.
- Non-interest recurrent expenditures are assumed to stay constant at 11.2 percent of GDP and capital expenditures remain at around 9.3 percent of GDP through 2020. Just under half of the capital expenditure is financed domestically during most of the period. The domestic debt reduction will produce a fall in interest expenditures from 6.6 percent of GDP in 2002 to 1.8 percent of GDP in 2006. In the remainder of the period, interest expenditures will gradually decline further to 1.2 percent of GDP.
- The external financing requirements to be filled by donor support will be close to 10 percent of GDP until 2008 and then drop to 9 percent of GDP for the remainder of the period to 2020. Program support is assumed to represent 32 percent of total external financing needs between 2002 and 2007. Thereafter, program support is assumed to decline to 27 percent on average. It is assumed that half of all new borrowing will be on IDA-terms., i.e., a grace period of 10 years, 40 years to maturity, and an interest rate of 0.75 percent p.a. The other half of new borrowing is assumed to have a grace period of 5 years, maturity of 15 years, and interest rate of 2 percent p.a.
- Grants, which are assumed to remain unchanged at 4.3 percent of GDP, represent 30 percent of total external financing on average for the period 2002 to 2020, up from 26 percent in the period 1996-2001.
- The current account deficit, excluding grants, is forecast to fall from about 9 percent of GDP in 2001-02 to 5.2 percent in 2005-06 and remain at this level for the rest of the period.
- From 1.2 months of imports of goods and nonfactor services in 1999-2000, gross official reserves are forecast to increase to 4 months by 2012-2013 and remain stable thereafter.

63. The total amount of HIPC Initiative assistance required to bring the ratio of the NPV of debt to revenues to 250 percent would be US$2,186 million. The total nominal debt relief is estimated to amount to US$3,700 million. The assistance under the enhanced HIPC Initiative would entail a common reduction factor of 56.2 percent, based on the estimated NPV of debt outstanding on December 31, 2000. Based on proportional burden sharing, multilateral assistance would amount to US$1,102 million, while official bilateral creditors would provide US$861 million and commercial lenders US$223 million. IDA's HIPC Initiative assistance would total US$781 million in NPV terms, equivalent to a total debt-service saving of US$1,446 million over the next 20 years. The IMF and the AfDB would contribute US$112 million and US$131 million in NPV terms, respectively.

E. Impact of Enhanced HIPC Initiative Assistance on Debt and Debt Service

64. **Status of creditor participation**. Based on the initial findings contained in the preliminary HIPC Initiative document, IDA and IMF staffs have initiated consultations with multilateral creditors and the Paris Club regarding their willingness to support debt relief to Ghana under the enhanced HIPC Initiative[24]. Due to the early cut-off date, Ghana would receive very little interim relief under the traditional Paris Club rules. However, in the Paris Club meeting of November 14, 2001, Paris Club creditors expressed their understanding of the country's prospective need for exceptional financing over the next three years and agreed to provide interim relief through a flow rescheduling on Cologne terms based on a new cut-off date of June 20, 1999 that is expected to be established.

65. During the last meeting of multilateral creditors, organized by the World Bank on October 10-11, 2001,[25] IDA, the IMF, and the African Development Bank (AfDB) indicated that they were prepared to provide interim assistance, while other participants indicated that their debt relief will be delivered at the completion point.

66. While the modalities and timing of the delivery of HIPC Initiative assistance will be decided by each creditor following the approval of the decision point, the following assumptions have been made in order to assess the impact of HIPC Initiative assistance:

- IDA will provide relief (US$781 million in NPV terms) by forgiving 67 percent of debt service due on credits outstanding and disbursed as of end-2000, during the interim period and following the completion point for a total period of 20 years (Appendix II, Table 9).

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[24] Following the completion in June 2001 of a review under the PRGF arrangement, the Paris Club granted Ghana a non-concessional deferral on 100 percent of arrears outstanding at the end of May 2001 and 70 percent of maturities falling due between the end of May 2001 and the end of the year. The deferral only applied to loans contracted before June 20, 1999, which is the cut-off date the Paris Club intends to use for providing interim assistance under the HIPC initiative.

[25] The Chairman's Summary of the Multilateral Creditors' Meeting, October 10- 11, 2001—The World Bank.

- The estimated total amount of IMF assistance is US$112 million in NPV terms, which will be delivered over a period of 8 years. The IMF is expected to deliver interim assistance of US$28 million, with the balance made available at the completion point. The draw down of assistance is expected to follow a profile that smoothes the debt service due to the Fund (Appendix II, Table 8).[26]

- The AfDB will provide 80 percent debt-service reduction on AfDB and AfDF credits for around 12 years, starting during the interim period. Cumulative debt-service reduction could reach US$160 million.

- Other multilateral creditors are assumed to provide relief through either a concessional refinancing or a cancellation of debt service due. This relief is assumed to be given at the completion point, with the exception of OPEC, which in order to provide its share of relief is assumed to provide concessional refinancing as of end-2002.

- Paris Club creditors are assumed to grant a flow rescheduling on Cologne terms (90 percent NPV reduction) during the interim period; the remaining amount of assistance by Paris Club creditors would be delivered through a stock-of-debt operation on Cologne terms on eligible debt[27] at the completion point.

- At least comparable treatment is assumed at the completion point for non-Paris Club bilateral creditors and commercial creditors. Comparable relief is also assumed to be provided by commercial creditors during the interim period, except in respect of collateralized loans.

67. Ghana's external debt burden would be reduced significantly with the delivery of assistance under the enhanced HIPC Initiative (Figure 2). HIPC Initiative assistance would reduce the NPV of debt to about 180 percent of revenues by 2004-2005 (Appendix II, Table 5). Other debt indicators, in particular the debt-service ratio, would improve immediately and significantly. The debt service-to-exports ratio would decline from 14.5 percent after traditional debt relief to 5.0 percent in 2002 after enhanced HIPC assistance, and further to 4.1 percent in 2003, averaging 4.5 percent between 2001-10 after HIPC relief, compared with an average of 11.6 percent for the same years assuming only traditional debt relief (Appendix II, Table 6). The enhanced HIPC relief will generate savings and reduce debt service payments due in the order of US$215 million per year on average during the period 2002-2011. Debt-service savings from multilateral lenders would deliver approximately US$95 million per year over the next 10 years. Debt service payable after enhanced HIPC relief is expected to average US$150 million a year during the period 2001-2011, down from an estimated annual average of US$540 million paid during 1997-2000.

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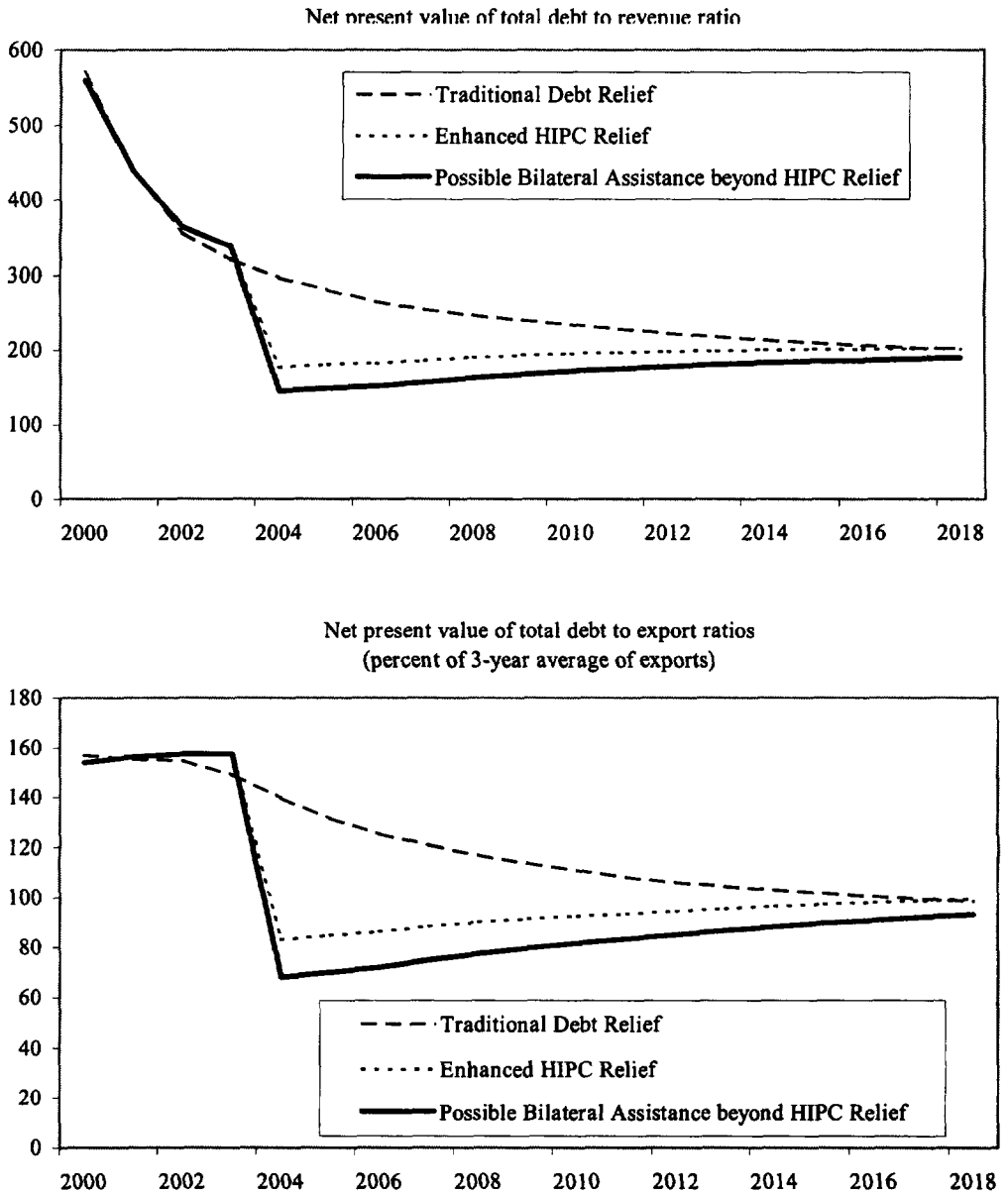
[26] As a result of the IMF's repayment schedule, repayments (after HIPC Initiative interim assistance) will amount to approximately US$8.8 million in 2002-03. Funds provided as interim assistance will cover 68.8 percent and 78.8 percent of repayments in 2002 and 2003, respectively.

[27] Pre-cutoff date non-ODA debt. based on an assumed new cut-off date of June 20, 1999.

Figure 2. Ghana: Benefits from the HIPC Initiative



Source: Ghanaian authorities; and Fund-Bank staff estimates and projections.

68. **Bilateral assistance beyond the HIPC Initiative.** The expected delivery of bilateral assistance above that required by equal burden-sharing envisaged under the HIPC Initiative[28] would reduce the NPV of debt-to-revenue ratio to 145 percent in 2004, compared to the 177 percent it would reach with the delivery of HIPC assistance alone.

F. Sensitivity Analysis

69. The macroeconomic projections for Ghana could be subject to substantial adverse shocks, which could reduce the level of revenues and increase borrowing needs of the central government. Since Ghana is expected to obtain HIPC assistance under the fiscal window, a reduction in revenue growth or an increase in borrowing needs could jeopardize the objective of reducing the NPV of external debt to less than 250 percent of government revenues. To test the robustness of the conclusions on Ghana's long-term sustainability, two alternative scenarios were simulated, each of which would imply a change in the NPV of debt-to-revenue ratio, compared to the baseline assumptions (Figure 3).

70. The first alternative scenario tests the sensitivity of the DSA results to a real GDP growth path that is 1 percentage point a year lower from 2003-04 onward than under the baseline scenario.[29] Assuming that the balance of payments gap remains unchanged despite the lower GDP growth, the NPV of debt-to-revenue ratio would still fall below 250 percent at the completion point, and would remain below that threshold throughout the simulation. It would be on a rising trend, however, following the completion point, reaching 239 percent by 2020 (Appendix II, Table 11, alternative scenario I).

71. The second scenario assesses the impact of a change in the proportion of grants in total external financing, with the level of grants assumed to be lower by 9 percentage points (to reach an average of 21 percent of the external financing requirement from the 30 percent level in the baseline). Under these assumptions, the NPV of debt-to-revenue ratio would still fall below 250 percent at the completion point, but the greater reliance on concessional bilateral borrowing would mean that the NPV of debt-to-revenue ratio would start to rise immediately thereafter and reach 247 percent by 2020 (Appendix II, Table 11, alternative scenario II).

V. The Floating Completion Point

A. Floating Completion Point Conditions

72. In consultation with IMF and IDA staffs, the authorities have drawn up a set of proposed conditions for reaching the floating completion point under the enhanced HIPC Initiative, drawing on priorities identified in the draft GPRS (Box 4). The triggers have

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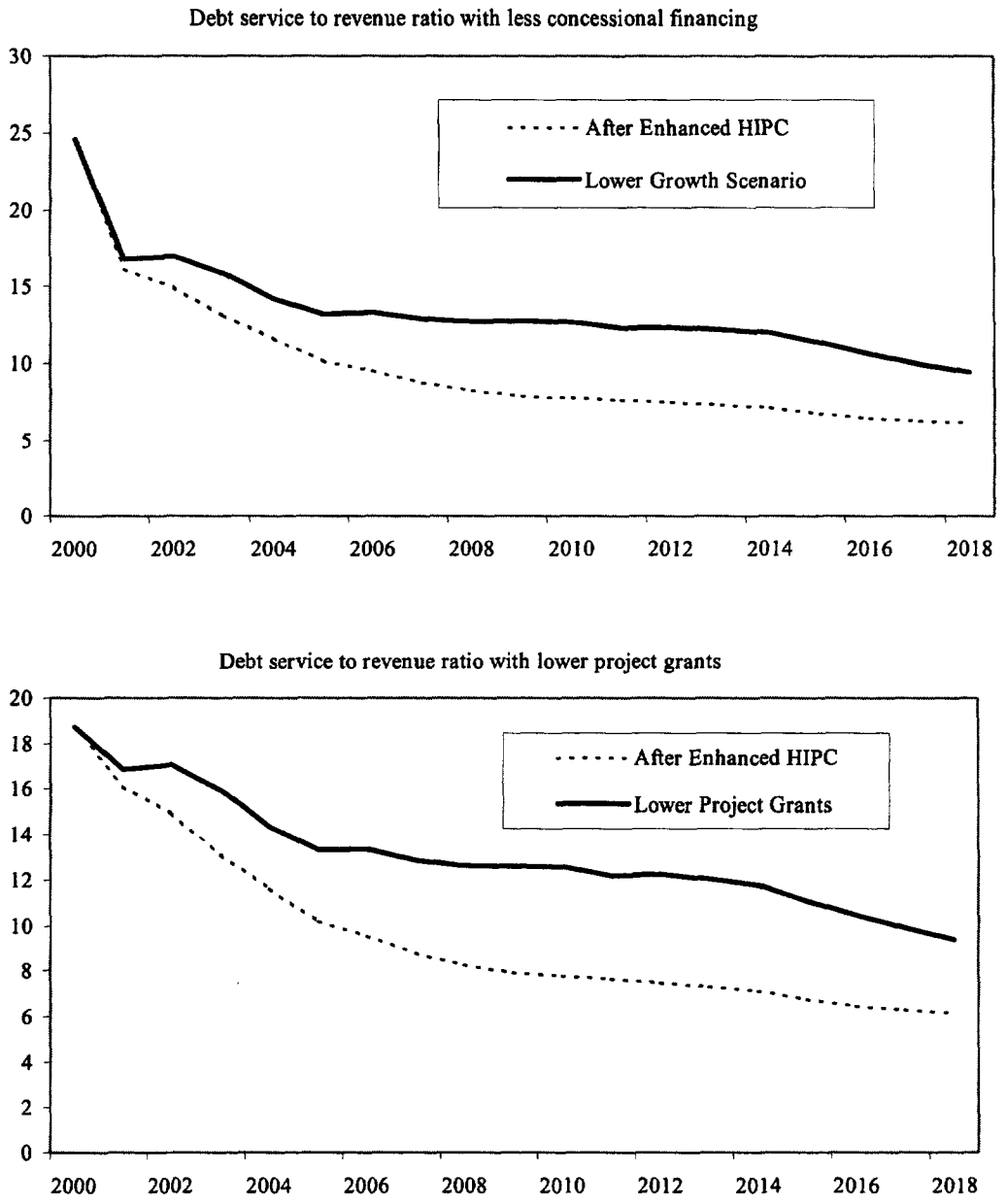
[28] Committed by some Paris Club members on a bilateral basis, as indicated in Appendix II, Table 4.

[29] Under this scenario, government revenue-to-GDP is held at a constant 19 percent, the same ratio as in the baseline scenario.

been defined in terms of tangible improvements in outcomes or intermediate indicators in each priority area. The progress implied by the triggers is viewed as challenging but within the authorities' power to deliver, and the targets can be monitored through the information that is already routinely collected by the authorities.

Figure 3. Ghana: Sensitivity Analysis



Source: Ghanaian authorities; and Fund-Bank staff estimates and projections.

73. The first three completion point triggers comprise the broad conditions for reaching the completion point. They include the formulation of a **full PRSP** and its satisfactory implementation for at least one year, the maintenance of **macroeconomic stability** as evidenced by a sustained track record of policy implementation under the PRGF-supported program, and the appropriate **use of budgetary savings** from interim HIPC relief. The latter will be measured using the expenditure tracking mechanism (see below) developed to track spending in the priority areas defined in Table 6.

74. The next three triggers focus on better governance, public expenditure management and decentralization, which are essential to fighting poverty in Ghana. The **governance** triggers target improved transparency in the use of public resources, through the establishment of a procurement regulatory and oversight body and the development of an internal audit capacity. Legislation for the reform of procurement has been developed and the authorities intend to submit this to Parliament in the coming months.

75. Improvements in **public expenditure management** are essential for the effective implementation of the poverty reduction strategy. While the authorities' action plan in this area is broad-based (as described in section III.D.), the chosen completion point triggers focus on key measures to be taken in the near term to reestablish an effective cash and commitment control system for budgetary expenditures. The regular publication of reports on cash expenditures and commitments by Ministries, Departments and Agencies (MDAs) by function (the first trigger) is viewed as essential for the control system to work effectively. The second trigger focuses on the installation of an computer-based financial management information system, which would be needed to make the monitoring and control mechanisms fully operational.

76. The authorities also considered it desirable to specify concrete and verifiable interventions in the education and health sectors, as improved performance in these areas is critical for poverty reduction. With respect to **education**, the completion point trigger identifies targeted outcomes that would be viewed as especially beneficial to disadvantaged groups, and hence the emphasis is on the enrollment of girls in the primary education sector.

77. As regards **health,** the triggers are aimed at addressing two key constraints to broad-based improvements in the health of the population that were identified in the 1998/99 GLSS. Thus, the first trigger targets progress in redressing the unequal access to adequate water, which is a key factor affecting health outcomes. The second trigger seeks to improve health services at the district and sub-district levels, which is essential for reaching the majority of the poor.

78. **Decentralization** of government functions is viewed by the authorities as important for achieving better poverty reduction outcomes, as it should improve accountability and the targeting of resources to local needs. Since this is a complex reform, a phased approach is envisaged, to align the development of institutional capacity with the devolution of responsibilities and resources from the center. The submission to Parliament of a Local Services Bill, which would establish the local public service as a distinct body and thus empower districts to manage human resources, is regarded as a

crucial early step in this regard, and hence its selection as a trigger. However, in support of this trigger, it would be desirable if the government were to develop a monitoring system to provide regular data on local government activities to help control the overall level of general government employment. The second trigger under this heading targets another prerequisite for successful decentralization: the development of capacities to establish composite budgets at the district level, initially through the development of Planning and Coordinating Units.

79. The **energy sector** has been a source of fiscal drain as a result of pricing that does not reflect changes in costs to the providers. In petroleum, an automatic pricing formula has been implemented to adjust prices of the monopoly provider in line with changes in world prices expressed in local currency. This formula would need to be maintained in order to avoid the effective diversion of public resources into implicit subsidies on petroleum and away from poverty reduction. The same logic applies to the adoption of full economic pricing in the electricity sector, with the additional consideration that such a pricing regime would be a prerequisite for attracting private sector participation to help improve the electricity system. The specification of this trigger recognizes that, as prices are adjusted toward full cost recovery, measures would be needed to preserve—and improve, if necessary—the lifeline provisions, to allow access to electricity by low-income customers.

B. Monitoring the Floating Completion Point Conditions

80. Staffs of the IMF and IDA will jointly monitor completion point conditions relating to the preparation and implementation of the PRSP, the use of HIPC relief, public expenditure management, and energy pricing. IMF staff will monitor the macroeconomic stability condition, and IDA staff will monitor the triggers relating to governance, decentralization, and reforms in the health and education sectors.

C. The Use and Tracking of HIPC Initiative Debt Relief

81. The authorities have stated, in the context of finalizing the GPRS, that they intend to use 80 percent of the relief provided under the enhanced HIPC Initiative for additional poverty-related expenditures, and 20 percent to reduce domestic debt.[30] As described in section III.C (and Table 6), the set of poverty-related expenditures has been defined to comprise basic education, primary health care, water and sanitation, rural infrastructure, agriculture, natural resource management, women's affairs, manpower training, local governments and HIV/AIDS prevention.

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[30] For this purpose, total debt relief has been apportioned into the part that could have been obtained from traditional debt relief mechanisms (which is used for regular program financing in 2002) and the additional relief provided by the terms of the enhanced HIPC Initiative.

Box 4. Triggers for Floating Completion Point

PRSP. Preparation of a full PRSP and satisfactory implementation for at least one year, as evidenced by the joint staff assessment of the country's annual progress report.

Macroeconomic stability. Continued maintenance of macroeconomic stability as evidenced by satisfactory implementation of the PRGF-supported program.

Use of budgetary savings. The use of budgetary savings from interim debt service relief have been used in the priority areas indicated in Table 6 and monitored in the framework for poverty reduction expenditures. Information on the use of these savings and on poverty expenditures has been published in time to be considered in a public review of GPRS implementation, as input to the annual progress report on the GPRS. The increase in total spending on these priorities must equal or exceed HIPC relief (less relief used for domestic debt reduction) during the interim period.

Governance

- *Procurement reform.* Regulatory and oversight body to implement new procurement code has been established.
- *Internal audit.* Operational internal audit capacity has been established through full staffing of existing internal audit positions.

Public expenditure management

- Reports on cash expenditures and commitments by MDAs, classified by function, have been published monthly in the government gazette, following implementation of new reporting system.
- A computer-based financial management information system to underpin the new expenditure reporting system has been installed on a pilot basis in the Ministry of Finance, CAGD, and at least two key sector ministries.

Decentralization of government functions

- Devolution of responsibilities to local districts, as evidenced by (i) submission to Parliament of a local service bill to enable the decentralization of human resource management to local authorities; and (ii) development of District Composite Budgets in pilot districts.

Education

- The primary gross enrollment rates for girls has increased from 72% in 2000 to 74 %.

Health

- The percentage of households with access to safe water has increased from 40% in 2000 to 46% in rural areas.
- Recurrent health expenditures at district and lower level governments have risen from 42% of the total recurrent health budget in 2000 to 45%.

Energy Sector

- An automatic price adjustment mechanism has been put in place and implemented monthly to reflect changes in international market prices in local currency in the petroleum sector, and includes all taxes incorporated into the adjustment formula at end-March 2002.
- A strategy for achieving full economic pricing in the electricity sector, including lifeline pricing to ensure affordability for low income users, has been implemented.

82. The use of resources freed by the enhanced HIPC Initiative will be monitored in three ways:

- The **changing composition of expenditures** will be analyzed through the annual review of budget spending and sector reviews in the areas of health and education carried out by donors, civil society, and the authorities. A key input for that review would be the new system of reporting on commitments and actual expenditures, which would allow for assessing changes in the composition of expenditures by ministry.

- **Expenditure tagging**. The current accounting system has been modified to allow for the monitoring of poverty-related expenditures identified by the government in the budgets of particular ministries. The last three digits of the chart of accounts will be assigned to identifying poverty-related expenditures in general, and the component financed by HIPC relief. These expenditures, along with a summary of HIPC disbursements, will be separately identified in the monthly reports produced by the CAGD. The funds released from reductions in debt service will be maintained in a separate account at the Bank of Ghana, while remaining fully integrated with the rest of the budget.

- **Incidence analysis of public expenditures**. Analysis of trends will be carried out on the basis of the existing welfare monitoring system. It includes: the Core Welfare Indicators Questionnaire (CWIQ), the Ghana Living Standards Survey (GLSS) and the Ghana Demographic and Health Survey (GDS). New surveys are planned for 2002 and 2003.

83. The expenditure tagging system will facilitate the integration of priority poverty-related expenditure programs into the budget preparation, execution, and monitoring process. It will be subject to a number of shortcomings, however, particularly in the area of effective tracking of poverty-related expenditure. Data produced by the CAGD will not capture all government spending on poverty, notably donor grants or project aid (ranging from 20-75 percent of budgeted spending for some ministries engaged in poverty-related activities) and **own-resources of ministries** that are not channeled directly to ministry accounts maintained in the CAGD's treasury system. To address the problem, government has committed to seeking the agreement of donors to channel all donor resources and (where permitted by law) own-resources of ministries through government accounts (including committed donor accounts) at the Bank of Ghana.

VI. Issues for Discussion

84. This paper presents a decision point assessment of Ghana's eligibility for assistance under the enhanced HIPC Initiative and seeks endorsement of the assessment. Executive Directors' views are sought on the following:

- **Eligibility and decision point.** The staff and management believe that Ghana is eligible for relief under the fiscal window of the enhanced HIPC Initiative and recommend approval of a decision point. Do Executive Directors agree?

- **Amount and delivery of assistance.** The staff and management recommend that IDA and the IMF provide interim assistance between the decision and completion points in line with existing guidelines. Do Executive Directors agree?

- **Floating completion point.** The staff and management recommend a floating completion point, which would be reached when the conditions in Box 4 are met. The debt relief will be provided unconditionally only once both the completion point condition have been met and satisfactory assurances of creditors' participation under the enhanced HIPC Initiative for Ghana have been received. Do Executive Directors agree?

GHANA: DEBT MANAGEMENT ISSUES

Institutional Framework

External debt management is the responsibility of the Ministry of Finance's Aid and Debt Management Unit (ADMU). ADMU maintains data on all loan agreements, disbursements and debt service payments relating to central government or government-guaranteed debt. However, it does not always maintain data on loans made to public enterprises where there is no explicit government guarantee. The Bank of Ghana and Ministry of Finance are jointly responsible for the technical work relating to the granting of state guarantees. The government is obliged by law to produce an annual report on the country's external borrowing policies and stock of debt.

Debt Recording and Reporting

Ghana has been using the Commonwealth Secretariat's database system CS-DRMS since 1989, and sufficient staff have been trained and are proficient in its use. The database is for the most part accurate and regularly updated by ADMU's staff. Information on payments falling due and payments made is regularly exchanged with the central bank and the Controller and Accountant General's Department. The CS-DRMS system has allowed the integration of debt management into the medium-term expenditure framework.

Debt Management and Borrowing Strategy

New borrowing must be strictly concessional loans with a grant element of 35 percent or more. This policy covers government and parastatal loans with a government guarantee. Steps have also been taken to improve monitoring of external debt in the light of the contracting of nonconcessional debt under the previous government. Thus ADMU is the only entity authorized to contract or guarantee external debt. Training on the legal aspects of debt management has been provided with the help of UNITAR (the United Nations Institute for Training and Research).

Analytical Capacity

While the technical staff at the ADMU are experienced in handling the day-to-day issues of debt management, awareness of debt restructuring options and sustainability analyses tends to be concentrated in a few individuals. Progress is being made with training in Debt-Pro being provided by DRI, but there is a need for further technical assistance both to ensure a wider dispersion of the skills of debt sustainability analyses throughout the staff and to assist in integrating debt simulations with macroeconomic projections. The country may also benefit from a more comprehensive debt strategy.

Table 1. Ghana: Selected Economic and Financial Indicators, 2000-2006

	2000	2001 Prog. 1/	2001 Rev. Prog.	2002 Orig. Prog. 1/	2002 Prog.	2003 Proj.	2004 Proj.	2005 Proj.	2006 Proj.
				(Annual percentage change, unless otherwise specified)					
National income and prices									
Real GDP	3.7	4.0	4.0	5.0	4.5	5.0	5.0	5.0	5.0
Real GDP per capita	1.2	1.4	1.4	2.4	1.9	2.4	2.4	2.4	2.4
Nominal GDP	31.9	40.0	40.0	26.5	23.3	16.6	11.8	11.3	11.3
GDP deflator	27.2	34.7	34.7	20.5	18.0	11.0	6.5	6.0	6.0
Consumer price index (annual average)	25.2	33.0	33.0	19.0	15.9	10.2	6.5	5.0	5.0
Consumer price index (end of period)	40.5	25.0	22.0	13.0	13.0	8.0	5.0	5.0	5.0
External sector									
Exports, f.o.b.	-3.5	0.4	-2.2	8.8	7.6	10.1	8.4	7.9	7.6
Imports, f.o.b.	-15.2	-1.2	-3.9	3.1	7.8	5.9	6.2	5.7	6.3
Export volume	2.2	-1.7	1.6	4.2	3.7	2.2	1.8	2.3	2.9
Import volume	-24.9	1.5	1.5	6.3	6.3	3.8	4.0	4.6	5.3
Terms of trade	-20.3	4.7	-0.1	7.7	6.9	6.3	5.6	4.2	3.5
Nominal effective exchange rate (avg.)	-46.3	...	...	...	...	...	...	...	...
Real effective exchange rate (avg.)	-35.5	...	...	...	...	...	...	...	...
Cedis per U.S. dollar (avg.)	5,431	...	7,181	...	...	...	...	...	...
Government budget									
Domestic revenue (excluding grants)	42.9	37.3	32.2	42.9	38.1	20.1	12.5	11.0	11.0
Total expenditure	39.6	54.5	32.2	20.4	34.0	9.1	8.1	6.8	6.8
Current expenditure	48.9	46.5	35.2	14.8	22.8	2.1	2.3	3.7	5.8
Capital expenditure and net lending 2/	24.1	70.8	26.0	30.1	39.4	16.6	13.2	11.9	10.8
Money and credit									
Net domestic assets 3/	59.5	16.1	9.7	2.6	7.0	-1.0	-5.3	-6.5	-5.0
Credit to government 3/	46.4	10.8	11.6	-2.8	1.4	-11.6	-14.1	-15.0	-16.1
Credit to the rest of the economy 3/	33.1	26.3	18.3	17.2	15.3	16.1	11.9	12.1	14.8
Broad money (including foreign currency deposits)	46.5	34.1	36.5	25.0	21.5	14.0	10.0	9.0	10.0
Reserve money	52.6	28.5	27.4	22.5	18.7	11.9	8.5	9.0	10.0
Velocity (GDP/average broad money)	4.5	5.1	4.5	5.0	4.4	4.4	4.2	4.3	4.4
Treasury bill yield (in percent;end of period)	42.0	...	28.9	...	...	...	...	...	...
				(In percent of GDP, unless otherwise specified)					
Investment and saving									
Gross investment	24.3	24.0	22.0	24.2	22.3	22.2	22.4	22.7	23.0
Private	15.1	12.8	13.7	12.7	13.1	13.1	13.3	13.6	13.9
Public	9.2	11.2	8.3	11.5	9.2	9.1	9.1	9.1	9.1
Gross national saving	15.6	16.8	18.1	19.4	16.3	17.9	18.5	19.2	19.5
Private	14.3	13.8	15.3	10.1	11.6	10.3	9.4	9.3	9.1
Public	1.3	3.0	2.8	9.3	4.7	7.6	9.1	9.8	10.4
Government budget									
Total revenue	17.7	17.4	16.7	19.6	18.7	19.3	19.4	19.4	19.3
Grants	2.1	5.0	4.5	4.5	4.2	4.6	4.5	4.2	3.9
Total expenditure 2/	27.7	30.6	26.2	29.1	28.4	26.6	25.7	24.7	23.7
Overall balance (cash basis; after domestic arrears clear	-9.7	-9.6	-6.8	-6.0	-7.0	-2.9	-2.0	-1.3	-0.7
Domestic primary balance	2.7	4.0	4.0	5.3	3.1	3.0	2.0	1.6	1.9
Divestiture receipts	1.2	1.0	0.3	0.0	0.8	0.0	0.0	0.0	0.0
External sector 4/									
Current account balance 5/	-8.4	-6.9	-4.0	-4.9	-6.5	-5.1	-4.8	-4.3	-4.0
External debt outstanding	167.3	131.0	127.2	127.0	126.8	125.6	126.2	126.7	125.6
External debt service, including to the Fund	11.2	10.2	8.6	8.2	6.8	6.2	6.1	5.7	4.9
(in percent of exports of goods and nonfactor services)	23.0	20.3	18.8	16.4	15.9	14.3	14.0	13.2	11.5
(in percent of government revenue)	56.5	45.5	40.4	33.9	29.4	25.8	25.4	24.1	21.0
				(In millions of U.S. dollars, unless otherwise specified)					
Current account balance 5/	-419	-337	-210	-257	-393	-332	-336	-326	-331
Overall balance of payments	-123	-18	53	-75	-147	-149	-156	-139	-69
External payments arrears (end of period)	89	0	0	0	0	0	0	0	0
Gross international reserves (end of period)	264	431	352	679	629	800	984	1172	1353
(in months of imports of goods and services)	1.0	1.5	1.2	2.2	2.0	2.4	2.8	3.2	3.4
Nominal GDP (in billions of cedis)	27,153	38,014	38,014	48,097	46,875	54,633	61,093	67,997	75,680

Sources: Ghanaian authorities; and Fund-Bank staff estimates and projections.

1/ Based on 2001 and 2002 programs in EBS/01/88

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

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

4/ The large depreciation of the cedi in 2000 reduced the dollar value of GDP and created a sharp jump in foreign currency based items when expressed as a share of GDP.

5/ Including official grants.

Table 2. Ghana: Nominal and Net Present Value of External Debt by Creditor Groups at End-December 2000

	Legal Situation				NPV of Debt After Traditional Relief 1/	
	Nominal Debt		NPV of Debt			
	US$ millions	Percent of total debt	US$ millions	Percent of total debt	US$ millions	Percent of total debt
Total	**6,021.0**	**100.0**	**3,897.9**	**100.0**	**3,892.6**	**100.0**
Multilateral creditors	**3,951.9**	**65.6**	**1,961.8**	**50.3**	**1,961.8**	**50.4**
IDA	3,123.3	51.9	1,383.6	35.5	1,383.6	35.5
IBRD	7.8	0.1	8.0	0.2	8.0	0.2
IMF	257.6	4.3	199.7	5.1	199.7	5.1
African Development Bank Group	354.3	5.9	233.1	6.0	233.1	6.0
BADEA	15.2	0.3	12.6	0.3	12.6	0.3
European Investment Bank	54.5	0.9	48.0	1.2	48.0	1.2
European Union	37.0	0.6	25.5	0.7	25.5	0.7
IFAD	66.4	1.1	31.4	0.8	31.4	0.8
Nordic Development Fund	23.3	0.4	9.6	0.2	9.6	0.2
OPEC	12.2	0.2	10.3	0.3	10.3	0.3
Bilateral creditors	**1,681.2**	**27.9**	**1,538.6**	**39.5**	**1,533.3**	**39.4**
Paris Club	**1,596.6**	**26.5**	**1,473.4**	**37.8**	**1,473.4**	**37.9**
Austria	30.4	0.5	24.7	0.6	24.7	0.6
Belgium	2.2	0.0	1.9	0.0	1.9	0.0
Canada	18.2	0.3	17.9	0.5	17.9	0.5
Finland	7.7	0.1	7.1	0.2	7.1	0.2
France	108.5	1.8	89.8	2.3	89.8	2.3
Germany	203.1	3.4	112.5	2.9	112.5	2.9
Italy	35.2	0.6	29.5	0.8	29.5	0.8
Japan	843.8	14.0	879.4	22.6	879.4	22.6
Netherlands	83.5	1.4	78.2	2.0	78.2	2.0
Spain	64.3	1.1	43.7	1.1	43.7	1.1
Sweden	34.6	0.6	27.3	0.7	27.3	0.7
United Kingdom	130.2	2.2	127.6	3.3	127.6	3.3
United States	34.9	0.6	33.7	0.9	33.7	0.9
Other Official Bilateral	**84.6**	**1.4**	**65.2**	**1.7**	**59.9**	**1.5**
China	31.9	0.5	21.7	0.6	16.4	0.4
Kuwaiti Development Fund	23.6	0.4	20.7	0.5	20.7	0.5
India	1.7	0.0	1.7	0.0	1.7	0.0
Korea	10.3	0.2	7.3	0.2	7.3	0.2
Saudi Development Fund	17.1	0.3	13.8	0.4	13.8	0.4
Commercial Creditors	**387.9**	**6.4**	**397.5**	**10.2**	**397.5**	**10.2**
German commercial creditors	24.3	0.4	23.0	0.6	23.0	0.6
Japanese commercial creditors	23.4	0.4	23.7	0.6	23.7	0.6
Korean commercial creditors (Samsung)	130.3	2.2	142.5	3.7	142.5	3.7
Netherlands' commercial creditors	36.5	0.6	38.2	1.0	38.2	1.0
South African commercial creditors	41.2	0.7	39.3	1.0	39.3	1.0
UK commercial creditors	100.5	1.7	100.5	2.6	100.5	2.6
Others	31.9	0.5	30.3	0.8	30.3	0.8

Sources: Ghanaian authorities; and Fund-Bank staff estimates and projections.

1/ Reflects the external debt situation after the full use of traditional debt-relief mechanisms.

Table 3. Ghana: HIPC Initiative-- Assistance Under a Proportional Burden-Sharing Approach 1/ 2/

(In millions of U.S. dollars, unless otherwise indicated)

NPV of debt-to-revenues-target (in percent)	Total	Bilateral 3/	Multilateral	Common Reduction Factor 4/ (Percent)
		(In NPV terms at end 2000)		
250	2,186	1,084	1,102	56.2
Memorandum items:				
NPV of debt 5/	3,893	1,931	1,962	
Paris Club Creditors	1,473			
Other Official Bilateral Creditors	60			
Commercial Creditors	398			
Central government revenues 6/	683			
NPV of debt-to-revenue ratio (Percent)	570			

Sources: Ghanaian authorities; and Fund-Bank staff estimates and projections.

1/ The proportional burden sharing approach is described in "HIPC Initiative--Estimated Costs and Burden Sharing Approaches" (EBS/97/127, 7/7/97 and IDA/SEC M 97-306, 7/7/97).

2/ Includes a hypothetical stock-of-debt operation on Naples terms (December 2000) and comparable treatment by other official bilateral creditors.

3/ Includes official bilateral creditors and commercial debt.

4/ Each creditor's NPV reduction in percent of its exposure at the decision point.

5/ Based on end-2000 data after full application of traditional debt relief mechanisms.

6/ Excludes grants.

Table 4. Ghana: Net Present Value of External Debt After Rescheduling, 2000–2020
(In millions of U.S. dollars, unless otherwise indicated)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2015	2020	2001-2010	2011-2020
	Actual						Projected							Average	
Before relief															
NPV of total debt 1/	3,897.9	3,819.8	3,919.8	3,974.6	4,022.3	4,086.9	4,171.1	4,305.3	4,456.2	4,639.0	4,844.8	6,119.7	8,061.5	4,224.0	6,392.5
NPV of old debt	3,897.9	3,693.1	3,518.0	3,347.2	3,164.6	2,987.0	2,827.1	2,683.3	2,551.2	2,447.4	2,358.0	1,872.0	1,378.0	2,957.7	1,820.2
Multilateral	1,961.8	1,941.3	1,934.2	1,918.2	1,879.7	1,826.5	1,778.4	1,730.7	1,681.0	1,651.7	1,631.6	1,439.3	1,142.8	1,797.3	1,397.5
Official bilateral and commercial	1,936.1	1,751.8	1,583.8	1,429.0	1,284.9	1,160.5	1,048.7	952.6	870.2	795.7	726.3	432.7	235.2	1,160.3	422.7
Paris Club	1,473.4	1,362.5	1,263.8	1,171.3	1,078.5	997.3	916.3	843.4	778.0	719.4	665.6	402.5	207.9	979.6	391.1
Other official bilateral	65.2	60.3	55.0	49.6	44.2	39.5	35.2	31.2	27.3	23.3	19.5	7.1	4.3	38.5	7.8
Commercial	397.5	329.0	265.1	208.0	162.2	123.7	97.1	78.0	64.8	52.9	41.2	23.0	23.0	142.2	23.7
NPV of new debt	...	126.7	401.7	627.4	857.7	1,099.9	1,344.1	1,622.0	1,905.0	2,191.7	2,486.9	4,247.7	6,683.5	1,266.3	4,572.4
Memorandum items:															
NPV of debt-to-exports ratio (percent) 2/	157.1	156.3	157.9	152.2	142.5	134.2	127.7	123.2	119.1	115.7	112.7	103.0	97.6	134.2	102.9
NPV of debt-to-revenue ratio (percent)	571.0	438.1	364.7	326.4	303.4	285.8	269.5	258.8	250.2	243.4	237.4	212.1	197.7	297.8	211.8
After traditional debt relief 3/															
NPV of total debt 1/	3,892.6	3,791.5	3,833.7	3,888.9	3,937.0	4,002.0	4,086.7	4,221.3	4,372.7	4,556.1	4,762.4	6,040.7	7,985.6	4,145.2	6,313.9
NPV of old debt	3,892.6	3,606.6	3,432.0	3,261.5	3,079.3	2,902.1	2,742.6	2,599.4	2,467.7	2,364.4	2,275.6	1,793.0	1,302.2	2,873.1	1,741.5
Official bilateral and commercial	1,930.8	1,665.3	1,497.8	1,343.3	1,199.6	1,075.6	964.2	868.6	786.7	712.7	644.0	353.7	159.4	1,075.8	344.0
Paris Club	1,473.4	1,307.3	1,208.5	1,116.1	1,023.2	942.1	861.1	788.1	722.8	664.2	610.3	347.3	152.6	924.4	335.9
post-cutoff date	1,473.4	1,307.3	1,208.5	1,116.1	1,023.2	942.1	861.1	788.1	722.8	664.2	610.3	347.3	152.6	924.4	335.9
pre-cutoff date	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which: ODA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other official bilateral	59.9	52.1	47.1	42.2	37.1	32.8	29.0	25.5	22.1	18.6	15.4	6.4	6.7	32.2	7.5
post-cutoff date	57.9	50.1	45.0	39.9	34.7	30.2	26.3	22.5	19.0	15.3	11.9	1.7	1.1	29.5	2.7
pre-cutoff date	1.9	2.0	2.2	2.3	2.4	2.6	2.8	2.9	3.1	3.3	3.5	4.7	5.6	2.7	4.7
Of which: ODA	1.9	2.0	2.2	2.3	2.4	2.6	2.8	2.9	3.1	3.3	3.5	4.7	5.6	2.7	4.7
Commercial	397.5	306.0	242.1	185.0	139.2	100.7	74.1	55.0	41.8	29.9	18.2	0.0	0.0	119.2	0.7
post-cutoff date	397.5	306.0	242.1	185.0	139.2	100.7	74.1	55.0	41.8	29.9	18.2	0.0	0.0	119.2	0.7
pre-cutoff date	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Multilateral	1,961.8	1,941.3	1,934.2	1,918.2	1,879.7	1,826.5	1,778.4	1,730.7	1,681.0	1,651.7	1,631.6	1,439.3	1,142.8	1,797.3	1,397.5
World Bank	1,391.5	1,419.4	1,442.7	1,462.9	1,478.5	1,488.8	1,495.6	1,497.9	1,494.7	1,485.2	1,470.5	1,305.5	1,031.6	1,473.6	1,265.3
IMF	199.7	178.4	173.9	163.9	134.4	94.6	63.3	33.9	8.2	0.0	0.0	0.0	0.0	85.1	0.0
African Development Bank Group	233.1	216.8	201.0	185.2	169.5	154.5	139.9	128.0	115.8	107.8	105.9	91.4	79.2	152.4	90.8
Others	137.5	126.7	116.6	106.2	97.4	88.7	79.5	71.0	62.3	58.8	55.3	42.4	32.1	86.2	41.4
NPV of new debt	...	184.8	401.7	627.4	857.7	1,099.9	1,344.1	1,622.0	1,905.0	2,191.7	2,486.9	4,247.7	6,683.5	1,272.1	4,572.4
Memorandum items:															
Exports of goods and services 4/	2,440.1	2,416.8	2,592.1	2,826.9	3,046.8	3,263.4	3,486.8	3,733.0	4,003.8	4,295.1	4,596.8	6,327.4	8,816.5	3,426.2	6,669.0
Three-year export average 5/	2,481.7	2,443.4	2,483.0	2,611.9	2,821.9	3,045.7	3,265.6	3,494.4	3,741.2	4,010.7	4,298.6	5,941.1	8,256.6	3,221.6	6,256.1
Central government revenue 6/	682.6	872.0	1,074.7	1,217.7	1,325.7	1,430.1	1,547.9	1,663.7	1,780.8	1,906.1	2,040.9	2,885.9	4,077.2	1,412.9	3,047.1
NPV of debt-to-exports ratio (percent) 2/	156.9	155.2	154.4	148.9	139.5	131.4	125.1	120.8	116.9	113.6	110.8	101.7	96.7	133.9	101.6
NPV of debt-to-revenue ratio (percent)	570.3	434.8	356.7	319.4	297.0	279.8	264.0	253.7	245.5	239.0	233.4	209.3	195.9	317.6	209.1
After enhanced HIPC relief															
NPV of total debt 1/	3,818.6	3,944.8	3,908.0	4,107.3	2,345.0	2,579.2	2,816.1	3,092.8	3,376.0	3,670.8	3,980.5	5,788.3	8,263.0	3,421.7	6,117.1
NPV of old debt	3,818.6	3,760.0	3,506.3	3,479.9	1,487.2	1,479.3	1,472.0	1,470.8	1,471.0	1,479.2	1,493.6	1,540.6	1,579.5	2,265.3	1,544.8
Official bilateral and commercial	1,856.7	1,818.7	1,648.2	1,562.3	600.7	592.4	585.3	578.2	571.6	566.3	561.8	541.7	532.1	994.7	542.4
Paris Club	1,418.1	1,399.1	1,334.4	1,306.3	554.3	547.5	542.0	536.4	531.3	527.2	523.8	504.7	492.7	838.2	504.9
Other official bilateral	62.1	62.8	57.4	61.4	27.0	27.3	27.7	28.1	28.5	28.9	29.3	32.1	35.5	40.1	32.5
Commercial	376.6	356.8	256.3	194.5	19.3	17.5	15.6	13.7	11.8	10.2	8.6	4.9	3.9	116.5	5.0
Multilateral	1,961.8	1,941.3	1,858.1	1,917.6	886.5	886.9	886.7	892.6	899.4	912.9	931.8	998.9	1,047.4	1,270.5	1,002.3
World Bank	1,391.5	1,419.4	1,399.9	1,462.3	711.5	727.7	744.8	761.3	777.0	791.7	805.8	865.5	929.1	999.4	872.4
IMF	199.7	178.4	157.7	163.9	63.8	46.8	28.2	15.5	4.4	0.0	0.0	0.0	0.0	78.0	0.0
African Development Bank Group	233.1	216.8	184.0	185.2	90.0	90.2	90.6	91.6	92.6	94.5	97.9	96.5	83.3	133.3	94.8
Others	137.5	126.7	116.6	106.2	21.2	22.1	23.1	24.2	25.4	26.7	28.1	36.9	35.0	59.8	35.1
NPV of new debt	..	184.8	401.7	627.4	857.7	1,099.9	1,344.1	1,622.0	1,905.0	2,191.7	2,486.9	4,247.7	6,683.5	1,272.1	4,572.4
Memorandum items:															
Old Debt															
NPV of debt-to-exports ratio (percent) 2/	153.9	153.9	141.2	133.2	52.7	48.6	45.1	42.1	39.3	36.9	34.7	25.9	19.1	80.1	25.5
NPV of debt-to-revenue ratio (percent)	559.4	431.2	326.3	285.8	112.2	103.4	95.1	88.4	82.6	77.6	73.2	53.4	38.7	203.2	52.6
Total Debt															
NPV of debt-to-exports ratio (percent) 2/	153.9	161.4	157.4	157.3	83.1	84.7	86.2	88.5	90.2	91.5	92.6	97.4	100.1	113.3	97.4
NPV of debt-to-revenue ratio (percent)	559.4	452.4	363.6	337.3	176.9	180.4	181.9	185.9	189.6	192.6	195.0	200.6	202.7	274.1	200.4
Beyond Enhanced HIPC relief 7/															
NPV of total debt 2/	3,818.6	3,944.8	3,908.0	4,107.3	1,927.3	2,136.9	2,355.0	2,620.8	2,899.0	3,192.5	3,503.7	5,324.6	7,804.7	3,128.5	5,652.5
NPV of debt-to-exports ratio (percent) 2/	153.9	161.4	157.4	157.3	68.3	70.2	72.1	75.0	77.5	79.6	81.5	89.6	94.5	104.9	89.7
NPV of debt-to-revenue ratio (percent)	559.4	452.4	363.6	337.3	145.4	149.4	152.1	157.3	162.8	167.3	171.7	184.3	191.4	256.5	184.3

Sources: Ghanaian authorities; and Fund-Bank staff estimates and projections.

1/ Discounted on the basis of a six-month average of Commercial Interest Reference Rate (CIRR) for July-December 2000. The conversion of currency-specific NPVs into U.S. dollars occurs for all years at the base date exchange rate (end-2000).
2/ NPV of debt in percent of three-year average of exports of goods and services.
3/ Assumes a stock of debt operation on Naples terms in December 2000, with comparable treatment from non-Paris Club bilateral creditors.
4/ As defined in IMF Balance of Payments Manual, 5th edition, 1993.
5/ Backward-looking average (e.g. average over 1999–2001 for exports in 2001).
6/ Converted into U.S. dollars at the end-of-period December 2000 exchange rate.
7/ Reflects assistance committed beyond Enhanced HIPC relief by some Paris Club creditors on a bilateral basis

Table 5 Ghana: Net Present Value of External Debt After HIPC Assistance, 2000-2020 1/
(In millions of U.S. dollars, unless otherwise indicated)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2001-2010	2011-2020
	Actual	Estimate			Projections																	Averages	
I. After enhanced HIPC assistance 2/																							
1 NPV of total debt (2+5) 3/	3,818.6	3,944.8	3,908.0	4,107.3	2,345.0	2,579.2	2,816.1	3,092.8	3,376.0	3,670.8	3,980.5	4,297.4	4,635.4	4,995.2	5,383.3	5,788.3	6,220.5	6,687.9	7,188.2	7,712.1	8,263.0	3,382.1	6,117.1
2. NPV of outstanding debt (3+4)	3,818.6	3,760.0	3,506.3	3,479.9	1,487.2	1,479.3	1,472.0	1,470.8	1,471.0	1,479.2	1,493.6	1,506.3	1,518.4	1,524.5	1,531.3	1,540.6	1,550.1	1,557.6	1,565.6	1,573.8	1,579.5	2,109.9	1,544.8
3. Official bilateral and commercial	1,856.7	1,818.7	1,648.2	1,562.3	600.7	592.4	585.3	578.2	571.6	566.3	561.8	556.3	551.3	547.0	543.4	541.7	540.1	538.7	537.4	536.3	532.1	908.5	542.4
3a Paris Club	1,418.1	1,399.1	1,334.4	1,306.3	554.3	547.5	542.0	536.4	531.3	527.2	523.8	519.5	515.2	511.0	506.9	504.7	502.6	500.6	498.8	497.1	492.7	780.2	504.9
3b Other official bilateral	62.1	62.8	57.4	61.4	27.0	27.3	27.7	28.1	28.5	28.9	29.3	29.8	30.3	30.9	31.5	32.1	32.7	33.4	34.2	35.0	35.5	37.9	32.5
3c. Commercial	376.6	356.8	256.3	194.5	19.3	17.5	15.6	13.7	11.8	10.2	8.6	7.0	5.7	5.1	5.0	4.9	4.8	4.6	4.4	4.2	3.9	90.4	5.0
4 Multilateral	1,961.8	1,941.3	1,858.1	1,917.6	886.5	886.9	886.7	892.6	899.4	912.9	931.8	950.0	967.2	977.5	987.9	998.9	1,010.0	1,018.9	1,028.1	1,037.5	1,047.4	1,201.4	1,002.3
World Bank Group	1,391.5	1,419.4	1,399.9	1,462.3	711.5	727.7	744.8	761.3	777.0	791.7	805.8	818.9	830.8	842.5	854.2	865.5	877.0	888.9	901.8	915.0	929.1	960.1	872.4
IMF	199.7	178.4	157.7	163.9	63.8	46.8	28.2	15.5	4.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	65.9	0.0
African Development Bank Group	233.1	216.8	184.0	185.2	90.0	90.2	90.6	91.6	92.6	94.5	97.9	101.5	105.1	102.0	98.8	96.5	94.1	91.7	89.2	86.3	83.3	123.3	94.8
Others	137.5	126.7	116.6	106.2	21.2	22.1	23.1	24.2	25.4	26.7	28.1	29.6	31.2	33.0	34.9	36.9	38.8	38.2	37.2	36.2	35.0	52.0	35.1
5 NPV of new borrowing	...	184.8	401.7	627.4	857.7	1,099.9	1,344.1	1,622.0	1,905.0	2,191.7	2,486.9	2,791.1	3,116.9	3,470.7	3,852.0	4,247.7	4,670.4	5,130.3	5,622.7	6,138.3	6,683.5	1,272.1	4,572.4
Memorandum items:																							
Exports of goods and services 4/	2,440.1	2,416.8	2,592.1	2,826.9	3,046.8	3,263.4	3,486.8	3,733.0	4,003.8	4,295.1	4,596.8	4,900.6	5,226.5	5,565.9	5,930.0	6,327.4	6,754.6	7,215.0	7,710.2	8,243.0	8,816.5	3,426.2	6,669.0
Three-year export average 5/	2,481.7	2,443.4	2,483.0	2,611.9	2,821.9	3,045.7	3,265.6	3,494.4	3,741.2	4,010.7	4,298.6	4,597.5	4,908.0	5,231.0	5,574.1	5,941.1	6,337.3	6,765.6	7,226.6	7,722.7	8,256.6	3,221.6	6,256.1
Government revenues 6/	682.6	872.0	1,074.7	1,217.7	1,325.7	1,430.1	1,547.9	1,663.7	1,780.8	1,906.1	2,040.9	2,185.0	2,345.7	2,514.2	2,694.6	2,885.9	3,098.0	3,314.1	3,549.8	3,806.2	4,077.2	1,486.0	3,047.1
GDP	5,000.0	5,297.7	6,095.6	6,566.4	7,038.6	7,610.2	8,228.2	8,854.5	9,483.3	10,156.7	10,878.0	11,650.4	12,477.8	13,363.8	14,312.8	15,329.2	16,417.8	17,583.7	18,832.3	20,169.6	21,601.9	8,020.9	16,173.9
NPV of debt-to-GDP ratio (percent)																							
Total debt (2+5)	76.4	74.5	64.1	62.5	33.3	33.9	34.2	34.9	35.6	36.1	36.6	36.9	37.1	37.4	37.6	37.8	37.9	38.0	38.2	38.2	38.3	44.6	37.7
Outstanding debt (3+4)	76.4	71.0	57.5	53.0	21.1	19.4	17.9	16.6	15.5	14.6	13.7	12.9	12.2	11.4	10.7	10.1	9.4	8.9	8.3	7.8	7.3	30.0	9.9
NPV of debt-to-exports ratio (percent) 4/ 7/																							
Total debt (2+5)	153.9	161.4	157.4	157.3	83.1	84.7	86.2	88.5	90.2	91.5	92.6	93.5	94.4	95.5	96.6	97.4	98.2	98.9	99.5	99.9	100.1	109.3	97.4
Outstanding debt (3+4)	153.9	153.9	141.2	133.2	52.7	48.6	45.1	42.1	39.3	36.9	34.7	32.8	30.9	29.1	27.5	25.9	24.5	23.0	21.7	20.4	19.1	72.8	25.5
NPV of debt-to-revenue ratio (percent) 6/																							
Total debt (2+5)	559.4	452.4	363.6	337.3	176.9	180.4	181.9	185.9	189.6	192.6	195.0	196.7	197.6	198.7	199.8	200.6	200.8	201.8	202.5	202.6	202.7	245.6	200.4
Outstanding debt (3+4)	559.4	431.2	326.3	285.8	112.2	103.4	95.1	88.4	82.6	77.6	73.2	68.9	64.7	60.6	56.8	53.4	50.0	47.0	44.1	41.3	38.7	167.6	52.6
Nominal stock of debt	5,976.4	6,302.7	6,618.5	6,860.2	6,097.3	6,412.9	6,707.9	7,079.0	7,460.3	7,871.4	8,309.5	8,763.8	9,259.5	9,819.0	10,442.0	11,097.9	11,814.9	12,590.8	13,413.8	14,264.7	15,159.2	6,972.0	11,662.6
II. After unconditional delivery of enhanced HIPC assistance																							
1 NPV of total debt (2+5) 2/	1,706.5	1,874.8	1,976.5	2,154.3	2,345.0	2,579.2	2,816.1	3,092.8	3,376.0	3,670.8	3,980.5	4,297.4	4,635.4	4,995.2	5,383.3	5,788.3	6,220.5	6,687.9	7,188.2	7,712.1	8,263.0	2,786.6	6,117.1
2 NPV of outstanding debt (3+4)	1,706.5	1,690.0	1,574.8	1,526.9	1,487.2	1,479.3	1,472.0	1,470.8	1,471.0	1,479.2	1,493.6	1,506.3	1,518.4	1,524.5	1,531.3	1,540.6	1,550.1	1,557.6	1,565.6	1,573.8	1,579.5	1,514.5	1,544.8
3 Official bilateral and commercial	846.4	808.4	704.5	652.6	600.7	592.4	585.3	578.2	571.6	566.3	561.8	556.3	551.3	547.0	543.4	541.7	540.1	538.7	537.4	536.3	532.1	622.2	542.4
3a Paris Club	645.9	626.9	590.6	572.5	554.3	547.5	542.0	536.4	531.3	527.2	523.8	519.5	515.2	511.0	506.9	504.7	502.6	500.6	498.8	497.1	492.7	555.3	504.9
3b. *Other official bilateral*	26.2	*27.0*	*27.0*	27.0	27.0	27.3	27.7	28.1	28.5	28.9	29.3	29.8	30.3	30.9	31.5	32.1	32.7	33.4	34.2	35.0	35.5	27.8	32.5
3c. Commercial	174.3	154.5	86.9	53.1	19.3	17.5	15.6	13.7	11.8	10.2	8.6	7.0	5.7	5.1	5.0	4.9	4.8	4.6	4.4	4.2	3.9	39.1	5.0
4 Multilateral	860.0	881.6	870.3	874.3	886.5	886.9	886.7	892.6	899.4	912.9	931.8	950.0	967.2	977.5	987.9	998.9	1,010.0	1,018.9	1,028.1	1,037.5	1,047.4	892.3	1,002.3
World Bank Group	610.0	666.5	676.6	694.8	711.5	727.7	744.8	761.3	777.0	791.7	805.8	818.9	830.8	842.5	854.2	865.5	877.0	888.9	901.8	915.0	929.1	735.8	872.4
IMF	87.5	73.4	71.6	72.6	63.8	46.8	28.2	15.5	4.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	37.6	0.0
African Development Bank Group	102.2	92.2	87.7	86.5	90.0	90.2	90.6	91.6	92.6	94.5	97.9	101.5	105.1	102.0	98.8	96.5	94.1	91.7	89.2	86.3	83.3	91.4	94.8
Others	60.3	49.5	34.4	20.4	21.2	22.1	23.1	24.2	25.4	26.7	28.1	29.6	31.2	33.0	34.9	36.9	38.8	38.2	37.2	36.2	35.0	27.5	35.1
5 NPV of new borrowing	..	184.8	401.7	627.4	857.7	1,099.9	1,344.1	1,622.0	1,905.0	2,191.7	2,486.9	2,791.1	3,116.9	3,470.7	3,852.0	4,247.7	4,670.4	5,130.3	5,622.7	6,138.3	6,683.5	1,272.1	4,572.4
Memorandum items:																							
NPV of debt-to-GDP ratio (percent)																							
Total debt (2+5)	34.1	35.4	32.4	32.8	33.3	33.9	34.2	34.9	35.6	36.1	36.6	36.9	37.1	37.4	37.6	37.8	37.9	38.0	38.2	38.2	38.3	34.5	37.7
Outstanding debt (3+4)	*34.1*	31.9	25.8	23.3	21.1	19.4	17.9	16.6	15.5	14.6	13.7	12.9	12.2	11.4	10.7	10.1	9.4	8.9	8.3	7.8	7.3	20.0	9.9
NPV of debt-to-exports ratio (percent) 4/ 7/																							
Total debt (2+5)	68.8	76.7	79.6	82.5	83.1	84.7	86.2	88.5	90.2	91.5	92.6	93.5	94.4	95.5	96.6	97.4	98.2	98.9	99.5	99.9	100.1	85.6	97.4
Outstanding debt (3+4)	68.8	69.2	63.4	58.5	52.7	48.6	45.1	42.1	39.3	36.9	34.7	32.8	30.9	29.1	27.5	25.9	24.5	23.0	21.7	20.4	19.1	49.0	25.5
NPV of debt-to-revenue ratio (percent) 6/																							
Total debt (2+5)	250.0	215.0	183.9	176.9	176.9	180.4	181.9	185.9	189.6	192.6	195.0	196.7	197.6	198.7	199.8	200.6	200.8	201.8	202.5	202.6	202.7	187.8	200.4
Outstanding debt (3+4)	*250.0*	*193.8*	*146.5*	*125.4*	*112.2*	*103.4*	*95.1*	*88.4*	*82.6*	*77.6*	*73.2*	*68.9*	*64.7*	*60.6*	*56.8*	*53.4*	*50.0*	*47.0*	*44.1*	*41.3*	*38.7*	*109.8*	*52.6*

Sources: Ghanaian authorities, and Fund-Bank staff estimates and projections.

1/ Refers to public and publicly guaranteed external debt only and assumes a flow rescheduling during the interim period and a stock-of-debt operation on Cologne terms at the completion point (end of 2003), and at least comparable action by other official bilateral creditors

2/ The completion point is assumed to be reached in January 2004, HIPC Initiative assistance is assumed to be committed and delivered unconditionally from then. The NPV of debt for 2002-3 shows only the effect of interim assistance.

3/ Discounted on the basis of the average commercial interest reference rate for the respective currency, derived over the six-month period prior to the latest date for which actual data are available (base date). The conversion of currency-specific NPVs into U.S. dollars occurs for all years at the base date exchange rate.

4/ As defined in IMF Balance of Payments Manual, 5th edition, 1993.

5/ Backword-looking average (e.g. average over 1998-2000 for exports in 2000)

6/ Revenues are defined as central government revenues, excluding grants

7/ NPV of debt in percent of three-year average of exports of goods and services.

8/ The NPV of debt shows the results of the (hypothetical) unconditional commitment of HIPC Initiative assistance.

Table 6. Ghana: External Debt Service After Full Use of Traditional Debt-Relief Mechanisms and Enhanced HIPC Relief, 2001-2020
(In millions of U.S. dollars, unless otherwise indicated)

	2001	2002	2003	2004	2005	2006	2007	2012	2017	2020	2001-2010	2011-2020
	Estimate	Projections										
Total debt service before debt relief 1/	214.7	406.2	428.3	434.8	423.4	374.5	351.9	437.3	625.4	719.2	369.2	565.1
Multilateral	138.2	123.8	132.6	154.4	167.1	159.0	155.8	132.8	140.5	140.8	143.9	137.2
Official bilateral and commercial	70.7	270.1	277.1	255.6	225.2	178.4	131.0	81.5	56.2	36.8	171.3	61.7
Debt service on new borrowing	5.7	12.2	18.6	24.9	31.2	37.2	65.1	222.9	428.6	541.7	57.5	366.2
Total debt service after traditional debt relief 2/	491.2	375.0	367.7	376.4	367.9	346.8	350.5	436.6	624.8	719.4	376.7	564.5
Multilateral	138.2	123.8	132.6	154.4	167.1	159.0	155.8	132.8	140.5	140.8	143.9	137.2
Of which												
World Bank Group	57.8	62.2	66.7	72.5	78.6	84.5	89.4	117.7	128.5	129.2	81.4	124.1
IMF	33.4	15.4	20.6	39.5	48.0	37.0	33.3	0.0	0.0	0.0	26.4	0.0
AfDB/AfDF	27.4	26.2	25.7	25.0	23.7	22.6	19.5	8.8	7.5	7.6	21.2	8.1
Others	19.6	18.3	17.8	15.7	14.9	14.8	13.6	6.3	4.6	4.0	14.2	5.0
Official bilateral	231.4	155.0	143.3	138.8	121.6	117.0	105.2	74.3	55.7	37.0	127.0	59.2
Paris Club	219.9	146.6	135.2	130.9	114.8	111.0	99.7	71.0	55.3	36.7	120.1	57.8
Of which												
ODA	94.4	70.0	71.3	74.9	74.3	79.1	77.5	67.7	54.4	35.9	75.8	56.0
Non-Paris Club	11.5	8.4	8.1	7.9	6.8	6.0	5.5	3.3	0.3	0.3	6.9	1.4
Commercial	115.8	84.0	73.2	58.3	48.0	33.7	24.4	6.6	0.0	0.0	48.3	2.0
Debt service on new borrowing	5.7	12.2	18.6	24.9	31.2	37.2	65.1	222.9	428.6	541.7	57.5	366.2
Total debt service after enhanced HIPC assistance 3/	214.6	128.8	114.7	103.6	111.6	116.4	137.7	284.4	498.3	615.0	149.9	433.6
Multilateral	138.2	63.8	48.0	43.9	53.3	53.9	47.7	40.3	52.3	53.1	57.3	48.4
Of which												
World Bank Group	57.7	31.0	23.5	25.3	27.4	27.5	29.1	38.3	41.8	42.1	32.0	40.4
IMF	33.4	6.2	3.4	13.2	20.8	21.5	14.4	0.0	0.0	0.0	13.0	0.0
AfDB/AfDF	27.4	8.4	5.0	4.8	4.6	4.5	3.9	1.8	7.5	7.6	6.7	6.6
Others	19.6	18.3	16.1	0.5	0.4	0.4	0.3	0.2	3.0	3.4	5.6	1.4
Official bilateral	37.6	20.8	16.3	22.2	23.9	22.2	22.0	19.5	16.9	19.8	22.5	18.2
Paris Club	36.6	20.2	16.1	21.1	22.5	20.8	20.6	18.1	15.5	18.0	21.3	16.7
Of which												
ODA	5.8	0.3	0.0	0.2	0.0	0.0	0.0	2.4	2.4	5.2	0.8	2.6
Non-Paris Club	1.0	0.6	0.1	1.1	1.4	1.4	1.4	1.4	1.4	1.7	1.1	1.5
Commercial	33.1	31.9	31.8	12.6	3.2	3.1	2.9	1.7	0.4	0.5	12.6	0.8
Debt service on new borrowing	5.7	12.2	18.6	24.9	31.2	37.2	65.1	222.9	428.6	541.7	57.5	366.2
Memorandum items:												
Exports of goods and nonfactor services	2,416.8	2,592.1	2,826.9	3,046.8	3,263.4	3,486.8	3,733.0	5,226.5	7,215.0	8,816.5	3,426.2	6,669.0
Debt-service ratio after trad. debt relief 4/	20.3	14.5	13.0	12.4	11.3	9.9	9.4	8.4	8.7	8.2	11.6	8.5
Debt-service ratio after HIPC assistance 4/	8.9	5.0	4.1	3.4	3.4	3.3	3.7	5.4	6.9	7.0	4.5	6.4
Government revenues 5/	872.0	1,074.7	1,217.7	1,325.7	1,430.1	1,547.9	1,663.7	2,345.7	3,314.1	4,077.2	1,486.0	3,047.1
Debt-service to revenue ratio after trad. debt relief	56.3	34.9	30.2	28.4	25.7	22.4	21.1	18.6	18.9	17.6	27.6	18.6
Debt-service to revenue ratio after HIPC Assistance	24.6	12.0	9.4	7.8	7.8	7.5	8.3	12.1	15.0	15.1	10.7	14.0

Sources: Ghanaian authorities; and Fund-Bank staff estimates and projections.

1/ After a non-concessional deferral of arrears as of June 2001 and of 70% of maturities on pre-June 1999 debts, falling due between July and December 2001.
2/ Reflects the external debt situation after the full use of traditional debt relief mechanisms, and assuming at least comparable treatment from official bilateral creditors in 2001.
3/ After assumed assistance under the enhanced HIPC Initiative (see text for detailed assumptions).
4/ Debt service in percent of current-year exports of goods and nonfactor services.
5/ Excluding grants, EOP exchange rates

Table 7. Ghana: Debt Service Paid and Debt Service Due, 1997-2020
(In millions of U.S. dollars, unless otherwise indicated)

	1997	1998	1999	2000	Average				
					Before debt relief			After traditional debt relief	
					1997-2000	2001-2010 Proj.	2011-2020 Proj.	2001-2011 Proj.	2011-2020 Proj.
Debt service payable 1/	523	560	521	560	541	369	565	377	565
Debt service-to export ratio	23.5	22.1	21.1	23.0	22.4	10.8	8.5	11.6	8.5
Debt service-to-revenue ratio	48.6	41.0	53.4	82.1	52.8	24.8	18.5	27.6	18.6
Debt service-to-GDP ratio	7.6	7.5	6.7	11.2	8.0	4.6	3.5	4.7	3.5
Memorandum items:									
Exports of goods and services	2,231	2,532	2,473	2,440	2,419	3,426	6,669	3,426	6,669
Government revenues 2/	1,077	1,366	976	683	1,025	1,486	3,047	1,486	3,047
Gross domestic product	6,884	7,474	7,774	5,000	6,783	8,021	16,174	8,021	16,174

Sources: Ghanaian authorities; and Fund-Bank staff estimates and projections.

1/ Including the Fund. For the period 1997 to 2000, data refer to debt service paid.
2/ Excluding grants.

Table 8. Ghana: Possible Delivery of IMF Assistance under the Enhanced HIPC Initiative 1/

(In millions of U.S. dollars, unless otherwise indicated)

	2002	2003	2004	2005	2006	2007	2008	2009
(Based on the US$/SDR exchange rate as of January 17, 2002)								
Delivery schedule of IMF assistance (in percent of total assistance) 2/	8.2	15.0	20.0	18.0	8.0	15.0	12.8	3.0
Debt Service due on IMF obligations 3/	13.4	21.9	39.9	48.1	37.6	47.1	41.7	23.3
Principal	10.3	18.9	37.1	45.4	35.1	44.9	39.7	21.5
Interest	3.1	3.0	2.9	2.6	2.4	2.2	2.0	1.9
IMF assistance--deposits into Ghana's account								
Interim assistance 4/	12.3	15.8						
Completion point assistance			84.0 /5					
IMF assistance--drawdown schedule 6/	9.2	17.2	26.2	27.1	15.5	18.9	15.7	4.0
IMF assistance without interest	9.2	16.8	22.4	20.2	9.0	16.8	14.4	3.4
Estimated interest earnings	--	0.4	3.8	6.9	6.6	2.1	1.4	0.6
Debt service due on current IMF obligations after IMF assistance 6/	4.2	4.6	13.7	20.9	22.0	28.2	26.0	19.4
Share of debt service due on IMF obligations covered by IMF assistance (in percent) 6/	68.8	78.8	65.7	56.4	41.4	40.2	37.7	17.0
Proportion (in percent) of each principal repayment falling due during the period to be paid by IMF Initiative assistance from the principal deposited in Ghana's account	89.3	89.1	60.5	44.4	25.5	37.5	36.1	15.7
Memorandum items:								
(Based on debt service data and exchange rates as of end-2000)								
Total debt service due (in millions of U.S. dollars) 7/ 8/	375	368	376	368	347	350	363	359
Debt service due on IMF obligations (in millions of U.S. dollars) 8/	15.4	20.6	39.5	48.0	37.0	33.3	27.8	8.7
Debt service due on current IMF obligations after IMF assistance 6/	6.2	3.4	13.2	20.8	21.5	14.4	12.0	4.7
(in percent of exports)	0.3	0.1	0.5	0.8	0.8	0.5	0.4	0.1
Share of total debt service covered by IMF assistance (in percent) 6/	2.5	4.7	7.0	7.4	4.5	5.4	4.3	1.1

Source: Fund staff estimates.

1/ Total IMF assistance under the enhanced HIPC Initiative is U.S. dollars 112.1 million calculated on the basis of data available at the decision point, excluding interest earned on Ghana's account and on committed but undisbursed amounts as described in footnote 6.

2/ While the IMF will deposit 11 percent of enhanced assistance into Ghana's account after the decision point has been reached, the delivery schedule for 2002 shows the share (8.2 percent) of enhanced assistance applied to Ghana's principal repayment obligations falling due from mid-February to end-December 2002.

3/ Forthcoming obligations estimated based on rates and principal schedules in effect as of end-December 2001. Interest obligations include net SDR charges and assessments.

4/ The first delivery of interim assistance will be deposited into Ghana's account at the expected decision point in mid-February 2002 to cover principal repayment obligations falling due to the Fund in the next twelve month period.

5/ Remaining amount of assistance assumed to be disbursed into Ghana's account at the completion point in February 2004, which is reflected in the calculation of interest.

6/ Includes estimated interest earnings on: (1) amounts held in Ghana's account; and (2), up to the completion point, amounts committed but not yet disbursed. It is assumed that these amounts earn a rate of return of 5.25 percent in U.S. dollar terms; actual interest earnings may be higher or lower. Interest accrued on (1) during a calendar year will be used toward the first repayment obligation(s) falling due in the following calendar year except in the final year, when it will be used toward payment of the final obligation(s) falling due in that year. Interest accrued on (2) during the interim period will be used toward the repayment of obligations falling due during the three years after the completion point.

7/ After traditional debt relief mechanisms.

8/ Excludes charges in the SDR department of the IMF.

Table 9. Ghana: Possible Delivery of IDA Assistance Under the HIPC Initiative, 2001-2022
(In millions of U.S. dollars, unless otherwise indicated)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
IDA debt service before HIPC relief	55.1	62.2	66.7	72.4	78.6	84.6	89.4	95.1	101.2	105.7	111.5
Principal	31.8	39.1	43.8	50.0	56.5	62.9	68.3	74.5	81.1	86.3	92.7
Interest	23.4	23.1	22.8	22.5	22.1	21.7	21.2	20.6	20.1	19.5	18.8
IDA debt service after HIPC relief	55.1	29.2	21.7	23.6	25.6	27.5	29.1	31.0	32.9	34.4	36.3
Principal	31.8	17.9	14.3	16.3	18.4	20.5	22.2	24.2	26.4	28.1	30.2
Interest	23.4	11.3	7.4	7.3	7.2	7.1	6.9	6.7	6.5	6.3	6.1
IDA assistance 1/	0.0	32.9	45.0	48.9	53.0	57.0	60.3	64.1	68.2	71.3	75.2
Principal	0.0	21.1	29.6	33.7	38.1	42.4	46.0	50.2	54.7	58.2	62.5
Interest	0.0	11.8	15.4	15.2	14.9	14.6	14.3	13.9	13.5	13.1	12.7
Memorandum item:											
IDA debt relief as percent of IDA debt service due (in percent)	0	53	67	67	67	67	67	67	67	67	67
Interim assistance 2/	73.4										
Interim relief as percent of total	9.4%										

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
IDA debt service before HIPC relief	117.7	120.5	122.7	126.1	127.5	128.5	128.0	128.9	129.2	129.0	128.0
Principal	99.6	103.2	106.1	110.4	112.6	114.4	114.8	116.6	117.7	118.4	118.3
Interest	18.1	17.3	16.6	15.7	14.9	14.1	13.2	12.3	11.5	10.6	9.7
IDA debt service after HIPC relief	38.3	39.2	39.9	41.1	41.5	41.8	41.7	42.0	42.1	42.0	106.6
Principal	32.4	33.6	34.5	35.9	36.7	37.2	37.4	38.0	38.3	38.6	98.7
Interest	5.9	5.6	5.4	5.1	4.9	4.6	4.3	4.0	3.7	3.4	8.0
IDA assistance 1/	79.4	81.3	82.7	85.0	86.0	86.6	86.3	87.0	87.1	87.0	21.4
Principal	67.2	69.6	71.5	74.4	75.9	77.1	77.4	78.6	79.4	79.9	19.6
Interest	12.2	11.7	11.2	10.6	10.1	9.5	8.9	8.3	7.7	7.1	1.7
Memorandum item:											
IDA debt relief as percent of IDA debt service due (in percent)	67	67	67	67	67	67	67	67	67	67	17

Sources: Ghanaian authorities; and IDA staff estimates.

1/ Total debt service reduction of US$1445.7 million in nominal terms corresponding to US$781.5 million in NPV terms, using end-2000 discount rates and exchange rates.
2/ In net present value (NPV) terms; assuming a Decision Point in February 2002 and a Completion point in January 2004.

Table 10. Ghana: Possible Delivery of AfDB/AfDF Assistance Under the Enhanced HIPC Initiative, 2001-2013 1/
(In millions of U.S. dollars, unless otherwise indicated)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
AfDB/AfDF debt service before HIPC relief	27.3	26.1	25.6	24.9	23.7	22.6	19.5	19.2	14.5	8.1	8.4	8.8	9.9
of which, AfDB	20.7	19.3	18.3	17.2	16.2	15.3	12.2	11.5	6.5	0.0	0.0	0.0	0.0
AfDF	6.6	6.8	7.3	7.7	7.5	7.3	7.3	7.7	8.0	8.1	8.4	8.8	9.9
AfDB/AfDF debt service after HIPC relief	27.3	8.3	4.9	4.8	4.6	4.5	3.9	3.9	3.1	1.6	1.7	1.8	8.7
of which, AfDB	20.7	5.0	3.5	3.3	3.1	3.0	2.4	2.4	1.5	0.0	0.0	0.0	0.0
AfDF	6.6	3.3	1.4	1.5	1.5	1.5	1.4	1.5	1.6	1.6	1.7	1.8	8.7
AfDB/AfDF assistance 2/	0.0	17.8	20.7	20.1	19.1	18.2	15.6	15.3	11.5	6.5	6.7	7.1	1.1
of which, AfDB	0.0	14.3	14.8	14.0	13.1	12.3	9.7	9.1	5.1	0.0	0.0	0.0	0.0
AfDF	0.0	3.5	5.9	6.2	6.0	5.9	5.8	6.2	6.4	6.5	6.7	7.1	1.1
Memorandum items:													
Interim assistance 3/	37.0												
Interim relief as percent of total	28.2												

Sources: Ghanaian authorities; and World Bank, African Development Bank and IMF staff estimates.

1/ Based on stock of debt outstanding as of end-December 2000. Illustrative Scenario (80% debt service reduction on AfDB and AfDF loans outstanding as of December 31, 2000). Under this scenario total delivery of assistance will be completed by 2013.
2/ Total debt service reduction of US$159.7 million in nominal terms corresponding to US$130.9 million in NPV terms, using end-December 2000 discount and exchange rates.
3/ In net present value (NPV) terms; assuming a decision point in February 2001 and a completion point as of January 2004.

Table 11. Ghana: Sensitivity Analysis After HIPC Assistance, 2001-2020 1/

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020	2001-2010	2011-2020
	Estimates																Averages	
Baseline scenario																		
NPV of debt to revenue ratio 2/	452.4	363.6	337.3	176.9	180.4	181.9	185.9	189.6	192.6	195.0	196.7	197.6	198.7	199.8	200.6	202.7	245.6	200.4
Debt service to revenue ratio 2/	24.6	12.0	9.4	7.8	7.8	7.5	8.3	9.4	10.0	10.5	11.4	12.1	13.2	13.9	14.5	15.1	10.7	14.0
Debt service to exports ratio 3/	8.9	5.0	4.1	3.4	3.4	3.3	3.7	4.2	4.4	4.7	5.1	5.4	6.0	6.3	6.6	7.0	4.5	6.4
Grant element in total debt	37.4	41.0	40.1	61.5	59.8	58.0	56.3	54.7	53.4	52.1	51.0	49.9	49.1	48.4	47.8	45.5	51.4	47.8
Grant element in new debt	55.6	54.7	53.8	52.7	51.7	50.5	49.8	49.3	48.9	48.6	48.4	48.2	48.2	48.3	48.4	48.3	51.6	48.4
Alternative scenario - Lower growth 4/																		
NPV of debt to revenue ratio 2/	452.4	348.9	334.1	179.2	184.4	187.8	193.7	199.4	204.4	209.0	212.7	215.8	219.0	222.3	225.2	238.5	249.3	226.2
Debt service to revenue ratio 2/	24.6	11.5	9.3	7.9	8.0	7.8	8.6	9.9	10.6	11.3	12.3	13.2	14.6	15.5	16.3	17.8	10.9	15.9
Debt service to exports ratio 3/	8.9	5.0	4.1	3.4	3.4	3.3	3.7	4.2	4.4	4.7	5.1	5.4	6.0	6.3	6.6	7.0	4.5	6.4
Grant element in total debt	37.4	41.0	40.1	61.5	59.8	58.0	56.3	54.7	53.4	52.1	51.0	49.9	49.1	48.4	47.8	45.5	51.4	47.8
Grant element in new debt	55.6	54.7	53.8	52.7	51.7	50.5	49.8	49.3	48.9	48.6	48.4	48.2	48.2	48.3	48.4	48.3	51.6	48.4
Alternative scenario - Lower project grants 5/																		
NPV of debt to revenue ratio 2/	452.4	368.6	346.2	188.9	195.3	199.6	206.4	212.8	218.5	223.1	226.8	229.6	232.4	235.3	237.7	246.9	261.2	237.9
Debt service to revenue ratio 2/	24.6	12.1	9.7	8.2	8.2	8.0	8.8	10.4	11.5	12.4	13.5	14.6	15.9	16.9	17.8	19.3	11.4	17.3
Debt service to exports ratio 3/	8.9	5.0	4.2	3.5	3.6	3.6	3.9	4.6	5.1	5.5	6.0	6.5	7.2	7.7	8.1	8.9	4.8	7.9
Grant element in total debt	41.3	47.8	49.6	69.2	68.9	68.5	68.1	67.8	67.5	67.2	67.0	66.9	66.8	66.9	66.9	66.9	61.6	66.9
Grant element in new debt	55.6	52.8	51.3	50.1	48.9	47.6	46.8	46.1	45.6	45.3	44.9	44.7	44.6	44.6	44.7	44.4	49.0	44.7

Sources: Ghanaian authorities; and Fund-Bank staff estimates and projections.

1/ Including new debt.
2/ Revenue is defined as central government revenue, excluding grants.
3/ As defined in IMF, Balance of Payments Manual, 5th edition, 1993. Based on a three-year average of exports on the previous year (e.g., export average over 1999-01 for NPV of debt-to-exports
ratio in 2001).
4/ Growth of real GDP is assumed to be 1 percentage point lower per annum than in the baseline from 2002 onwards.
5/ The share of grants in external project financing is lower by 9 percentage points from 2002.

Table 12. HIPC Initiative: Status of Country Cases Considered Under the Initiative, January 11, 2001

Country	Decision Point	Completion Point	Target NPV of Debt-to- Export (in percent)	Target NPV of Debt-to- Gov. revenue (in percent)	Assistance Levels 1/ (In millions of U.S. dollars, present value) Total	Bilateral	Multilateral	IMF	World Bank	Percentage Reduction in NPV of Debt 2/	Estimated Total Nominal Debt Service Relief (In millions of U.S. dollars)
Completion point reached under enhanced framework											
Bolivia					1,302	425	876	84	193		2,060
original framework	*Sep. 97*	*Sep. 98*	*225*		*448*	*157*	*291*	*29*	*53*	*14*	*760*
enhanced framework	*Feb. 00*	*Jun. 01*	*150*		*854*	*268*	*585*	*55*	*140*	*30*	*1,300*
Mozambique					2,022	1,270	753	143	443		4,300
original framework	*Apr. 98*	*Jun. 99*	*200*		*1,716*	*1,076*	*641*	*125*	*381*	*63*	*3,700*
enhanced framework	*Apr. 00*	*Sep. 01*	*150*		*306*	*194*	*112*	*18*	*62*	*73*	*600*
Uganda					1,003	183	820	160	517		1,950
original framework	*Apr. 97*	*Apr. 98*	*202*		*347*	*73*	*274*	*69*	*160*	*20*	*650*
enhanced framework	*Feb. 00*	*May 00*	*150*		*656*	*110*	*546*	*91*	*357*	*37*	*1,300*
Tanzania	Apr. 00	*Nov. 01*	150		2,026	1,006	1,020	120	695	54	3,000
Decision point reached under enhanced framework											
Benin	Jul. 00	Floating	150		265	77	189	24	84	31	460
Burkina Faso					398	56	342	42	162		700
original framework	*Sep. 97*	*Jul. 00*	*205*		*229*	*32*	*196*	*22*	*91*	*27*	*400*
enhanced framework	*Jul. 00*	*Floating*	*150*		*169*	*24*	*146*	*20*	*71*	*27*	*300*
Cameroon	Oct. 00	Floating	150		1,260	874	324	37	179	27	2,000
Chad	May 00	Floating	150		170	35	134	18	68	30	260
Ethiopia	Nov. 01	Floating	150		1,275	482	763	34	463	47	1,930
Gambia, The	Dec. 00	Floating	150		67	17	49	2	22	27	90
Guinea	Dec. 00	Floating	150		545	215	328	31	152	32	800
Guinea-Bissau	Dec. 00	Floating	150		416	212	204	12	93	85	790
Guyana					585	220	365	75	68		1,030
original framework	*Dec. 97*	*May 99*	*107*	*280*	*256*	*91*	*165*	*35*	*27*	*24*	*440*
enhanced framework	*Nov. 00*	*Floating*	*150*	*250*	*329*	*129*	*200*	*40*	*41*	*40*	*590*
Honduras	Jul. 00	Floating	110	250	556	215	340	30	98	18	900
Madagascar	Dec. 00	Floating	150		814	457	357	22	252	40	1,500
Malawi	Dec. 00	Floating	150		643	163	480	30	331	44	1,000
Mali					522	162	361	58	182		870
original framework	*Sep. 98*	*Sep. 00*	*200*		*121*	*37*	*84*	*14*	*44*	*9*	*220*
enhanced framework	*Sep. 00*	*Floating*	*150*		*401*	*124*	*277*	*44*	*138*	*28*	*650*
Mauritania	Feb. 00	Floating	137	250	622	261	361	47	100	50	1,100
Nicaragua	Dec. 00	Floating	150		3,267	2,145	1,123	82	189	72	4,500
Niger	Dec. 00	Floating	150		521	211	309	28	170	54	900
Rwanda	Dec. 00	Floating	150		452	56	397	44	228	71	810
Sao Tome & Principe	Dec. 00	Floating	150		97	29	68	–	24	83	200
Senegal	Jun. 00	Floating	133	250	488	193	259	45	124	19	850
Zambia	Dec. 00	Floating	150		2,499	1,168	1,331	602	493	63	
Decision point reached under original framework											
Côte d'Ivoire	Mar. 98	...	141	280	345	163	182	23	91	6 3/	800
Total assistance provided/committed					**22,159**	**10,296**	**11,735**	**1,792 4/**	**5,422**		**36,620**
Preliminary HIPC document issued 5/											
Ghana	...	...		250	2,096	1,002	1,095	122	767	55	3,200
Sierra Leone	...	...	150		553	189	326	121	119	79	900

Sources: IMF and World Bank Board decisions, completion point documents, decision point documents, preliminary HIPC documents, and staff calculations.

1/ Assistance levels are at countries' respective decision or completion points, as applicable.

2/ In percent of the net present value of debt at the decision or completion point (as applicable), after the full use of traditional debt-relief mechanisms.

3/ Nonreschedulable debt to non-Paris Club official bilateral creditors and the London Club, which was already subject to a highly concessional restructuring, is excluded from the NPVof debt at the completion point in the calculation of this ratio.

4/ Equivalent to SDR 1,425 million at an SDR/USD exchange rate of 0.7957, of January 1, 2001.

Table 13. Ghana: Discount Rate and Exchange Rate Assumptions 1/

	Discount Rates 1/ 2/ (In percent per annum)	Exchange Rates 2/ (Currency per U.S. dollar)
Currency		
Austrian Shillings	6.25	14.79
Belgian Franc	6.25	43.35
Canadian Dollar	7.00	1.50
CFA Franc	6.25	704.95
Chinese Yuan	6.09	8.28
Danish Kroner	6.73	8.02
Deutsche Mark	6.25	2.10
Euro	6.25	1.07
Finnish Markaa	6.25	6.39
French Franc	6.25	7.05
Great Britain Sterling	6.73	0.67
Irish Punt	6.25	0.85
Italian Lira	6.25	2,080.89
Japanese Yen	2.03	114.90
Korean Won	9.41	1,264.50
Kuwaiti Dinar	6.09	0.31
Netherland Guilders	6.25	2.37
Norwegian Kroner	8.02	8.85
Portugese Peseta	6.25	215.46
Saudi Arabian Ryal	6.09	3.75
South African Rand	6.09	7.57
Spanish Peseta	6.25	178.81
Special Drawing Rights	6.09	0.77
Swedish Kroner	6.20	9.54
Swiss Franc	5.33	1.64
United States Dollar	7.19	1.00
Memorandum item:		
Paris Club cut-off-date is January 1, 1983		

Sources: OECD; and IMF, International Financial Statistics.

1/ The discount rates used are the average commercial interest reference rates (CIRRs) for the respective currencies over the six-month period ended December 2000.
2/ For all currencies for which the CIRRs are not available, the SDR discount rate is used as the proxy.