



**THE REPUBLIC OF GHANA**  
**US\$1,000,000,000 7.625 per cent. Amortising Notes due 2029**  
**Issue Price: 100 per cent.**

**US\$1,000,000,000 8.627 per cent. Amortising Notes due 2049**  
**Issue Price: 100 per cent.**

The US\$1,000,000,000 7.625 per cent. Amortising Notes due 2029 (the “**Series 2018-1 Notes**”) and the US\$1,000,000,000 8.627 per cent. Amortising Notes due 2049 (the “**Series 2018-2 Notes**”) and, together with the Series 2018-1 Notes, the “**Notes**”) to be issued by the Republic of Ghana (the “**Issuer**”, the “**Republic**” or “**Ghana**”) are direct, unconditional and unsecured obligations of the Republic and will, unless previously redeemed or purchased and cancelled, be redeemed: (i) in respect of the Series 2018-1 Notes, in three instalments on 16 May 2027, 16 May 2028 and 16 May 2029 (the “**Series 2018-1 Maturity Date**”); and (ii) in respect of the Series 2018-2 Notes, in three instalments on 16 June 2047, 16 June 2048 and 16 June 2049 (the “**Series 2018-2 Maturity Date**”) and together with the Series 2018-1 Maturity Date, a “**Maturity Date**”). The Amortisation Amounts (as defined in the Terms and Conditions of the Notes) are set out in Condition 7 (Redemption, Purchase and Cancellation) of the relevant Notes. The Notes will be issued on or around 16 May 2018 2018 (the “**Issue Date**”).

The Series 2018-1 Notes will bear interest on their outstanding principal amount from and including the Issue Date to but excluding the Series 2018-1 Maturity Date, at the rate of 7.625 per cent. per annum payable semi-annually in arrear on 16 May and 16 November in each year, subject as provided in Condition 6.4 (*Payment on Business Days*) and the first interest payment shall be made on 16 November 2018. Payments on the Series 2018-1 Notes will be made in US Dollars without deduction for or on account of taxes imposed or levied by Ghana to the extent described under “*Terms and Conditions of the Series 2018-1 Notes—Taxation*”.

The Series 2018-2 Notes will bear interest on their outstanding principal amount from and including the Issue Date to but excluding the Series 2018-2 Maturity Date, at the rate of 8.627 per cent. per annum payable semi-annually in arrear on 16 June and 16 December in each year, subject as provided in Condition 6.4 (*Payment on Business Days*) and the first interest payment shall be made on 16 December 2018. There will be a long first coupon from and including the Issue Date to but excluding 16 December 2018. Payments on the Series 2018-2 Notes will be made in US Dollars without deduction for or on account of taxes imposed or levied by Ghana to the extent described under “*Terms and Conditions of the Series 2018-2 Notes—Taxation*”.

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

**An investment in the Notes involves a high degree of risk. Prospective investors should have regard to the factors described under the heading “Risk Factors” on page 11.**

Application has been made to the Financial Conduct Authority in its capacity as competent authority (the “**UK Listing Authority**”) for the Notes to be admitted to the official list of the UK Listing Authority (the “**Official List**”) and to the London Stock Exchange plc (the “**London Stock Exchange**”) for the Notes to be admitted to trading on the London Stock Exchange’s regulated market. References in this Prospectus to the Notes being listed (and all related references) shall mean that the Notes have been admitted to trading on the London Stock Exchange’s regulated market and have been admitted to the Official List. The London Stock Exchange’s regulated market is a regulated market for the purposes of the Directive 2014/65/EU (“**MIFID II**”).

In addition, application will be made after the Issue Date to the Ghana Stock Exchange for the Notes to be admitted to the Ghana Stock Exchange. Admission of the Notes to listing on the Ghana Stock Exchange is expected to be obtained within four weeks of the Issue Date. The Notes will not, however, be traded or cleared through the Ghana Stock Exchange.

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

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

**Joint Lead Managers**

**BofA Merrill Lynch**

**Citigroup**

**J.P. Morgan**

**Standard Chartered Bank**

**Co-Managers**

**Fidelity Bank**

**IC Securities**

The date of this Prospectus is 14 May 2018

## IMPORTANT NOTICE

This Prospectus comprises a prospectus in respect the Notes for the purposes of Article 5.3 of the Prospectus Directive. When used in this Prospectus, “**Prospectus Directive**” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State of the European Economic Area.

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

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

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

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

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

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

Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

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

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

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

IN CONNECTION WITH THE ISSUE OF THE NOTES, CITIGROUP GLOBAL MARKETS LIMITED AS STABILISATION MANAGER (THE “**STABILISATION MANAGER**”) (OR PERSON(S) ACTING ON BEHALF OF ANY STABILISATION MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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

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

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

## PRESENTATION OF ECONOMIC AND OTHER INFORMATION

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

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

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

In November 2010, Ghana Statistical Service rebased its national accounts, changing the base year from 1993 to 2006. Rebasing enables the Government to have a better understanding of the general structure of the economy, the sectoral growth drivers, and sectors towards which investment and resources should be channelled in order to grow the economy, create jobs, improve infrastructure and reduce poverty. For example, prior to the rebasing in 2010, Ghana’s estimates of economic activity did not fully reflect growth in areas such as banking and telecommunications. In rebasing its accounts, the government updated its systems of national accounts compilation methodology, revised and improved its data sources and restructured its economic classifications by adopting the International Standard Industrial Classification revision 4 system. These measures led to changes in the size of the GDP, growth rates, contributions by sector and related indicators that use the GDP.

In 2017, Ghana Statistical Service began the process of rebasing the GDP base year to 2013, with the results expected to be published in June 2018. The United Nations (the “**UN**”) Statistical Division (“**UNSD**”) recommends that countries rebase GDP every five years to ensure that national accounts statistics present the most accurate reflection of the economy as possible. The rebasing will involve adoption of the UN 2008 System of National Accounts (2008 SNA) and the International Standard Industrial Classification revision four (ISIC Rev.4) as recommended by the UNSD. Ghana Statistical Service intends to undertake a further rebasing exercise in 2019, with 2018 as the base year.

All references in this document to “Ghana Cedi”, “Cedi” and “GHS” are to the currency of the Republic of Ghana; to “US Dollars”, “US\$” and “\$” are to the currency of the United States of America; to “Euro” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended by the Treaty of European Union; and to “Ghanaian Authorities” are to the Ghanaian Ministry of Finance, the Bank of Ghana and the Ghanaian Statistical Service. For ease of information, certain financial information relating to the Republic of Ghana

included herein is presented as translated into US Dollars at the US Dollar/Ghana Cedi rates of exchange which the Republic deems appropriate. Unless otherwise specified, such rates were applicable as of the end of such specified period(s). To the extent that the Republic has calculated US Dollar values, as well as ratios and percentages derived from these values, using period-end Cedi/US Dollar exchange rates rather than average exchange rates, these calculations will have resulted in different US Dollar values than if it had used average exchange rates. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be converted into US Dollars at that or any other rate. References to “SDR” are to the Special Drawing Right, a unit of account having the meaning ascribed to it from time to time by the Rules and Regulations of the IMF. References to “Ghana” or the “Republic” are to the Republic of Ghana and to the “government” are to the government of Ghana.

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

References in this Prospectus to the “Terms and Conditions” are references to either the “Terms and Conditions of the Series 2018-1 Notes” or the “Terms and Conditions of the Series 2018-2 Notes”, as the context may require.

### **FORWARD-LOOKING STATEMENTS**

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

External factors, such as:

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

Internal factors, such as:

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

## ENFORCEMENT OF CIVIL LIABILITIES

### The Republic of Ghana

The Republic of Ghana is a foreign sovereign state. Consequently, it may be difficult for investors to obtain or realise upon judgments of courts in England or the United States against the Republic. The Republic has submitted to the jurisdiction of the courts of England and waived any immunity from the jurisdiction (including sovereign immunity) of such courts and any objection to venue, in connection with any action arising out of or based upon the Notes brought by any holder of Notes. Investors may effect service of process within the United Kingdom upon the Republic through its High Commissioner in London. The Republic has not, however, waived immunity from execution or attachment in respect of certain of its assets. See “*Terms and Conditions of the Series 2018-1 Notes—Governing Law and Submission to Jurisdiction—Consent to Enforcement and Waiver of Immunity*” and “*Terms and Conditions of the Series 2018-2 Notes—Governing Law and Submission to Jurisdiction—Consent to Enforcement and Waiver of Immunity*”.

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

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

In addition, the courts of Ghana would recognise and enforce a judgment obtained in the named courts of certain countries specified in L.I. 1575 including, *inter alia*, the following countries and named courts, and which are duly registered with the High Court of Ghana:

- (a) in France, the Cours De Cassation and the Cours D’Appel;
- (b) in Italy, the Corte D’Appello and the Corte Di Cassazione; and
- (c) in Spain, the Tribunal Supreme, the Audiencia Territorial, the Juez de Primera and the Instencia.

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

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

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

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

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

The Issuer has not consented to service in the United States, or waived sovereign immunity with respect to actions brought against it, under United States federal or State securities laws.

Ghanaian courts may enter and enforce judgments in Ghana Cedi or in foreign currency. Choice of law clauses made by parties to a transaction are recognised under Act 459; however, under the Evidence Act, 1975

(NRCD 323), (the “**Evidence Act**”), foreign law is presumed to be the same as Ghana law. Consequently, the party alleging the difference between Ghana law and the foreign law has the burden of rebutting the presumption. In original actions brought before Ghanaian courts, there is doubt as to the enforceability of liabilities based on the US federal securities laws. US federal securities laws must be specifically pleaded as the governing law in proceedings before a Ghanaian court.



## EXCHANGE RATES

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

	<u>Average</u>	<u>High</u>	<u>Low</u>	<u>Period End</u>
		<i>(GHS:US\$1.00)</i>		
2013.....	1.96	2.20	1.88	2.20
2014.....	2.94	3.20	2.39	3.20
2015.....	3.77	4.33	3.24	3.79
2016.....	3.91	4.20	3.78	4.20
2017.....	4.35	4.60	4.16	4.42
2018 (through 31 March 2018).....	4.42	4.42	4.40	4.40

Source: BoG

As at 30 April 2018, the US Dollar to Ghana Cedi exchange rate was GHS4.41:US\$1.00.

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## OVERVIEW

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

### **The Republic of Ghana**

#### ***General***

The Republic of Ghana lies in West Africa, on the Gulf of Guinea, and is bordered by Côte D’Ivoire to the west, Togo to the east, and Burkina Faso to the north. Ghana has an estimated population of over 28 million, with over 50 per cent. of the population living in urban areas. The greater metropolitan area of Accra, the capital of Ghana and its largest city, has an estimated population of over 4 million.

After a prolonged period of instability, Ghana has become one of the more stable democracies in Africa, with democratically elected governments since 1992. The recent presidential and parliamentary elections were held on 7 December 2016 and led to the transfer of political power to the then-opposition party, the New Patriotic Party (“NPP”), as the voters elected presidential candidate Nana Addo Dankwa Akufo-Addo as the president of the Republic. The next presidential and parliamentary elections are scheduled to be held in December 2020. On 6 March 2018, Ghana commemorated the 61<sup>st</sup> anniversary of its independence from British colonial rule.

#### ***Macroeconomic Management and Fiscal Policy***

The Ghanaian economy has grown in recent years, largely due to contributions from recently discovered oil and gas resources, which have attracted large amounts of foreign direct investment, as well as the strong performance of the services sector. However, Ghana faces a number of significant domestic and external challenges which have caused economic growth to weaken in the recent past, including significant depreciation of the Cedi, high fiscal and current account deficits, consistently high inflation, power shortages, a financial crisis impacting state-owned companies operating in the power sector and declining prices of its key exports, oil and gold. Although the Ghanaian economy has had sixteen consecutive years of expansion, GDP growth slowed in the period 2013 to 2016 as a result of disruptions to energy supplies, higher interest rates and falling world-wide commodity prices, before increasing significantly to 8.5 per cent. in 2017.

Ghana’s macroeconomic environment improved in 2017. Recent developments in Ghana’s important economic indicators are set out below:

- ***Gross Domestic Product.*** Real GDP grew by 8.5 per cent. in 2017, compared to 3.7 per cent. in 2016 and 3.8 per cent. in 2015. The low GDP growth rate in 2015 and 2016 resulted from disruptions to energy supplies, higher interest rates and falling world-wide commodity prices. Historically, Ghana’s economy has relied heavily on gold production and agriculture, in particular the production of cocoa, as the primary drivers of GDP growth. Since the Republic began producing oil in 2010, oil has become an additional driver of GDP growth, with the increased GDP growth recorded in 2017 largely due to increased hydrocarbon production and an improved power supply.
- ***Inflation.*** The Consumer Price Index (“CPI”) declined from 17.7 per cent. in December 2015 to 15.4 per cent. in December 2016, on the back of a tight policy stance by the Bank of Ghana. This downward trend continued through 2017, resulting in an inflation level of 11.8 per cent. in December 2017, and appears to be continuing into 2018 with an inflation level of 10.4 per cent. in March 2018.
- ***Interest Rates.*** The BoG policy interest rate, the Monetary Policy Rate (the “MPR”) was 12.5 per cent. in December 2011 but subsequently increased to a peak of 26.0 per cent. in November 2015 in an effort to meet the target inflation rate. However, in line with improving macroeconomic

conditions and falling inflation expectations, the Monetary Policy Committee (“MPC”) gradually reduced the MPR over the course of 2017, to 22.5 per cent. in May 2017 and to 20.0 per cent. in November 2017. In March 2018, the MPC reduced the MPR to 18.0 per cent.

- *Exchange Rate.* The Cedi was relatively stable until 2012, when it sharply declined in value, falling from 1.57 Cedi per US Dollar as at 3 January 2012 to 1.88 Cedi per US Dollar as at 31 December 2012. In 2016, the Cedi cumulatively depreciated by 5.2 per cent. and 9.6 per cent. against the Euro and the US Dollar respectively, whilst cumulatively appreciating by 10.0 per cent. against the British Pound, due to the weakening of the British Pound in 2016 following the United Kingdom’s decision to leave the European Union. In 2017, the Cedi cumulatively depreciated by 12.9 per cent., 16.2 per cent. and 4.9 per cent. against the British Pound, the Euro and the US Dollar respectively. The improved performance of the Cedi in 2017 was a result of a lower than targeted fiscal deficit and a generally improved balance of payments position.
- *Gross Foreign Assets.* Ghana’s gross foreign assets increased from US\$5.63 billion to US\$7.55 billion over the period 2013 to 2017. At the end of 2017, gross foreign assets were sufficient to cover 4.3 months of imports, compared to US\$6.16 billion at the end of 2016, which was sufficient to cover 3.5 months of imports.
- *Fiscal Deficit.* Ghana has experienced high fiscal deficits since 2012, where it stood at 11.5 per cent. of GDP. Although Ghana’s fiscal deficit decreased between 2012 and 2015, revenue shortfalls and large expenditure overruns in 2016, in particular in relation to the 2016 election, resulted in a fiscal deficit of 8.3 per cent. of GDP, against a revised budget target of 5 per cent. of GDP. Improvements in fiscal discipline resulted in a reduction in the fiscal deficit to 5.9 per cent. of GDP in 2017, against a revised budget target of 6.3 per cent. of GDP.
- *Public Debt.* At the end of 2017, Ghana’s external debt stood at US\$17.16 billion, an increase from US\$16.46 billion at the end of 2016, largely due to the drawdown of existing loans to complete on-going projects. At the end of 2017, Ghana’s total outstanding domestic debt stood at US\$15.12 billion (GHS66.7 billion), an increase from the US\$12.77 billion (GHS53.40 billion) outstanding at the end of 2016, which the Republic attributes to the shift in budget financing from external to domestic borrowing. Ghana’s external debt as a percentage of GDP increased from 27.6 per cent. of GDP at the end of 2013 to 36.8 per cent. of GDP at the end of 2017. Domestic debt increased from 29.2 per cent. of GDP at the end of 2013 to 32.4 per cent. of GDP at the end of 2017.

The Ministry of Finance presented the Budget Statement and Economic Policy of the Government of Ghana for the 2018 Financial Year (the “**2018 Budget Statement**”) to parliament on 15 November 2017. Parliament approved the 2018 Budget Statement on 5 December 2017.

The 2018 Budget Statement is based on the following macroeconomic targets for the fiscal year:

- real GDP (including oil) growth of 6.8 per cent. and non-oil real GDP growth of 5.4 per cent.;
- accumulation of gross foreign assets to at least three and a half months of import cover for goods and services;
- a primary balance surplus of 1.6 per cent. of GDP;
- an overall budget deficit of 4.5 per cent. of GDP; and
- an average inflation rate of 9.8 per cent., with an end of period inflation of 8.9 per cent.

Over the medium-term, the government’s fiscal policy aims to continue the trends of monetary and fiscal prudence through improved revenue collection, comprehensive reviews of public expenditures and the strengthening of the inflation targeting regime and accompanying monetary policy to promote monetary discipline. This economic constraint underpins a tripartite growth plan, aimed at increasing investment in agriculture, infrastructure and industrialisation to promote diversified and sustainable growth alongside a growing oil and gas sector. The government also plans to focus on fiscal policy that will ensure transparent, effective and efficient natural resource revenue management, and continue with the ongoing reforms to strengthen financial management and management of financial risks.

## ***IMF Programme***

In August 2014, the government requested an arrangement with the IMF to help support stronger policy adjustment, restore market confidence and revive Ghana's transformation agenda. Consequently, on 3 April 2015, the Executive Board of the IMF approved a three-year extended credit facility for Ghana in the amount of SDR664.2 million (US\$918 million) to support Ghana's balance of payments. The programme provides that the IMF will disburse the total amount in nine tranches. The IMF completed the fifth and sixth reviews in April 2018, approving disbursements in the aggregate amount of SDR132.84 million (approximately US\$191 million) bringing total approved disbursements under the programme to SDR531.36 million (approximately US\$764.1 million), and is due to make the remaining two disbursements after completion of subsequent reviews under the credit facility. In its fourth review of the programme completed in August 2017, the IMF Executive Board approved Ghana's request for waivers of non-observance of certain performance criteria, and the modification of one performance criterion, and well as the extension of the arrangement by one year.

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

The IMF conducted the fourth review of the programme in April 2017. In its 2017 IMF Report, the IMF stated that while programme performance through end-2016 was not satisfactory, noting in particular a sizable fiscal slippage and accumulation of domestic arrears at the end of 2016, the government has demonstrated commitment to policy adjustment and delivered corrective measures, including through fiscal consolidation in early 2017, implementation of financial stability measures, and further structural reforms. Ghanaian authorities and IMF staff reached agreements on various reforms and measures, including implementing further monitoring and oversight, to redress the direction of the programme. The Executive Board of the IMF made the fifth disbursement in August 2017, alongside agreeing to a one-year extension to the programme.

On 30 April 2018, the IMF completed the fifth and sixth reviews under the programme. During the review, further adjustments were made to the programme to ensure that it remains on track and to enhance its prospects of success. The Executive Board granted certain waivers, including for deviations in a few programme targets.

## ***Reforms***

Ghana has succeeded in reducing levels of poverty and reached lower middle-income status in 2010, but the economy still relies heavily on agriculture and natural resources, particularly for exports, and the government estimates that in 2015 the informal sector, which is largely unmeasured, employed approximately 90 percent per cent. of the workforce. The government has adopted an ambitious transformation agenda, centred on economic diversification, shared growth and job creation and macroeconomic stability. Since 2010, the government's primary policy framework for achieving economic growth and development has been the GSGDA. The GSGDA sought to lay the foundation for the structural transformation of the economy within the decade ending 2020 through industrialisation, especially manufacturing, based on modernised agriculture and sustainable exploitation of Ghana's natural resources, particularly minerals, oil and gas. See "*Overview—The Republic of Ghana—Reforms*". The government implemented the GSGDA II, a successor programme to GSGDA I, which focused on expanding opportunities and reinforcing socioeconomic improvements in partnership with the private sector. Key strategic goals of GSGDA II include good governance, export-led growth, industrial and manufacturing development through the conversion of natural resources to products and investment in Ghana's labour force. With the GSGDA II period ending in 2017, the government is developing a new 4-year medium-term national development policy framework: *An Agenda for Jobs: Creating Prosperity and Equal Opportunity for All* (the "**Agenda for Jobs**"), which is based on the constitutionally required 7-year Coordinated Programme of Economic and Social Development Policies 2017 – 2024 (the "**CPESDP 2017-2024**"). The goals of the Agenda for Jobs are to create opportunities for all Ghanaians; safeguard the natural environment and ensure its resilience; maintain a stable, united and safe society; and build a prosperous society.

Some of the other critical structural reforms include broadening the tax base and facilitating revenue collection amongst Ghana's informal economy, reviewing the existing system of tax reliefs and exemptions to improve efficiency and eliminate exploitation, energy tariff reductions and promoting private sector growth through improving irrigation and industrialisation. See *“Risk Factors-Failure to implement economic and fiscal reforms may have a negative effect on the performance of the economy”*.

## **Recent Developments**

### ***Tender offer for 2022 Notes and 2023 Notes***

On 1 May 2018, Ghana launched a tender offer in relation to its outstanding US\$750,000,000 9.250 per cent. Amortising Notes due 2022 (the **“2022 Notes”**) and US\$1,000,000,000 7.875 per cent. Notes due 2023 (the **“2023 Notes”**) and, together with the 2022 Notes, the **“Tender Offer Notes”**) on the terms set out in a tender offer memorandum dated 1 May 2018 (the **“2018 Tender Offer”**). Under the 2018 Tender Offer, Ghana invited holders to tender their 2022 Notes and 2023 Notes for purchase by the Republic at a purchase price of US\$1,151.25 per US\$1,000 in nominal amount of the 2022 Notes and US\$1,100.00 per US\$1,000 in nominal amount of the 2023 Notes, and in each case together with an accrued interest payment. On 9 May 2018, Ghana terminated the invitation in respect of the 2023 Notes and announced that it will not accept for purchase any 2023 Notes. Ghana accepted for purchase US\$702,021,000 in aggregate nominal amount of 2022 Notes pursuant to the 2018 Tender Offer. As a result, following settlement of the 2018 Tender Offer which is expected on 16 May 2018, the outstanding principal amount of the 2022 Notes will be US\$47,979,000.

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

An investment in the Notes involves significant risks, including:

- an investment in a developing country such as Ghana is subject to substantially greater risks than an investment in a more developed country;
- high levels of debt, interest costs and continued borrowing could have a material adverse effect on Ghana's economy and its ability to service its debt, including the Notes;
- the financial state of SOEs in the energy sector poses substantial risks to the economy;
- if the Government is unable to achieve budgetary targets and limit Ghana's fiscal deficit, Ghana's economic growth may be adversely affected;
- failure to contain growth in public sector wages and addressing historic arrears could increase the fiscal deficit and reduce available funding for other areas of government expenditure;
- Ghana has historically faced challenges in the power sector;
- the IMF programme is subject to various conditions, and the continuation of the programme support depends on the Republic's ability to comply with the programme conditions;
- high inflation could have a material adverse effect on Ghana's economy;
- Ghana's economy is largely dependent on commodities such as gold, cocoa and more recently oil, and volatility in the production or prices of these commodities could adversely affect Ghana's economy;
- Ghana relies almost exclusively on imported crude oil and refined oil and petroleum products for domestic consumption and is vulnerable to oil price increases and volatility;
- continued depreciation in the Cedi could materially impair the Republic's ability to service its debt, including the Notes;
- Ghana's banking sector faces challenges such as high rates of non-performing loans, which could have an adverse impact on the banking sector as a whole and may impact the economy;

- failure to implement economic and fiscal reforms may have a negative effect on the performance of the economy;
- if Ghana is not able to invest significantly in its infrastructure, its economic growth targets may not be achievable;
- a significant portion of the Ghanaian economy is informal and is not fully recorded;
- Ghana suffers from poverty and unemployment;
- natural disasters such as floods and droughts have negatively affected the Republic in the past and may negatively affect it in the future;
- failure to address actual and perceived risks of corruption adequately may adversely affect Ghana's economy and ability to attract foreign direct investment;
- the Republic has significant debt exposure to multilateral lending institutions with de facto "preferred creditor status" over other creditors, including the Noteholders;
- health risks could adversely affect Ghana's economy;
- events in neighbouring and other emerging markets, including those in sub Saharan Africa and Saharan Africa, may negatively affect the Notes;
- financial and statistical information may differ from that produced by other sources, may be incomplete, delayed or inconsistent and is subject to revision, amendment and adjustment;
- an investment in the Notes may not be suitable for all investors;
- the Notes contain "collective action" clauses under which the terms of the Notes and/or multiple series of debt securities issued by the Issuer, including the Notes, may be amended, modified or waived without the consent of all the holders of the Notes or all the holders of any other series of debt securities being aggregated, as the case may be;
- the Republic's credit ratings may not reflect all risks, and they are subject to revision or withdrawal, either of which could adversely affect the trading price of the Notes;
- legal investment considerations may restrict certain investments;
- the liquidity of the Notes may be limited and trading prices may fluctuate;
- fluctuations in exchange rates and interest rates may adversely affect the value of the Notes;
- definitive Notes not denominated in an integral multiple of US\$200,000 or its equivalent may be illiquid and difficult to trade;
- the Republic of Ghana is a foreign sovereign state, and it may be difficult for investors to obtain or realise upon judgments of courts in England or the United States against the Republic;
- the Issuer is not required to effect equal or rateable payment(s) with respect to the Notes or any other unsecured and unsubordinated obligations, and is not required to pay other unsecured and unsubordinated obligations at the same time or as a condition of paying sums on the Notes and vice versa; and
- the Notes may be issued with original issue discount for United States federal income tax purposes.

For a more complete discussion of applicable risk factors, see "*Risk Factors*" beginning on page 11.

<b>Selected Economic Information<sup>(1)</sup></b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>The Economy</b>					
GDP current (GHS millions) .....	93,416	113,343	136,957	167,353	205,914
GDP current (US\$ millions).....	48,654	38,612	36,264	42,685	47,269
GDP per capita (US\$).....	1,841	1,428	1,311	1,508	1,632
Fiscal Deficit (% of GDP).....	10.1	10.2	6.4	8.3	5.9
Real GDP Growth Rate (per cent.).....	7.3	4.0	3.8	3.7	8.5
Yearly Inflation (per cent.).....	13.5	17.0	17.7	15.4	11.8
Ghana Cedi / US\$ Exchange Rate .....	2.2	3.2	3.8	4.2	4.4
<b>Balance of Payments (US\$ millions)</b>					
Current Account .....	(5,704.1)	(3,694.5)	(2,823.6)	(2,832.0)	(2,124.9)
Capital and Financial Account.....	5,368.2	3,752.8	3,123.2	2,767.8	3,015.7
Overall Balance of Payments <sup>(2)</sup> .....	(699.2)	(86.1)	(15.9)	247.4	2,424.2
<b>Reserves</b>					
Gross Foreign Assets (US\$ millions) <sup>(3)</sup> .....	5,632.2	5,461.0	5,885.0	6,161.6	7,554.8
Months of Import cover .....	3.6	3.8	3.5	3.5	4.3
<b>Public Finance</b>					
Total Government Revenues and Grants (GHS millions) .....	18,629.6	23,527.8	29,981.8	33,678.2	41,497.9
Total Government Expenditures (GHS millions).....	26,621.0	30,744.5	37,219.1	51,883.6	51,985.9
Government Overall Balance (GHS millions) .....	(9,454.6)	(11,550.6)	(8,760.3)	(13,922.5)	(12,244.7)
Government Overall Balance (% of GDP)	(10.1)	(10.2)	(6.4)	(8.3)	(5.9)
Domestic Primary Balance (% of GDP) ....	(0.7)	3.2	4.8	2.7	4.2
<b>Public Debt (US\$ millions)</b>					
Domestic Public Debt .....	12,559.4	10,915.6	10,621.4	12,766.2	15,118.3
External Public Debt.....	11,902.0	13,871.8	15,781.9	16,461.0	17,160.4
Total Public Debt (% of GDP) .....	56.8	70.2	72.2	73.1	69.2

Source: Government of Ghana, Ghana Statistical Service

- (1) The Republic has calculated these US Dollar values, as well as certain ratios and percentages derived from these values, using period-end Cedi/US Dollar exchange rates rather than average exchange rates. Using average exchange rates for these calculations would result in different values.
- (2) Excludes foreign currency deposits of resident commercial banks.
- (3) Represents all foreign assets of the BOG and includes short term assets, long term assets, encumbered funds, the Ghana Heritage Fund and the Ghana Stabilisation Fund.



## The Offering

“Issuer” .....	The Republic of Ghana.
“Notes Being Issued” .....	7.625 per cent. Amortising Notes due 2029 in the aggregate principal amount of US\$1,000,000,000 (the “ <b>Series 2018-1 Notes</b> ”).  8.627 per cent. Amortising Notes due 2049 in the aggregate principal amount of US\$1,000,000,000 (the “ <b>Series 2018-2 Notes</b> ”).
“Issue Price of Notes” .....	The Notes will be issued as follows:  100 per cent. of the principal amount of the Series 2018-1 Notes; and  100 per cent. of the principal amount of the Series 2018-2 Notes
“Issue Date” .....	16 May 2018.
“Maturity and Redemption” .....	Unless previously purchased and cancelled, the Series 2018-1 Notes will be repaid in three instalments on 16 May 2027, 16 May 2028 and 16 May 2029 (the “ <b>Series 2018-1 Maturity Date</b> ”).  Unless previously purchased and cancelled, the Series 2018-2 Notes will be repaid in three instalments on 16 June 2047, 16 June 2048 and 16 June 2049 (the “ <b>Series 2018-2 Maturity Date</b> ”). The Amortisation Amounts (as defined herein) are set out in Condition 7 ( <i>Redemption, Purchase and Cancellation</i> ) of the relevant Notes.
“Interest” .....	The Notes will bear interest on their outstanding principal amount from and including the Issue Date to but excluding their respective Maturity Date at the rate of: (i) in the case of the Series 2018-1 Notes, 7.625 per cent. per annum, payable semi-annually in arrear on 16 May and 16 November in each year; and (ii) in the case of the Series 2018-2 Notes, 8.627 per cent. per annum, payable semi-annually in arrear on 16 June and 16 December in each year, in each case subject as provided in Condition 6.4 ( <i>Payment on Business Days</i> ). In the case of the Series 2018-2 Notes, the first interest payment shall be made on 16 December 2018, and there will be a long first coupon from and including the Issue Date to but excluding 16 December 2018.
“Status” .....	The Notes constitute direct, unconditional and (subject to the provisions of Condition 4 ( <i>Negative Pledge</i> )) unsecured obligations of the Issuer and (subject as provided above) rank and will rank <i>pari passu</i> , without

any preference among themselves, and with all other present and future unsecured and unsubordinated obligations of the Issuer, save only for such obligations as may be preferred by mandatory provisions of applicable law, *provided, however, that* the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other unsecured and unsubordinated obligations of the Issuer and, in particular, shall have no obligation to pay other unsecured and unsubordinated obligations of the Issuer at the same time or as a condition of paying sums due on the Notes and *vice versa*.

**“Negative Pledge and Events of Default” .....**

So long as any of the Notes remains outstanding, the Issuer has undertaken that it will not secure any of its present or future Public External Indebtedness without, at the same time or prior thereto, securing the Notes equally and rateably therewith, except in certain limited circumstances as set out in Condition 4 (*Negative Pledge*).

Noteholders who hold not less than 25 per cent. in aggregate principal amount of the Notes then outstanding may declare the Notes to be immediately due and payable at their outstanding principal amount if, *inter alia*, the Issuer is in default in relation to any External Indebtedness or guarantee thereof in excess of US\$25,000,000; the Issuer declares a moratorium in respect of its External Indebtedness or the Issuer ceases to be a member of the IMF or ceases to be eligible to use the general resources of the IMF; all as more particularly described in Condition 10 (*Events of Default*). A declaration of acceleration may be rescinded in certain circumstances by the resolution in writing of the holders of at least 50 per cent. in aggregate principal amount of the outstanding Notes in accordance with the procedures in Condition 10 (*Events of Default*).

**“Withholding Tax” .....**

All payments by the Issuer under the Notes are to be made without withholding or deduction for or on account of Taxes (as defined in Condition 8 (*Taxation*)) unless the withholding or deduction for taxes is required by law. In such circumstances, the Issuer may be required to pay additional amounts so that Noteholders will receive the full amount which otherwise would have been due and payable under the Notes; all as more particularly described in Condition 8 (*Taxation*).

<b>“Meetings of Noteholders; Written Resolutions”</b> .....	The terms and conditions of the relevant Notes may be modified as a single series of Notes or, in respect of other debt securities containing substantively similar aggregation provisions to those applicable to the Notes. Each such amendment will be binding on all Noteholders, whether or not they voted in favour of such amendment or at all. See Condition 13 ( <i>Meetings of Noteholders; Written Resolutions</i> ).
<b>“Aggregation Agent; Aggregation Procedures”</b> .....	The Issuer will appoint an Aggregation Agent to calculate whether a proposed modification or action has been approved by the required principal amount outstanding of Notes and, in the case of a multiple series aggregation, by the required principal amount of outstanding debt securities of each affected series of debt securities. Depending on the type of resolution being proposed, different procedures will then apply. See Condition 14 ( <i>Aggregation Agent; Aggregation Procedures</i> ).
<b>“Listing”</b> .....	Application has been made for the Notes to be admitted to trading on the London Stock Exchange’s regulated market and to be listed on the Official List. In addition, application will be made after the Issue Date to the Ghana Stock Exchange for the Notes to be admitted to the Ghana Stock Exchange. Admission of the Notes to listing on the Ghana Stock Exchange is expected to be obtained within four weeks of the Issue Date.
<b>“Settlement”</b> .....	The Series 2018-1 Notes and the Series 2018-2 Notes will each initially be represented by two Global Certificates. The Restricted Global Certificate will be issued in respect of Notes offered and sold in reliance on Rule 144A. The Unrestricted Global Certificate will be issued in respect of the Notes offered and sold in reliance on Regulation S.
<b>“Form and Denomination”</b> .....	The Notes will be in registered form and will be offered and sold in a minimum denomination of US\$200,000 and integral multiples of US\$1,000 thereof.
<b>“Transfer Restrictions”</b> .....	The Notes have not been registered under the Securities Act, and are subject to certain restrictions on transfers. See “ <i>Transfer Restrictions</i> ” and “ <i>Subscription and Sale</i> ”.
<b>“Use of Proceeds”</b> .....	The Republic expects the net proceeds of the issue of the Notes to amount to approximately US\$1,990,144,947.50, which the Republic expects to utilise to repay outstanding debt of the Republic, including to purchase Tender Offer Notes which have been accepted for purchase by the Republic in the 2018 Tender Offer. As of 1 May 2018, the full principal amount of the 2022 Notes and 2023 Notes remained outstanding. In addition, if the principal amount of the Notes exceeds the aggregate amount of Tender Offer Notes tendered in the 2018 Tender Offer, the Republic will utilise the balance to undertake future debt and liability management in respect of government

debt, as well as fund budgeted capital investments in government projects. See “Use of Proceeds”.

**“Fiscal Agent, Paying Agent and Transfer Agent”** .....

Citibank, N.A., London Branch

**“Registrar”** .....

Citigroup Global Markets Deutschland AG

**“Further Issues”** .....

The Issuer may from time to time, without notice to or the consent of the registered holders of the Notes, issue additional securities that will form a single series with the Notes, subject to certain conditions set out in Condition 15 (*Further Issues*).

**“Governing Law”** .....

The Agency Agreement (as defined in “the Terms and Conditions”), the Deed of Covenant and the Notes (including any non-contractual obligations arising from or in connection with any of them) are governed by, and will be construed in accordance with, English law.

## **RISK FACTORS**

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

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

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

Investing in securities of emerging markets issuers such as Ghana is subject to substantially greater risks than investments in securities of issuers from more mature markets. Although progress has been made in reforming Ghana's economic, political and judicial systems since the country's current constitution came into effect in May 1992, there still remain gaps in the legal infrastructure and regulatory framework that are essential to support market institutions, the effective transition to a market economy and broad-based social and economic reforms. As a consequence, an investment in Ghana carries risks that are not typically associated with investing in more developed countries, and this is reflected in Ghana's below-investment grade sovereign credit ratings. These risks include, but are not limited to, higher volatility and more limited liquidity in respect of the Notes, greater political risk, a narrow export base, fiscal deficits, trade deficits, current account deficits, corruption, low tax revenue, lack of adequate infrastructure vital to accelerate economic growth and changes in the political and economic environment.

As such, investment in securities of issuers in emerging markets, such as Ghana, is only suitable for sophisticated investors who fully appreciate the significance of risks involved in, and are familiar with, investing in emerging markets and investors are urged to consult their own legal and financial advisers before making an investment.

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

The government has identified high interest costs and, in particular, high interest costs on domestic debt, as a major contributory factor to Ghana's fiscal deficit given its relatively high debt service cost as a percentage of government revenues. In addition, as a result of (i) Ghana's historic dependence on external financing and the increased cost of Ghana's foreign currency borrowings in Cedi terms (due to the depreciation of the Cedi) in recent years and (ii) the high cost of funding from domestic markets, Ghana has seen its debt service costs, defined as the sum of principal and interest, steadily increase, representing approximately 30 per cent of total government revenues in 2017.

At the end of December 2017, the average interest rate on domestic debt was approximately 17.4 per cent. per annum. High interest rates limit the availability of funding that Ghana could otherwise use for economic development. While Ghana's debt management strategy seeks to re-profile Ghana's debt to bring down debt service costs by, amongst other things, restructuring expensive short-term and high-interest bearing debt, including domestic debt held by domestic and foreign investors, and by extending their repayment period and/or lowering interest costs, there can be no assurance that such efforts will be effective. Given the continued reliance on foreign borrowing and the lower value of the Cedi against foreign currencies, including the US dollar, Ghana's debt burden may increase in the future.

In addition, Ghana's debt levels (excluding debt of state-owned enterprises ("SOEs")) have steadily increased in recent years, from US\$24.5 billion in 2013 to US\$32.3 billion as at 31 December 2017. Measured as a percentage of GDP, total public debt increased from approximately 56.8 per cent. of GDP in 2013 to approximately 69.2 per cent. in 2017.

Any significant future domestic or external borrowings beyond sustainable thresholds, including the issuance of further external debt in the international capital markets (including the Notes offered hereby), could increase Ghana's risk of debt distress, including risks related to the Notes.

In addition, Ghana is exposed to a high degree of refinancing risk in respect of its public debt. As at 31 December 2017, approximately 8.4 per cent of the Republic's total public debt and 18.0 per cent. of its domestic debt was short-term (maturity of one year or less). Given the relatively short maturity structure of domestic borrowing, any deterioration in financing conditions as a result of market, economic or political factors (including increases in interest rates in the United States) which may be outside the Republic's control is likely to make it more difficult for Ghana to refinance its indebtedness on favourable terms or at all and may have negative effects on the economy and, as a result, have a material adverse effect on Ghana's capacity to service the Notes.

If the government does not carefully manage its debt strategy, debt levels and interest costs may once again rise to an unsustainable level, which may negatively impact Ghana's sovereign credit rating and may impair its ability to service its debt, including the Notes. See "*—If the Government is unable to achieve budgetary targets and limit Ghana's fiscal deficit, Ghana's economic growth may be adversely affected*".

### ***The financial state of SOEs in the energy sector poses substantial risks to the economy***

The state-owned electricity generation, transmission and distribution companies in Ghana, the Volta River Authority ("**VRA**"), the Electricity Company of Ghana ("**ECG**") and the Ghana Grid Company ("**GRIDCo**"), have incurred significant levels of debt and payment arrears owed to fuel suppliers and independent power producers over many years as a result of low collection rates and below cost-recovery pricing. According to the BoG, the three SOEs had incurred approximately GHS5.69 billion in debt owed to Ghanaian banks as at July 2017. The BoG estimates that the overall energy sector accounted for approximately 15 per cent. of total Ghanaian banking assets and 4 per cent. of total NPLs, as at July 2017. Whilst such energy sector debts are not recorded in the government's central budget as government debt, it impacts the government's budget as the government has historically provided financial support to keep these entities operational in the form of funding emergency fuel purchases and executing on-lending arrangements. In addition, high levels of debt among these entities and their limited capacity to service such debts have also exposed the domestic banking sector to credit and liquidity risks, impacting significantly the balance sheets of some banks.

See "*—Ghana's banking sector faces challenges such as high rates of non-performing loans, which could have an adverse impact on the banking sector as a whole and may impact the economy*".

In order to address these challenges and to strengthen energy sector SOEs through the comprehensive restructuring of their debt and improved monitoring of their financial performance, in December 2015, the government introduced the Energy Sector Levies Act, 2015 (Act 899) ("**ESLA**"), to consolidate existing energy sector levies, ensure prudent utilisation of proceeds generated from the levies and facilitate investments in the energy sector. Pursuant to ESLA, in 2017, the government introduced a domestic bond programme designed to restructure GHS10 billion of identified legacy power sector SOE debt using levies introduced by the ESLA (the "**ESLA Bond Programme**").

At the date of this Prospectus, GHS5.39 billion of bonds had been issued under the ESLA Bond Programme, with the proceeds helping to reduce non-performing loans in the banking sector and strengthen the balance sheets of SOEs in the energy sector. While a portion of the GHS10 billion identified SOE legacy arrears have now been cleared, the government recognises that if the ongoing reforms prove to be unsuccessful and the SOE dependence on government subsidies is not reduced, the operational viability of these companies may not be sustainable in the future. If any of these companies is unable to operate in a financially viable manner, it could create a further burden on the government's financial resources and may pose a substantial risk to the economy. In addition, whilst the ELSA Bond Programme has gone some way to reduce the impact of these legacy loans on the banking sector, the financial position of VRA, ECG and GRIDCo continue to pose significant risks to the banking sector in Ghana. Resident commercial banks have extended substantial loans and advances to each of these companies and, as a result of this exposure, the financial strength of these state-owned companies has a corresponding impact on the financial health of the banking sector. There can be no assurance that the government's strategy to address the financial position of power sector SOEs or the key reforms it has implemented to improve the operational and financial performance of VRA, ECG and GRIDCo, will be successful or that the identified legacy power debt constitutes all indebtedness owed by such companies. If further debts are identified in energy-related SOEs or other SOEs, this could potentially increase the government's contingent liabilities and put further pressure on debt sustainability. Furthermore, elevated

levels of exposure to such debts in the domestic banking sector may force the Republic to intervene during a financial crisis, potentially impacting its ability to service its debt.

In addition, the use of ESLA funds to service the SOE's debts crowds out revenue from ESLA levies that may otherwise be available to fund capital expenditure within the sector, in line with the objectives of ESLA. The government may have to use other resources for such capital expenditure projects, which could limit its ability to support other budgetary needs. If the government is unable to implement successfully its reforms of VRA, ECG and GRIDCo or otherwise restore their financial viability, the energy and financial sectors, the Ghanaian economy and the government's ability to service its debt, including the Notes, will be materially and adversely affected. See "*The Economy—Principal Sectors of the Economy—Industry—Electricity*".

***If the Government is unable to achieve budgetary targets and limit Ghana's fiscal deficit, Ghana's economic growth may be adversely affected***

Ghana has experienced high fiscal deficits since 2012. High levels of government expenditure, particularly on wages and interest payments, coupled with shortfalls in government revenue, grants and disbursements from development partners, have exacerbated the deficit. The government has, in particular, identified poor tax collection and broad tax exemptions as major contributory factors to Ghana's fiscal deficit. The government has recently initiated a graduate employment scheme, the Nation Builders Corps, involving hiring an additional 100,000 graduates a year to support the property tax system and assist with collection at a local level, to be funded partly from budgetary funds and partly from oil revenues. There can be no assurance that this scheme will successfully improve tax revenue collection, and the scheme may serve to further add to the government's fiscal burden.

Although Ghana's fiscal deficit, which stood at 11.5 per cent. of GDP in 2012, decreased between 2012 and 2015, revenue shortfalls and large expenditure overruns in 2016, in particular in the run up to the 2016 election, resulted in a fiscal deficit of 8.3 per cent. of GDP, against a revised budget target of 5 per cent. of GDP. Historically, large fiscal deficits have materialised in elections years. If this was to occur during the next electoral cycle currently scheduled for 2020, it could adversely affect the Republic's ability to service its debt.

The fiscal deficit declined to 5.9 per cent. of GDP in 2017, outperforming the government's target of 6.3 per cent. of GDP. This was partly due to an increase in oil production and prices, as well as the implementation of cuts to capital expenditure and a slower-than-budgeted pace of arrears clearance, which measures were undertaken to offset significantly lower than budgeted revenue performance. The 2018 budget targets an overall budget deficit of 4.5 per cent. of GDP for 2018. The government expects the 2018 budget deficit will be financed from domestic debt amounting to GHS8,000.3 million and external debt amounting to GHS2,970.8 million. There can be no assurance that the government will succeed in implementing necessary reforms, which include broadening the tax base and tax compliance, plugging revenue leakages (for example from poor tollbooth management, evasion of duties on imported goods and smuggling) and reducing Ghana's rigid budgetary expenditure structure through the April 2017 adoption of the Earmarked Funds Capping and Realignment Act, or that such reforms will ultimately be effective. In addition, if the government is not able to implement policies to achieve budgetary targets and limit Ghana's fiscal deficit, it may result in a material adverse impact on the Ghanaian economy, in particular its ability to fund capital expenditure which could limit growth in the economy. See "*—Failure to implement economic and fiscal reforms may have a negative effect on the performance of the economy*".

***Failure to contain growth in public sector wages and addressing historic arrears could increase the fiscal deficit and reduce available funding for other areas of government expenditure***

In addition to high interest costs, the largest expenditure item for the government continues to be compensation paid to public sector workers, with the public sector wage bill, having increased considerably in recent years, accounting for 7.0 per cent. of GDP in 2017. At this level, Ghana's public sector wage bill is higher than the African regional average wage.

One of the primary drivers of the increase in public sector pay, was the decision in 2010 to organise all public sector pay structures together under the Single Spine Salary Structure ("SSSS"). When it implemented the SSSS, the government raised wages for public sector employees. The resultant realignment in wages added materially to government expenditure, but also resulted in unanticipated accrual of arrears to certain sectors of

the government workforce which continued to accrue through 2017. The government has attempted to quantify the total amount of arrears due to workers through an audit conducted by the Auditor General in 2016, although efforts to fully address such amounts continue to be hampered by administrative inefficiencies in the system, including in correctly identifying legitimate payments and over-payments to so-called “ghost” employees.

The government has agreed to settle all arrears within the next three years. Clearing the arrears will necessarily reduce other government expenditures if fiscal consolidation objectives are to be achieved, and will result in the government being unable to meet its compensation targets for 2018 and possibly subsequent years, further compounding the pressure on the government’s fiscal consolidation objectives. This may also limit funding available for certain capital investments needed for economic growth.

The government has sought to contain pressures on wages by taking measures to lower the public sector wages to tax revenue ratio, including (i) negotiating public sector wages prior to setting the annual budget, (ii) reducing the number of state subsidised agencies from government payroll, (iii) recruiting and replacing public workers in more controlled ways that assess need, (iv) cutting market premium pay for certain skilled workers, (v) implementing a public service wide performance management system, (vi) biometric registration of workers and electronic payment systems and (vii) conducting a payroll audit. Reforms to address the wage bill include reductions in public sector employment in addition to decreases in remuneration. Resistance to these reforms by those who will be immediately affected could involve protests, demonstrations and strikes. Any such instability in the civil service sector could weaken the economy, although if the government fails to continue to implement reforms to the wage bill, the government’s fiscal position could again deteriorate, which may have negative effects on the economy and, as a result, a material adverse effect on Ghana’s capacity to service the Notes.

#### ***Ghana has historically faced challenges in the power sector***

The power sector in Ghana remains challenged by aging infrastructure, weak distribution networks resulting in transmission and distribution losses and the financial distress of state-owned enterprises within the power sector.

Hydroelectricity was historically the primary source of power generation in Ghana. However, reliance on Lake Volta’s water levels by the Akosombo and Kpong dams made Ghana’s power supplies vulnerable to low rainfall in the Volta catchment area. Low levels of water in these dams due to climate change have reduced generation capacity at Ghana’s hydro plants at Akosombo, Kpong and, more recently, Bui and has led to power outages in the past. Currently, less than one-half of the total hydro capacity is available for utilisation due to adverse climate conditions, and Ghana now generates approximately two-thirds of its power from thermal power generation plants which are fuelled by gas, light crude oil (“LCO”), heavy fuel oil (“HFO”), diesel or distillate fuel oil (“DFO”) and which are more expensive than hydro generation. Ghana’s increased reliance on thermal generation of electricity also increases the Republic’s dependence upon oil imports and its corresponding vulnerability to increases in oil prices. See “—*Ghana relies exclusively on imported oil for domestic consumption and is vulnerable to oil price increases and volatility*”.

Additionally, Ghana has in the past experienced disruptions to its supplies of gas and LCO, resulting in power outages which contributed to the cost of doing business and represented a major challenge in the Ghanaian economy and the output of the manufacturing sector in particular. This impacted GDP growth and contributed to the deceleration of GDP growth in previous years. While recent investments in the power sector mean that the country is now operating with surplus capacity and load shedding no longer occurs, capacity shortages and power rationing may return in the future.

Improving the country’s infrastructure involves significant capital expenditure, which has been cut back in recent years to ease Ghana’s budgetary pressure and reduce the fiscal deficit. The government may not be able to obtain the necessary funding or resources to effectively reform the power sector. Furthermore, the financial position of the principal SOEs operating in the power sector remains a challenge, and the government’s strategy to improve the operational and financial performance of these SOEs may not be successful. See “—*The financial state of SOEs in the energy sector poses substantial risks to the economy*”.



Any failure to successfully implement power sector reform plans and address the deficiencies in Ghana's power transmission and distribution network could lead to lower GDP growth, hampering the development of the economy and Ghana's ability to meet its debt obligations, including those under the Notes.

***The IMF programme is subject to various conditions, and the continuation of the programme support depends on the Republic's ability to comply with the programme conditions***

On 3 April 2015, the Executive Board of the IMF approved a three-year extended credit facility programme for Ghana in the amount of SDR664.2 million (US\$918 million) to support Ghana's balance of payments. The original end date of the programme has since been extended by one year to allow the current government to correct programme slippages incurred during the previous administration.

The programme provides that the IMF disburse the total amount in nine tranches. The IMF approved the sixth and seventh disbursements in April 2018 in the amount of SDR132.84 million (approximately US\$191 million), and is due to make the remaining two disbursements after completion of subsequent reviews under the credit facility. The continuation of the programme support, including the provision of any further disbursements under the programme, depends on the Republic's ability to comply with certain targets, restrictions and covenants contained in the relevant programme documentation, for example in relation to improving tax revenue generation, strengthening control on the public sector wage bill and other expenditures, increasing fiscal transparency, and improving the stability and resilience of the banking sector. The government may not be able to meet these targets or comply with the prior actions required under the programme, and further reviews may not be satisfactorily concluded and further disbursements may not be made. A failure to complete the IMF program could reduce market appetite for Ghanaian assets, adversely impacting the Republic's ability to service its debt.

***High inflation could have a material adverse effect on Ghana's economy***

Historically, inflation in Ghana has fluctuated significantly from year to year. The annual inflation rate was 17.0 per cent. as at 31 December 2014, increasing to 17.7 per cent. as at 31 December 2015, primarily due to increased utilities tariffs and fuel prices and the significant depreciation of the Cedi over the period. Since the end of 2015, whilst inflation levels continue to remain elevated, a tight monetary policy stance from the BoG and increased exchange rate stability has seen levels decrease to 15.4 per cent. as at 31 December 2016, 11.8 per cent. as at 31 December 2017 and 10.4 per cent. as at 31 March 2018. For more information on historical inflation rates, please see "*Monetary and Financial System—Monetary Policy—Inflation*". The impact on inflation of higher food, fuel and other import prices is beyond Ghana's control. The inflation rate may rise again in the future in light, in particular, of growing domestic demand and rising commodity prices. Significant inflation could have a material adverse effect on Ghana's economy and its ability to meet its debt obligations, including those under the Notes.

***Ghana's economy is largely dependent on commodities such as gold, cocoa and more recently oil, and volatility in the production or prices of these commodities could adversely affect Ghana's economy***

Ghana's economy is largely dependent on the export of gold and cocoa beans, which constituted the largest and third largest source of export earnings in 2017, accounting for 42.1 per cent. and 14.2 per cent. of total export earnings, respectively, and 12.4 and 4.2 per cent., respectively, of Ghana's GDP. More recently, following the commencement of commercial production of crude oil in 2011, Ghana has begun exporting crude oil, and, according to provisional data, in 2017 crude oil exports accounted for approximately 6.4 per cent. of Ghana's GDP and approximately 22.0 per cent. of its export earnings. The prices of these commodities are affected by numerous factors over which Ghana has no control, such as competition from other producing countries and consumer demand, as well as international or regional political and economic events.

Gold prices have generally decreased since 2012. The gold mining industry is largely foreign-owned and hence the government's income from gold is predominantly composed of royalties from gold sales as opposed to direct export earnings. Historically, the market price for gold has fluctuated (between approximately US\$1,069 per ounce and US\$1,670 per ounce between 2013 and 2017 according to the BoG) and has been affected by numerous factors over which Ghana has no control, including demand for gold for industrial uses and for use in jewellery, actual, expected or rumoured purchases and sales of gold by central banks, speculative trading activities in gold. In addition, gold is sold throughout the world principally in US Dollars,

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

Cocoa prices are also subject to fluctuations in response to changes in the supply and demand, market uncertainty and a variety of additional factors that are beyond the Republic's control. Weather conditions have historically caused volatility in the agricultural commodities industry by causing crop failures or significantly reduced harvests, which can adversely affect the supply of Ghana's agricultural commodities. See "*Natural disasters such as floods and droughts have negatively affected the Republic in the past and may negatively affect it in the future*". The supply of agricultural commodities can also be affected by factors such as plant disease, crop yields and fires.

In addition, cocoa prices have fluctuated significantly in the past and may fluctuate in the future. According to the International Cocoa Organization ("**ICCO**"), the average monthly cocoa price reached a peak of US\$3,345.65 per tonne in December 2015, but has since gradually declined to US\$2,287.80 per tonne in December 2016 and US\$1,917.68 per tonne in December 2017. For the 2017/2018 crop season, the government, through the Ghana Cocoa Board ("**Cocobod**"), decided to maintain the producer price of cocoa at GHS7,600 per tonne, despite the recent decline in international cocoa prices. Although Cocobod has utilised a stabilisation fund to implement this price-stabilisation policy, the decline in international cocoa prices below the maintained producer price has resulted in the depletion of this fund. To the extent that future market prices continue to fall, this price-stabilisation policy may not be sustainable in the future.

In recent years, there has also been significant fluctuations in world oil prices, including, in particular, a sharp downward trend between 2014 and early 2016. Since then, crude oil prices have increased gradually, although, as of the date of this Prospectus, remain significantly lower than the 2014 highs. Oil has only recently become a significant contributor to Ghana's public revenues, and it is expected to become more important in the future. According to the BoG, crude oil prices declined from US\$111.97 per barrel in June 2014 to US\$62.36 per barrel in December 2014 and US\$38.92 in December 2015 before increasing slightly to US\$54.93 per barrel in December 2016 and US\$64.3 per barrel in December 2017. The decline in crude oil prices contributed to the decline in the value of Ghana's crude oil exports from US\$3,725.0 million in 2014 to US\$3,019.1 million in 2017. Conversely, as Ghana relies on imported crude oil and refined products to meet domestic demand, a significant rise in oil prices would result in a higher cost of imports for Ghana. See "*Ghana relies almost exclusively on imported crude oil and refined oil and petroleum products for domestic consumption and is vulnerable to oil price increases and volatility*".

Ghana's export earnings will also be affected by the level of production of these items. Gold production levels are subject to operating risks at the mines which are outside the control of the Republic. In 2017, gold production was slightly suppressed due to the impact of the government's suppression of illegal small-scale mining operations with an adverse environmental impact. The level of oil production compared to the potential resources is subject to many uncertainties. Changes in oil production quotas by OPEC or changes in the regulatory framework for oil production in Ghana, as well as other factors such as any economic or political instability, may affect the level of oil production in Ghana. In addition, the level of production is subject to investment in the oil sector, which in turn is subject to various factors, such as the demand for, and price of, oil and return on investment in the oil sector.

A decrease in the production, demand for or price of gold, cocoa or oil, or other agricultural commodities on which Ghana relies, could have a material adverse effect on the Ghanaian economy and government revenues and could impact the Republic's ability to service the Notes.

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

Ghana emerged as a new oil producer in December 2010 and anticipates further development at the oilfields that have recently been discovered. Although Ghana has commenced oil production from its own reserves, Ghana exports almost all of its oil production and continues to rely almost exclusively on imported crude oil and refined oil and petroleum products to meet its energy and transport requirements. Prior to 2009, Tema Oil Refinery ("**TOR**"), Ghana's sole refinery, refined the bulk of the domestic market crude oil. In recent years, however, Ghana has imported mostly refined products to serve the domestic market because TOR has not

been fully operational. See “*The Economy—Industry—Oil and Gas*”. Accordingly, a rise in the international price of oil significantly affects the Republic’s economy because, among other things, a higher oil price increases the Republic’s costs of imports and thereby increases the Republic’s trade and current account deficits and exerts upward pressure on prices and inflation. When high oil prices are sustained for a period of time and tariffs are not adjusted, the Republic’s budgetary position can be materially adversely affected. In addition, TOR has a history of closures. TOR suspended operations in July 2012 to undertake repair works to its main plant, which broke down as a result of challenges with power supply. Beginning in 2014, TOR again ceased refining crude oil, only recommencing limited commercial operations in February 2016. TOR subsequently ceased operations for turnaround maintenance in March 2017, and has yet to recommence operations. See “*The Economy—Industry—Oil and Gas*”. As a result of the lack of refining capacity and relatively low production of oil, Ghana has had to import significant quantities of refined oil and petroleum products. If the Republic fails to manage investment in and development of its oil and gas sector, including its refining capacity, it will continue to depend on imported oil. See “*The Economy—Industry—Oil and Gas*”.

Oil prices and markets historically have been volatile, and such volatility is likely to continue in the future. See “—*Ghana’s economy is largely dependent on commodities such as gold, cocoa and more recently oil, and volatility in the production or prices of these commodities could adversely affect Ghana’s economy*”. Prices of oil are subject to wide fluctuations in response to relatively minor changes in the supply of, and demand for, oil, market uncertainty and a variety of additional factors that are beyond the Republic’s control. These factors include, but are not limited to, political conditions in the Middle East and other regions, internal and political decisions of OPEC and other oil producing nations to decrease or increase production of crude oil, domestic and foreign supplies of oil, consumer demand, weather conditions, domestic and foreign government regulations, transport costs, the price and availability of alternative fuels and overall economic conditions. International oil prices are typically denominated in US Dollars, and so prolonged weakness in the exchange rate of the Ghana Cedi against the US Dollar also will increase the local cost of petroleum and other oil-based products, even if there is no change in the international price of oil. Should oil prices increase, or prolonged weaknesses in the Cedi to US Dollar exchange rate occur, such events could have a material adverse effect on Ghana’s economy.

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

The external value of the national currency, the Ghana Cedi, is generally determined on the basis of supply and demand conditions in the global foreign exchange market. The BoG intervenes to support the foreign exchange market when necessary in order to maintain orderly conditions. Ghana’s major export revenues are US Dollar denominated, and in recent years, the Cedi has depreciated significantly against the US Dollar. In 2014, the Cedi depreciated by 31.3 per cent. against the US Dollar, while in 2015 the Cedi depreciated by 15.7 per cent. against the US Dollar. In 2016 and 2017, the depreciation of the Cedi against the US Dollar slowed from 9.6 per cent. to 4.9 per cent. as a result of a tight monetary policy stance and improved foreign exchange inflows. Further depreciation of the Cedi against the US Dollar, or a decline of the level of foreign reserves as a result of the BoG’s intervention in the currency markets, could materially impair the Republic’s ability to service its external debt, approximately 54.0 per cent. of which was, as at 31 December 2017, either linked to the US Dollar or denominated in US Dollars. Given Ghana’s relatively high fiscal deficit, limited foreign-exchange reserves, its high dependence on commodity exports, combined with weak oil and gold prices, lower production of gold and cocoa, and because it pays for its key imports, such as oil, in US Dollars, the Cedi will remain vulnerable to external shocks which could lead to a sharp decline in its value. A continued decline in the Cedi could materially impair the Republic’s ability to service its debt, including the Notes.

***Ghana’s banking sector faces challenges such as high rates of non-performing loans, which could have an adverse impact on the banking sector as a whole and may impact the economy***

The health of the banking sector in Ghana has deteriorated in recent years, with legacy issues in the financial sector attributed to weak economic growth and poor corporate governance and risk management practices. In 2016, BoG undertook an asset quality review of the banking sector, and identified nine banks that were determined to be undercapitalised and which were required to submit capital restoration plans. Two of those banks, UT and Capital Bank failed in August 2017, and the BoG gave approval for GCB Bank to take over selected assets and all deposits of the two banks, while the remaining assets and liabilities were to be realised

and settled through a receivership process. In addition, in March 2018, BoG took over administration of UniBank Ghana Limited after the bank failed to improve its capital position under a capital restoration plan and reviews of UniBank's books by BoG's supervision teams showed that the bank had not reported the state of its loan book accurately.

The banking sector continues to be impacted by problems in the wider economy and in particular its exposure to SOEs in the energy sector, which may continue to materially and adversely affect the liquidity, business activity and financial condition of Ghana's banks, which, in turn, may hinder business activity generally.

Should initiatives introduced by BoG fail to materialise or fail to achieve the desired results, weakness in the banking sector may continue to have a material adverse effect on investment and confidence in, and the performance of, the Ghanaian economy. In addition, the ability of the government to provide financial support to the banking sector may be limited in light of the financial resources available to the government.

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

In order to address the ongoing challenges affecting the Ghanaian economy, the government continues to implement economic and fiscal reforms in order to correct macroeconomic imbalances in response to the significant pressures which its economy is facing. The framework for these economic and fiscal reforms is set forth in the Coordinated Programme of Economic and Social Development Policies 2017 – 2024 (the “**CPESDP 2017-2024**”). In particular, these reforms include broadening the tax base and facilitating revenue collection amongst Ghana's informal economy, reviewing the existing system of tax reliefs and exemptions to improve efficiency and eliminate exploitation, energy tariff reductions and promoting private sector growth through improving irrigation and industrialisation. Although the government has begun and intends to continue to carry out its economic and fiscal reforms, there is no assurance that it will succeed in implementing them or that there will be no delays or only partial implementation of these reforms and policies. See “*The Economy—Macroeconomic Management and Fiscal Policy*”.

In addition, Ghana has experienced periods of political and economic instability in the past. Political instability in the executive or legislative branches could hamper efforts to implement necessary reforms there can be no assurance that the political initiatives necessary to achieve these or any other reforms described elsewhere in this Prospectus will continue, will not be reversed by future administrations. Any significant changes in the political climate in Ghana, including changes affecting the stability of the Ghanaian government or involving a rejection or reversal of reform policies favouring privatisation, industrial restructuring and administrative and regulatory reform, may have negative effects on the economy and, as a result, a material adverse effect on Ghana's capacity to service the Notes.

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

Ghana's current economic growth rate may not be sustainable due to the inadequate state of Ghana's infrastructure. Many economic activities, including agriculture, mining, processing, development and exploration, depend to varying degrees on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs and can foster higher private sector investment and increase productivity. In order to make vital improvements in cargo transportation, processing and handling, Ghana must further develop infrastructure in areas of high need such as utilities, roads, railways and ports. Infrastructure deficiencies have been identified as a major constraint to increasing traditional as well as non-traditional agricultural and mineral exports. In 2010, the government adopted a growth strategy, the GSGDA, followed by the adoption of the successor GSGDA II in 2014. In connection with the GSGDA II, Ghana has initiated a comprehensive programme that aims to reduce poverty and accelerate economic growth through improvements in transportation procedures and infrastructure. See “*The Economy—General— Ghana Shared Growth and Development Agenda I and II and Agenda for Jobs*” and “*The Economy—Infrastructure*” for more information.

The government has not been able to achieve its infrastructure targets due to, among other things, declining economic conditions, labour inefficiency, inadequate resources, equipment failure and overall reductions in capital spending as part of its efforts to manage the fiscal deficit. If the government does not achieve stated

infrastructure objectives, the government might not be able to meet estimates for GDP growth within the government's forecast periods.

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

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

A significant portion of the Ghanaian workforce is comprised of the informal, or shadow, economy. According to the 2015 Ghana Labour Force Survey, the informal sector employed 90 per cent. of the workforce, and therefore accounted for a significant portion of Ghana's nominal GDP. The informal economy is not fully recorded and is not taxed at all or is only partially taxed, resulting in not only lack of revenue for the government but also ineffective regulation, unreliability of statistical information (including the understatement of GDP and the contribution to GDP of various sectors) and inability to monitor or otherwise regulate a large portion of the economy. Lack of effective regulation and enforcement in this sector also gives rise to other issues including health and safety issues. The inability to increase tax revenues to reduce the growing fiscal deficit may have negative effects on the economy and, as a result, a material adverse effect on Ghana's capacity to service its debt, including the Notes.

***Ghana suffers from poverty and unemployment***

Despite generally strong macroeconomic performance over the past decade, poverty remains high in Ghana. In the Human Development Report 2016, published by the United Nations Development Programme ("UNDP"), Ghana's ranking in the Human Development Index ("HDI"), a composite measure of life expectancy, education, and incomes, was 139 out of 188 countries and territories, based on an HDI of 0.579, which is above the Sub-Saharan African average of 0.523. The UNDP Human Development Report 2016 indicated a life expectancy at birth in Ghana of approximately 61.5 years, an adult literacy rate of 76.6 per cent. (based on 2005—2015 data), and a gross primary school enrolment rate of 110 per cent. (based on 2010—2015 data).

According to the GSS 2015 Labour Force Report, the unemployment rate was 11.9 per cent., with unemployment among 15 – 24 year olds estimated to be 38.9 per cent. If high levels of poverty and unemployment are not addressed, they could continue to be a source of political and social instability in the country. Furthermore, failure to reduce poverty and unemployment may individually or in the aggregate have negative effects on the Ghanaian economy and, as a result, a material adverse effect on Ghana's capacity to service the Notes.

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

Like other countries in Africa, Ghana has historically been affected by a variety of natural disasters, including floods and droughts. Natural disasters such as floods often lead to casualties, the destruction of crops and livestock, the outbreak of waterborne disease and the destruction of infrastructure, such as roads and bridges. Droughts may negatively affect the production of agricultural commodities, the food supply in general and the generation of hydroelectric power. Expenditures associated with natural disaster relief efforts adversely affect the Republic's budgetary position and, as a result, may impair the Republic's ability to service its debt, including the Notes.

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

Although Ghana implemented and is pursuing major initiatives to prevent and fight corruption and unlawful enrichment, including passing the Special Prosecutor Bill in July 2017 and the subsequent appointment in early 2018 of a new independent special prosecutor charged with pursuing corruption in the public sector, corruption remains a significant issue in Ghana, as it is in many other emerging markets. Ghana is ranked 81 out of 180 countries in Transparency International's 2017 Corruption Perceptions Index and placed 108 out of 190 in the World Bank's Doing Business 2017 report. In recent years, Ghana has pledged to address corruption and has implemented various measures to prevent and fight corruption and unlawful enrichment. Despite various reform efforts, corruption continues to impact Ghana. There are currently charges recorded

pursuant to the Republic's anti-money laundering laws in several small cases, many of which involve activities by foreigners. Furthermore, 4 high court judges, 21 lower court judges and 19 judicial staff were dismissed in December 2015 following charges of corrupt practices for requesting bribes. Corruption in the public sector and any future allegations or perceived risk of corruption in Ghana could have an adverse effect on Ghana's economy and may have a negative effect on Ghana's ability to attract foreign investment.

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

The Republic has significant debt exposure to multilateral lending institutions. Such multilateral creditors include the International Development Association ("IDA"), the IMF and the African Development Bank, in respect of which the Republic's outstanding external public indebtedness stood, respectively, at approximately US\$3,921.6 million, US\$958.2 million and US\$1,200.0 million as of 31 December 2017. See "*Public Debt—External Debt*". Sovereign debtors, incentivised by the often favourable lending policies of such institutions and their enduring and important role as concessional lenders and advisors to sovereigns, may place priority on debt repayments to multilateral institutions over other private or official creditors during times of debt distress. Accordingly, should the Republic default on its sovereign debt obligations, there is a possibility that the Republic would choose to prioritise the repayment of moneys owed to such multilateral creditors over the Noteholders. Accordingly, the Republic's significant exposure to multilateral lenders with de facto preferred creditor status could affect the extent to which Noteholders would recover their investment were the Republic to default on its debt obligations.

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

Malaria, HIV/AIDS, tuberculosis (which is exacerbated in the presence of HIV/AIDS) and typhoid are major healthcare challenges in Ghana and other West African countries. Although the total number of malaria cases has decreased in recent years, malaria is one of the leading cause of premature death in Ghana, with approximately 4.5 million reported cases in 2016, and the treatment and prevention of the disease imposes substantial costs to individuals and to the government. According to the Joint United Nations Programme on HIV/AIDS ("UNAIDS"), the body coordinating the international fight against HIV/AIDS, adult HIV/AIDS prevalence in Ghana was estimated at 1.6 per cent. in 2016. There can be no assurance that the prevalence of malaria, HIV/AIDS, typhoid or other diseases in Ghana will not have a material adverse effect on Ghana's economy and on its capacity to service its debt, including the Notes. See "*The Economy—The Labour Market—Health Care*".

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

Economic, security or health distress in Ghana's neighbours and nearby emerging market countries may adversely affect Ghana's economy, the prices of securities and the level of investment in other emerging market issuers as investors move their money to more stable, developed markets. Financial problems or an increase in the perceived risks associated with investing in emerging market economies could dampen foreign investment in Ghana, adversely affect the Ghanaian economy or adversely affect the trading price of the Notes. Even if the Ghanaian economy remains relatively stable, economic distress in other emerging market countries could adversely affect the trading price of the Notes and the availability of foreign funding sources for the government. Adverse developments in other countries in sub-Saharan Africa, in particular, may have a negative impact on Ghana if investors perceive risk that such developments will adversely affect Ghana or that similar adverse developments may occur in Ghana. Risks associated with sub-Saharan Africa include political uncertainty, civil unrest, terrorism and conflict, including violence by militant groups, such as Boko Haram, corruption, the outbreak of disease, including Ebola, and poor infrastructure. The perception of regional instability and insecurity has been exacerbated by the presence of Boko Haram in northeast Nigeria and the terrorist attacks by so-called Islamic State, al-Qaeda in the Islamic Maghreb and Boko Haram and groups claiming affiliation with them in Mali, Burkina Faso, Cote d'Ivoire and Niger since 2015. On 2 March 2018, approximately 30 people were killed in an attack in Burkina Faso reported to have been perpetrated by al-Qaeda in the Islamic Maghreb. These regional threats and fragility among Ghana's neighbours and partner countries could have an adverse effect on Ghana's growth prospects, which could affect its ability to meet its financial obligations generally and the government's ability to service the Notes. Investors' perceptions of

certain risks may be compounded by incomplete, unreliable or unavailable economic and statistical data on Ghana, including elements of the information provided in this Prospectus.

***Financial and statistical information may differ from that produced by other sources, may be incomplete, delayed or inconsistent and is subject to revision, amendment and adjustment***

A range of government ministries, along with the BoG, produce statistics relating to Ghana and its economy. As is common in many developing economies, the size of the informal economy in Ghana may lead to material omissions or misstatements in the statistical data prepared by the ministries. See “—*A significant portion of the Ghanaian economy is informal and is not fully recorded*”. In addition, comparing national and international data sources can yield inconsistencies. Prospective investors should be aware that figures relating to Ghana’s GDP and many other aggregate figures cited in this Prospectus may be subject to some degree of uncertainty. Some of the statistics contained in this Prospectus may be indicated as estimated or provisional figures that are subject to later revision. In addition, the Issuer’s financial and economic statistics are subject to review as part of a regular confirmation process. Accordingly, such data and statistics may differ from information previously published by the Issuer or government ministries, and are subject to further adjustment, amendment or revision, whether as part of regular review or otherwise. No assurance can be given that such adjustment, amendment or revision may not be material. In line with recommendations from the UNSD that countries rebase GDP every five years, Ghana Statistical Service has begun the process of rebasing the GDP base year to 2013, with the results expected to be published in June 2018. Ghana Statistical Service also intends to undertake a further rebasing exercise in 2019, with 2018 as the base year. See “*Presentation of Economic and Other Information*”.

Furthermore, standards of accuracy of statistical data may vary from ministry to ministry and from period to period due to the application of different methodologies. In this Prospectus, data are presented as provided by the relevant ministry to which the data are attributed, and no attempt has been made to reconcile such data to the data compiled by other ministries or by other organisations, such as the IMF.

**Risks Relating to the Notes**

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

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

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

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor’s currency;

- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

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

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

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

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

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



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

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

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

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

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent the Notes are legal investments for it, the Notes can be used as collateral for various types of borrowing and other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

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

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

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

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

Government and monetary authorities (including where the investor is domiciled) may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result,

investors may receive less interest or principal than expected, or no interest or principal. In addition, investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

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

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

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

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

The Republic of Ghana is a foreign sovereign state. Consequently, it may be difficult for investors to obtain or realise upon judgments of courts in England or the United States against the Republic. The Republic has irrevocably submitted to the jurisdiction of the courts of England and waived any immunity from the jurisdiction (including sovereign immunity) of such courts and any objection to venue, in connection with any action arising out of or based upon the Notes brought by any holder of Notes. The Republic has not, however, waived immunity from execution or attachment in respect of certain of its assets. The waiver of sovereign immunity also does not extend to any actions brought against Ghana in the United States under any US Federal or State securities laws. See “*Terms and Conditions of the Series 2018-1 Notes—Governing Law and Submission to Jurisdiction—Consent to Enforcement and Waiver of Immunity*” and “*Enforcement of Civil Liabilities*” and “*Terms and Conditions of the Series 2018-2 Notes—Governing Law and Submission to Jurisdiction—Consent to Enforcement and Waiver of Immunity*” and “*Enforcement of Civil Liabilities*”.

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

The enforceability in Ghana of final judgments of English courts is subject to the rules governing enforcement in Ghana of civil judgments of foreign courts specified in Act 459 and L.I. 1575. In accordance with Act 459 and L.I. 1575, the courts of Ghana would recognise and enforce a judgment obtained in the High Court of England and courts to which appeals lie from the High Court of England which has been duly registered with the High Court of Ghana. The courts of Ghana would neither recognise nor enforce a judgment obtained from a court in certain other jurisdictions, including the United States, unless new proceedings are instituted in Ghana and the merits of the judgment are re-examined.

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

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

The Notes rank and will rank at least *pari passu* in right of payment with all other unsecured and unsubordinated obligations of the Issuer from time to time outstanding, save only for such obligations as may be preferred by mandatory provisions of applicable law. However, the Issuer will have no obligation to effect equal or rateable payment(s) at any time with respect to any other unsecured and unsubordinated obligations

and, in particular, will have no obligation to pay other unsecured and unsubordinated obligations at the same time or as a condition of paying sums due on the Notes and *vice versa*. See Condition 3 (*Status*) for further details.

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

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

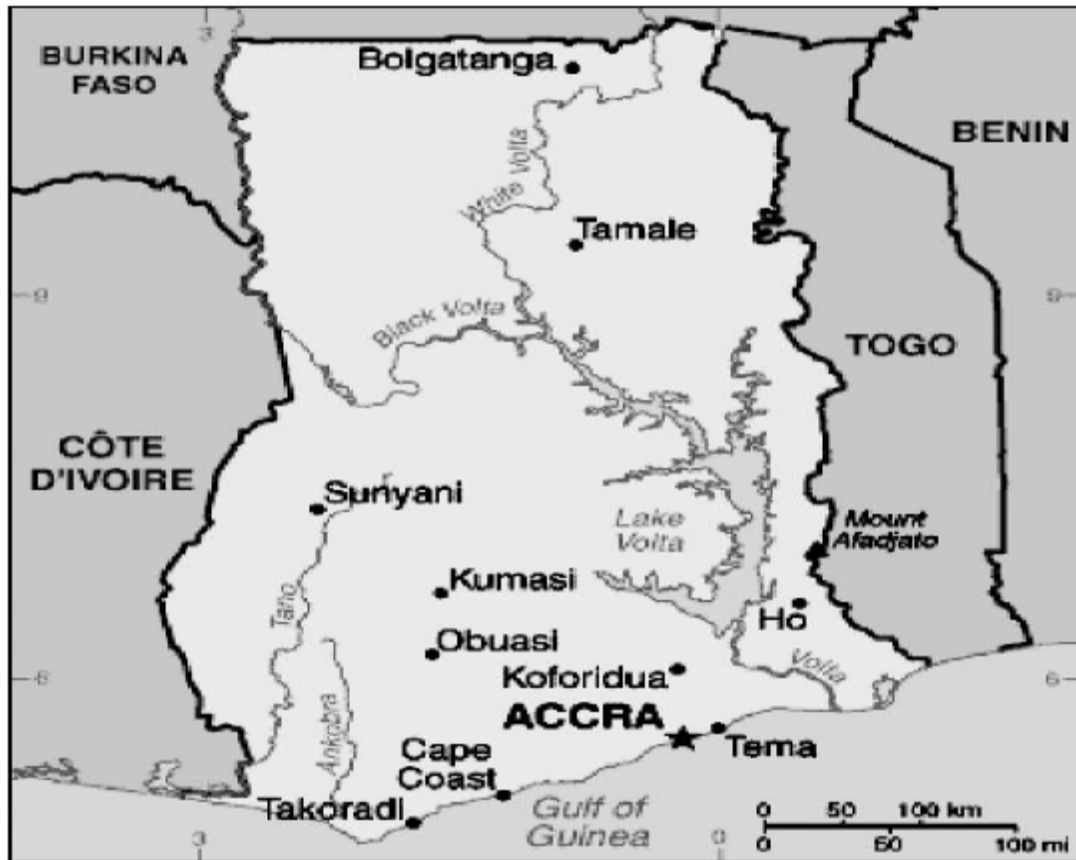
## **USE OF PROCEEDS**

The Republic expects the net proceeds of the issue of the Notes to amount to approximately US\$1,990,144,947.50, which the Republic expects to utilise to repay outstanding debt of the Republic, including to purchase Tender Offer Notes which have been accepted for purchase by the Republic in the 2018 Tender Offer. As of 1 May 2018, the full principal amount of the 2022 Notes and 2023 Notes remained outstanding. In addition, if the principal amount of the Notes exceeds the aggregate amount of Tender Offer Notes tendered in the 2018 Tender Offer, the Republic will utilise the balance to undertake future debt and liability management in respect of government debt, as well as fund budgeted capital investments in government projects.

## THE REPUBLIC OF GHANA

### Area and Population

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



Ghana has an estimated population of over 28 million in 2017, with over 50 per cent. of the population living in urban areas. The greater metropolitan area of Accra, the capital of Ghana and its largest city, has an estimated population of over 4.0 million. Other important cities in Ghana include Kumasi, a commercial and transport centre in central Ghana with an estimated population of over 2 million, and Tamale, located in the Northern region, with an estimated population of approximately 300,000.

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

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

Ghana is generally classified as a lower middle-income developing country. The following table sets forth selected comparative statistics for 2016 published by the World Bank:

	<b>Ghana</b>	<b>Nigeria</b>	<b>Côte d'Ivoire</b>	<b>South Africa</b>	<b>US</b>
GNI <sup>(1)</sup> per capita (current US\$).....	1,380	2,450	1,520	5,480	56,850
GDP Growth (annual %) .....	3.6	(1.6)	8.3	0.3	1.5
Infant Mortality Rate (per 1,000 live births).....	41.2	66.9	66	34.2	5.6
Life Expectancy at Birth (years).....	62.7	53.4	53.6	62.8	78.7

Source: World Bank, World Development Indicators 2018.

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

## History

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

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

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

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

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

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

On 6 March 2018, Ghana commemorated the 61<sup>st</sup> anniversary of its independence from British colonial rule.

## **The Constitutional System**

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

The Constitution directs the government to take all necessary steps to establish a sound and healthy economy and to provide educational facilities and, to the greatest extent feasible, make those facilities available to all citizens. The government is also directed by the Constitution to promote respect for international law, treaty obligations and the settlement of international disputes by peaceful means. Further, the Constitution confirms Ghana’s involvement in and commitment to the principles of the United Nations, the Organisation of African Unity, the Commonwealth and the Treaty of the Economic Community of West African States.

The Republic’s political system is principally based on the separation of executive, legislative and judicial powers and a system of checks and balances. The President’s powers to appoint Ministers of State and the members of the Supreme Court mean that the executive branch of government has a dominant role in the Republic.

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

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

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

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

**Current Government and Politics**

Ghana has been under democratic rule since 1992, following its successful transition from years of military rule. Ghana is a presidential representative democratic republic, with executive, legislative and judicial branches of government. Following the 1992 constitutional referendum, parliamentary and presidential elections took place in 1992 and every 4<sup>th</sup> year thereafter. Voter turnout, which was approximately 80 per cent. for the 2012 presidential election, dropped to approximately 68 per cent. in the 2016 elections. Ghana has 24 registered political parties, including the following seven main parties: the National Democratic Congress (“NDC”), the New Patriotic Party (the “NPP”), the Progressive People’s Party (the “PPP”), the Great Consolidated Popular Party (the “GCPP”), the People’s National Convention (the “PNC”), the Convention People’s Party (the “CPP”) and the United Front Party (the “UFP”), with the NDC and NPP being the two dominant political parties in recent years.

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

The most recent presidential and parliamentary elections took place on 7 December 2016 and led to the transfer of political power to the then-opposition party, NPP, as the voters elected presidential candidate Nana Addo Dankwa Akufo-Addo as the president of the Republic. Nana Akufo-Addo (a former foreign minister and attorney-general) was elected President on his third attempt, defeating incumbent President John Mahama of the NDC, making him the first candidate to win an election against a sitting one-term President. In the presidential election, President Akufo-Addo received 53.85 per cent. of the votes while the candidate for the NDC received 44.40 per cent. The other presidential candidates commanded a combined 1.75 per cent. of the votes.

The following table shows a breakdown of the distribution of seats in parliament as of the date of this Prospectus:

<b>Political Party</b>	<b>Seats</b>
National Democratic Congress (NDC).....	106
New Patriotic Party (NPP).....	169
<b>Total</b> .....	<b>275</b>

*Source:* Ghanaian Parliament

In addition to the national government, Ghana is subdivided into ten regions for political and administrative purposes. Currently, the government is planning the subdivision of certain existing regions in order to create new regions, and has constituted a commission in this respect. A Minister of State, appointed by the President with the approval of parliament, heads each region and acts as a direct representative of the government. The regions are further subdivided into district assemblies, which are classified as either metropolitan, municipal or district, depending on the size of the population. The district assemblies are responsible for delivering basic services to the population in their areas of jurisdiction, and receive their funding from the District Assemblies Common Fund, which is financed by the national government. Under the Constitution, the district assemblies have deliberative, legislative and executive powers and are the highest political authority in their districts, subject to the other provisions of the Constitution. The most recent district assembly elections were held on 1 September 2015 with regional elections due in September 2018.



## **International Relations**

### ***WTO Membership***

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

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

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

### ***Regional Relations***

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

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

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

In 2014, Ghana, together with the other ECOWAS countries (other than Nigeria and Gambia), signed a regional economic partnership agreement with the EU. Under the agreement, the EU agrees to provide ECOWAS countries signatory to the agreement a duty and quota-free access to its market, while ECOWAS countries signatory to the agreement agree to provide a partial and gradual opening of their markets to EU products. However, until the agreement has been signed by all ECOWAS countries, the regional economic

partnership agreement cannot be ratified. Separately, effective 1 February 2016, the government changed its external tariff regime in order to adopt the ECOWAS unified tariff regime. Under the ECOWAS common external tariff (“CET”), members are required to simplify and harmonise customs tariff rates. See *“Balance of Payments and Foreign Trade—Trade Policy”*.

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

In October 2017, Ghana and Cote d’Ivoire announced their intention to work together to address the unfavourable global cocoa pricing regime and reduce the vulnerability of both nations to the volatility of the cocoa markets. In addition, the AfDB has agreed to work with both countries to establish a Cocoa Market Stabilisation Fund and a Cocoa Exchange Commission for managing cocoa production, as well as Cocoa Industrialisation Fund to further improve the productivity of the cocoa industry. In line with this, the AfDB is considering a US\$1.2 billion loan to establish the funds, as well as tackle the cocoa swollen shoot virus, build modern storage and warehousing facilities and promote processing and consumption.

In March 2018, Ghana, along with 43 other African nations, signed a framework agreement to establish the African Continental Free Trade Area (“AfCFTA”) customs union, on the initiative of the AU. AfCFTA will come into effect if ratified by the parliaments of at least 22 countries. According to the AU and the United Nations Economic Commission for Africa, if all 55 AU nations were to join AfCFTA, it would represent the largest free-trade area by number of participating nations, which, together, would cover a market of 1.2 billion people with a combined GDP of US\$2.5 trillion. Under the AfCFTA, members will be required to adhere to provisions on the free movement of capital and business travellers, as well as widespread tariff reductions. Members will also be required to commit to removing tariffs on 90 per cent. of goods, with each country submitting its own schedule of products to be liberalised. See *“Balance of Payments and Foreign Trade—Trade Policy”*.

### ***EU Relations***

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

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

In 2014, Ghana, together with the other ECOWAS countries, other than Nigeria and Gambia signed an economic partnership agreement with the EU. Until the agreement has been signed by all ECOWAS countries, the regional economic partnership agreement cannot be ratified. Consequently, on 28 July 2016, Ghana signed an interim economic partnership agreement with the EU (“IEPA”), which was ratified by parliament on 3 August 2016. The ratification has received presidential assent and is in full effect. The interim partnership agreement allows Ghana to continue to enjoy duty-free and quota-free access to the EU following the expiry of EU’s Market Access Regulation in October 2016. See *“Balance of Payments and Foreign Trade—Trade Policy”*.

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

In February 2016, Ghana signed a €1.6 million grant from the EU as support to implement the “Ghana Employment and Social Protection Programme”. See “*Public Debt—Relations with Multilateral Financial Institutions—EU Budget Support*”. In May 2017, the EU partnered with the German development agency, GIZ, to provide a further €7 million for the Ghana Skills Development Initiative, to provide competency-based training to enhance the skills of individuals working in electronics, garments, welding, cosmetology and auto-mechanics.

### ***Relations with the Americas***

The United States is among Ghana’s principal trading partners. Ghana is designated as a Feed the Future, Power Africa, Trade Africa, and Partnership for Growth country, and exports goods to the United States under the African Growth and Opportunity Act (AGOA). A number of major United States companies operate in the country, including IBM, Coca-Cola and Newmont Mining. Political stability, competitive wages, and an educated, English-speaking workforce enhance Ghana’s potential as a West African hub for American businesses. Ghana has significant reserves of oil and gas, currently being developed by a variety of global petroleum companies, including United States-based Kosmos Energy.

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

In April 2013, the US government approved a second disbursement of US\$498 million for the MCA programme, under its second compact with Ghana (“**Compact II**”). The programme approved the funds for use principally for power generation, distribution and improvement of the country’s energy sector. Out of the estimated cost of Compact II, the government expects that the MCC will bear US\$498.2 million, while the government plans to bear the remainder, along with the private sector. On 5 August 2014, during President Mahama’s visit to the United States for the 2014 US-Africa Leaders Summit, the MCC signed a five-year, US\$498.2 compact with the government to transform Ghana’s power sector by focusing on distribution, energy efficiency and renewable energy. A significant project under Compact II is the creation of private sector involvement in the SOE ECG. This will take the form of a concession with a duration of 20 years, during which the electricity distribution network and other assets of ECG will be leased to the concessionaire with the aim of promoting investment and improving operational efficiency. Following several delays, the bidding process for the private sector partner was launched in May 2017. The Meralco consortium, led by the Manila Electricity Company, was selected as the winning bidder in April 2018, with the transfer of ECG’s distribution business scheduled to occur in early 2019. See “*The Economy—Principal Sectors of the Economy—Water and Electricity*”. The government currently expects the MCC will release the first tranche of the funds this year, subject to the government meeting the conditions precedent to effectiveness of the compact.

In March 2018, Ghana renewed an agreement with the United States whereby the United States would provide approximately US\$20 million in equipment and training for the Ghanaian military. The agreement also allows the US to use Ghana’s radio channels, and includes reciprocal provisions relating to immunity for soldiers on each country’s soil and tax exemptions for the import of military equipment. The agreement led to protests in Accra over concerns that it compromised Ghana’s independence. The government has emphasised that there are no plans to create a US military base in Ghana or to permanently station American troops in the country.

Ghana also has strong diplomatic relations with Canada. Between 2008 and 2017, Canada has supported the Republic of Ghana with grants amounting to approximately CAD\$372.5 million, predominantly in the area of

budget support, decentralization, agriculture water and sanitation and capacity development. Canada recently provided a grant of CAD\$125 million to help develop a more modern, equitable and sustainable agriculture sector that contributes to food security.

Brazil is a member of the BRICS countries and is increasingly growing to becoming one of Ghana's strategic bilateral partners. Brazil provides Ghana with both concessionary loans and commercial loans. Since 2013, Brazil has extended credit facilities amounting to approximately US\$374.6 million to finance projects in defense (purchase of aircrafts), agriculture (supply of agricultural machinery and equipment), and road construction (eastern corridor road project).

### *Asia Relations*

Ghana has strong diplomatic relations with Asian countries, in particular Japan and China, which are important bilateral partners for both foreign trade and development assistance. Japan has historically been one of Ghana's most important bilateral development partners and has provided considerable aid for development projects. In June 2013, Ghana and Japan announced a pledge to deepen bilateral relations for the mutual benefit of both countries. President Mahama and the Japanese Prime Minister, Mr. Shinzo Abe, expressed their resolve to work closely when they held a bilateral meeting ahead of the 5th Tokyo International Conference on African Development. Prime Minister Abe lauded Ghana for its economic strides, particularly in the areas of good governance and economic stability. In 2005, Japan cancelled approximately US\$1 billion of Ghana's bilateral debt in connection with the Heavily Indebted Poor Countries Initiative (“**HIPC**”).

After this debt cancellation of approximately US\$1 billion, Japan continued to support the Republic of Ghana with grants in the area of power, health, education, ports and harbours, agriculture, fisheries and research. In 2016, Japan resumed the granting of Yen loans to Ghana and is currently financing the construction of a new bridge over the Volta River to connect Aveyime with Asutsuare Junction roads. The new bridge is within the Eastern Corridor connecting Tema and Burkina Faso.

Ghana's relations with China have become increasingly important in recent years, with significant Chinese funding of Ghanaian infrastructure projects. China is one of Ghana's largest development partners, providing over US\$1,098 million to Ghana in 2015. In November 2011, China opened the fourth office of the China-Africa Development Fund in Accra. China has provided significant development assistance, funding projects such as the construction of the National Theatre, the Afife Irrigation Project, the Dangme East District Hospital, Police and Military Barracks and the improvement of the Accra-Kumasi Road. In addition, the Chinese government has written off most of Ghana's debt to China, which has amounted to approximately US\$83 million. China has also provided a considerable amount of financial assistance in the form of loans. For example, the government secured funding of US\$622 million from the Chinese government for construction of the 400 MW Bui hydroelectric dam by the Chinese construction company, Sino-Hydro Corporation, see “*Economy—Principal Sectors of the Economy—Industry—Electricity*”. In 2011, Ghana signed a US\$3 billion commercial term loan facility agreement for infrastructure development with the China Development Bank Corporation (the “**CDB**”). The CDB loan was in two tranches of \$1.5 billion each, for use in 12 different infrastructure projects. Currently, the government has drawn US\$922 million of the loan, the proceeds of which have been used for a gas infrastructure project and an enhanced ICT surveillance of the oil and gas corridor project. The government completed the gas processing plant and pipelines in 2014. See “*The Economy—Principal Sectors of the Economy—Industry—Oil and Gas*”. In 2014, the government decided to cap the facility at US\$1.5 billion due to delays in disbursements and disagreements regarding the terms of the loan.

In April 2018, the Chinese government signed a bilateral agreement to provide approximately US\$66 million of grants to Ghana for the construction of a fishing port complex at James Town, a suburb of Accra; and the construction of the University of Health and Allied Sciences (Phase II) in Ho in the Volta Region.

Ghana also maintains good relations with Singapore. In 2013, Singapore opened a trade and investment centre in Accra to promote economic partnership among the countries in the West-Africa sub-region. The International Enterprise Singapore, an agency under the Singapore Ministry of Trade and Industry, aims to catalyse strategic trade and investment initiatives between Singapore, Ghana and other ECOWAS countries. Bilateral trade between Ghana and Singapore exceeded US\$271.3 million in 2016. Several major Singaporean companies operate in Ghana, including Olam International, a large global agri-business and Pacific International Lines, one of the largest ship-owners in Asia.

Over the years, Ghana and Singapore have enjoyed positive bilateral relations as the officials from the two countries continue to co-operate in many areas. As of 2017, Singapore has received over 650 officials from Ghana for capacity building and training in areas such as education and economic policy making.

## THE ECONOMY

### General

#### *Overview*

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

Ghana has succeeded in reducing levels of poverty and reached lower middle-income status in 2010, but the economy still relies heavily on agriculture and natural resources, particularly for exports, and the government estimates that in 2015 the informal sector, which is largely unmeasured, employed approximately 90 percent per cent. of the workforce. The government has adopted an ambitious transformation agenda, centred on economic diversification, shared growth and job creation and macroeconomic stability. Since 2010, the government’s primary policy framework for achieving economic growth and development has been the GSGDA. The GSGDA sought to lay the foundation for the structural transformation of the economy within the decade ending 2020 through industrialisation, especially manufacturing, based on modernised agriculture and sustainable exploitation of Ghana’s natural resources, particularly minerals, oil and gas. See “*Overview—The Republic of Ghana—Reforms*”. The government implemented the GSGDA II, a successor programme to GSGDA I, which focused on expanding opportunities and reinforcing socioeconomic improvements in partnership with the private sector. Key strategic goals of GSGDA II include good governance, export-led growth, industrial and manufacturing development through the conversion of natural resources to products and investment in Ghana’s labour force. With the GSGDA II period ending in 2017, the government is developing a new 4-year medium-term national development policy framework: An Agenda for Jobs: Creating Prosperity and Equal Opportunity for All (the “**Agenda for Jobs**”), which is based on the constitutionally required 7-year CPESDP 2017-2024. See “*—Ghana Shared Growth and Development Agenda I and II and Agenda for Jobs*”. The government is seeking to consolidate the gains of the GSGDA I and II by restoring the economy, transforming agriculture and industry, revamping economic and social infrastructure, strengthening social protection and inclusion and reforming public institutions.

Although the Ghanaian economy has had sixteen consecutive years of expansion, GDP growth slowed in the period 2013 to 2016, before increasing significant to 8.5 per cent. in 2017. GDP growth in 2016 was 3.7 per cent., compared to 3.8 per cent. in 2015, 4.0 per cent. in 2014 and 7.3 per cent. in 2013. GDP growth averaged approximately 5.5 per cent. between 2013 and 2017. The government attributes the lower growth rates between 2013 and 2016 to disruptions to energy supplies, higher interest rates and falling world-wide commodity prices. In contrast, growth was 14.0 per cent. in 2011 resulting from the first full year of oil production from the Jubilee Field. See “*—Principal Sectors of the Economy—Industry—Oil and Gas*”. The increased GDP growth recorded in 2017 was largely due to increased hydrocarbon production and improved power supply. In 2017, the agriculture, industry and services sectors registered growth of 8.4 per cent., 16.7 per cent. and 4.3 per cent., respectively.

Ghana’s macroeconomic environment improved in 2017. Inflation declined, largely as a result of a tight monetary policy stance from the BoG, relative stability in the exchange rate as well as ongoing fiscal consolidation. Inflation fell from 17.7 per cent. in December 2015 to 15.4 per cent. in December 2016 and further declined to 11.8 per cent. in December 2017 and 10.4 per cent. in March 2018. Ghana’s growth in 2017 was driven mainly by the oil sector, following the commencement of production from the TEN and Sankofa oil fields, as well as improvements in the agriculture sector and improved power supply. The fiscal deficit, which rose significantly from 4.0 per cent. of GDP in 2011 to 11.5 per cent. of GDP in 2012, has decreased again in recent years, to 8.3 per cent. of GDP in 2016 and 5.9 per cent. of GDP in 2017.

In August 2014, the government requested an arrangement with the IMF to help support stronger policy adjustment, restore market confidence and revive Ghana’s transformation agenda. See “*Public Debt—Relations with Multilateral Financial Institutions—IMF Extended Credit Facility*”. In April 2015, the IMF approved the three-year IMF Programme for Ghana in the amount of SDR664.2 million (US\$918 million) to

support Ghana's balance of payments, with a subsequent one-year extension to the programme agreed in 2017.

Ghana's most important trading partners are in the Far East, with a significant amount of exports going to China and Japan. Outside the Far East, Europe, the United States, Canada and South Africa represent important trading partners. International donors and development partnership agreements such as the MCA, play an important role in Ghana's economy, and total donor resource inflow comprised approximately 2.6 per cent. of GDP in 2017. See "*The Republic of Ghana—International Relations—US Relations*".

Ghana relies substantially on imported oil-based products to meet its energy requirements. In the three years prior to 2015, oil imports rose due to increasing demand for energy and power shortages caused by the inability of the country's power stations to meet increased demand. Because of Ghana's important and increasing reliance on imported oil for domestic consumption, the international price of oil significantly affects Ghana's economy and contributed to the country's budget and trade deficits in 2015 and 2016. The WAGP, which transports natural gas from Nigeria to Ghana, became fully operational in 2009. The natural gas from the WAGP has subsequently played an important role in providing the VRA's alternative and less costly source of fuel for thermal energy generation. In June and August 2007, UK-based firm Tullow and its US partners, Kosmos Energy and Anadarko Petroleum, announced two significant offshore oil discoveries in the Jubilee Field. In addition, the TEN fields commenced production in August 2016 and the Sankofa-Gye Nyame fields came on stream in mid-2017. Expansions to the Jubilee field developed in connection with the Greater Jubilee Full Field Development Plan are also expected to begin production during 2018. See "*—Principal Sectors of the Economy—Industry—Oil and Gas*". The government is optimistic that these recent oil discoveries and developments will have a significant positive effect on the economy and eventually reduce Ghana's reliance on oil imports. The oil and gas sector contributed 2.1 and 5.6 per cent. of GDP in 2016 and 2017, respectively. See "*—Risk Factors—Ghana relies almost exclusively on imported crude oil and refined oil and petroleum products for domestic consumption and is vulnerable to oil price increases and volatility*".

### ***Economic History***

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

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

Following independence in 1957, economic policies in Ghana generally followed the dominant model in developing economies of the time, emphasising controls over interest rates, exchange rates, commodity prices, state ownership of enterprises and import substitution as the vehicles for economic development with social equity. By the early 1980s, the Republic had frequent military interventions, and economic conditions in Ghana had deteriorated, manifested in unsustainable government budget deficits, high inflation, an overvalued exchange rate, depleted foreign exchange reserves, loss-making public enterprises, declining economic growth and commodity shortages. Until recently, Ghana's economy was characterised by a pattern of cyclical fluctuation, depending on movements in the prices for Ghana's three primary products, which were cocoa,

timber and gold. In the early 1960s, Ghana was the world's largest producer of cocoa, with annual output of 450,000 tonnes, but output fell to an all-time low of 159,000 tonnes in the 1983/1984 crop year as a result of low producer prices, causing farmers to produce less, and dry weather, which led to bush fires that destroyed many cocoa farms. In the 2016/2017 crop year, production reached 969,510 tonnes.

Since 1983, various policies and programmes have been introduced in Ghana's economy, designed to reverse this economic decline. Ghana embarked on a prolonged period of stabilisation and a structural adjustment programme with assistance from the IMF and the World Bank. The structural adjustment programme was designed to control inflation through demand management and to reverse declines in production, particularly in agriculture, build up the infrastructure, stimulate exports, curb the consumption of luxury imports, and restore domestic and external balances. The foreign exchange market reform involved the gradual liberalisation of the market, the licensing of foreign exchange bureaus, and the determination of exchange rate by market forces. Administrative controls on interest rates were abolished and the process of privatisation of public enterprises begun. The results of these reforms were positive. GDP continued to grow after 1983, reflected in an average real GDP growth rate of 4.4 per cent. per year between 1995 and 1999 despite the electricity crisis in 1998 which forced many industries to reduce their output and temporarily halted Ghana's export of electricity. Between 2000 and 2003, real GDP growth continued to average 4.4 per cent. a year, despite the low growth rate in 2000 attributable to the macroeconomic instability created by a collapse in the Cedi which occurred as a result of weak cocoa and gold prices combined with the high price of imported oil. Historically, Ghana's economy has relied heavily on gold production and agriculture, in particular the production of cocoa, as the primary drivers of GDP growth. However, since the Republic began producing oil in 2010, oil has become an additional driver of GDP growth. GDP growth averaged 5.5 per cent. between 2013 and 2017. GDP growth in 2017 was 8.5 per cent., compared to 3.7 per cent. in 2016 and 3.8 per cent. in 2015, with the increased GDP growth recorded in 2017 largely due to increased hydrocarbon production, following the commencement of production from the TEN and Sankofa oil fields, and an improved power supply. See "*Principal Sectors of the Economy – Oil and Gas*".

In November 2010, Ghana Statistical Service rebased its national accounts, changing the base year from 1993 to 2006, which led to changes in the size of the GDP, growth rates, contributions by sector and related indicators that use the GDP. See "*Presentation of Economic and Other Information*". In 2017, Ghana Statistical Service began the process of rebasing the GDP base year to 2013, with the results expected to be published in June 2018. The rebasing will involve adoption of the UN 2008 System of National Accounts (2008 SNA) and the International Standard Industrial Classification revision four (ISIC Rev.4) as recommended by the UNSD. Ghana Statistical Service intends to undertake a further rebasing exercise in 2019, with 2018 as the base year.

Ghana has long battled with high inflation rates, generally experiencing annual rates in the double-digits. The early part of the 1990s was characterised by rising inflation, and the year-end inflation rate peaked at 59.5 per cent. in 1995. The government's aim of halting the rising trend in inflation has compelled the BoG to tighten monetary policy. Whilst the tightened fiscal and monetary policies have helped to curb inflation, international crude oil prices as well as possible volatilities on the exchange rate market still pose a risk to Ghana's inflation profile. The BoG is on track to achieve its medium-term inflation target of  $8 \pm 2$  per cent. following a slowdown in inflation from a level of 17.7 per cent. in December 2015 to 11.8 per cent. in December 2017 and 10.4 per cent. in March 2018. This was largely due to tight policy stance with reduced fiscal deficits as well as relative stability in the exchange rate.

### ***Macroeconomic Management and Fiscal Policy***

The Ghanaian economy has improved significantly over the last year, although the government recognises the domestic and external challenges that Ghana continues to face. Although the overall fiscal deficit has steadily improved to 5.9 per cent. of GDP in 2017 from 11.5 per cent. in 2012, the government is committed to further consolidation of its public finance with the intention to reduce the fiscal deficit to 3 per cent. of GDP over the medium-term and maintain it at under 5 per cent. of GDP in each year. GDP growth slowed in the period 2013-2016, however in 2017 it increased significantly to 8.5 per cent. GDP growth in 2016 was 3.7 per cent., compared to 3.8 per cent. in 2015, 4.0 per cent. in 2014 and 7.3 per cent. in 2013.

Inflation also increased from 8.8 per cent. in 2012 to 17.7 per cent. in December 2015, although it has since moderated to 11.8 per cent. in December 2017 and 10.4 per cent. in March 2018. The BoG increased its policy



rate from 12.5 per cent. in December 2011 to 22 per cent. in May 2015 and, in August 2015, the BoG merged the Monetary Policy Rate (the “MPR”) with the BoG lending rate, resulting in a policy rate of 24 per cent. The MPR peaked at 26 per cent. in November 2015, and has since been steadily decreasing, to 18 per cent. as at March 2018.

In 2017, the Cedi cumulatively depreciated by 12.9 per cent., 16.2 per cent. and 4.9 per cent. against the British Pound, the Euro and the US Dollar respectively. The 4.9 per cent. weakening of the Cedi against the dollar is the strongest performance recorded since 2010, largely as a result of a lower than targeted fiscal deficit and a generally improved balance of payments position. Gross foreign assets had increased to US\$7.55 billion as at the end of 2017, from US\$6.16 billion at the end of 2016 and US\$5.89 billion at the end of 2015. Total public debt as a percentage of GDP increased from 56.8 per cent. at the end of 2013 to 69.2 per cent. at the end of 2017, as compared to 73.1 per cent. at the end of 2016.

The government’s fiscal policy as outlined in its budget statements for 2017 and 2018 is focussed on achieving fiscal prudence and debt sustainability. In furtherance of its fiscal policy, the government has introduced a number of measures designed to achieve fiscal consolidation, including those intended to improve domestic revenue collection, rationalise and enhance the efficiency of public expenditures, as well as those implementing new debt management reforms.

The Budget Statement and Economic Policy of the Government of Ghana for the 2017 Financial Year (the “**2017 Budget Statement**”) sought to restore confidence and reaffirm a commitment to fiscal restraint, following the failure to meet most of the targets set out in the prior year’s budget. To help promote good economic governance, the 2017 Budget Statement targeted a fiscal adjustment of approximately 2.2 percentage points of GDP to bring the fiscal deficit to approximately 6.5 per cent. of GDP in 2017, and 3 per cent. of GDP by 2019. To aid the credibility of these targets, the 2017 Budget Statement announced the establishment of a fiscal council with an on-going mandate to (i) ensure the credibility of fiscal projections, (ii) set medium-term fiscal policy anchors to guide fiscal policy, and (iii) monitor compliance with fiscal policy rules. To simplify revenue administration and promote private sector growth, the 2017 Budget Statement introduced various measures including (i) the abolition of the 17.5 per cent. VAT/National Health Insurance Levy (“**NHIL**”) rate on financial services, (ii) the abolition of excise duty on petroleum, (iii) the abolition of the 1 per cent. Special Import Levy and the taking of general steps to remove import duties on raw materials and machinery within the context of the ECOWAS Common External Tariff Protocol, and (iv) various measures to enhance tax compliance and streamline revenue administration, including a review of the regime on import duty exemptions and tax reliefs with the aim of eliminating abuses and improving overall efficiency. To further improve revenue collection across a broad base of the economy, the 2017 Budget Statement announced consultations to revive the National Identification Scheme, providing unique identification numbers for all registered persons and further facilitating revenue collection amongst Ghana’s informal economy. The 2017 Budget Statement also announced the “One Village One Dam” and “One District One Factory” programmes aimed at promoting private sector growth through improving irrigation and industrialisation.

The 2018 Budget Statement sought to consolidate the positive economic progress made under the 2017 Budget Statement, with a review of performance for the period January – September 2017 indicating that nearly all of the macroeconomic targets set in that budget would be met. To continue the trends of reduction in the fiscal and current account deficits, the 2018 Budget Statement targeted a fiscal adjustment of approximately 1.4 percentage points of GDP to bring the fiscal deficit to approximately 4.5 per cent. of GDP, with the fiscal deficit targeted to remain within the fiscal rule of 3 – 5 per cent. between 2018 and 2021. The government also announced that it is seeking to use the recent economic consolidation to transition into further growth-focussed policies. The 2018 Budget Statement introduced further investment and growth-promoting measures including (i) the launch of a national development bank with the capacity to mobilise private capital, (ii) proposed energy tariff reductions of between 11 and 21 per cent. , particularly targeting industries and small businesses, (iii) the establishment of a GHS400 million fund to de-risk agriculture and agribusiness sector, and (iv) the introduction of tax breaks and incentives for the higher education sector and for young entrepreneurs. In addition, the government announced a drive to enhance the role of the private sector in the provision of infrastructure through “Private Public Partnerships”, looking to fund approximately US\$8.35 billion in infrastructure projects in 2018. For the medium term, the government’s policies will focus on driving growth through policies aimed at encouraging investment in agriculture, infrastructure, and industrialisation.

The 2018 Budget Statement reaffirmed the government's commitment to various on-going revenue-improvement measures, including (i) the broadening of the tax base through policies such as the National Identification System, and (ii) the review of the existing system of tax reliefs and exemptions to improve efficiency and eliminate exploitation. In addition, the 2018 Budget Statement also proposed a comprehensive review of public sector wages to analyse the success of policies aimed at increasing productivity whilst ensuring the sustainability of the SSSS in the future.

The IMF programme also requires the government to implement various reforms. See “*Public Debt—Relations with Multilateral Financial Institutions—IMF Extended Credit Facility*”.

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

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

In 2014, the government began implementing GSGDA II, a successor medium-term national development policy framework to GSGDA I, which ended in December 2017. GSGDA II continued the goals of expansion of opportunities and reinforcing socioeconomic improvements in partnership with the private sector. The goal was to lay the foundation for a structural transformation of the economy through industrialisation, especially manufacturing based on modernised agriculture and sustainable exploitation of Ghana's natural resources, particularly minerals, oil and gas. Key strategic goals of GSGDA II included supporting good governance practices, export led growth and industrial and manufacturing development through the conversion of natural resources to products and investment in Ghana's labour force. Officials implementing GSGDA I and II estimated that the total resources required to finance the investment plan for the medium to long term was US\$23,891 million, with an overall financing gap of US\$12,501 million. This estimate consisted primarily of investment and services costs and did not include wages, salaries and administrative expenses associated with project implementation.

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

Currently, a successor to the GSGDA II, the Agenda for Jobs is being implemented for the period 2018 to 2021. The goals of this medium-term national development policy framework are to create opportunities for all Ghanaians; safeguard the natural environment and ensure its resilience; maintain a stable, united and safe society; and build a prosperous society. These goals are anchored in five main development dimensions, namely, Economic Development, Social Development, Environment, Infrastructure and Human Settlements, Governance, Corruption and Social Accountability as well as building Ghana's role in international affairs. The new direction in national development is intended to create the conditions for the Ghanaian private sector to emerge through invention, innovation, adaptation and adoption, in particular in the industrial sector, to encourage growth and create employment opportunities, especially for the youth.

## Principal Sectors of the Economy

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

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

	2013	2014	2015	2016	2017 <sup>(1)</sup>
			(%)		
<b>Services</b> .....	<b>49.8</b>	<b>51.9</b>	<b>54.6</b>	<b>56.8</b>	<b>56.2</b>
Trade, Repair of Vehicles, Household Goods.....	5.8	5.6	6.1	6.4	6.3
Hotels and Restaurants .....	5.8	5.6	5.8	5.9	5.8
Transport and Storage.....	11.2	12.3	13.0	13.3	12.8
Information and Communication .....	1.7	2.3	2.7	3.3	3.6
Financial and Insurance Activities.....	6.5	8.4	8.9	9.4	8.8
Real Estate, Professional, Administrative and Support Service.....	3.9	3.6	3.9	4.0	4.1
Public Administration and Defence, Social Security .....	5.9	5.4	5.3	5.4	5.4
Education.....	3.6	3.6	3.7	4.0	4.3
Health and Social Work.....	1.1	1.0	1.2	1.4	1.5
Community, Social and Personal Service Activities.....	4.3	4.1	3.8	3.7	3.5
<b>Industry</b> .....	<b>27.8</b>	<b>26.6</b>	<b>25.1</b>	<b>24.3</b>	<b>25.5</b>
Mining and Quarrying .....	9.4	8.0	5.3	4.2	5.9
o/w Oil and Gas .....	8.2	7.2	4.1	2.1	5.6
Manufacturing .....	5.3	4.9	4.8	4.6	4.5
Electricity .....	0.4	0.4	0.9	1.1	1.0
Water and Sewage .....	0.6	0.5	0.6	0.5	0.5
Construction .....	12.0	12.7	13.5	13.7	13.7
<b>Agriculture</b> .....	<b>22.4</b>	<b>21.5</b>	<b>20.3</b>	<b>18.9</b>	<b>18.3</b>
Crops .....	17.4	16.8	15.7	14.5	14.2
o/w Cocoa.....	2.2	2.2	1.8	1.7	1.8
Livestock .....	1.4	1.2	1.2	1.2	1.1
Forestry and Logging.....	2.2	2.3	2.3	2.1	1.9
Fishing .....	1.4	1.2	1.2	1.1	1.2

Source: Ghana Statistical Service

(1) Provisional.

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

	2013	2014	2015	2016	2017 <sup>(1)</sup>
			(%)		
<b>Services</b> .....	<b>10.0</b>	<b>5.6</b>	<b>6.3</b>	<b>5.7</b>	<b>4.3</b>
Trade, Repair of Vehicles, Household Goods.....	14.5	1.6	9.7	3.1	2.8
Hotels and Restaurants .....	24.6	(1.2)	1.5	0.9	1.1
Transport and Storage.....	(0.5)	0.3	3.0	2.2	0.4
Information and Communication.....	24.3	38.4	21.6	21.7	13.2
Financial and Insurance Activities.....	23.2	22.9	3.5	3.6	0.5
Real Estate, Professional, Administrative and Support Service.....	(17.5)	(1.5)	7.7	3.8	5.2
Public Administration and Defence; Social Security.....	8.4	(4.7)	1.4	2.2	1.5
Education.....	6.9	7.1	7.9	8.3	9.9
Health and Social Work.....	7.8	(1.7)	15.7	16.8	14.4
Community, Social & Personal Service.....	36.5	(1.6)	(6.4)	(5.2)	(3.8)
<b>Industry</b> .....	<b>6.6</b>	<b>0.8</b>	<b>(0.3)</b>	<b>(0.5)</b>	<b>16.7</b>
Mining and Quarrying .....	11.6	3.2	(6.1)	(7.6)	46.7
o/w Oil and Gas .....	18.0	4.5	0.9	(16.9)	80.4
Manufacturing .....	(0.5)	(0.8)	2.2	2.7	3.7
Electricity .....	16.3	0.3	(10.2)	11.7	6.3
Water and Sewage .....	(1.6)	(1.1)	20.0	(3.2)	6.8
Construction .....	8.6	0.0	2.2	2.9	4.6
<b>Agriculture</b> .....	<b>5.7</b>	<b>4.6</b>	<b>2.8</b>	<b>3.0</b>	<b>8.4</b>
Crops .....	5.9	5.7	2.5	2.5	9.4
o/w Cocoa.....	2.6	4.3	(8.0)	(7.0)	17.3
Livestock .....	5.3	5.3	5.3	5.3	5.4
Forestry and Logging.....	4.6	3.8	1.4	2.5	1.6
Fishing .....	5.7	(5.6)	4.3	5.7	11.7
<b>Total GDP</b> .....	<b>7.3</b>	<b>4.0</b>	<b>3.8</b>	<b>3.7</b>	<b>8.5</b>

Source: Ghana Statistical Service

(1) Provisional.

### Services

Services is the largest sector of the economy, accounting for 56.2 per cent. of GDP in 2017, a small decrease from 56.8 per cent. in 2016. The services sector grew by 4.3 per cent. in 2017 as compared to growth of 5.7 per cent. in 2016. Growth was particularly driven by growth in the information and communication as well as the health and social work sub-sectors.

#### Transport and Storage

The transport and storage sub-sector accounted for 12.8 per cent. of Ghana's GDP in 2017, a decrease from the 13.3 per cent. recorded in 2016. The sub-sector grew by 0.4 per cent. in 2017 as compared to growth of 2.2 per cent. in 2016. The government attributes this slower growth in 2017 in part to lower imports through the Tema and Takoradi ports.

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

The trade, repair of vehicles and household goods sub-sector contributed 6.3 per cent. of Ghana's GDP in 2017, compared to 6.4 per cent. in 2016.

#### Hotels and Restaurants

The hotels and restaurants sub-sector contributed approximately 5.8 per cent. of GDP in 2017, compared to 5.9 per cent. in 2016. The sub-sector grew by 1.1 per cent. in 2017, compared to 0.9 per cent in 2016. The sub-sector is an important source of foreign exchange earnings. The sub-sector is a strategic area of focus in the government's accelerated growth strategy, and recent improvements are attributable primarily to increased investment. For example, Ghana's hotel industry has been rejuvenated by private investment. Recent years have shown consistent growth in international tourist arrivals, although much of the tourism is concentrated in a few areas. The main sources of tourism are other African countries, especially Nigeria, as well as the UK, Germany, the Netherlands and the United States, with Ghanaians based overseas alone accounting for a significant number of tourist arrivals. In recent years, tourists from Asian countries, particularly from Korea,

account for an increasing number of arrivals. In 2016 and 2017, Ghana had approximately 1,319.2 million and 1,448.8 million tourist arrivals, respectively.

### *Information and Communication*

Ghana's telecommunications industry consists of five privately-owned companies: MTN Ghana, Airtel-Tigo, Vodafone Ghana (in which the Republic owns 30 per cent.), Glo Mobile Ghana and Expresso Ghana. The telecommunications industry has grown significantly in recent years, resulting in growth in the information and communication sub-sector. The information and communication sub-sector accounted for 3.6 per cent. of GDP in 2017 and 3.3 per cent. of GDP in 2016. The sub-sector registered growth of 13.2 per cent. in 2017 compared to 21.7 per cent. in 2016. The total telephone subscription for both cellular and fixed lines as of September 2017 was 37.7 million, representing 131.91 per cent. telephone density. With over 17.8 million subscribers at the end of September 2017, the MTN Ghana service is the largest cellular phone service provider, followed by Airtel-Tigo, which had over 9.7 million clients as of September 2017.

### *Finance and Insurance*

The finance and insurance sub-sector contributed 8.8 per cent. of GDP in 2017 compared to 9.4 per cent. in 2016. The subsector grew by 0.5 per cent. in 2017, compared to 3.6 per cent. in 2016. The government attributes this limited growth in 2017 to distress in the banking sector. The banking sector's NPL ratio increased to 21.6 per cent. in 2017, from 17.3 per cent. in 2016, largely attributable to the downgrading of some facilities in the private sector following the completion of an asset quality review of banks' loans completed by the BoG in March 2017. NPL growth has risen most sharply in the electricity, water and gas sector, with 31.3 per cent. of total loans impaired in 2017, compared to 13.6 per cent. in 2016. In addition, the financial position of VRA, ECG and GRIDCo poses significant risks to the banking sector in Ghana. Resident commercial banks have extended substantial loans and advances to each of these companies and, as a result of this exposure, the financial strength of these state-owned companies has a material impact on the increasing level of NPLs within the banking sector. See "*Monetary and Financial System—The Financial Sector and Capital Markets—Banking Sector*", "*Role of the Government in the Economy and Privatisation—Current State of Privatisation—Energy*", "*Risk Factors—Ghana's banking sector faces challenges such as high rates of non-performing loans, which could have an adverse impact on the banking sector as a whole and may impact the economy*" and "*Risk Factors—The financial state of SOEs in the energy sector poses substantial risks to the economy*".

Financial services have seen significant development since reforms that the government initiated in 1989. This is reflected by an increased number of bank and nonbank financial institutions and product innovation, supported by an improved transactional banking infrastructure. These reforms have led to the establishment of a stock market and several other financial services that were previously unavailable. The BoG regulates the banking and non-banking financial sub-sectors, while the Ghana Securities and Exchange Commission (the "**Ghana SEC**") and the National Insurance Commission (the "**Ghana NIC**") regulate the securities and insurance markets, respectively. There are 34 licensed universal banks in Ghana. The banking sector is centred in Accra and only an estimated 58 per cent. of the population has access to formal financial facilities services, according to the PwC 2016 Ghana Banking Survey. Two banks were put into liquidation in August 2017, and the BoG took over administration of another bank in March 2018, following the banks' failure to improve their respective capital positions. See "*Risk Factors—Ghana's banking sector faces challenges such as high rates of non-performing loans, which could have an adverse impact on the banking sector as a whole and may impact the economy*". In addition to the universal banks, Ghana has a rural banking system, which includes 141 Rural and Community Banks ("**RCBs**"), licensed only for domestic banking. See "*Monetary and Financial System—The Financial Sector and Capital Markets—Banking Sector*".

### *Industry*

Ghana's industry sector contributed approximately 25.5 per cent. of GDP in 2017 as compared to 24.3 per cent. in 2016. The industry sector has faced significant challenges in recent years because of high production costs resulting from the steep cost of borrowing and the historic energy shortage, although these pressures have eased since 2016. The sector however experienced growth of 16.7 per cent. in 2017, compared to a contraction of 0.5 per cent. in 2016. The government attributes the high level of growth in 2017 to increased upstream petroleum production.

## Mining and Quarrying

Gold and other minerals account for a significant portion of export earnings. The mining and quarrying sub-sector (including oil) grew by 46.7 per cent. in 2017, compared to a contraction of 7.6 per cent. in 2016, mainly due to increased growth in oil production and oil prices. The contraction experienced in 2016 was mainly due to reduced gold production and subdued growth in oil production. The oil and gas sub-sector recorded growth of 80.4 per cent. in 2017 compared to a contraction of 16.9 per cent. in 2016. This growth was primarily attributed to increased growth in oil production and oil prices. Declining crude oil and gold prices in 2015 and 2016 had a negative impact on the economy, although prices began to recover in 2017, increasing the country's export revenues. The oil and gas sub-sector accounted for 5.6 per cent. of Ghana's GDP in 2017, an increase from the 2.1 per cent. recorded in 2016. See *"The Economy—Industry—Oil and Gas"* for a description of the Republic's oil and gas sector.

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

Ghana's gold reserves lie in the Ashanti region, including large deposits in the Obuasi mine, and in the Western and Central regions, where the mining is largely alluvial. In 2003, Ashanti Goldfields, Ghana's largest gold mining company, merged with South Africa's AngloGold to become AngloGold Ashanti Limited, now one of the largest gold producers in the world. As part of the merger, the government of Ghana, Ashanti Goldfields' second-largest shareholder, made an agreement with the new company which included an extension of the lease of the Obuasi mine to the new company until 2054 in return for, among other things, the payment of royalties to the government of 3 per cent. of revenue from operations in Ghana and the commitment to invest a significant amount of capital into the Obuasi mine in order to increase its productivity. The total value of Ghana's gold exports rose from US\$3.21 billion in 2015 to US\$4.92 billion in 2016 and US\$5.79 billion in 2017. The government attributes this increase to the effect of both rising gold prices and increased production in recent years. In February 2018, AngloGold Ashanti Limited re-announced that it would redevelop the Obuasi mine, which has been in a limited operating phase since 2014, due to its elevated cost base in comparison with the gold price.

In addition to its gold production, Ghana exports manganese. The total value of manganese exports increased by 61.4 per cent. in 2017 to US\$161.79 million, due to the completion of expansion works at the main port which had slowed down the export of manganese in previous years. Ghana Manganese Company Limited is one of the primary providers of manganese mining services in the Republic.

Bauxite and aluminium ore are also important mineral exports. The mineral is used to produce aluminium ingots. Bauxite comprised approximately 0.4 per cent. of Ghana's exports by value in 2017, compared to 0.3 per cent. in 2016. Bosai Minerals Group Co., Ltd., a Chinese company, owns 80 per cent. of Ghana Bauxite Company Limited. Ghana Bauxite Limited decreased its bauxite exports in 2013 due to the company's decision to haul ore by road instead of by rail.

In 2017, Ghana's diamond exports totalled approximately 86,780 carats, an increase from 53,070 carats in 2016. Ghana's diamonds are mainly utilised for manufacturing. Much like the gold mining industry in Ghana, the diamond mining industry is predominantly foreign owned, and thus, Ghana's revenues from increased diamond exports are derived mainly from royalties and taxes.

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

	2013	2014	2015	2016	2017
Gold (thousands of ounces) .....	3,520.06	3,466.36	2,761.84	3,843.44	4,614.66
Manganese (thousands of tonnes).....	1,974.84	1,234.24	1,197.05	2,056.36	2,806.86
Diamonds (thousands of carats).....	122.62	203.61	115.73	53.07	86.78

Source: BoG

## Electricity

The electricity sub sector registered a slower growth of 6.3 per cent. in 2017 compared to a growth of 11.7 per cent. in 2016 which was driven by expansion in the power generation capacity by almost a 1,000 MW and the resolution of most of the fuel supply bottlenecks.

Historically, hydroelectricity was the primary source of power generation in Ghana. However, Ghana now generates approximately two-thirds of its power from thermal power generation plants which are fuelled by gas, LCO, HFO, or DFO, with the remaining third from hydro sources. Renewable energy accounts for less than 0.5 per cent. of Ghana's power generation. Whilst Ghana has in the past experienced disruptions to its supplies of gas and LCO, the fuel supply risk has reduced significantly in recent years due to the increased domestic production of natural gas, with the commencement of production from the TEN and Sankofa gas fields. Almost all of Ghana's thermal power plants have been configured to take both liquid and natural gas, and all new power plants are required to be dual-fuel power plants, improving the plants' gas offtake capacity. Ghana's ability to increasingly source domestically produced natural gas reduces the need to rely on costly imports of LCO and diesel fuel which reduces exposure to price fluctuations on the international market. The government will continue to pursue its objective of optimising the installed generation capacity of the country to meet the growing demand for electricity, whilst gradually diversifying the energy mix towards renewable energy sources (solar, wind and nuclear) in the medium term, whilst pursuing low cost power delivery to the consumers.

The following table shows the breakdown of Ghana's energy generation by source for the years indicated:

	2013	2014	2015	2016	2017 <sup>(1)</sup>
			(GWh)		
Hydro.....	8,233	8,387	5,845	5,560	5,406
Thermal.....	4,635	4,572	5,644	7,390	7,387
o/w LCO-Gas.....	3,744	2,812	3,978	3,720	3,720
o/w Gas.....	890	1,565	1,432	1,577	1,577
o/w HFO.....	0	0	64	1,855	1,855
o/w DFO.....	0	195	170	238	238
Solar.....	3	4	3	29	29
<b>Total</b>	<b>12,871</b>	<b>12,963</b>	<b>11,492</b>	<b>12,979</b>	<b>12,822</b>

Source: Ghana Energy Commission

(1) Provisional

SOEs in the energy sector, including VRA, GRIDCo, ECG and TOR, have in the past struggled to effectively manage their legacy debts, affecting their access to both bank and supplier credit, impacting their operational efficiency and consequently placing these entities into financial distress. See "*Risk Factors—The financial state of SOEs in the energy sector poses substantial risks to the economy*". To address these challenges, the ESLA was passed in December 2015, with collections beginning in 2016. The ESLA was enacted to consolidate existing energy sector levies, including introducing a consumption tax on fuel, to ensure prudent utilisation of proceeds generated from the levies, impose a price stabilisation and recoveries levy and facilitate investments in the energy sector. The government also introduced the ESLA Bond Programme, a domestic bond programme designed to restructure GHS10 billion of identified legacy power sector SOE debt using levies introduced by the ESLA. See "*Role of the Government in the Economy and Privatisation—Current Status of Privatisation—Energy*".

Ghana has made significant investments in its power generating infrastructure and has increased its installed power capacity to approximately 4,600 MW as at 31 December 2017 (including power plants operated by independent power producers). Dependable capacity is approximately 4,200 MW, and estimated peak demand for power is approximately 2,400 MW, allowing a cushion for planned shutdown maintenance or repairs of generating plants. The government is targeting 5,000 MW dependable generation capacity by 2020. In the last four years, 4,289 communities have been connected to the national grid. This has increased access to electricity in Ghana from 72.0 per cent. at the end of 2012 to 83.6 per cent. as of December 2017, the highest in West Africa and second only to South Africa in Sub-Saharan Africa. In 2018, an additional 1,796 communities will be connected to the national grid under the Rural Electrification Programme.

The following table shows the breakdown of Ghana’s installed energy capacity by source for the years indicated:

	2015	2016 (MW)	2017 <sup>(1)</sup>
Hydro.....	1,580	1,580	1,580
Thermal.....	1,592	2,172	2,927
o/w LCO-Gas.....	1,142	1,272	1,272
o/w Gas.....	200	630	810
o/w HFO.....	250	225	820
o/w DFO.....	0	25	25
Solar.....	2.25	23	23
<b>Total</b>	3,174	3,795	4,550

Source: Ghana Energy Commission

(1) Provisional

In order to optimise the current excess generation capacity, the government is working on increasing exports to Benin, Cote d’Ivoire and Togo, as well as ongoing arrangements in relation to supplying the West African Power Pool (“**WAPP**”), which will cover Liberia, Nigeria and Sierra Leone. The government is also reviewing and renegotiating previously signed PPAs, in order to reschedule project commencement dates to synchronise with its medium-term power supply plan and mitigate fixed cost exposures of the PPAs. However, significant on going investment in the transmission and distribution infrastructure is necessary in order for the electricity and water sub-sector to continue to grow sustainably. The government has as a result commenced various transmission and distribution system improvement projects, including the construction of additional transmission lines and primary substations to improve the power distribution systems and provide more efficient service delivery.

In addition, Ghana has plans to increase aluminium production in 2018 and in the medium term, via Volta Aluminium Company (“**VALCO**”), an aluminium company wholly owned by the government of Ghana. VALCO currently operates a single pot line, employing 532 persons and produced 40,500 tonnes of aluminium in 2017. In 2018, an additional 75MW of hydro power will be allocated to VALCO to enable it expand production to two pot lines, and the additional power will enable VALCO double its output to 81,500 tonnes per annum. In addition, VALCO will be able to employ a further 200 people, which is anticipated to also create around 1,000 jobs in the downstream industries such as Aluworks, Western Rods and Allied Industries, and a proposed LED manufacturing venture which will use aluminium from VALCO will create an additional 330 jobs.

The government also plans to commence building its first nuclear power plant within the next ten years. The government is currently targeting that the plant’s first unit will be operational in 2027 and the second unit will be operational in 2030. When fully operational, the plant is expected to generate approximately 2,000 MW of power. Furthermore, the government is seeking to improve fuel supply by investing in liquefied natural gas (“**LNG**”) to augment limited domestic supplies of gas and unreliable supplies from the WAGP. Ghana National Petroleum Corporation has signed an agreement with TLNG a consortium made up of Gazprom Marketing and Trading Ltd (the world’s largest supplier of natural gas with the largest natural gas reserves in the world), Helios Investment Partners (the largest investment firm in Africa with over \$3 billion in capital commitments), Gasfin Development (a global leader in cryogenic tank design and currently involved in six regasification projects) and Blystad Energy Management (a Norwegian firm focused on developing and managing marine power projects that require LNG as a fuel source). This agreement covers the construction and operation of a floating LNG storage, regasification and delivery facility on a build, operate and transfer basis, which will be moored offshore Tema. The project is going through preparatory works to commence in 2020.

Ghana’s Energy Commission (the “**Energy Commission**”) is the licensing authority for service providers in the electricity and downstream natural gas sectors. The Energy Commission Act, 1997 (Act 541) requires all operators in the wholesale supply, transmission or distribution of electricity or natural gas obtain a licence from the Energy Commission, and defines penalties for any person who provides any such service without a licence from the Energy Commission. The Public Utilities Regulatory Commission (“**PURC**”) determines tariffs for both electricity and water, with the objective of full cost recovery. However, tariff collection remains a challenge in the sub-sector as many consumers, including public enterprises, accumulate arrears or



take advantage of unbilled consumption. The sector's failure to adjust utility tariffs to reflect market prices has in the past significantly restricted the government's objective of financial self-sustainability in the energy sector. In December 2015, PURC approved an electricity tariff increase of 59.2 per cent. across all customer categories. The approved water tariff increase for residential consumers was approximately 67.2 per cent. The adjustment in tariffs was largely driven by a shift in the source of power generation and increasing dependency on thermal power generation, which greatly impacted on the cost of electricity generation supplied by the utility service providers. The PURC, following consultations with its stakeholders, recently approved a power tariff reduction with effect from 1 April 2018, to support the business and industrial sectors whilst ameliorating the impact of the last tariff hike on residential users. As a result, residential, non-residential, mining and Special Load Tariff consumers now enjoy a 17.5 per cent, 30 per cent, 10 per cent. and 25 per cent. reduction respectively.

### *Water and Sewage*

In 2017, 89.0 per cent. of the population had access to an adequate amount of water from an improved source, such as from a household connection, public standpipe, borehole, protected well and spring or rainwater collection. Approximately 19.0 per cent. of the population has access to modern sanitation. The water and sewage sector of the economy registered growth of 11.9 per cent. in 2017, compared to a contraction of 5.4 per cent. in 2016, with the growth in 2017 largely due to government interventions to expand access to portable water.

The Ghana Water Company Limited (“GWCL”) is the main distributor of piped water in Ghana. GWCL was established on 1 July 1999 following the conversion of Ghana Water and Sewerage Corporation into a state-owned limited liability company. GWCL has the sole mandate to supply piped water in Ghana.

In 2017, several capacity expansion projects were initiated and implemented to meet the growing water needs of the urban population of Ghana. These projects, which include the Akim Oda, Akwatia and Winneba Water Supply Project, Sogakope-Lome Water Supply Project, Greater Accra Metropolitan Area Sanitation & Water Project and some Pipeline Replacement, Reservoir Maintenance and Water Treatment Plant Repair Works, are expected to be completed by 2019. Also, to improve automation and collection of water bills in Ghana, in 2017, the GWCL implemented an online system where customers receive their water bills as SMS or e-mail and payment can be made through existing GWCL payment points, Mobile Money, partnered banks and other mobile payment portals.

In 2017, the Ministry of Sanitation and Water Resources, through the Water Resources Commission, undertook public awareness and education campaigns to sensitise the public on the proper use of water resources. Over 170 water managers and practitioners in 18 districts in the Central, Northern, Upper East, Upper West and Volta regions were trained on water conservation and protection. The Dam Safety Regulations LI 2236 was adopted to support the development, management, commissioning and decommissioning of diverse water storage facilities throughout the country and is expected to enhance the implementation of the government's “One Village One Dam” initiative. In addition, the Ministry continued with the management of the 10.2km buffer zone created in the White Volta basin to protect, conserve and sustain fresh water resources.

The Ministry is working on the completion of the 1,000 ongoing borehole projects and has also initiated the construction of an additional 2,000 boreholes across the country as part of the drive to get closer to government's goal of ‘Water for All’.

### *Oil and Gas*

*Discovery.* Since its discovery of oil and gas in June 2007 and Ghana's emergence as a viable oil and gas producer in 2010, the oil and gas industry has become an increasingly significant sector of Ghana's economy. The Republic currently has approximately 23 offshore oil and gas discoveries, which are at different stages of appraisal and development, and commercial oil reserves estimated at 2.0 billion barrels and proven oil reserves of approximately 840.35 million barrels as at 31 December 2017. Ghana has commercial gas reserves estimated at 2 trillion cubic feet as at 31 December 2017.

The government began commercial gas production in November 2014, and the government allocates all extracted gas for domestic consumption. In June 2007, UK-based firm Tullow and its US partners, Kosmos

Energy Ltd. and Anadarko Petroleum Corporation, announced the discovery of Jubilee Field. Jubilee Field development began in July 2009, after the government’s approval of the Jubilee Phase I Plan of Development. Jubilee Field oil production began on 28 November 2010, and, the field’s official commission date was 15 December 2010. Tullow, the operator of the Jubilee Field, currently holds a 35.48 per cent. stake in the Jubilee Field, with Ghana’s state-owned Ghana National Petroleum Corporation (“GNPC”) holding 13.64 per cent., investment group Kosmos holding 24.07 per cent., Anadarko Petroleum Corp. holding 24.07 per cent. and PetroSA holding 2.73 per cent. The first consignment from the Jubilee Field was 650,000 barrels, which sold above US\$90 per barrel on the world market in January 2011. From 2011 to the end of December 2017, the operator extracted a total of 221,660,786 barrels of crude oil from the Jubilee Field. The following table sets out the average daily oil production and total production from the three producing fields for 2011 through 2017.

Year	Budget		Actual		Variance of Total
	Bopd	Total	Bopd	Total	
2011.....	84,737	30,929,005	66,290	24,195,895	(6,733,110)
2012.....	90,000	32,850,000	71,997	26,351,278	(6,498,722)
2013.....	83,341	30,419,465	99,685	35,587,558	5,168,093
2014.....	93,029	33,955,644	101,976	37,201,691	3,246,047
2015.....	102,033	37,242,186	102,498	37,411,661	169,475
2016.....	94,892	34,635,580	88,245	26,981,640	(7,653,940)
2017.....	120,208	43,875,920	160,711	58,659,515	14,783,595

Source: Ministry of Finance

Ghana’s oil exports amounted to US\$3.02 billion in 2017 and US\$1.35 billion in 2016. The government’s revenues from crude oil extractions and other petroleum receipts increased to US\$540.41 million in 2017 from US\$274.18 million in 2016, primarily as a result of increased production from all three producing fields. The Jubilee Field experienced disruptions to production in 2016 and it did not reach its target production levels of 120,000 barrels per day. Oil production from the Jubilee Field in 2017 amounted to 32,749,990 barrels. This was higher than the 2017 Budget projection of 25,398,525 and the 2016 production of 26,981,640. The average daily oil production for the year was 89,726 barrels, compared with 73,720 barrels in 2016. The average Jubilee crude oil price achieved for 2017 was US\$54.43 per barrel, compared to US\$46.07 per barrel in 2016.

In March 2009, GNPC partners discovered an additional large oil field, the TEN field. In August 2016, Tullow, the operator of the TEN fields, announced that oil production had commenced at the TEN fields on time and on budget, three years after the planned development was approved by the government in 2013. The TEN oil project is located in the Deepwater Tano Block, 60 kilometres offshore of Ghana and approximately 30 kilometres west of the Jubilee Field. The TEN field straddles an area which is close to the Côte d’Ivoire maritime border. Gas production came to a standstill on the TEN field following the maritime border dispute between Ghana and Côte d’Ivoire, which was resolved in Ghana’s favour in September 2017. Drilling recommenced in late 2017, given the positive resolution of the maritime dispute over the area by the International Tribunal for the Law of the Sea (“ITLOS”). Tullow and its partners, Anadarko Petroleum, Kosmos Energy and GNPC, have invested more than US\$4.0 billion in the project. In 2013, GNPC and its partners discovered two new fields containing oil, gas and condensate. Since the discovery of the Jubilee Field, the GNPC and its partners have discovered 23 further oil fields. In addition, the government is currently working on the Sankofa-Gye Nyame project, which it projects to have 162 million barrels of oil and 1.4 trillion cubic feet of gas. The Sankofa-Gye Nyame fields came on stream in August 2017, with first production expected from the new fields developed under the Greater Jubilee Full Field Development Plan expected in 2018. In anticipation of the development and subsequent production from the TEN Fields and Sankofa-Gye Nyame Fields, work is on-going to interconnect the Western Corridor Gas Infrastructure (WCGI) with the TEN FPSO (Prof. John Evans Atta-Mills), the WAGP and, the construction of a compressor station at Sanzule in order to support the increase in raw gas volumes and facilitate the movement of gas from the West to the East of Ghana. In addition, in October 2017 the government approved the Greater Jubilee Full Field Development Plan, allowing for the integrated development of the Jubilee field with nearby discoveries at the Teak and Mahogany fields. The newly integrated fields are expected to deliver approximately 60 million barrels of oil and 100 billion cubic feet of gas, with first production expected in 2018 and a projected lifespan of 20 years.

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

In 2011, Ghana entered into a US\$3 billion loan agreement with the CDB to finance the development of key infrastructure, including for the country's oil industry. The CDB loan was divided into two tranches of US\$1.5 billion each. In 2014, the government decided to cap the facility at US\$1.5 billion due to delays in disbursements and disagreements regarding the terms of the loan. Currently, the government has drawn US\$922 million of the loan, the proceeds of which have been used for a gas infrastructure project, which was completed in 2014, and for enhanced ICT surveillance of the oil and gas corridor project. See "*The Republic of Ghana—International Relations—Asia Relations*". The terms of the loan agreement provide, among other things, that the government will repay the loan from oil revenues earmarked for the annual budget.

In 2011, oil displaced cocoa as Ghana's second-most valuable export, with shipments worth US\$2.78 billion. According to the US Energy Information Administration, as of 2017, Ghana was ranked as the world's 38<sup>th</sup> largest producer of petroleum and the world's 41<sup>st</sup> largest country for proven reserves. The government intends to ensure increased local refining capacity in order to meet both domestic demand as well as exports. To that end, the government is currently working on developing its refining capacity.

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

Ghana was recently involved in a dispute with Côte d'Ivoire over maritime boundaries around the TEN fields. In 2014, the parties submitted the dispute to ITLOS for resolution. In May 2015, a special chamber of ITLOS issued an interim order under which Ghana may continue to develop offshore projects in the disputed area, but may not commence new drilling. Ghana filed a memorial at ITLOS in September 2015 and, in April 2016, Côte d'Ivoire filed a counter-memorial. In September 2017, ITLOS ruled in favour of Ghana on the maritime border dispute with Côte d'Ivoire. The Government of Ghana expects the clarity provided by the ITLOS ruling will have some positive impact in attracting foreign direct investment into Ghana's oil and gas sector.

*Refining.* Notwithstanding its recent discovery of oil, Ghana exports all its petroleum products and continues to rely on imports of crude oil and refined products to supply domestic demand for petroleum products and thermal power. Before 2011, TOR secured a greater percentage of its crude oil from Nigeria through a bilateral take-or-pay agreement that offered high quality crude oil at market prices, subject to preferential payment terms. The remainder of TOR's crude inputs came from oil-marketing companies or market traders, who import crude oil through competitive tender organised until recently by the National Petroleum Tender Board. Imported refined petroleum then supplied the remainder of the domestic market, based on competitive tender. Ghana imports most of its refined petroleum products. Currently, Ghana utilises approximately 100,000 barrels of refined oil products per day, of which approximately 67 per cent. is imported from abroad, with the remaining 33 per cent. refined domestically.

TOR suspended operations in July 2012 to undertake repair works to its main plant, which broke down as a result of challenges with power supply. TOR's operations have also been restricted by severe liquidity challenges for many years and it has incurred heavy losses. After securing approximately three-quarters of a US\$67 million facility from the government as part of its Plant Sustainability and Profit Enhancement Programme, the state refinery had operations with capacity to refine 30,000 barrels of crude oil per day. Beginning in 2014, however, TOR ceased refining crude oil and only recommenced limited commercial operations in February 2016. TOR subsequently ceased operations for turnaround maintenance in March 2017, and has yet to recommence operations. The government intends to increase TOR's refining capacity to 60,000 barrels of crude oil per day.

### *Regulatory Framework.*

The Petroleum (Exploration and Production) Act, 2016 (Act 919) (the “**Petroleum Act**”) provides the framework for petroleum management, development and exploration. The Petroleum Act requires oil contracts and permits to be published under a petroleum register. A petroleum register has been established and 17 active oil contracts and all permits issued to date have been published. The Petroleum Act also requires a combination of methods for allocating petroleum rights, including open and competitive methods and direct negotiation. In line with the Petroleum Act, the government plans to conduct bidding rounds in 2018 and mid-2019 to allocate more petroleum rights to interested parties in line with its exploration strategy. This is intended to increase the prospects of commercial discoveries of oil and gas, to replace depleting reserves.

The government established the Petroleum Commission in 2011 to regulate, monitor and manage petroleum activities and petroleum resources, and to coordinate the policies relating to petroleum. The GNPC is a state-owned company mandated by government to contract with private oil exploration companies, and in the current production sharing model, the GNPC, the government and oil companies are each parties to oil production contracts. The government and private companies operate the Jubilee Field under a joint venture structure. Tullow is the field operator for oil production; however, the government is a member of committees that oversee Tullow’s operations through GNPC.

Ghana’s petroleum industry has two fiscal regimes: a royalty and tax regime, and a production sharing regime between the government and investors. Under the royalty and tax regime, the Republic charges private oil companies corporate income tax on income (35 per cent. per the Income Tax Act), and royalties on gross oil production. The production-sharing arrangement between the government and the Jubilee Field partners provides that the GNPC receives a 10 per cent. carried interest and a 3.6 per cent. participation interest in the oil production, bringing the government’s total equity interest to 13.6 per cent. For TEN, GNPC receives a 10 per cent. carried interest and a 5 per cent. participation interest in the oil production, bringing the government’s total equity interest to 15 per cent. GNPC’s share in the Sankofa field comes to 20 per cent, made up of 15 per cent. carried interest and 5 per cent. participating interest. In addition, the government has introduced a special petroleum tax on specified petroleum products, to bring Ghana’s petroleum taxes more in line with the international practice. In 2016, the government deregulated ex-pump fuel prices and allowed ex-pump fuel prices to be determined by the market. As a result, the government has ceased to provide fuel price subsidies, however, the ESLA maintains a price stabilisation mechanism intended to stabilise fuel prices funded by a price stabilisation recovery levy.

The Ghana Revenue Authority (“**GRA**”) is responsible for collecting all petroleum revenues. The GRA’s estimates of oil revenues follow a rule-based approach, with spendable revenue calculation based upon a seven-year moving average of oil prices and three-year moving average of production. The government manages its oil wealth by transferring to the GNPC an amount not exceeding 55 per cent. of the net cash flow from its share of the carried and participating interests after deducting the equity financing cost, on an annual basis and subject to parliamentary approval. From 2011 to 2013, it transferred 40 per cent., and from 2014 to 2016 and 2016 to 2017, it transferred approximately 30 per cent. The government allocates 70 per cent. of the remaining net receipts to the annual budget. In 2017, the government allocated US\$182.0 million to the GNPC and US\$169.5 million to its annual budget. In 2011, Parliament passed the Petroleum Revenue Management Act, 2011 (Act 815) (the “**PRMA**”) (as amended), establishing the Ghana Heritage Fund and the Ghana Stabilisation Fund for the purpose of receiving 30 per cent. of net oil receipts after allocating such receipts to the government’s budget. Of the remaining 30 per cent. of net oil receipts, the Ghana Heritage Fund receives approximately 30 per cent. (9 per cent. of total net oil receipts) for future generations, and the Ghana Stabilisation Fund receives the remaining 70 per cent. (21 per cent. of total net oil receipts). The government established the Ghana Stabilisation Fund to sustain public expenditure capacity in periods of petroleum revenue shortfalls. The government established the Ghana Heritage Fund as an endowment to support the welfare of future generations. In 2017, the government transferred US\$61.15 million to the Ghana Heritage Fund, and the fund’s book value at the end of 2017 was US\$344.79 million. In 2015, the government capped the Ghana Stabilisation Fund at US\$150 million, which it increased to US\$200 million in the 2016 Budget Statement and subsequently increased to US\$300 million in the 2018 Budget Statement. In 2015, the government transferred US\$15.2 million to the Ghana Stabilisation Fund and withdrew US\$125.0 million from it which was allocated to the contingency fund, the annual budget funding amount (“**ABFA**”) and the Sinking Fund. The contingency fund was established in May 2014 to meet unforeseen

expenditures, such as natural disasters (the “**Contingency Fund**”). The book value of the Ghana Stabilisation Fund at the end of the 2017 was US\$353.0 million. The government expects to use any excess over the cap to continue funding the Sinking Fund and Contingency Fund to support government debt repayments and natural disasters, respectively. See “*Public Debt—Debt Management*”. In August 2016, the government applied US\$63 million credited to the Sinking Fund account to partially fund the purchase by Ghana of its US\$750 million 8.5% Notes due 2017 pursuant to the tender offer carried out in July 2016.

The following table shows receipts and disbursements of the two petroleum funds for 2017:

	Year Ended 31 December 2017	
	Stabilisation Fund	Heritage Fund
	(US\$ millions)	
Opening Balance.....	207.75	276.96
Receipts .....	142.68	61.15
Income from Investments .....	2.63	6.70
Bank Charges.....	0.06	0.02
Closing Book Value.....	353.00	344.79

Source: Ministry of Finance

There were no disbursements from the Ghana Stabilisation Fund in the first three months of 2018.

### *Manufacturing*

Among Sub-Saharan African countries of its size, Ghana has a relatively broad and diverse industrial base, covering aluminium smelting, timber and agricultural processing, brewing, cement manufacturing, oil refining, textiles, electronics and pharmaceuticals. In the early 1980s, only one fifth of industrial capacity in Ghana’s factories was in use. Manufacturing production improved through the 1980s and 1990s, but contracted in 1998 after being hit by energy shortages that forced most factories to run below capacity. Steel and aluminium producers, who rely heavily on power supplies, were hit particularly hard. There was a significant rebound in 1999 and 2000, but manufacturing growth slowed again in 2001. Since 2008, manufacturing growth has fluctuated in part due to frequent energy shortages and competition from less costly imports. In 2017, the manufacturing sub-sector contributed 4.5 per cent. of GDP, compared to 4.6 per cent. in 2016.

### *Construction*

Construction is another important industry sub-sector, contributing 13.7 per cent. of GDP in both 2016 and 2017. The sub-sector grew by 4.6 per cent. in 2017 compared to 2.9 per cent. growth in 2016. The recent volatility in the sub-sector is primarily due to the energy supply crisis experienced in recent years, as well as exchange rate pressures. The sub-sector comprises roads, highways and bridges, coastal works and housing. Road construction has been significant in recent years, as many of Ghana’s roads are being rehabilitated and a number of new roads are being built. Approximately 30 per cent. of Ghanaian roads are currently paved. Construction to expand airport capacity with a view towards increasing passenger and freight handling is expected to increase, primarily as a result of government efforts to promote such investments, see “—*Infrastructure*”.

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

### *Agriculture*

The agricultural sector of Ghana’s economy has decreased in significance in recent years, accounting for 18.3 per cent. of GDP in 2017 and 18.9 per cent. of GDP in 2016 and employing around 35.9 per cent. of the estimated workforce according to the 2015 Ghana Labour Force Survey. Cocoa beans are the major export crop, accounting for approximately 14.2 per cent. of export earnings in 2017, followed by non-traditional

products such as horticulture, fish and pineapples. Ghana's agricultural sector experienced growth of 8.4 per cent. in 2017, compared to growth of 3.0 per cent. in 2016.

Ghana Statistical Service is planning to carry out a new agricultural census in four phases, which it expects to complete by end 2018 (the preliminary phase of which it has already completed), which the government will use as the basis for GDP figures in the sub-sector going forward.

### *Crops*

Crops are one of Ghana's most significant agricultural sub-sectors, accounting for 14.2 per cent. of GDP in 2017. While Ghana's crops have traditionally been used for domestic consumption, they may contribute to non-traditional exports and therefore may become a key element of accelerating overall economic growth. Ghana's most important crops have traditionally included corn, rice, yams, cassava and other root crops. More recently, Ghana has focused on the production of higher income-generating crops such as mango, pineapple, bananas and cashews, raising Ghana's non-traditional exports from US\$1.08 billion in 2009 to US\$2.46 billion in 2016. Ghana has converted most of its pineapple production to the variety popular in Europe and is now the fourth-largest supplier of high-end pineapples to Europe. Ghana's banana exports have also increased in recent years, from 64 million kilograms in 2010 to 108 million kilograms in 2016, and Ghana is positioned to increase these exports further, as the World Trade Organisation recently mandated a change in EU banana-import rules, which previously favoured bananas from Latin America and the Caribbean. Multinational firms (including Dole, the world's largest fresh produce company) have invested in local businesses to ensure their ability to source high-quality produce from Ghana. The Ministry of Food and Agriculture's Horticultural Export Industry Initiative and related horticultural programmes funded by a number of Ghana's development partners also contribute to increasing the competitiveness of Ghana's agricultural exports. However, any significant increase in agricultural exports will require the establishment of a food grading system and the construction of inland handling facilities and holding facilities at ports to keep produce fresh for export.

### *Livestock*

Livestock as an agricultural sub-sector accounted for 1.1 per cent. of GDP in 2017. Livestock production is limited due to poor grazing vegetation and because it is not as lucrative as other agricultural ventures. Cattle farms are mainly owned by commercial farmers while other farms, such as those for sheep and pigs, are predominantly owned by smaller local farmers. GDP figures for livestock in the agriculture sector have been based on a census that the government carried out in 1996.

### *Cocoa*

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

Cocoa production reached an all-time high in 2010/2011 of 1,012,839 tonnes, which helped Ghana to consolidate its position as the world's second largest cocoa producer, behind neighbouring Côte d'Ivoire. In 2013/2014, production increased slightly compared to the previous season due to decrease in pests and diseases and increased use of subsidised fertilisers. Production decreased in volume terms in 2014/2015, primarily because of poor weather conditions, including severe droughts experienced in the West African sub-region, which accounts for about 75 per cent. of the crop globally. This prompted a global rise in cocoa prices, resulting in a net benefit for Ghana, despite a decrease in production. In the 2016/2017 crop year, cocoa production increased by 24.6 per cent. to 969,510 tonnes, from 778,044 tonnes in 2015/2016. Cocoa prices on the world market witnessed an almost 40 per cent. decrease to approximately US\$1,800 per tonne between June 2016 and December 2017. This was primarily due to an increase in global supply of the crop, especially in Cote d'Ivoire. The producer price for Ghana's cocoa in the 2016/2017 crop year increased by 11.8 per cent. to GHS7,600 per tonne. The total value of cocoa bean exports in 2017 was US\$1.95 billion, comprising 14.2 per cent. of the value of Ghana's exports, compared to US\$1.92 billion and 17.3 per cent., respectively, in 2016.

In October 2017, Ghana and Cote d'Ivoire announced their intention to work together to address the unfavourable global cocoa pricing regime and reduce the vulnerability of both nations to the volatility of the cocoa markets. See "*Risk Factors—Ghana's economy is largely dependent on commodities such as gold, cocoa and more recently oil, and volatility in the production or prices of these commodities could adversely affect Ghana's economy*". In addition, the AfDB has agreed to work with both countries to establish a Cocoa Market Stabilisation Fund and a Cocoa Exchange Commission for managing cocoa production, as well as Cocoa Industrialisation Fund to further grow the cocoa industry. In line with this, the AfDB is considering a US\$1.2 billion loan to establish the funds, as well as tackle the cocoa swollen shoot virus, build modern storage and warehousing facilities and promote processing and consumption.

Ghana's cocoa production is regulated by the Cocobod, an organisation separate from the Ministry of Food and Agriculture that is wholly owned by the government. Cocobod licenses privately owned entities to purchase cocoa from farmers directly on its behalf for commission. Cocobod is responsible for assuring the quality of the product. To ensure the high quality of Ghana's cocoa exports, Cocobod oversees agronomic practices and regulates the use of pesticides and fertilisers. In addition, Cocobod sets the producer prices for cocoa farmers and, through a subsidiary, oversees the marketing of Ghana's cocoa.

Cocoa prices have fluctuated significantly in the past and may fluctuate in the future. According to the ICCO, the average monthly cocoa price reached a peak of US\$3,345.65 per tonne in December 2015, but has since gradually declined to US\$2,287.80 per tonne in December 2016 and US\$1,917.68 per tonne in December 2017. For the 2017/2018 crop season, the government, through Cocobod, decided to maintain the producer price of cocoa at GHS7,600 per tonne, despite the recent decline in international cocoa prices. Although Cocobod has utilised a stabilisation fund to implement this price-stabilisation policy, the decline in international cocoa prices below the maintained producer price has resulted in the depletion of this fund.

The operations of Cocobod are funded through the receipt of a percentage of the revenue received from cocoa exports, but any profits after covering expenses are passed on to the government in the form of export taxes. Cocobod has steadily raised producer prices in recent years to encourage continued production levels, and seeks to ensure that farmers retain at least 70 per cent. of the net revenue from the cocoa they produce. However, this has resulted in reduced profits being generated and passed on to the government. In September 2017, Cocobod entered into a US\$1.3 billion loan agreement with international banks to finance seasonal purchases for cocoa for the 2017/2018 season and expects a similar US\$1.3 billion financing in September 2018 for the 2018/2019 season.

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

	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
Cocoa Production <sup>(1)</sup> (tonnes) .....	835,467	896,916	740,254	778,044	969,510
Cocoa Exports (tonnes).....	663,562	693,473	644,105	624,517	635,167
Producer Prices (hundreds of GHS per tonne)....	3,392	5,520	5,600	6,800	7,600
Average Price of Exports (US\$ per tonne) .....	2,463	2,524	3,022	3,015	3,061
Cocoa Beans Processed (thousands of tonnes) ...	230	252	240	207	252

Source: Ministry of Finance / International Cocoa Organisation.

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

### Forestry and Logging

In recent years, forest reserve depletion has become a concern in Ghana, and the government has confronted conflicting policy decisions in its goal to preserve forests and its need to export timber for hard currency. In 2001, the government launched a National Forest Development Programme in order to halt depletion and restore the depleted forest cover, and the government's subsequent efforts to conserve some of the nation's virgin forests led to an embargo on timber and timber products export. Between 2010 and 2012, the government implemented various forest plantation programmes, including planting seedlings on over 12,300 hectares of land and planting trees on around 3,700 hectares of land. These initiatives created over 10,000 full time jobs and contributed to the sub-sector's growth. In 2017, the sub-sector registered growth of 1.6 per cent., compared to growth 2017 of GDP of 2.5 per cent. in 2016.

## *Fishing*

In Ghana's fishing sub-sector, marine fishing is more important than inland fishing. Ghana possesses a total coastline of 539 kilometres with an exclusive economic zone of 200 nautical miles. Although the fish catch has been rising in recent years, it is still insufficient to satisfy national demand. Nonetheless, some of the catch, such as tuna and shrimp, are exported. In 2017, the fishing sub-sector recorded growth of 11.7 per cent., compared to 5.7 per cent. in 2016.

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

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

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

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

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

- State Insurance Company Limited;
- GOIL Limited;
- GCB; and
- Agricultural Development Bank of Ghana

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

- West Africa Mills Company;
- Tema Steel Company (formerly GIHOC Steel);
- Ghana Agro-Food Company (formerly TFCL);
- The Coca-Cola Bottling Company of Ghana Limited (formerly GIHOC Bottling);
- Suhuma Company Limited (formerly known as Gliskten West Africa Company); and
- Ghana Oil Palm Development Company Limited.



The overall strategy for developing a viable and competitive private sector is to develop a business friendly environment among public sector agencies, with the aim of fostering an enabling environment attractive to, and supportive of both domestic and external investors. The key focus areas are as follows:

- reducing the high cost of doing business, and
- resolving the energy constraints for business by ensuring reliability, cost competitiveness, and establishing reliable energy supply for industrial enclaves and zones. Other initiatives to complement the above key focus areas are to lower the overall tax burden on business and to institute new incentive packages targeting agro-processing, pharmaceuticals, and light manufacturing especially garments and textiles.

To create a globally competitive private sector environment, specific interventions will be pursued with the aim of achieving the following:

- enhancing the business enabling environment;
- promoting public-private sector dialogue;
- improving business financing;
- supporting entrepreneurship and SME development;
- promoting export development;
- enhancing domestic trade; and
- ensuring consumer protection.

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

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

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

The first divestitures under the privatisation programme were completed in 1990 and 1991. Between 1990 and 2017, the DIC has completed 372 divestitures. In recent years the divestiture process has slowed down, primarily because the few SOEs that remain to be privatised would require extensive preparation involving major restructuring and in some cases redefinitions of mandates. Beginning in 2012, the government commenced several divestitures, including Gihoc, Bolgatanga Meat Company, Bolgatanga Catering Rest House, Subri Industrial Plantation Limited and Gama Film Industry Limited. The DIC has successfully privatised Subri Industrial Plantation Limited and Gama Film Industry Limited, and plans to divest the assets of the remaining three companies in the near future. Government policy is to divest the assets of the remaining SOEs when there is no longer a public policy need for the government to be a shareholder. As of December 2017, there were three SOEs, being Aboso Glass Company, Bonga Tyre Factory and Ereddec Hotel

(Koforidua), which the government wishes to continue to own, due to the strategic nature of the assets these SOEs hold.

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

### Banking

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

<b>Banking Institution</b>	<b>Government Ownership</b>
GCB Bank ( <i>formerly Ghana Commercial Bank</i> ) .....	21.36%
National Investment Bank .....	52.58%
Agricultural Development Bank of Ghana.....	32.30%

*Source:* Ministry of Finance

In 2012, the government announced its intention to reduce its participation in the banking sector and to create increased opportunity for private sector investment. In line with this policy, the government's stake in GCB Bank has dropped from 32 per cent. to 21.4 per cent., with the government allowing its position to be diluted through the lapse of its pre-emptive rights. For more information on the banking sector in Ghana, see "*Monetary and Financial System—The Financial Sector and Capital Markets—Banking Sector*".

### Energy

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

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

Historically, SOEs in the energy sector, including VRA, GRIDCo, ECG and TOR, have struggled to effectively manage their legacy debts, affecting their access to both bank and supplier credit, impacting their operational efficiency and consequently driving these entities into financial distress. In addition, the financial position of VRA, ECG and GRIDCo poses significant risks to the banking sector in Ghana. Resident commercial banks have extended substantial loans and advances to each of these companies and, as a result of this exposure, the financial position of these state-owned companies has a material impact on the increasing

level of NPLs within the banking sector. See *“Risk Factors—The financial state of SOEs in the energy sector poses substantial risks to the economy”*.

To address challenges in the power sector, the ESLA was passed in December 2015, with collections beginning in 2016. The ESLA was enacted to consolidate existing energy sector levies, including introducing a consumption tax on fuel, to ensure prudent utilisation of proceeds generated from the levies, impose a price stabilisation and recoveries levy and facilitate investments in the energy sector. The new levies, in particular, the energy debt recovery levy and the price stabilisation and recovery levy, will be collected by the PURC and will not form part of the government’s budget resources. The government has utilised the levy to pay down VRA and TOR’s debt due to banks and trade creditors. The first instalment of up to GHS1,861.17 million was settled by September 2017, comprising GHS1,508.69 million and GHS352.48 million paid to VRA’s and TOR’s creditor banks and trade creditors, respectively. Additionally, a second payment of GHS484.29 million was made to partially settle foreign exchange under-recoveries owed the Bulk Oil Distribution Companies, support the Strategic Stock Reserve programme of the government, and subsidise premix and residual fuel oil. A further payment of GHS934.09 million was made to partially settle the debts of energy sector SOEs. These include an amount of GHS165.43 million in respect of the debt recovery of TOR, GHS47.0 million for the payment of downstream foreign exchange under-recoveries, and GHS721.66 million for the payment of power utility debts.

To comprehensively and sustainably restructure the debt owed by the energy sector SOEs the government introduced the ESLA Bond Programme, a domestic bond programme designed to restructure GHS10 billion of identified legacy power sector SOE debt using levies introduced by the ESLA. The bonds, which may be issued as either fixed or floating-rate instruments, are issued via a special purpose vehicle, E.S.L.A. PLC (the “SPV”) and listed on the Ghana Stock Exchange. The government has irrevocably assigned its rights to the receivables generated by the energy debt recovery levy to the SPV, and these receivables are used as the basis for the repayment of principal and interest under the bonds. The proceeds of the bond issuances are to be used, following deductions for certain costs and reserves, to repay the legacy debts of various energy sector SOEs including the VRA, TOR, ECG, and certain oil bulk distribution companies. Under the ESLA Bond Programme, the SPV enters into novation agreements with the relevant SOEs’ creditors, under which the legacy debts may either be repaid in cash from the net proceeds of the bond issuances, or via a debt-swap in which the legacy debt is traded directly for bonds issued under the ESLA Bond Programme. The SPV also has the option to enter into cash support agreements directly with the SOEs, under which the SPV will repay debts of the relevant SOE in return for a commitment to make periodic payments. The first issuance under the ESLA Bond Programme in November 2017 raised approximately GHS4.7 billion, split between two tranches with seven and ten-year maturities and coupon rates of 19 per cent. and 19.5 per cent. respectively. In January 2018, the ten-year tranche was tapped for a further approximately GHS616 million. As such, the current issuance under the ESLA Bond Programme is approximately GHS5.4 billion. The ESLA Bond programme won the Best Restructuring in EMEA award at the EMEA Finance Achievement Awards 2017 award, since it provided a clear and structured framework for the resolution and restructuring of legacy debts owed by the SOEs going forward. Part of the proceeds from the bond issuance have helped reduce non-performing loans within the banking sector and strengthened the balance sheets of the SOEs in the energy sector. To date, the amount of energy sector debt has been almost halved, and the programme will continue to issue bonds to completely restructure identified legacy debts.

To prevent SOEs from lapsing into the same debt burden in the future, the government has introduced other structural and policy measures aimed at addressing the underlying issues including the Cash Waterfall Mechanism (“CWM”) and a monitoring regime, which has been approved by the cabinet. The rationale for the CWM is to ensure that all participants in the power sector value chain benefit proportionately from revenues collected by ECG and VRA (from its deregulated market, including foreign sales) in a transparent manner. Accordingly, guidelines have been developed to ensure effective implementation of the CWM. The objectives of these guidelines include, developing an equitable mechanism for allocating and paying collected revenue to all utility service providers and fuel suppliers. In addition, the government will implement a robust regime to monitor the activities of SOEs post-restructuring, ensure effective accountability and strengthen the financial position of the SOEs. This will enable SOEs to secure sustainable working capital to finance their operations and enable the creation of a more financially robust, efficient and reliable power utility sector.

The government has also announced proposals to privatise certain power-generating assets to both improve productive efficiency and reduce the debt-burden on energy sector SOEs, including the part-privatisation of

three thermal power plants. Cabinet approval has been secured for the restructuring of VRA into a wholly owned entity to manage the hydroelectric facilities separately and also invite private sector participation in the ownership and management of state-funded thermal power plants to facilitate the development of a competitive power market. In November 2017, the government appointed PricewaterhouseCoopers LLP and Fieldstone Private Capital Group to advise on the proposed privatisations, together potentially worth up to US\$2 billion.

Furthermore, under Compact II, the government has agreed to allow private sector involvement in ECG. This will take the form of a concession with a duration of between 20 and 30 years, during which the electricity distribution network and other assets of ECG will be leased to the concessionaire with the aim of promoting investment and improving operational efficiency. Following the end of the concession, all assets will be transferred back to ECG. The concession arrangement is expected to significantly improve the technical and commercial performance of ECG. It is expected that the concessionaire will reduce total distribution system loss from the current loss level of 24 per cent. to 18 per cent. by the end of the first five years, 15 per cent. by the end of the 10th year and 12 per cent. by the end of the 15th year and thereafter. These system loss reductions will translate into substantial reduction in electricity tariffs as the revenue of the utility increases. Following several delays, the bidding process for the private sector partner was launched in May 2017. The Meralco consortium, led by the Manila Electricity Company, was selected as the winning bidder in April 2018, with the transfer of ECG's distribution business scheduled to occur in early 2019.

## **Environment**

Ghana's participation in the Stockholm Conference in 1972 marked the beginning of the government's concerted efforts to establish and manage its environmental policies. The government adopted its first official environmental policy in 1992, the same year that it adopted the Constitution. Since adopting the environmental policy, Ghana established an Environmental Protection Agency (the "EPA"), which is focused on driving sustainable development efforts through policy and legal reforms. Since the establishment of the EPA, the leading public body for protecting and improving the environment in Ghana, it has embarked on several projects and awareness programmes to ensure Ghana's environment is managed sustainably. However, Ghana still faces environmental challenges, including poor sanitation, climate change, deforestation, land degradation, desertification, air and noise pollution, the proliferation and mismanagement of chemicals and illegal mining.

In order to resolve these challenges and redirect Ghana's development towards more environmentally sustainable practices, a national environment policy was established in 2014 as part of Ghana's National Environmental Action Plan. In the national environment policy, the government identified several environmental and sustainable development pillars of focus, including: (i) natural resource problems such as land degradation, desertification, deforestation, loss of biodiversity, water pollution, soil erosion, marine and coastal degradation, air pollution, sand mining, wildfires, climate change, invasive foreign species and illegal mining; (ii) socio-cultural issues such as poor land use planning, hazardous waste, environmental health, sanitation and waste management, noise pollution, proliferation of chemical use and growth of slums; (iii) economic issues such as the effects of industrial development, agriculture practices, tourism and unemployment and poverty; and (iv) institutional issues, such as weak institutional capacity for environmental management, ineffective institutional coordination, conflicting policy mandates, weak enforcement capacity, weak capacity to implement international conventions, protocols and agreements and trans-border issues. The national environment policy discusses each of these pillars and identifies proposed solutions to improve upon the country's current problematic issues.

The government, through the Ministry of Environment, Science, Technology and Innovation ("MESTI") and other environmental agencies such as EPA, is committed to promoting sustainable development through a set of national policies, strategies and programmes in line with sustainable development objectives. In particular, the government has embarked on the following recent initiatives:

- Ghana has ratified the Paris Climate Agreement to assist in the global efforts to address climate change issues by pledging to reduce Ghana's greenhouse gas emissions by 45 per cent. by 2030;
- Ghana recently ratified the Minamata Convention on Mercury, committing to reduce mercury in air and water bodies as well as pollution by hazardous chemicals and harmful pollutants;

- EPA has issued a total of 2,555 permits in various sectors to ensure environmental compliance by business entities;
- A draft of the National Biodiversity Policy has been developed to reduce loss of biodiversity in the country;
- MESTI through EPA has introduced biogas technology to produce gas for cooking in basic and secondary schools;
- MESTI through the Nuclear Regulatory Authority (“**NRA**”) has developed two draft regulations for the control of radiation to ensure the protection of humans and the environment from radiation hazards in Ghana;
- The government has also embarked on a programme to address illegal mining in the country, including public education, suspension of small scale mining operations to allow polluted water bodies to recover and the training of 400 small scale miners in sustainable mining practices;
- EPA has organised a training workshop in pesticide regulations and safe handling for 90 pest control operators nationwide to raise awareness and capacity on proper handling of agrochemicals;
- Draft Biosafety Regulations have also been developed although they are yet to be passed by Parliament for the full implementation of the Biosafety Act.

## **Infrastructure**

### *Roads*

Ghana has approximately 78,401 kilometres of roads, of which approximately 41 per cent. are in good condition, 33 per cent. are in fair condition and 26 per cent. are in poor condition, according to Ghana’s Ministry of Roads and Highways. Road transport is the principal domestic carrier, accounting for the majority of Ghana’s moved freight. In order to build a comprehensive cold chain to facilitate horticultural exports, the MCA provided financing to the Ministry of Roads and Highways to build or rehabilitate 1,500 kilometres of feeder and trunk roads over the period of 2007 to 2012. The government plans to construct approximately 56km of trunk roads, 30 km of urban roads and 29 bridges in 2018.

In 2016, routine maintenance activities were undertaken on 10,723.49 kilometres of the trunk road network, 16,183 kilometres on the feeder road network and 9,384 kilometres on the urban road network. A further 10,250 km of the trunk road network, 10,679 kilometres feeder road network, and 7,200 kilometres urban road network underwent routine maintenance in 2017. In 2018, the government plans to undertake 11,900 kilometres, 22,500 km and 6,500 kilometres of routine maintenance activities on trunk, feeder and urban road networks, respectively. In addition, periodic maintenance activities which include spot improvement, re-gravelling, resealing, asphaltic overlay, partial reconstruction, maintenance of bridges will be undertaken. This will cover 36 kilometres, 500 kilometres, 400 kilometres of periodic maintenance activities on trunk, feeder and urban roads, respectively.

The government has implemented a public private partnership programme for the financing, construction and management of road infrastructure. Key projects being implemented, and are at various stages of preparation, under the programme include the Accra – Takoradi road, Accra – Tema Motorway, the dualization of the Accra – Kumasi road and the Anwiankwanta-Obuasi project. Other major roads and bridge projects programmed for continuation in 2018 include the Kumasi Roads and Drainage Extension Project, the Pokuase Interchange, the construction of a bridge on the Volta river at Volivo among others.

Traffic congestion has been a problem in recent years, contributing to increased delays and a higher number of traffic accidents. The government is working to reduce the traffic problems. The government instituted a public transport system in October 2003, called the Metro Mass Transit (“**MMT**”). The government owns 45 per cent. of the MMT. The MMT provides both urban and rural bus services. The MMT is available in all the 10 regional capitals of the country, as well as in some major municipal and district capitals. Further, in 2016, the government instituted a Bus Rapid Transit (“**BRT**”) system, deploying 245 buses on selected routes in the Greater Accra region. Since being implemented, the BRT has contributed to improving traffic congestion. The public transport system has not taken over all public transportation, as private buses and mini-buses continue

to compete for passengers. Currently, certain buses are assigned to specific routes with precise time schedules. However, operators' inability to conform to timetables represents the major transport challenge. In addition to its services to regular commuters, the MMT also rents out some for private events.

### *Railways*

The total existing railway network is 1,300 kilometres, however, only approximately 25 per cent. of the total railway is currently operational. A 947-kilometre railway network connects Accra, Kumasi, Sekondi-Takoradi and other important mining areas. The railway network also provides passenger services from the interior of Ghana to the main seaports at Sekondi-Takoradi and Tema (near Accra). In 2017, rail passenger service was re-introduced on the 15km sub-urban railway line from Sekondi to Takoradi. Works are currently in progress on the construction of the Western rail line, which links Sekondi-Takoradi to Kumasi, as well as the 85km Tema – Akosombo rail line which links the Tema Port to the Volta Lake via the Akosombo Port, as part of a multi-modal transport system to facilitate the transfer of containerised cargo by rail to and from the Tema Port. The government plans to further develop the national rail network to connect all regional capitals and some strategic areas such as food-growing and mining communities. The government is currently adopting public-private partnerships to modernise the railway lines in Ghana.

In order to undertake a multimodal transport service on the Eastern corridor of the country, an 85km stretch railway line is currently under construction from the Tema Port to Akosombo. The railway line will link Buipe Port in the North via the Volta Lake.

### *Ports and Rivers*

The main ports are at Sekondi-Takoradi and Tema, which together handle more than 85 per cent. of Ghana's exports and imports. Ghana dredged, upgraded and modernised ports at both Tema and Sekondi-Takoradi, by acquiring modern tugboats, creating an electronic data interchange, adding waste reception facilities and recently constructing Shed 9, a dedicated fruit terminal. The two sea ports are also undergoing major refurbishment to ensure that the necessary physical facilities are provided to respond to the increasing commercial trade. A new berth under construction at the Tema Port is expected to commence operation in 2019.

In June 2015, APM Terminals announced that Meridian Port Services (“MPS”), a joint venture between Meridian Port Holdings Limited (85 per cent. holding) and the Ghana Ports and Harbours Authority (15 per cent. holding), will invest US\$1.5 billion to upgrade the port at Tema. Meridian Port Holdings Limited is also a joint venture between APM Terminals and Bolloré Africa Logistics. The project is expected to increase the port's annual throughput capacity by 3.5 million Twenty-Foot Equivalent Units and, in part, to accommodate increased container shipping. Construction works on the expansion began in October 2016, and the project is expected to be completed by the end of 2019.

The main waterways include the Volta, Ankobra and Tano Rivers, which provide 168 kilometres of year-round navigation, and Lake Volta, which provides 1,125 kilometres of arterial and feeder waterways. Lake Volta provides an important inland waterway transport system for petroleum products, cement, and agricultural commodities between the Northern and the Southern parts of the country through the Akosombo and Buipe Ports. Lake Volta is the largest man-made lake in the world, covering an area in excess of 8,000 km<sup>2</sup> and over 450km long, with a shore-line exceeding 4,800km. There are cross-lake ferry services operated by the Volta Lake Transport Company Limited for the rural population living along the lake, as well as an increasing number of private informal boat operators. Lake Volta is being developed into a major transportation artery by building modern ferry ports at Buipe, Yapei, Makango, Kwadwokurom, Kete-Krachi, Adawso, Ekye-Amanfrom, Akateng and Boso.

### *Aviation*

There are five airports in Ghana. The largest is Accra's Kotoka International Airport (“KIA”), from which there are direct flights to Europe, the US, Asia, Southern Africa and most countries in the West African sub-region. In 2016, approximately 2.2 million passengers travelled through KIA, of which approximately 1.7 million were international travellers and the rest were domestic. Ghana is well served by several international airlines including KLM, British Airways, Kenya Airways, Alitalia, South African Airways, Delta and Emirates. KIA has undergone various expansion works in recent years, including building three new

boarding gates in 2011, extending the runway and rehabilitating and expanding the terminal building and facilities in 2016, and recently completing construction of the new Terminal 3 in March 2018. The new Terminal 3 has six boarding bridges and has the capacity to process 1,250 passengers an hour and accommodate 5 million passengers annually.

In addition, the government signed a memorandum of understanding with China Airports Construction Corporation to undertake a feasibility study for a 62,000 hectare airport and adjoining commercial and residential complex located in Prampram, in the Greater Accra region. Furthermore, in 2014 the government commenced expanding and upgrading the Tamale airport to become an international airport. The first phase of this project was completed in 2016 whilst the second phase began in 2018. The second phase works of the Tamale Airport involves the construction of a modern airport terminal building with approximately 5000m<sup>2</sup> Hajj Terminal, access road, Air Traffic Control Tower, Fire Station and other ancillary facilities. In 2015, the government also began the construction of the Ho airport in the Volta region as part of the government's goal of constructing an airport in each of the ten regions of Ghana. The Ho Airport project is expected to be completed in 2018.

### *Telecommunications*

Ghana has a modest telephone system which provides internet access, and although many rural communities are not yet connected, expansion of the services is underway. As of September 2017, an estimated 22.9 million cellular subscriptions were in use in the country, and cellular phone users now far outnumber fixed-line services. There are currently five licensed service providers: MTN Ghana, Vodafone Ghana, Airtel-Tigo, Glo Mobile Ghana and Expresso Ghana. In October 2017, the National Communication Authority, the regulator of telecommunications industry in Ghana, gave approval for the merger of Milicom Ghana Limited (Tigo) and Bharti Ghana Limited (Airtel) who were then the third and fourth largest cellular service providers in the country, respectively. The new entity formed from the merger rebranded under the trade name, Airtel-Tigo, and is now the second largest cellular service provider in the country, behind MTN.

As of June 2016, there were 52 licensed Internet Service Providers (“ISPs”) and an estimated 7.9 million Internet users in Ghana, mainly in urban areas. However, less than 1 per cent. of internet usage is accounted for by ISPs; almost all internet usage comes from mobile subscriptions. Services offered by ISPs are largely confined to government, corporate clients and public internet cafes.

### *Energy*

Energy in Ghana is generated by the state-owned VRA, Bui Power Authority (“BPA”) and Independent Power Producers (“IPPs”) from thermal, solar and hydro generation facilities with a combined installed generation capacity of approximately 4,600 MW as at December 2017. The current installed generation capacity by the VRA totals approximately 2,300 MW, 50 per cent. of which are generated from hydro generation facilities in Akosombo and Kpong. Out of the 2,300 MW of installed capacity of the VRA, 2,037 MW is deemed dependable. The BPA has an installed generation capacity of 400 MW with a dependable capacity of 340 MW whilst IPPs have an installed generation capacity of approximately 1,900 MW with a dependable capacity of approximately 1,823 MW. Once generated, energy is transmitted to the distribution system by the state-owned GRIDCo, another state owned enterprise, ECG, then distributes energy to consumers – residential, non-residential and industrial end-users.

The government, through the VRA and IPPs, has implemented a number of key power projects in recent years to build up the country's installed power generation capacity. These key power projects include the Kpong Thermal Power Station (KTPS), Takoradi (T3) Thermal Plant, Tema Thermal Power Complex (TTPC), Takoradi Thermal Power Station (TTPS), the Mines Reserve Plant (MRP) among others.

In 2018, the government plans to complete the tie-in of the Ghana Gas pipeline and the West African Gas pipeline and associated modification works at both Regulation and Metering Stations (“R&M”) in Takoradi and Tema; the Offshore Receiving Facility (“ORF”) to receive OCTP gas; installation of three compressors on the existing Ghana Gas pipeline; completion of gas pipeline to connect the 450MW Karpower to be stationed in Takoradi to the R&M station in Takoradi; and full implementation of the Gas Master Plan recommendations. These projects are all aimed at the ensuring the commercialisation of the country's natural gas resources. See “*The Economy—Principal Sectors of the Economy—Electricity*”.

## ***Infrastructure Development***

In connection with the GSGDA II, Ghana initiated a comprehensive programme that aims to reduce poverty and accelerate economic growth through improvements in transportation procedures and infrastructure, see “—General—Ghana Shared Growth and Development Agenda I and II and Agenda for Jobs”. Under the transport infrastructure component of the GSGDA II, the MDAs in the transport sector worked together to prepare a National Transport Policy, the primary goals of which included establishing Ghana as a transport hub in the West African Region and creating a sustainable, accessible, affordable, reliable, effective and efficient transport system.

In addition, in July 2014, the government passed the Ghana Infrastructure Investment Fund Act, 2014 (Act 877) (the “**GIIF Act**”), the purpose of which is to establish an infrastructure fund, wholly owned by the Republic, to provide financial resources to manage, co-ordinate and invest in a diversified portfolio of infrastructural projects in the country for national development in partnership with the private sector. The GIIF Act is one of several key reform initiatives which the government has implemented to address the infrastructure financing gap. The government also seeks to restructure the Ghana Infrastructure Investment Fund with the capability to mobilise foreign private capital for critical infrastructure development.

The government is in the process of implementing the Agenda for Jobs, its medium-term development plan for the period 2018 to 2021, based on the CPESDP 2017-2024, the government’s long-term policy for transport infrastructure. The CPESDP 2017-2024 aims to develop modern, integrated, and well maintained transportation infrastructure for accelerated growth and development. Key infrastructure development goals under the CPESDP 2017-2024 include:

- The preservation of road assets through the refocusing of the road maintenance and axle load control programmes towards asset preservation and major road rehabilitation and international corridor development, with priority given to completing the Western, Central and Eastern corridors;
- The creation of space for the participation of the private sector in the construction, rehabilitation and management of road transport services through public private partnerships;
- Expand private sector participation in the development and management of seaport facilities and facilitate the establishment of a new deep water port to enhance economic activities in the oil and gas industry;
- Develop the Volta River into a major transportation artery by building modern ferry ports and providing upgraded ferries and pontoons in collaboration with the private sector while ensuring that the laws, regulations and standards for operations on inland waterways will be strictly enforced to help improve services and safety;
- Collaborate with the private sector to develop the aviation industry in support of Ghana’s role as an aviation hub serving West Africa, by providing modern air transport infrastructure, building capacity and establishing an institutional and policy framework to enhance the safety and security of air transport services;
- Revamp the existing rail network and expand the capacity to northern Ghana, to support industrialization and other economic activities through the reconstruction of the western and eastern lines to facilitate passenger and freight movement.

## **The Labour Market**

According to the GLSS 6, the labour market in Ghana can be divided into seven segments: the public sector, the private sector, non-governmental organisations, cooperatives, international organisations, agri-business and other. Based on the GLSS 6, the total workforce in Ghana, which consists of economically active individuals who are 15 years old and older, comprised approximately 12.3 million people as of 2014. According to the 2015 Ghana Labour Force Survey, the informal sector employed approximately 90 per cent. of the workforce. Given that a significant part of Ghana’s workforce is employed in the informal sector, available data on the labour market is limited. In July 2014, Ghana Statistical Service carried out an Integrated Business Establishment Survey in order to create a comprehensive list of all businesses in the



country. It is expected that Ghana Statistical Service, in collaboration with the district assemblies, will update the business register regularly, with the aim of bringing more small and medium sized enterprises into the formal sector and improving labour force information in the country.

The government has made use of employment surveys, advertised job vacancies and the 2010 Population and Housing Census (the “**2010 Census**”) in order to develop estimates of labour market statistics. According to the 2010 Census, a total of 632,994 people or 5.8 per cent. of the economically active population (i.e. 15 years and above) were unemployed. In 2014, the government carried out the GLSS 6. According to the GLSS 6, approximately 1.7 per cent. of the economically active population (i.e. 15 years and above) were unemployed.

The following table sets forth the estimated urban and rural rates of unemployment of the economically active population based on the GLSS 6:

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

Source: GLSS 6

In the GLSS 6, the government estimated the total rate of the unemployment of the population aged 15 years and older to be 5.2 per cent.

Ghana’s labour market is generally regarded as rigid, as evidenced by the high costs associated with laying off employees in the formal and public sectors. Organised labour has significant representation and is often involved in policy decisions relating to the labour market. For example, in 2006, public sector employees in the healthcare industry threatened to strike, which eventually led to a complete reformulation of the pay scale for government employees, having a significant impact on the government’s budget deficit in 2006. In a bid to reduce the occurrence and threat of strikes, in 2010 the government undertook to organise all of the public sector pay structures together under SSSS to improve wage management. This realignment resulted in higher wages, including unanticipated payments of arrears to certain sectors of the government workforce and significantly contributed to the increased budget deficit in subsequent years. See “—Wages” and “Public Finance—Public Accounts”. The government has attempted to quantify the total amount of arrears due to workers through an audit conducted by the Auditor General in 2016, although efforts to fully address such amounts continue to be hampered by administrative inefficiencies in the system, including in correctly identifying legitimate payments and over-payments to so-called “ghost” employees. The government has agreed to settle all arrears within the next three years.

### Wages

Each year, pursuant to the Labour Act, 2003 (Act 651), certain employers meet with the government and organised labour groups to fix the minimum wage. The daily national minimum wage was raised to GHS9.68 in 2017, up from GHS8.80 in 2016, and GHS7.00 in 2015.

In the public sector, wages have increased significantly in recent years, with total government expenditures on public wages rising. In 2017, the wage bill rose to GHS14.4 billion (44.8 per cent. of tax revenue), compared to GHS12.1 billion (47.1 per cent. of tax revenue) in 2016. The public sector wage bill increased by 11.7 per cent. in 2015, 14.7 per cent. in 2016 and 19.3 per cent. in 2017. Expenditure on wages and salaries in 2017 was 2.8 per cent. higher than the budgeted target, compared to 3.3 per cent. above budget in 2016. At 7.0 per cent. of GDP in 2017, Ghana’s public sector wage bill is higher than the African regional average wage.

The government established a Fair Wages and Salaries Commission (“FWSC”) to ensure fair, transparent and systematic implementation of the SSSS. The FWSC began a process to migrate public sector workers to the SSSS, with the primary purpose of ensuring equal pay for work of equal value, and eliminating ad hoc negotiations for adjustments of wages and salaries. The government’s implementation of the SSSS was also designed to reduce pay disparities and attract much needed skills and to ensure improved productivity. The

number of public sector workers rose from 418,517 as at the end of 2010 to 670,548 as at the end of 2017. Ghana's implementation of the SSSS significantly increased the wage bill from GHS2.48 billion in 2009 to over GHS10.56 billion in 2015, and has been a significant factor in the increase in the fiscal deficit. Currently, almost all public sector workers have been migrated onto the SSSS. As a result of the SSSS, the average public sector worker receives an increase in the take home pay at close to sub-regional levels. Prior to the implementation of SSSS, Ghana's public sector salary levels were among the lowest in Africa. However, SSSS increased the public sector wage bill significantly over a short period of time. In August 2013, the government announced plans to reassess the SSSS in order to make certain improvements to its implementation and to link pay to specific performance benchmarks and productivity objectives. The government is currently implementing measures to lower the wage to tax revenue ratio, which include: (i) negotiating public sector wages to factor in a cost of living allowance, (ii) reducing the number of state subsidised agencies from government payroll, (iii) recruiting and replacing public workers in more controlled ways that assess need, (iv) cutting market premium pay for certain skilled workers, (v) implementing a public service wide performance management system, (vi) biometric registration of workers and electronic payment systems to reduce fraudulent claimants and (vii) conducting a payroll audit.

### *Pensions*

Employees in Ghana's public and private formal sector participate in a government-sponsored social security system that is managed by the Social Security and National Insurance Trust ("SSNIT"). SSNIT had approximately GHS9.2 billion investment assets under management at the end of 2017. The legislature passed a new law in 2008, the National Pensions Act, 2008 (Act 766) (the "**National Pensions Act**") to introduce pension reforms and established National Pensions Regulatory Authority ("NPRA") to administer a new three-tier pension scheme that pushed the social security contribution to 18.5 per cent. from 17.5 per cent. (13 per cent. by the employer and 5.5 per cent. by the employee). The pensions structure is as follows:

- Tier 1: SSNIT-administered mandatory defined benefit public social security scheme (13.5 per cent., out of which 2.5 per cent. is a levy for the National Health Insurance Scheme);
- Tier 2: Mandatory defined contribution and privately-managed occupational pension scheme (5 per cent.); and
- Tier 3: Voluntary defined contribution occupational and personal private pension scheme.

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

Amongst broad reforms to the pensions sector announced in its 2018 Budget Statement, the government announced a plan to broaden the uptake of pensions across the population by instituting a pension scheme aimed at Ghana's informal economy.

### *Health Care*

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

Ghana has made significant improvements in health outcomes for the population over the past several years. Given that the southern half of the country is more populated than the northern regions, and more than half of Ghana's population is urban, accessibility to quality care is often dependent on geography. The highest causes

of mortality are shifting from pathogen causing diseases to lifestyle choice disease conditions. Annual deaths caused by HIV/AIDS and malaria has declined by 42.3 per cent. and 24.8 per cent., respectively from 2005 to 2016, while deaths caused by diabetes and heart disease has increased by 46.2 per cent. and 21 per cent., respectively, accordingly to the Institute for Health Metrics and Evaluation.

In 2003, the government implemented a national health insurance plan to enable citizens to make contributions into a fund so that in the event of illness, contributors would have access to affordable basic health care. Each of the 216 districts in Ghana has at least one health facility. As of 2015, there were 982 clinics, 134 district hospitals, 792 health centres, 258 hospitals and 326 midwife/ maternity centres distributed across all regions in Ghana.

In 2017, the government paid GHS600 million to the National Health Insurance Scheme (“NHIS”) and this has improved funding and smooth running of hospitals. In line with government’s commitment to revive the NHIS, the Ministry of Health has established technical teams to review the recommendations of the NHIS Review report.

In the area of infrastructure, construction of classroom blocks for health training institutions were completed at Sampa, Asankragua, Pantang and Korle-Bu Critical Care and Peri-operative Units in 2017. The government is also building two regional hospitals, ten district hospitals, 15 polyclinics and one teaching hospital, which are all at various stages of completion.

From 2017 to 2018, the budget allocated to the Ministry of Health marginally increased from GHS4.23 billion to GHS4.42 billion, reflecting the government’s intention over the next year to increase the number of health care professionals, to increase the coverage of vaccines and antiretroviral drugs distributed throughout the country, and to continue construction of health infrastructure.

In 2018, the government plans to focus on activities directed at reducing maternal and neonatal mortality, and improving quality of life for those living with disability, through increasing access to quality health services and improving efficiency in governance and management of the health system. Challenges in the healthcare sector have affected the purchase of vaccines, resulting in lower than targeted immunization coverage in the first half of 2017. In 2018, the Ministry of Health plans to continue to address the vaccines challenges that the country has faced and develop a clear sustainability plan for vaccines and antiretroviral medicines in anticipation of the end of support from GAVI, The Vaccine Alliance, following Ghana’s achievement of higher income status and its transition into a self-financing country. Between 2001 and 2016, GAVI, the Vaccine Alliance, provided approximately US\$224 million in support of Ghana’s vaccination programmes.

#### *Anti-Malaria Policy*

The total number of malaria cases seen at Ghanaian hospital outpatient departments has declined significantly, with 7,083,776 reported cases in 2009 as compared to approximately 4,535,167 reported cases in 2016. Admissions for malaria and the number of deaths from malaria have also declined in recent years, primarily due to early detection and treatment programmes and increased use of insecticide treated nets. Malaria fatalities among children under five have also declined from 0.7 per cent. in 2011 to 0.32 per cent. in 2016.

The government is committed to the World Health Organisation’s Roll Back Malaria Plan (the “**Roll Back Malaria Plan**”). The primary objectives of the government’s Roll Back Malaria Plan included improving malaria case management to ensure early case recognition and appropriate response, increasing the use of preventive strategies, increasing the amount of collaboration among departments and programmes in the health sector, other government sectors and the private sector, and increasing the availability of funds for malaria research.

In 2012, the government partnered with Labiofam Grupo Empresarial, a Cuban government owned company that provides biolarvicides that eradicate pests and mosquitoes. Through this partnership, a biolarvicide manufacturing company in the northern region of Ghana was established in 2013.

In 2014, based on the recommendations from a review of the then-existing national malaria programme and new emerging interventions at the global level, the National Malaria Control Programme (the “**NMCP**”) developed the National Malaria Control Strategic Plan for 2014-2020 (the “**National Malaria Control Strategic Plan**”). The National Malaria Control Strategic Plan aims to improve malaria control in the high transmission areas and establish more low transmission areas in Ghana by the end of 2020. The plan calls for

the reduction of malaria morbidity and mortality by 75 per cent. (using 2012 as baseline) by the year 2020. The government plans to achieve this goal through overall health sector development, improved strategic investments in malaria control, and increased coverage towards universal access to malaria treatment and prevention interventions.

Under the current NMCP, the Ghana Health Service has developed specific objectives to meet the goals of the Roll Back Malaria Plan. The objectives include:

- Ensuring that all health facilities are equipped with malaria diagnostic facilities;
- Providing effective antimalarial drugs to more people;
- Strengthening human resource through in service training of laboratory technicians and clinicians;
- Scaling up community based treatment of malaria in all districts through the home base care of malaria targeting children under five years living in rural areas and areas with limited access;
- Providing insecticide treated materials and access to insecticide nets to achieve universal coverage using models of indoor residual spraying campaigns in Obuasi, the northern region and other parts of the country;
- Strengthening of routine data collection system to capture reliable information; and
- Developing functional partnerships and mechanisms between departments and, programmes within and outside the health sector.

#### *Fighting against HIV/AIDS*

According to UNAIDS, adult HIV/AIDS prevalence in Ghana was estimated at 1.6 per cent. in 2016, one of the lowest among the Sub-Saharan Africa region. While the rate of HIV/AIDS infection in Ghana is low compared to many other African countries, the government is taking the threat posed by the pandemic seriously. The public and private sectors, as well as international organisations, have contributed funding for prevention programmes, treatment and care facilities, orphans and children, programme management, social services and protection and HIV/AIDS-related research.

The results have been encouraging in recent years, with people living with HIV, new HIV infection and AIDS-related deaths declining steadily from its high in 1990s. Improvement in healthcare facilities has also widened the coverage of people receiving Antiretroviral therapy which includes the use of multiple antiretroviral drugs to control HIV infection.

#### *Ebola Outbreak Controls*

Since March 2014, the US Centres for Disease Control and Prevention have documented over 28,000 cases of Ebola in Guinea, Liberia, Nigeria, Senegal and Sierra Leone, with over 11,000 deaths recorded. Ebola is a dangerous and contagious virus that often results in death. Ebola is introduced into the human population through close contact with the blood, secretions, organs, or other bodily fluids of infected animals. There was however no reported case in Ghana.

In March 2016, the Ebola emergency committee of the World Health Organisation confirmed that in its view that Ebola transmission in West Africa no longer constitutes an extraordinary event, that the risk of international spread is now low, and that countries currently have the capacity to respond rapidly to new virus emergencies. Accordingly, in the committee's view, the Ebola situation in West Africa no longer constitutes a public health emergency of international concern and the temporary recommendations adopted in response should now be terminated.

#### *Education*

Ghana has been a regional leader in the delivery of Education for All, a global movement led by UNESCO, aimed at meeting the learning needs of all children, youth and adults, reaching the education Millennium Development Goals well ahead of the 2015 deadline. Ghana's education sector has undergone various reforms in recent years, resulting in increased literacy and school enrolment rates in the country.

The Republic has a number of tertiary education institutions, including 10 public universities, 8 technical universities, 5 medical schools, 2 polytechnics, 25 nurses training colleges and 39 colleges of education. These public institutions have been unable to meet the growing demand for tertiary education, and the variance and inadequacies of some of the programmes in the public institutions have led to the creation of several private tertiary institutions. The curricula of private universities are geared more towards business and information technology courses, whereas the public institutions focus more on the arts and sciences. The increase in private institutions has eased some of the pressure on the public education sector, but the cost of attendance serves as a deterrent to many potential students.

### *Basic Education*

In December 2014, the US Agency for International Development awarded the Partnership for Education: Learning project in Ghana to FHI 360, an international human development non-governmental organisation. The US\$71 million project aims to support Ghana's educational institutions over five years to improve, expand and sustain learning outcomes for at least 2.8 million primary students nationwide. In the same year, the government provided a total of 155 schools with some school infrastructure under the "Elimination of Schools under Trees Programme".

In 2017, the number of basic schools (both public and private) increased at all levels. Kindergartens increased from 22,052 to 23,239, Primary schools from 22,289 to 23,489 and Junior High Schools from 14,767 to 15,804 representing increases of 5.4 percent, 5.4 per cent. and 7 percent, respectively, between the 2015/2016 and 2016/2017 academic years. During the period, total enrolment at the basic level increased from 7,736,145 to 7,778,842 students.

The Complementary Basic Education ("CBE") Programme was initiated to reduce the number of out-of-school children and mainstream them into the regular school system, and is operational in 43 districts in the three Northern Regions, Brong Ahafo and Ashanti Regions. Access was provided to 182,652 out-of-school children over the last four years (2013/14-2016/17). The CBE recorded a cumulative completion rate of 67 per cent., of which 92 per cent. have transitioned to the formal school system.

### *Free Senior High School Programme*

In September 2017 the Free SHS Programme was initiated in public Senior High Schools and Technical and Vocational Institutions, with the government absorbing all fees approved by the Ghana Education Service for 353,053 first year students. The government also supplied the full complement of core textbooks, supplementary readers and core English Literature books to all first year students, and subsidies were released for continuing students in Senior High Schools.

### *Non-Formal Education Programme*

In 2014, the Non-Formal Education Programme enrolled 35,000 learners into the National Functional Literacy Programme (NFLP). This was expanded in 2017, to reduce illiteracy rates especially in the rural communities. Over 91,500 learners have been registered, across approximately 4,000 classes.

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

### **Balance of Payments**

Ghana's overall balance of payments position has improved significantly in recent years, from a deficit of US\$699.2 million in 2013 to a surplus of US\$1,091.4 million in 2017. While Ghana's current account deficit reached a high of US\$5.70 billion in 2013, it has subsequently decreased significantly to US\$2.82 billion and US\$2.83 billion in 2015 and 2016, respectively. In 2017, the current account deficit improved by 25.0 per cent. to US\$2.12 billion (4.6 per cent. of GDP), largely influenced by improvements in the merchandise trade balance, primarily due to increased oil and gold exports during the period. In the 2018 Budget Statement, the government has targeted a current account deficit of 4.5 per cent. of GDP in 2018, and an overall balance of payments surplus of above 1.0 per cent. of GDP in 2018.

The value of exports increased to US\$13.75 billion in 2017, compared to US\$11.14 billion in 2016 and US\$10.32 billion in 2015, largely due to increases in gold and oil exports over the period. The value of imports has decreased in recent years, to US\$12.68 billion in 2017, from US\$12.91 billion in 2016 and US\$13.47 billion in 2015, largely due to decline in non-oil imports, in particular processed industrial supplies, transport and transport equipment and capital goods. As a result, the trade balance for 2017 recorded a surplus of US\$1.07 billion compared to deficits of US\$1.77 billion and US\$3.14 billion in 2016 and 2015, respectively. For 2017, crude oil exports amounted to US\$3.02 billion, compared to US\$1.35 billion recorded in 2016, due to improvements in both price and volume effects. The volume of crude oil exported increased by 86.9 per cent. to 55,625,124 barrels in 2017 compared to 29,769,048 barrels in 2016, on account of new exports from the TEN and Sankofa fields, in addition to increased exports from Jubilee. The average realised price of oil also rose by 20.1 per cent. in 2017 to US\$54.28 per barrel from US\$45.19 per barrel recorded in 2016.

During the five-year period prior to 2017, the capital and financial account continued to record net inflows of foreign direct investment and portfolio investments which moderated the net outflows from other investments account. Foreign direct investment (net) inflows remained stable during the period, at US\$3.22 billion in 2013 compared to US\$3.24 billion in 2017. On the other hand, portfolio investments (net) increased from US\$659 million in 2013 to US\$2,536 million in 2017.

Ghana's gross foreign assets increased from US\$5.63 billion to US\$7.55 billion over the period 2013 to 2017. At the end of 2017, gross foreign assets were sufficient to cover 4.3 months of imports, compared to US\$6.16 billion at the end of 2016, which was sufficient to cover 3.5 months of imports.

Capital transfers (largely foreign aid) have declined in recent years, following Ghana's transition to lower middle-income status, and the government received US\$242.2 million in capital transfers in 2017 and US\$274.3 million in capital transfers in 2016.

The following table sets out Ghana's balance of payments and related statistics for the years 2013 through 2017:

	2013	2014	2015	2016	2017
			(US\$ millions)		
<b>CURRENT ACCOUNT BALANCE</b> .....	<b>(5,704.1)</b>	<b>(3,694.5)</b>	<b>(2,823.6)</b>	<b>(2,832.0)</b>	<b>(2,124.9)</b>
<b>Merchandise Trade Balance</b> .....	<b>(3,848.3)</b>	<b>(1,386.3)</b>	<b>(3,143.9)</b>	<b>(1,773.3)</b>	<b>1,067.6</b>
<b>Exports (FOB)</b> .....	<b>13,751.7</b>	<b>13,216.8</b>	<b>10,321.2</b>	<b>11,136.9</b>	<b>13,751.9</b>
Cocoa beans and products.....	2,267.3	2,612.9	2,720.8	2,572.2	2,711.2
Gold.....	4,965.7	4,388.1	3,212.6	4,919.5	5,786.16
Timber and Timber products .....	165.8	185.1	208.7	254.3	183.1
Oil.....	3,885.1	3,725.0	1,931.3	1,345.2	3,019.1
Others (including non-traditional) .....	2,468.1	2,305.7	2,247.8	2,045.8	2,052.4
<b>Imports (FOB)</b> .....	<b>(17,600.3)</b>	<b>(14,600.1)</b>	<b>(13,465.1)</b>	<b>(12,910.2)</b>	<b>(12,684.3)</b>
Non-oil.....	(14,049.8)	(10,906.1)	(11,418.3)	(11,085.2)	(10,655.6)
Oil and gas.....	(3,550.4)	(3,694.0)	(2,046.7)	(1,825.0)	(2,028.7)
<b>Services (net)</b> .....	<b>(2,443.8)</b>	<b>(2,602.2)</b>	<b>(1,166.6)</b>	<b>(1,293.3)</b>	<b>(2,875.8)</b>
Receipts .....	2,454.0	2,044.8	6,142.2	6,333.0	6,600.0
Payments .....	(4,897.8)	(4,647.0)	(7,308.8)	(7,626.3)	(9,475.9)
<b>Income (net)</b> .....	<b>(1,351.4)</b>	<b>(1,717.4)</b>	<b>(1,110.9)</b>	<b>(1,222.1)</b>	<b>(2,740.9)</b>
Receipts .....	284.5	110.8	394.4	238.0	309.3
Payments .....	(1,635.9)	(1,828.2)	(1,505.3)	(1,460.0)	(3,050.2)
<b>Current Transfers (net)</b> .....	<b>1,939.4</b>	<b>2,008.5</b>	<b>2,597.7</b>	<b>1,456.6</b>	<b>2,424.2</b>
Official.....	80.3	9.6	222.4	25.6	0.0
Private.....	1,859.2	1,998.9	2,375.3	1,431.0	2,424.2
<b>Services, Income and Current Transfers (net)</b> ...	<b>(1,855.7)</b>	<b>(2,311.2)</b>	<b>320.2</b>	<b>(1,058.7)</b>	<b>3,192.5</b>
<b>CAPITAL &amp; FINANCIAL ACCOUNT</b> .....	<b>5,368.2</b>	<b>3,752.8</b>	<b>3,123.2</b>	<b>2,767.8</b>	<b>3,015.7</b>
<b>Capital Account(net)</b> .....	<b>349.3</b>	<b>0.0</b>	<b>473.9</b>	<b>274.3</b>	<b>242.2</b>
Capital transfers.....	349.3	0.0	473.9	274.3	242.2
<b>Financial Account(net)</b> .....	<b>5,018.9</b>	<b>3,752.8</b>	<b>2,649.4</b>	<b>2,283.6</b>	<b>2,773.5</b>
Direct Investments.....	3,226.3	3,357.0	2,970.9	3,470.7	3,239.1
of which.....					
Other Investments.....	1,133.7	(440.1)	(1,221.5)	(1,740.8)	(3,001.7)
of which.....					
Official Capital (net).....	1,448.9	940.9	660.3	(2.2)	57.9
Disbursement.....	1765.4	1,377.3	1,390.6	1,175.3	968.6
Amortisation .....	(316.4)	(436.4)	(730.3)	(1,177.5)	(910.6)
Other Private Capital (net).....	(730.1)	(1,081.0)	(1,454.9)	(1,500.6)	(2,086.0)
Short-term capital (net).....	795.7	(154.7)	(464.6)	(209.1)	(803.2)
Portfolio Investments.....	658.9	835.9	900	553.7	2,536.1
Government Oil Investments (net).....	(380.9)	(145.3)	37.6	(28.9)	(170.3)
<b>ERRORS AND OMISSIONS (net)</b> .....	<b>(363.3)</b>	<b>(144.4)</b>	<b>(315.5)</b>	<b>521.6</b>	<b>200.6</b>
<b>OVERALL BALANCE<sup>(1)</sup></b> .....	<b>(699.2)</b>	<b>(86.1)</b>	<b>(15.9)</b>	<b>247.4</b>	<b>1,091.4</b>
<b>FINANCING</b> .....	<b>699.2</b>	<b>86.1</b>	<b>15.9</b>	<b>(247.4)</b>	<b>(1,091.4)</b>
Changes in international reserves .....	699.2	86.1	15.9	(247.4)	(1,091.4)

Source: BoG

(1) Excludes foreign currency deposits of resident commercial banks

## Foreign Trade

### Direction of Trade

Ghana's most important trading partners are in the Far East, with the region accounting for 39.3 per cent. and 34.0 per cent. of total exports and imports, respectively, in 2017. India, Switzerland and China were the most important export destinations, and China, the United States and Belgium were important sources of imports in 2017. Ghana's regional trade with members of ECOWAS also accounts for a large portion of its exports and imports. Exports to ECOWAS countries decreased from 7.2 per cent. in 2013 to 6.1 per cent. in 2017. Most of the exports to ECOWAS countries were directed at Burkina Faso, Nigeria, Benin and Togo. Imports from ECOWAS countries also fell from 10.2 per cent. in 2013 to 6.1 per cent. in 2017, and were principally from Benin, Togo, Nigeria and Cote D'Ivoire.

The following table sets out the geographic distribution of Ghana's imports and exports, by per cent., for the years 2013 to 2017:

	2013		2014		2015		2016		2017	
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
Industrial Countries.....	<b>47.4</b>	<b>33.0</b>	<b>46.3</b>	<b>31.4</b>	<b>40.8</b>	<b>47.6</b>	<b>40.8</b>	<b>33.4</b>	<b>42.6</b>	<b>44.4</b>
France .....	1.9	7.8	1.9	6.2	2.0	5.2	3.1	2.3	1.7	2.0
Germany .....	2.8	1.0	2.8	1.4	2.2	1.3	2.9	2.0	2.8	1.8
Italy.....	2.3	7.6	2.1	5.2	2.0	5.0	1.8	2.3	2.4	1.4
Japan .....	1.1	0.6	1.0	0.6	1.1	0.9	1.3	1.5	1.3	0.9
Netherlands.....	10.8	6.8	11.9	5.9	5.7	7.6	3.2	6.1	2.6	7.2
UK .....	3.8	2.8	3.5	2.6	4.1	2.4	4.5	2.8	3.3	2.6
US.....	7.8	2.5	6.8	1.8	8.6	2.5	7.1	3.3	9.8	3.2
Others.....	16.8	4.0	16.2	7.6	15.2	22.7	17.0	13.0	18.6	25.3
Other Europeans.....	<b>8.8</b>	<b>14.5</b>	<b>9.8</b>	<b>13.5</b>	<b>9.5</b>	<b>15.0</b>	<b>7.7</b>	<b>20.3</b>	<b>8.7</b>	<b>17.3</b>
Rest of the World.....	<b>43.8</b>	<b>52.5</b>	<b>43.9</b>	<b>55.2</b>	<b>49.7</b>	<b>37.4</b>	<b>51.6</b>	<b>46.3</b>	<b>48.6</b>	<b>38.3</b>
o/w China.....	13.6	3.4	14.5	6.6	17.1	9.5	16.3	8.7	17.0	11.7
o/w ECOWAS.....	10.2	7.2	10.8	7.0	6.8	10.5	5.1	8.7	6.1	6.1

Source: BoG

### Composition of Trade

The most significant export items in 2017 were gold, cocoa (beans and products), oil and non-traditional exports, such as preserved and processed fish (tuna), cashew nuts, crude palm oil, technically specified natural rubber, tableware, kitchenware and other plastic and aluminium household articles. The most significant import items in terms of value were oil, motor vehicles for the transport of goods and persons, rice, cement and clinker, wheat and meslin, frozen fish, poultry, insecticides, herbicides, fungicides and polythylene.

The following table sets out the composition of selected exports and imports for the years 2013 to 2017:

	2013		2014		2015		2016		2017	
	US\$ millions	%	US\$ millions	%	US\$ millions	%	US\$ millions	%	US\$ millions	%
<b>Exports</b> .....	13,751.91	100.0	13,216.79	100.0	10,321.08	100.0	11,136.87	100.0	13,751.93	100.0
Gold.....	4,965.71	36.1	4,388.07	33.2	3,212.59	31.1	4,919.46	44.2	5,786.16	42.1
Cocoa Beans .....	1,612.06	11.7	1,848.85	14.0	1,970.93	19.4	1,923.30	17.3	1,953.32	14.2
Timber and Timber Products .....	165.76	1.2	185.05	1.4	208.75	1.9	254.25	2.3	183.11	1.3
Aluminium Ingots.....	53.40	0.4	47.14	0.4	48.46	0.5	52.26	0.5	63.90	0.5
Cocoa Products.....	655.23	4.8	764.03	5.8	749.86	7.2	648.87	5.8	757.88	5.5
Residual Oil/Cracked.....	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.00
Electricity .....	48.99	0.4	55.92	0.4	46.35	0.4	27.16	0.2	27.01	0.2
Crude Oil .....	3,885.07	28.3	3,724.89	28.2	1,931.28	18.6	1,345.21	12.1	3,019.07	22.0
Diamonds.....	5.76	0.0	9.10	0.1	4.22	0.0	2.06	0.0	3.02	0.0
Bauxite .....	32.56	0.2	36.26	0.3	41.06	0.4	38.70	0.3	48.51	0.4
Manganese.....	133.69	1.0	82.86	0.6	65.75	0.6	100.22	0.9	161.79	1.2
Non-Traditional Commodities & Others .....	2,193.68	16.0	2,129.40	16.1	2,041.94	19.7	1,825.39	16.4	1,748.15	12.7
<b>Imports</b> .....	17,600.40	100.0	14,566.00	100.0	13,465.06	100.0	12,910.20	100.0	12,684.28	100.0
Oil and Gas.....	3,550.40	20.2	3,659.90	25.1	2,046.72	15.2	1,824.99	16.5	2,028.65	16.0
Non-Oil.....	14,049.90	79.8	10,906.10	74.9	11,418.34	84.8	11,085.22	83.5	10,655.63	84.0

Source: BoG

### Trade Policy

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

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

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



under exceptions are within the 0 per cent. to 20 per cent. range, but require some increase or decrease to align with the CET.

Under the regional economic partnership agreement, the EU agrees to provide ECOWAS countries who have signed the agreement with duty and quota-free access to its market, while the ECOWAS signatories agree to provide a partial and gradual opening of their markets to EU products. In addition, ECOWAS signatories to the agreement may continue to shield their agricultural products from EU competition either by keeping tariffs in place or, when necessary, by imposing safeguard measures, while the EU will not subsidise its agricultural exports to those ECOWAS countries. However, the regional economic partnership agreement, which was signed by Ghana and other ECOWAS countries in 2014 was not signed by Nigeria and Gambia. Until the agreement has been signed by all ECOWAS countries, the regional economic partnership agreement cannot be ratified. Consequently, on 28 July 2016, Ghana signed an interim bilateral economic partnership agreement with the EU, which was ratified by parliament on 3 August 2016. The ratification has received presidential assent and is in full effect. The interim partnership agreement allows Ghana to continue to enjoy duty-free and quota-free access to the EU following the EU's Market Access Regulation expiry in October 2016.

In March 2018, Ghana, along with 43 other African nations, signed a framework agreement to establish the AfCFTA customs union, on the initiative of the AU. AfCFTA will come into effect if ratified by the parliaments of at least 22 countries, and each country has 120 days after signing the framework agreement to ratify. According to the AU and the United Nations Economic Commission for Africa, if all 55 African Union nations were to join AfCFTA, it would represent the largest free-trade area by number of participating nations, who together would cover a market of 1.2 billion people with a combined GDP of US\$2.5 trillion. AfCFTA aims to create a single market for goods and services across the African continent, and will require members to adhere to provisions on the free movement of capital and business travellers as well as widespread tariff reductions. Under AfCFTA, nations will be required to commit to removing tariffs on 90 per cent. of goods, with each country submitting its own schedule of products to be liberalised. AfCFTA also allows for each state to designate certain products as either "sensitive" or "excluded" products, which extends or temporarily exempts them from the process of liberalisation, respectively. According to the United Nations Economic Commission for Africa, intra-African trade could increase by up to 52 per cent. under AfCFTA, with the potential for further growth if non-tariff barriers can also be dismantled. However, certain large African economies, including Nigeria and South Africa, are yet to sign up to AfCFTA, citing the need for further national discussion on the issue.

In addition to tariffs, imports are affected by a variety of other fees and charges. Ghana levies a 15.0 per cent. VAT and a 2.5 per cent. National Health Insurance Levy on the duty-inclusive value of all imports and locally-produced goods, with a few selected exemptions. Ghana also imposes a 0.5 per cent. ECOWAS surcharge on all goods originating from non-ECOWAS countries and charges 0.4 per cent. of the sum of the free on board ("FOB") value of goods and VAT for the use of the automated clearance system, the Ghana Community Network. Further, under the Ghana Export-Import Bank Act, 2016 (Act 911), Ghana imposes a 0.75 per cent. duty on all non-petroleum products imported in commercial quantities. Ghana also applies a 1 per cent. processing fee to all duty-free imports. Finally, all imports into Ghana are subject to destination inspection and an inspection fee of 1 per cent. of cost, insurance and freight, and excise taxes at varying rates apply to the import of certain products.

As a measure to incentivise private investment activity while reducing the cost of doing business, a number of taxes were abolished in 2017, including the following:

- One per cent. Special Import Levy imposed on imported raw materials and machinery;
- 17.5 per cent. VAT/NHIL on Financial Services; and
- 17.5 per cent. VAT on domestic airline tickets.

### **Foreign Direct Investment**

In 1995, the government established the Ghana Free Zones Authority (the "GFZA") to create an attractive and conducive business environment through the provision of competitive free zone incentives and operate an efficient "one-stop-shop" for the promotion and enhancement of domestic and foreign investment. In 1996, the Ghana Free Zones Programme was established to promote processing and manufacturing of goods through

the establishment of Export Processing Zones, and encourage the development of commercial and service activities at sea and air-port areas.

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

Total foreign direct investment (“**FDI**”), which represents the foreign component of the total estimated cost of registered projects with the GIPC, was US\$3.61 billion in 2017. This amount represents an increase compared to 2016 and 2015, in which registered FDI totalled US\$2.24 billion and US\$2.33 billion, respectively. The government attributes the recent increase in FDI primarily to improved economic conditions as well as proactive investment promotion strategies.

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

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

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
3,946	3,387	2,329	2,241	3,614

*Note:* FDI figures do not include “upstream” oil investment.

*Source:* Ghana Investment Promotion Centre.

The following table shows a breakdown of registered FDI by country of origin during 2015, 2016, and 2017:

<b>2015</b>		<b>2016</b>		<b>2017</b>	
(US\$ millions)		(US\$ millions)		(US\$ millions)	
	Singapore	1,066.82	Netherlands	2,483.85	
British Virgin Islands.....	602.64	South Africa	449.77	India	453.74
Canada.....	374.98	China	301.53	China	232.92
Turkey.....	301.51	Mauritius	179.95	France	149.48
Singapore.....	212.44	Netherlands	75.23	U.K	54.72
China.....	201.67	U.K	49.85	Mauritius	44.19
Korea.....	181.00	UAE	21.84	Iran	30.00
Other.....	455.05	Other	96.01	Other	165.10
<b>Total.....</b>	<b>2,329.30</b>	<b>Total.....</b>	<b>2,241.00</b>	<b>Total.....</b>	<b>3,614.00</b>

*Note:* These amounts are based on the investors’ declared intention to invest which may differ from the actual amounts ultimately invested. Numbers do not include “upstream” oil investment.

*Source:* Ghana Investment Promotion Centre.

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

	2013		2014		2015		2016		2017	
	US\$ mill.	No. of Projects	US\$ mill.	No. of Projects	US\$ mill.	No. of Projects	US\$ mill.	No. of Projects	US\$ mill.	No. of Projects
Manufacturing .	522.87	63	1,391.35	57	169.62	41	351.79	40	2,792.03	52
Liaison .....	646.07	25	257.9	28	9.33	22	32.60	25	523.19	35
Service .....	1,058.31	131	1,726.68	39	1,134.55	55	1,746.19	67	307.55	53
Tourism .....	64.72	22	32.99	4	601.09	3	0.92	2	-	-
Building and Construction ....	1,497.64	61	21.91	8	589.63	19	237.81	18	53.83	14
Export Trade ....	10.72	12	14.47	12	28.39	6	1	2	5.12	5
Agriculture.....	154.43	14	22.95	7	16.48	3	9.68	4	6.91	1
General Trade ..	307.56	89	101.4	29	131.53	21	53.48	22	56.98	32
<b>Total Investment .....</b>	<b>4,262.33</b>	<b>417</b>	<b>3,569.58</b>	<b>184</b>	<b>2,680.63</b>	<b>170</b>	<b>2,433.47</b>	<b>180</b>	<b>3,745.60</b>	<b>192</b>

*Note:* Numbers do not include “upstream” oil investment.

*Source:* Ghana Investment Promotion Centre.

In addition to FDI recorded by GIPC, the Ghana Free Zones Board, the Minerals Commission, and the Petroleum Commission recorded foreign investment of US\$248 million, US\$550 million and US\$494 million in 2017, respectively.

## MONETARY AND FINANCIAL SYSTEM

### Role of The Bank of Ghana

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

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

The functions and responsibilities of the BoG are defined in the Bank of Ghana Act, 2002 (Act 612) (the "**BoG Act**"), which is the governing law relating to the central bank. The BoG Act provides that the primary objective of the BoG is to maintain stability in the general level of prices. The BoG's overall supervisory and regulatory authority over the banks reinforces its mandate to maintain price stability. Without prejudice to the BoG's primary objective, the BoG is additionally directed to support the general economic policy of the government and to promote economic growth and effective and efficient operation of banking and credit systems in the country, independent of instructions from the government or any other authority.

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

In compliance with the structural benchmarks of the IMF's extended credit facility for Ghana, the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) (the "**BSDI**") was passed in 2016. The new act, among other things, (i) strengthens the autonomy of the BoG; (ii) sets the terms of office of the Governor of the Bank and the other members of the Board of Directors; (iii) introduces explicit rules to preserve the personal autonomy of the Board of Directors and audit committees of the Bank; and (iv) sets clear rules and mechanisms for emergency lending to banks during times of distress. Parliament rejected certain provisions requested by the IMF, including imposing a zero limit on BoG monetary financing of central government and public institutions (including SOEs) and instead approved a limit of 5 per cent. of the previous year's government revenues. The government has confirmed that its intention is to continue to adhere to the zero limit on BoG financing of central government in accordance with the IMF's structural benchmarks (which permits BoG to finance up to 2 per cent. of the previous year's government revenues for a cumulative period of up to 90 business days of the calendar year). See "*Risk Factors—The IMF programme is subject to various conditions, and the continuation of the programme support depends on the Republic's ability to comply with the programme conditions*".

The BoG is the sole custodian of state funds both in and outside of Ghana. As the banker for the government, the BoG receives, collects, pays and remits money and securities on behalf of the government, and may act as banker to any government institution or agency. Except as otherwise determined by agreement with the Minister for Finance, the BoG does not receive remuneration from the government for these services. Further,

the BoG is entrusted with the issue and management of government loans publicly issued upon the terms and conditions that are agreed upon between the government and the BoG.

In counteracting any unusual movements in the money supply and prices in the country, the BoG is directed, after consultation with the Minister for Finance, to use its instruments of control (described above) to maintain and promote balanced growth of the national economy. The BoG may, in consultation with the Minister for Finance, formulate exchange rate policy, and the BoG is responsible for holding all foreign exchange of the State.

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

Historically, the BoG has revised the minimum capital levels for banks in response to developments in the banking industry and the economy at large. The minimum capital requirement was raised from GHS7.0 million in 2003 to GHS60.0 million in 2007, and then to GHS120.0 million in 2013. In line with the BSDI, the BoG in September 2017, announced a new minimum capital requirement for banks of GHS400 million. All existing and potential banks have up to 31 December 2018 to comply with the new minimum capital requirements. The recapitalisation exercise forms part of BOG's strategy to deepen and strengthen Ghana's banking sector.

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

## **Monetary Policy**

The primary objective of the BoG, which is enshrined in the BoG Act, is to pursue sound monetary policies aimed at price stability and creating an enabling environment for sustainable economic growth. Price stability in this context is currently defined as a medium-term inflation target range of 8 per cent. plus or minus 2 per cent., for which the economy is expected to grow at its full potential without excessive inflation pressures. The BoG is also responsible for promoting and maintaining a sound financial sector and payment systems through effective regulation and supervision.

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

To strengthen the connection between liquidity management and inflation expectations and the transmission of monetary policy actions, the central bank introduced a "policy rate" in March 2002, now known as the Monetary Policy Rate (the MPR). It is the rate at which the Bank provides overnight funds to banks, which should influence the interbank market rate and interest rates generally, on a basis consistent with its monetary policy. In reaching its decision on the MPR, the MPC meets every two months over two days to examine and analyse a considerable amount of data on the economy, including the fiscal outlook, monetary and inflation developments, external sector, financial stability, fiscal outlook and the real sector performance of the economy. The MPC holds a press conference at the end of each bi-monthly meeting. Statistical information in the form of monetary policy reports is released to the general public at a later date. In line with the gradual narrowing of the inflation gap between targeted and actual inflation, the MPC lowered the MPR from 25.5 per cent. in December 2016 to 20.0 per cent. by the end of December 2017. At its first meeting of the year,

held in January 2018, the MPC decided to maintain the MPR at 20.0 per cent. despite a broadly unchanged inflation horizon, citing the observed marginal uptick in underlying inflation over the last two months of 2017 as influential in its decision. As of March 2018, the MPR has been revised downwards to 18.0 per cent. due to a more positive economic outlook.

### **Money Supply**

Reserve money grew by 13.1 per cent. in 2017, compared to 29.6 per cent. growth in 2016.

The narrow money supply expanded by 14.5 per cent. in 2017, largely attributable to a 20.1 per cent. increase in demand deposits over the period, while currency outside banks grew by 5.6 per cent. The broad money supply increased by 19.8 per cent. in 2017. The broad money supply increased by 19.8 per cent. in 2017. Savings and time deposits grew by 27.9 per cent. in 2017.

In 2017, total liquidity growth was 16.7 per cent., with foreign currency deposits increasing by 6.5 per cent. over the period. The net foreign assets (in Cedi terms) of the banking system increased by 38.4 per cent. in 2017.

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

	As at 31 December			
	2014	2015	2016	2017
	(GHS million)			
<b>Net Foreign Assets</b> .....	<b>8,991.3</b>	<b>11,514.7</b>	<b>14,946.6</b>	<b>20,678.8</b>
Bank of Ghana .....	8,677.8	10,318.0	11,880.1	17,240.5
Deposit Money Banks.....	313.5	1,196.7	3,066.5	3,438.3
<b>Net Domestic Assets of which:</b> .....	<b>27,851.9</b>	<b>34,940.6</b>	<b>41,745.5</b>	<b>45,493.2</b>
Net Claims on Government .....	14,344.7	12,845.2	18,411.2	12,615.9
Claims on Private sector (including public enterprises).....	24,103.7	30,099.1	35,409.4	37,661.8
<b>Narrow Money Supply (M1)</b> .....	<b>17,257.6</b>	<b>21,018.3</b>	<b>26,076.4</b>	<b>29,847.0</b>
<b>Broad Money Supply (M2)</b> .....	<b>27,530.2</b>	<b>34,860.9</b>	<b>43,452.5</b>	<b>52,066.5</b>
<b>Total Liquidity (M2+)</b> .....	<b>36,843.2</b>	<b>46,455.3</b>	<b>56,692.1</b>	<b>66,172.0</b>
Currency with the Public .....	6,896.3	8,503.7	10,139.8	10,707.9
Demand Deposits.....	10,361.3	12,510.7	15,936.6	19,139.1
Savings & Time Deposits .....	10,272.6	13,842.6	17,376.1	22,219.4
Foreign Currency Deposits .....	9,313.0	11,594.4	13,239.6	14,105.6
Foreign Currency Deposits (US\$ millions).....	2,910.3	3,055.2	3,152.1	3,194.7

Source: BoG

### **Financial Deepening and Intermediation**

The Broad Money to nominal GDP ratio is widely used as an indicator of financial sector deepening, where higher values represent a more developed financial sector. Broad Money (as a percentage of GDP) declined marginally from 25.97 per cent. in 2016 to 25.51 per cent. in 2017.

While falling slightly in 2017, Broad Money as a percentage of GDP has increased in recent years; the increase in financial depth in recent times is the result of many factors, including, but not limited to, changes in demand and supply-side incentives. A significant increase in access to financial services has contributed to increases in deposits within the banking system (especially quasi-money). Although currency outside banks increased from 2015 to 2017, the currency ratio decreased from 22.4 per cent. in 2015 to 21.8 per cent. in 2016 and further decreased to 19.3 per cent. in 2017, reflecting a faster pace in deposit increases.

### **Inflation**

In July 2013, the Ghana Statistical Service introduced a rebased calculation of the CPI which, along with other changes, updated the relative weights of the items in the consumption basket and moved the CPI base year from 2002 to the average prices of 2012. CPI indices and rates of inflation under the new calculation vary slightly from indices and rates calculated for the same periods under the old calculation. In general, rates of inflation under the new calculation are slightly higher than they would be if calculated using the old methodology. Although the level of inflation peaked at a 7-year high of 19.2 per cent. in March 2016, headline inflation broadly slowed to 15.4 per cent. in December 2016 on the back of a tight policy stance by the Bank of Ghana. This downward trend continued through 2017, resulting in an inflation level of 11.8

per cent. in December 2017, and appears to be continuing into 2018 with an inflation level of 10.4 per cent. in March 2018. The government's inflation target for the end of 2018 is 8.9 per cent. and the medium-term inflation target is 8 per cent., plus or minus 2 per cent.

The following table shows the year-on-year inflation rate as at the end of the periods indicated:

	Year-on-year inflation <sup>(1)</sup>		
	Combined	Food (%)	Non-Food
December 2013.....	13.5	7.2	18.1
December 2014.....	17.0	6.8	23.9
December 2015.....	17.7	8.0	23.3
December 2016.....	15.4	9.7	18.2
December 2017.....	11.8	8.0	13.6
March 2018.....	10.4	7.3	11.8

Source: Ghana Statistical Service

(1) Year-on-year inflation is the percentage change in the Consumer Price Index over the preceding twelve-month period.

### Interest Rates

Against the backdrop of increased inflation, higher inflation expectations and unstable macroeconomic conditions, the MPC of the BoG gradually increased its policy interest rate (which it merged with the BoG lending rate in August 2015) from 12.5 per cent. in December 2011 to a peak of 26.0 per cent. in November 2015. However, in line with improving macroeconomic conditions and falling inflation expectations, the MPC gradually reduced the MPR over the course of 2017, to 22.5 per cent. in May 2017 and to 20.0 per cent. in November 2017. In the March 2018 MPC meeting, the MPR was dropped to 18.0 per cent. on the back of a improved inflation figures and an inflation forecast that provided scope for monetary policy to realign interest rates and reinforce the fiscal consolidation process by easing the burden of interest payments payable on government debt, thereby reducing expenditure in the budget.

The following table sets out quarter-end interest rates from the BoG from June 2015 through to March 2018:

	Treasury Bill			Year-on-year inflation <sup>(2)</sup>
	Discount Rate (91 Days)	Interest Rate Equivalent (91 Days)	Monetary Policy Rate	
		(%)		
June 2015.....	23.68	25.17	22.00 <sup>(1,2)</sup>	17.10
September 2015.....	23.78	25.28	25.00	17.40
December 2015.....	21.86	23.12	26.00 <sup>1</sup>	17.70
March 2016.....	21.41	22.62	26.00	19.20
June 2016.....	21.57	22.80	26.00 <sup>1</sup>	18.40
September 2016.....	21.63	22.87	26.00	17.20
December 2016.....	16.14	16.81	25.50 <sup>1</sup>	15.40
March 2017.....	16.20	16.89	23.50	12.80
June 2017.....	11.73	12.08	22.50 <sup>1</sup>	12.10
September 2017.....	12.77	13.19	21.00	12.20
December 2017.....	12.88	13.33	20.00 <sup>1</sup>	11.80
March 2018.....	12.92	13.35	18.00	10.40

Source: Ghanaian Authorities

(1) The Monetary Policy Committee sets the Monetary Policy Rate on a bi-monthly basis, in this instance the MPR was set in the preceding month.

(2) Year-on-year inflation is the percentage change in the Consumer Price Index over the preceding twelve-month period.

(3) In July 2015, the BoG merged the MPR with the BoG lending rate, which resulted in a policy rate of 24 per cent.

### Mandatory Reserves

In order to promote growth of credit to the private sector, in August 2006 the BoG abolished former secondary reserve requirements. Under current regulations, banks must hold 10 per cent. of their eligible deposits as primary reserves at the BoG.

## ***Open Market Operations***

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

## **Foreign Exchange Regulations**

The BoG is the licensing, regulatory and supervisory authority on all foreign exchange dealings.

All foreign exchange dealings in Ghana are regulated by the Foreign Exchange Act, along with certain operational guidelines, which were published by the BoG in April 2007.

All foreign exchange transactions between residents and non-residents are accounted for through the banking system. The operational guidelines for foreign exchange transactions in Ghana are as follows:

- Residents and non-residents are permitted to open Foreign Currency Accounts with domestic banks. Such accounts may be credited with transfers in foreign currency from abroad or other foreign currency accounts and balances are freely transferable.
- Residents are allowed to open foreign exchange accounts with banks. Residents may transfer abroad up to US\$10,000 (or equivalent) every year without documentation. Transfers in excess of US\$10,000 (or equivalent) are freely permitted, subject to provision of supportive documentation of the transaction. Importers may transfer up to US\$50,000 (or equivalent) per transaction from such accounts without initial trade documentation.

The BoG Notices BG/GOV/SEC/2016/02 and 03 for foreign exchange transactions require the repatriation of all export proceeds to local banks, in full and within a period not exceeding 60 days from the day of shipment of goods. Export proceeds from cocoa and gold are surrendered to the BoG except in specified cases (such as mining leases), in which the BoG may permit a portion of the foreign exchange earned to be retained in an offshore account or in a foreign exchange account at a domestic bank. In general, there are no restrictions on the purchase of capital market instruments by residents abroad. Non-resident purchases of domestic capital market instruments have no restrictions, except that investors seeking to acquire at least a 5.0 per cent stake of a bank must seek approval from the BoG. Residents can also issue capital market instruments abroad. In all cases, however, domestic banks must submit reports of such transactions to the BoG.

Sale or issuance of money market instruments by non-residents is not permitted. However, purchases of such instruments abroad by residents have no restrictions. Non-residents are permitted to invest only in onshore money market instruments with maturity period of two or more years. In all such cases, banks are required to submit reports to the BoG.

All foreign exchange transactions on credit operations—commercial and financial credit to residents from non-residents; loans by residents to non-residents and vice versa, and settlements of debts abroad by residents to non-residents have no restrictions. Banks are, however, required to submit reports of such transactions to the BoG.

There are no restrictions on direct investments, repatriation of capital, dividends, capital gains or profits. All foreign investors must register with the Ghana Investment Promotion Centre, however. There are also no restrictions on outward direct investments. Banks are, however, required to submit reports to the BoG.

There are no restrictions on real estate transactions, neither on purchases abroad by residents, nor on purchases or sales in Ghana. Banks are, however, required to submit reports to the BoG.

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

The currency of Ghana is the Ghana Cedi. Ghana's exchange rate policy is primarily market-based, with intervention by the BoG to smooth out short-term fluctuations in the foreign exchange market. Gross foreign assets rose from US\$5.63 billion at the end of 2013 to US\$7.55 billion at the end of 2017. Net international reserves also increased across the same period, from US\$3.29 billion to US\$4.52 billion.

Net international reserves decreased to their lowest value in the period to US\$3.09 billion at the end of 2015. The subsequent increases in net international reserves in 2016 and 2017 reflect the increased portfolio inflows



generated from foreign investor purchase of government of Ghana bonds and higher export receipts from gold, cocoa and oil. The exchange rate is driven by the demand and supply factors on the foreign exchange markets with foreign exchange bureaus setting their rates on a daily basis without restriction. The market-based exchange rate policy is aligned with the broad monetary policy objective of the BoG, that is, to achieve price stability and subject to that, to support the government's economic objectives including those for growth and employment.

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

The Cedi was relatively stable until 2012, when it sharply declined in value, falling from 1.57 Cedi per US Dollar as at 3 January 2012 to 1.88 Cedi per US Dollar as at 31 December 2012. This decline was the result of several factors, including pressures in the foreign exchange market following a surge in import demand that accompanied GDP growth, premature redemption of portfolio investments by non-residents and divestments of foreign holdings in government bonds. As a result, the BoG took a number of measures in 2012 to tighten domestic liquidity, including increasing the MPR from 12.5 per cent. to 15.0 per cent. and requiring banks to hold mandatory reserves on foreign currency deposits in Cedi rather than foreign currency.

In 2016, the Cedi cumulatively depreciated by 5.2 per cent. and 9.6 per cent. against the Euro and the US Dollar respectively, whilst cumulatively appreciating by 10.0 per cent. against the British Pound, due to the weakening of the British Pound in 2016 following the United Kingdom's decision to leave the European Union. In 2017, the Cedi cumulatively depreciated by 12.9 per cent., 16.2 per cent. and 4.9 per cent. against the British Pound, the Euro and the US Dollar respectively.

The 4.9 per cent. weakening of the Cedi against the dollar in 2017 was the strongest performance since 2010. In the first quarter of 2018, the Cedi has appreciated against the dollar by 0.26 per cent, representing the strongest quarterly performance since the first quarter of 2010. The improved performance of the Cedi in 2017 was a result of a lower than targeted fiscal deficit and a generally improved balance of payments position. The Cedi is expected to remain stable for 2018 on the back of a projected balance of payments surplus, declining inflation and continued decline in the fiscal deficit.

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

	December					March
	2013	2014	2015	2016	2017	2018
<b>GHS/US\$</b> .....	<b>2.20</b>	<b>3.20</b>	<b>3.79</b>	<b>4.20</b>	<b>4.42</b>	<b>4.40</b>
% Change (YoY) .....	(14.51)	(31.25)	(15.66)	(9.6)	(4.9)	0.26
<b>GHS/£</b> .....	<b>3.67</b>	<b>4.98</b>	<b>5.63</b>	<b>5.20</b>	<b>5.97</b>	<b>6.18</b>
% Change (YoY) .....	(16.85)	(26.26)	(11.51)	10.0	(12.9)	(3.47)
<b>GHS/Euro</b> .....	<b>3.10</b>	<b>3.90</b>	<b>4.15</b>	<b>4.44</b>	<b>5.30</b>	<b>5.42</b>
% Change (YoY) .....	(20.05)	(20.48)	(6.15)	(5.2)	(16.2)	(2.28)

Source: Ghanaian Authorities

### ***International Reserves***

Between 2013 and 2017, gross foreign assets increased, from US\$5.63 billion at the end of 2013 to US\$7.55 billion at the end of 2017. The BoG attributes the increase primarily to increased export earnings and improved foreign direct investment and portfolio flows. Ghana has recently benefitted from increasing reserve levels, making the economy less susceptible to short-term stability risks. The government aims to continue to increase reserves, which will reduce the country's vulnerability to external shocks.

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

	<b>Gross Foreign Assets<sup>1</sup></b>
	(US\$ millions)
2013.....	5,632.2
2014.....	5,461.0
2015.....	5,885.0
2016.....	6,161.6
2017.....	7,554.8

Source: BoG

(1) Represents all foreign assets of the BoG and includes short term assets, long term assets, encumbered funds, the Ghana Heritage Fund and the Ghana Stabilisation Fund.

## The Financial Sector and Capital Markets

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

The Ghanaian financial system is made up of four core sectors: (i) banking and non-banking financial institutions; (ii) capital market operators comprising the Ghana Stock Exchange, brokerage firms and investment dealers; (iii) insurance companies (life and non-life) and insurance brokerage firms; and (iv) pension funds. These sectors are separately regulated by four regulatory bodies namely: the BoG, the Ghana SEC, the Ghana NIC and the NPRA, respectively.

### Banking Sector

Banking in Ghana is governed by the BSDI. The BSDI restricts banking business in the country to corporate bodies which are incorporated in Ghana and have obtained a licence from the BoG. The BSDI requires that all banks maintain a capital adequacy ratio of at least 10 per cent. Currently the BoG is progressing reforms to strengthen the risk management practices and modernise the banking industry. In particular, the BoG has revised the minimum paid up capital requirements to GHS400.00 million, and the implementation of a risk based capital requirement based on Basel III is on-going. Banks are required to comply with the new paid up capital requirements by 31 December 2018.

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

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
			(%)		
Capital Adequacy Ratio.....	18.45	17.92	17.81	18.00	15.63
Non-Performing Loans Ratio.....	12.00	10.98	14.70	17.30	21.59
Non-Performing Loans Ratio, Excluding Loss Category.....	4.61	5.35	6.81	8.40	10.14

Source: BoG

The capital adequacy ratio of the banking industry was 15.63 per cent. in December 2017, compared to 18.0 per cent. in December 2016 and 17.8 per cent. in December 2015.

The non-performing loans ratio within the banking industry was 21.59 per cent. in December 2017, compared to 17.3 per cent. in December 2016 and 14.7 per cent. in December 2015. The ratio of NPLs excluding the loss category was 10.14 per cent. in December 2017, compared to 8.4 per cent. in December 2016 and 6.8 per cent. in December 2015. The increase in NPLs in 2017 was largely attributable to the downgrading of some facilities in the private sector following the completion of an asset quality review of banks' loans completed by the BoG in March 2017. However, following the review, the government has undertaken remedial actions, including the recapitalisation of capital-deficient banks, and the acceleration of recoveries

and write-offs of assets. Further to these efforts, two banks were put into liquidation in August 2017, and the BoG took over administration of another bank in March 2018, following the banks' failure to improve their respective capital positions. The BoG is currently reviewing a number of proposed strategies to write-off the loss component of NPLs. Among these strategies is the establishment of an asset management company, which will purchase the impaired assets from certain banks.

Ghana's banking sector has been subject to a number of structural and policy reforms since 2000, including the introduction of a universal banking concept in 2003. Universal banking replaced the then compartmental banking model, which segmented the banking sector into development, merchant and commercial banking. Under the current banking system, licensed banks may engage in all aspects of banking operations, and there are currently 34 of these universal banks. In addition to the universal banks, Ghana has a rural banking system with 141 rural and community banks ("RCBs"), distributed across the 10 regions of the country. These institutions are licensed to promote financial inclusion and economic development of Ghana's rural communities.

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

#### *The Ghana Stock Exchange*

The Ghana Stock Exchange (the "**GSE**" or the "**Exchange**") was incorporated in July 1989 as a private company limited by guarantee under Ghana's Companies' Code. Trading on the floor of the Exchange commenced on November 12, 1990, and the Exchange changed its status to a public company in April 1994. The GSE operates under membership, listing, trading, clearing and settlement and depository rules, collectively referred to as the "GSE Rule Book." A Council (the "**Council**") governs the Exchange, with representation from six constituencies, including licensed dealing members, listed companies, banks, insurance companies, money market, allied institutions, independents, executives of the GSE and the general public. The Council acts as the Board of Directors with all powers and functions of a Board under the Companies Act, 1963 (Act 179), as amended (the "**Companies Code**") and is responsible for setting the policies of the Exchange. Council members include individuals in the commercial, industrial, financial and public service sectors. The functions of the Council include regulating trading and settlement, granting approvals for listing, maintaining public confidence in the market and promoting the Exchange. As of April 2018, there were 38 companies listed on the GSE. All ordinary shares listed on the Exchange (except the ordinary shares of companies listed on the Exchange whose shares are also listed on other markets) are included in the GSE Composite Index, the Exchange's main stock index.

In 2013, the Exchange introduced a second trading platform, the Ghana Alternative Market, to promote access to long-term capital at relatively lower cost, particularly for small and medium-sized enterprises. In addition, the Exchange launched a third trading platform, the Ghana Fixed Income Market, in August 2015, to provide an efficient secondary market for the trading of fixed income and similar securities. One of the government's key policy objectives for the financial sector for the medium-term is to increase minimum capital requirements and improve risk-based supervision and corporate governance practices in the securities sector.

Market capitalisation increased to a peak of GHS64.35 billion in 2014, followed by a gradual decline to a value of GHS58.8 billion in 2017. Annual volume and value traded have also increased in recent years, with annual volume traded rising from 207.5 million shares in 2014 to 322.8 million shares in 2017. Annual value traded declined from GHS456.14 million in 2013 to a low of GHS242.1 million in 2016, before increasing significantly to GHS518.4 million in 2017.

The government of Ghana’s eurobonds and domestic bonds are listed on the GSE. The standard maturities are two, three, five and seven years. The total value of government notes and bonds listed was GHS22.1 billion and GHS42.9 billion as of December 2016 and December 2017, respectively.

The GSE does not restrict foreign investors, however, to acquire at least a 5.0 per cent. stake of a bank on the market, investors must seek the BoG’s approval. The GSE allows full remittance of funds with respect to capital gains, original and principal amounts, interest and related earnings.

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Number of Listed Companies .....	34	35	39	41	40
Market Capitalisation (GHS millions) .....	61,158.3	64,352.4	57,116.87	52,690.99	58,803.96
Annual Trading Volumes (shares millions) .....	313.0	207.5	246.4	252.8	322.8
Annual Value Traded (GHS millions) .....	456.1	346.0	247.6	242.1	518.4

Source: Ministry of Finance

### *The Ghana Commodities Exchange*

To address the challenges facing smallholder farmers and associated value chain participants, in June 2015, the government launched the Ghana Commodities Exchange project. The project aims to create a transparent and efficient marketing system for Ghana’s key agricultural commodities and thereby promote investment in agriculture and enhance agricultural productivity. The government expects that the exchange will help farmers to shift from subsistence to commercial farming and enhance exports of agricultural commodities. The project is a public private partnership between the government and a private sector consortium comprised of domestic and global institutional investors, including Ecobank Ghana Limited, GCB Bank Limited, 8 Miles Fund, and the International Finance Corporation (the “**IFC**”). The BoG has granted provisional approval for the establishment of a finance house to engage solely in warehousing receipt system of financing.

### *The Financial Sector*

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

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

Commercial banks and non-bank financial institutions dominate Ghana’s financial sector. Commercial bank assets constituted 84.61 per cent. of total financial system assets in 2017, while the other financial institutions constituted 15.39 per cent. There are currently 34 commercial banks in Ghana. Two banks were put into liquidation in August 2017, and the BoG took over administration of another bank in March 2018, following the banks’ failure to improve their respective capital positions. See “*Risk Factors—Ghana’s banking sector faces challenges such as high rates of non-performing loans, which could have an adverse impact on the banking sector as a whole and may impact the economy*”. As at 31 December 2017, total assets for the commercial banks were GHS93,627.41 million, an increase of 13.3 per cent. from GHS82,644.00 million as at 31 December 2016.

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

### *Rural and Community Banks*

There are currently 141 RCBs with 786 branches and outlets in Ghana providing domestic banking services in the rural areas. Members of the community often own RCBs, and their operations are generally limited to specific geographic areas. Individual ownership is limited to 30 per cent. of paid up capital to ensure that no single individual has a commanding controlling share in any RCB. As at 31 December 2017, the total assets of RCBs amounted to GHS3,644.0 million (approximately 3.4 per cent. of total assets of the banking industry in Ghana), a 19.3 per cent. increase from GHS3,054.3 million as at 31 December 2016. Total liabilities amounted to GHS3,644.0 million as at 31 December 2017, compared to GHS3,054.3 million as at 31 December 2016.

### *Non-Bank Financial Institutions*

Non-bank financial institutions (“**NBFIs**”) play an increasingly significant role in Ghana’s financial system by complementing commercial banks' efforts by providing financial services and products to the lower end of the market. The NBFIs include savings and loans, mortgage finance house companies, leasing companies, leasing and finance companies, credit reference bureaus as well as foreign exchange bureaus. The total assets of the NBFIs increased by 33.7 per cent. in 2017 to GHS12,160 million, compared to GHS9,560.5 million in 2016. Of this amount, the assets of savings and loans companies constituted 63.3 per cent.; finance companies constituted 30.9 per cent., mortgage companies constituted 4.9 per cent. and leasing companies constituted 0.9 per cent. in 2017.

### *Micro-Finance Institutions*

Micro-finance has become increasingly popular in Ghana as an alternative to banks. In 2011, the BOG commenced a process to licence all micro-finance institutions that meet certain capital requirements. In connection with its licencing of micro-finance institutions, in July 2011, the BOG instituted guidelines categorising micro-finance institutions into a four-tier classification system. Under the system, each tier defines the permissible activities, such as capitalisation and prudential requirements. As of December 2017, 566 firms had received licences to operate as micro-finance institutions. Micro-finance institutions include deposit-taking microfinance companies, financial NGOs and money lenders. Total assets of the microfinance sector had increased slightly from GHS1,272.0 million as at 31 December 2016, to GHS 1,286 million as at 31 December 2017, which represents 1.3 per cent. of the total banking sector assets.

### *Mobile money services*

The use of mobile money services has grown significantly over the past years. Registered subscribers increased from 3.8 million in 2013 to 24.0 million with 11.4 million bank accounts as at December 2017. The value of mobile money transactions was GHS155.8 billion at December 2017, an increase of 98.5 per cent. compared to GHS78.5 billion in December 2016. While mobile money in Ghana has mainly been driven by mobile network operators, it has required the partnership of banks and is expected to significantly impact on the banking sector in coming years, and is expected to help address government concerns regarding financial inclusion. With millions of subscribers across the country, mobile money is expected to serve as an important delivery channel for consumer banking.

In July 2015, the BoG introduced the Guidelines for E-Money Issuers in Ghana, to promote financial inclusion in Ghana by extending financial services beyond traditional branch-based channels and ensure that e-money customers benefit from adequate transparency, fair treatment and effective recourse. In September 2016, the BoG introduced the payment of interest to mobile money customers, mandating that banks must pay interest on the mobile money accounts that they hold, and that not less than 80 per cent. of such interest must be passed through to the end customers.

### *Pensions and Insurance Industry*

The largest non-bank financial institution is the state pension fund, SSNIT. Other non-bank financial institutions include insurance companies, privately managed pension funds, discount houses and mortgage finance companies. Employees in Ghana’s formal sector, both public and private, participate in a government-sponsored social security system which is managed by the SSNIT. The government passed a new law in 2008, the National Pensions Act, 2008 (Act 766) (as amended), which introduced pension reforms by

establishing the NPRA to administer a new three-tier pension scheme which increased social security contribution to 18.5 per cent. from 17.5 per cent. of basic salary (13 per cent. by the employer and 5.5 per cent. by the employee). The new system is made up of a Tier 1 mandatory basic social security scheme managed by SSNIT (13.5 per cent.), a Tier 2 mandatory contribution privately-managed occupational pension scheme and a Tier 3 voluntary occupational and personal private pension scheme. The pension fund trustees licensed by the NPRA manage Tiers 2 and 3.

Total assets of the insurance industry grew by 23 per cent. in 2017 compared with 9.6 per cent. in 2012. The Ghana NIC, the domestic regulatory body, is aiming to widen the national uptake of insurance policies beyond the current rate of 2 per cent. by implementing a micro-insurance strategy which targets the currently low-income economic sectors.

In its 2018 Budget Statement, the government outlined certain key reforms with the aim of promoting growth in the pensions and insurance industry. These include broad reforms to the pensions, insurance, mortgage finance and capital markets sectors, as well as more targeted reforms such as a pension scheme aimed at Ghana's informal economy. Furthermore, the government is expected to ratify Ghana's membership into the Africa Trade Insurance Agency, which aims to promote Ghanaian trade by providing prospective participants with insurance against political and commercial risks.

## PUBLIC FINANCE

### General

The government's budget process is currently governed by the 1992 Constitution, the new Public Financial Management Act, 2016 (Act 921) (the "PFMA"), the Financial Administration Regulations and an Appropriations Bill which is passed each year. The state budget consists of the revenues and expenditures of the central government and incorporates payments to the District Assemblies Common Fund, which is used to provide general budgetary support at the district level. The accounts of SOEs are not included in the national budget. However, the national budget reflects capital transfers to and distributions received from SOEs.

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

### The Budget Process

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

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

In the third phase of the budgetary cycle, the implementation and monitoring phase, the Minister for Finance authorises the release of funds. The Ministry of Finance is established under Section 11 of the Civil Service Law, 1993 (PNDCL 327) and is responsible for formulating and implementing fiscal and financial policies and generally for managing the economy. It also has ministerial oversight responsibilities for the cocoa sector and, on behalf of the government, oversees the development of programmes with multilateral institutions, such as the World Bank and the IMF, and bilateral development partners. It is a strategic Central Management Agency ("CMA"), and together with the National Development Planning Commission and the Public Services Commission, among others, is responsible for the central functions of government and provides a focal point in government for policy formulation and implementation.

In order to monitor government spending and ensure that MDAs do not incur excessive obligations for the government, the Ministry of Finance is responsible for the supervision of the spending of the MDAs through the use of quarterly and monthly expenditure ceilings and the imposition of sanctions on MDAs which exceed their ceilings.

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

In fiscal years in which the amount of funds appropriated is insufficient or in which a need has arisen for expenditures for which no funds have been appropriated, the Constitution provides that a supplementary budget estimate shall be presented to parliament for its approval. In 2009, 2011, 2012, 2014, 2015 and 2016,

the government presented supplementary estimates to parliament in response to unanticipated increases in revenues and expenditures. The government did not present supplementary estimates in 2010 or in 2013.

Recently, the government identified the need to provide a stronger regime for budget planning and formulation, execution and monitoring and for this to be properly codified in an integrated public financial management law. The new PFMA was approved by parliament on 2 August 2016. The PFMA provides an integrated basis to cover all phases of the budget cycle and includes more effective supervision, oversight and reporting of the wider public sector as well as a sanctions regime. The PFMA also assists in meeting several strategic objectives including tying expenditures to realistic medium and long term strategies, ensuring borrowings are within fiscal capacity as well as integrating into one budget system the parallel expenditure systems of statutory funds.

The PFMA focuses on the following:

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

The purpose of the PFMA is to ensure:

- transparent consultative fiscal policy formulation process to garner support for government's fiscal policy to improve budget credibility;
- tighter commitment control to reduce budget overruns and accumulation of arrears;
- predictable and timely release of funds through improved cash and treasury management;
- more sustainable debt through tighter borrowing controls and systems; and
- improved service delivery through the effective monitoring of results and performance of public sector institutions.
- An amendment to the PFMA to limit the fiscal deficit within a range of 3 per cent. to 5 per cent. of GDP for any financial year has been approved by the cabinet and will be brought before Parliament.
- To address the rigid budgetary expenditure structure the government adopted the Earmarked Funds Capping and Realignment Act in April 2017. This aimed to address inflexibilities in the budget system by capping the total amount that could be transferred into earmarked funds at 25 per cent. of domestic tax revenues for a given fiscal year. This will allow for greater discretion over fiscal expenditures, such as for additional public investment, from existing revenues which previously would have required the government to utilise a grant or resort to additional borrowings.

## **Public Accounts**

Controlling the fiscal deficit is an important goal of fiscal policy. The 2014 fiscal deficit was 10.2 per cent. of GDP, against a revised budget target of 8.8 per cent. of GDP. The 2014 deficit was primarily attributable to



shortfalls in domestic revenue as a result of the slowdown in economic activity, lower grant disbursements and higher than estimated payment of domestic arrears. The 2015 fiscal deficit decreased to 6.4 per cent. of GDP against a revised budget target of 7.2 per cent. of GDP, which was primarily attributable to the impact of the government's fiscal consolidation programme and, in particular, higher tax revenues (including VAT on fee-based financial services and a 5 per cent. flat rate on real estate, a special petroleum tax and special import levy of 1–2 per cent. on certain imported goods) and contained expenditure for the period. The 2016 fiscal deficit increased to 8.3 per cent. of GDP, against a revised budget target of 5.0 per cent. of GDP. The large fiscal deficit recorded in 2016 was primarily a result of revenue underperformance due to poor tax compliance and tax administration, non-materialisation of anticipated non-tax receipts and higher-than-anticipated election-related expenditures. Improvements in fiscal discipline resulted in a reduction in the fiscal deficit to 5.9 per cent. of GDP in 2017, against a revised budget target of 6.3 per cent. of GDP.

In the 2017 mid-year budget review statement, the government stated its intention to introduce a numerical fiscal rule to guide the implementation of fiscal policy. An amendment to the PFMA to limit the fiscal deficit within a range of 3 per cent. to 5 per cent. of GDP for any financial year has been approved by the cabinet and will be submitted to Parliament for approval.

Ghana has historically financed its deficits through a combination of divestiture receipts, foreign borrowing, overdrafts and the issuance of domestic debt. The government financed 100.4 per cent. of the 2017 budget deficit through domestic borrowing and other domestic sources, while foreign financing (net of external borrowing and amortisation) of the deficit constituted a net repayment of GHS47.42 million. Domestic financing of the budget deficit was GHS12.3 billion. High domestic borrowing by government in the past has contributed to high domestic interest rates. However, recent prudent debt management practices including the reprofiling of the domestic debt led to an increase the average time to maturity for domestic debt from 5.5 years in 2016 to 7.2 years in 2017, while the average time to maturity of the entire debt portfolio increased from 6.3 years to 8.2 years over the same period. The proportion of the total debt stock maturing in a year reduced from 29.8 per cent. in 2016 to 17.7 per cent. in 2017.

The following table shows a breakdown of budgeted government revenues and expenditures for the periods indicated:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017<sup>1</sup></u>
	(GHS millions)				
<b>REVENUES</b>					
<b>Total Revenues and Grants</b>	<b>21,462.3</b>	<b>25,438.0</b>	<b>29,772.9</b>	<b>37,889.3</b>	<b>43,096.7</b>
<b>Total Revenue</b>	<b>20,203.8</b>	<b>24,047.2</b>	<b>27,771.1</b>	<b>36,300.1</b>	<b>41,565.1</b>
<b>Tax Revenue</b>	<b>16,019.7</b>	<b>18,996.3</b>	<b>22,374.6</b>	<b>29,129.0</b>	<b>33,017.1</b>
<b>Income &amp; Property Taxes</b>	<b>7,825.0</b>	<b>9,159.7</b>	<b>9,410.8</b>	<b>11,358.9</b>	<b>12,951.1</b>
Company Taxes	3,540.5	4,144.0	3,806.1	5,243.2	5,965.0
Personal Income Tax	3,140.1	3,572.2	3,812.1	4,482.6	4,908.9
Others	1,144.4	1,443.5	1,792.6	1,633.2	2,077.2
<b>Taxes on Domestic Goods &amp; Services</b>	<b>5,576.2</b>	<b>6,478.3</b>	<b>9,348.4</b>	<b>12,116.5</b>	<b>13,363.1</b>
VAT	3,768.0	4,626.6	5,760.7	7,347.7	8,333.2
Domestic	1,482.9	1,765.4	2,398.1	3,185.9	3,785.3
Imports	2,285.0	2,861.2	3,362.7	4,161.7	4,547.9
National Health Insurance Levy (NHIL)	753.6	738.9	1,003.1	1,124.9	1,438.1
Communication Service Tax	150.8	317.0	281.1	310.4	327.9
Petroleum Tax	657.8	636.1	2,089.7	3,042.8	2,878.0
Excise Duty	246.0	159.7	213.8	290.9	385.9
<b>International Trade Taxes</b>	<b>2,618.5</b>	<b>3,358.2</b>	<b>3,615.3</b>	<b>5,653.6</b>	<b>6,702.9</b>
Import Duties	2,593.5	3,047.2	3,275.3	4,899.6	6,371.8
Export Duties	25.0	311.0	340.0	754.0	331.1
Import Exemptions	1,071.1	792.3	753.3	0.0	0.0
Social Security Contribution to NHIL	164.2	165.9	182.6	352.8	296.3
Non-Tax Revenue	4,019.9	4,884.9	5,214.0	6,818.2	6,170.0
Other Revenue (ESLA)				0.00	2,081.7
<b>Grants</b>	<b>1,258.5</b>	<b>1,390.8</b>	<b>2,001.8</b>	<b>1,589.3</b>	<b>1,531.5</b>
Project Grants	454.5	910.7	1,065.5	1,463.1	1,515.2
Programme Grants	456.7	480.1	936.3	126.1	16.3
HIPC Assistance (multilaterals)	173.4	0.0	0.0	0.0	0.0

	2013	2014	2015	2016	2017 <sup>1</sup>
Multilateral Debt Relief Initiative ("MDRI")	173.8	0.0	0.0	0.0	0.0
<b>EXPENDITURES</b>					
<b>Total Expenditures</b>	<b>26,639.1</b>	<b>32,935.3</b>	<b>37,122.1</b>	<b>43,983.8</b>	<b>52,173.1</b>
<b>Recurrent</b>	<b>18,488.2</b>	<b>23,522.5</b>	<b>27,598.6</b>	<b>32,061.0</b>	<b>40,138.1</b>
<b>Non-Interest Recurrent Expenditures</b>	<b>15,293.8</b>	<b>15,637.8</b>	<b>18,248.8</b>	<b>21,570.7</b>	<b>26,854.6</b>
Compensation of Employees	9,004.0	10,793.4	12,312.9	13,730.9	16,005.5
Wages & Salaries	7,465.4	9,218.9	10,286.5	11,722.8	14,047.4
Goods & Services	1,742.4	1,085.0	1,856.4	2,126.9	2,651.5
Transfers	3,820.9	3,759.3	4,079.5	5,085.5	4,078.5
Reserve Expenditure Vote	726.6	0.0	0.0	0.0	0.0
ELSA transfers					2,081.7
Reallocation to Priority Programmes				0.00	100.2
Tax Refunds				627.4	1,937.1
<b>Interest Payments</b>	<b>3,194.4</b>	<b>7,884.7</b>	<b>9,349.8</b>	<b>10,490.3</b>	<b>13,283.5</b>
Domestic	2,574.2	6,820.2	7,734.0	8,317.2	10,571.2
External	620.2	1,064.6	1,615.8	2,173.0	2,712.3
<b>Subsidies</b>	<b>1,022.2</b>	<b>618.8</b>	<b>50.0</b>	<b>50.0</b>	<b>50.0</b>
<b>Capital Expenditures (Total)</b>	<b>7,128.7</b>	<b>8,794.0</b>	<b>9,473.6</b>	<b>11,872.8</b>	<b>11,985.0</b>
Capital Expenditures (Domestic financed)	3,278.1	4,045.3	4,951.1	7,085.3	7,637.0
Capital Expenditures (Foreign financed)	3,850.5	4,748.7	4,522.5	4,787.5	4,348.0
<b>HIPC-financed Expenditure</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>MDRI-financed Expenditure</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Outstanding Commitment</b>				0.0	
<b>Balance (commitment)</b>	<b>(5,176.8)</b>	<b>(7,497.3)</b>	<b>(7,349.3)</b>	<b>(6,094.5)</b>	<b>(9,076.4)</b>
Road Arrears	(250.0)	(231.7)	(322.3)	0.0	0.0
Non-road Arrears	(1,820.2)	(2,019.2)	(1,539.0)	(2,313.2)	(3,742.6)
Tax Refunds	(291.2)	(308.5)	(462.0)	0.0	0.0
Divestiture Receipts	0.0	0.0	0.0	0.0	0.0
Divestiture Liabilities	0.0	0.0	0.0	0.0	0.0
Discrepancy	0.0	(31.7)	0.0	0.0	0.0
<b>OVERALL BALANCE</b>					
Overall Deficit (including divestitures)	<b>(7,538.2)</b>	<b>(10,088.5)</b>	<b>(9,672.6)</b>	<b>(8,407.7)</b>	<b>(12,819.0)</b>
	<b>% of GDP</b>				
Total Government Budget Balance	(8.5)	(8.8)	(7.2)	(5.0)	(6.3)
Total Expenditures	30.0	28.7	27.7	26.4	25.8
Domestic Primary Balance	(4.9)	(1.9)	(0.2)	1.2	0.2

Source: Ministry of Finance

(1) 2017 Revised Budget

The following table shows a breakdown of actual government revenues and expenditures for the periods indicated:

	2013	2014	2015	2016	2017 <sup>1</sup>
	(GHS millions)				
<b>REVENUES</b>					
<b>Total Revenues and Grants</b>	<b>18,629.6</b>	<b>23,527.8</b>	<b>29,981.8</b>	<b>33,678.2</b>	<b>41,497.9</b>
<b>Total Revenue</b>	<b>17,890.1</b>	<b>22,713.6</b>	<b>27,293.0</b>	<b>32,537.4</b>	<b>39,963.0</b>
<b>Tax Revenue</b>	<b>13,465.7</b>	<b>18,012.1</b>	<b>22,082.3</b>	<b>25,728.7</b>	<b>32,227.6</b>
<b>Income &amp; Property Taxes</b>	<b>6,301.7</b>	<b>8,486.6</b>	<b>8,706.5</b>	<b>9,106.9</b>	<b>13,398.1</b>
Company Taxes	2,734.4	3,830.3	3,664.7	4,094.3	6,017.6
Personal Income Tax	2,549.0	3,219.2	3,570.2	3,702.4	5,191.3
Others	1,018.3	1,437.1	1,471.6	1,310.2	2,189.3
<b>Taxes on Domestic Goods &amp; Services</b>	<b>4,833.0</b>	<b>6,434.3</b>	<b>9,926.8</b>	<b>12,231.3</b>	<b>13,344.8</b>
VAT	3,317.1	4,671.6	6,254.4	7,129.7	8,549.4
Domestic	1,333.7	1,915.1	2,765.5	3,021.9	3,557.1
Imports	1,983.4	2,756.6	3,488.9	4,107.8	4,992.3
National Health Insurance Levy (NHIL)	647.7	781.7	1,018.7	1,119.5	1,376.2
Communication Service Tax	174.0	216.6	251.8	338.8	328.9
Petroleum Tax	525.1	617.5	2,163.4	3,346.1	2,751.3
Excise Duty	169.2	146.8	238.6	297.3	339.0
<b>International Trade Taxes</b>	<b>2,331.0</b>	<b>3,091.2</b>	<b>3,448.9</b>	<b>4,390.4</b>	<b>5,484.7</b>
Import Duties	2,231.0	2,772.7	3,078.4	4,121.9	5,484.7
Export Duties	100.0	318.6	370.6	268.5	0.0
Import Exemptions	842.0	1,217.7	2,058.7	0.0	0.0
Social Security Contribution to NHIL	159.1	218.2	289.3	280.4	440.5
Non-Tax Revenue	4,265.4	4,483.4	4,921.4	4,882.4	5,325.2
Other Revenue (ESLA)				1,646.0	1,970.0
Grants	739.4	814.1	2,688.8	1,140.7	1,534.9
Project Grants	374.0	787.3	1,743.5	1,034.3	1,534.9
Programme Grants	158.1	26.8	945.3	106.4	0.0
HIPC Assistance (multilaterals)	135.2	0.0	0.0	0.0	0.0
Multilateral Debt Relief Initiative ("MDRI")	72.2	0.0	0.0	0.0	0.0
<b>EXPENDITURES</b>					
<b>Total Expenditures</b>	<b>26,621.0</b>	<b>30,744.5</b>	<b>37,219.1</b>	<b>51,883.6</b>	<b>51,985.9</b>
<b>Recurrent</b>	<b>19,393.0</b>	<b>22,768.8</b>	<b>26,925.3</b>	<b>35,032.2</b>	<b>40,412.0</b>
<b>Non-Interest Recurrent Expenditures</b>	<b>14,996.0</b>	<b>15,687.9</b>	<b>17,849.9</b>	<b>23,503.3</b>	<b>26,839.9</b>
Compensation of Employees	9,479.1	10,466.8	12,111.2	14,164.8	16,776.2
Wages & Salaries	8,242.9	9,448.6	10,555.9	12,109.9	14,444.8
Goods & Services	1,449.1	1,776.6	1,388.2	3,220.8	2,482.1
Transfers	3,270.2	3,444.5	3,723.5	4,469.6	3,977.5
Reserve Expenditure Vote	797.7	0.0	0.0	0.0	0.0
ESLA transfers				202.9	1,800.7
Reallocation to priority programmes				0.00	0.00
Tax Refunds			627.1	1,445.2	1,803.4
<b>Interest Payments</b>	<b>4,397.0</b>	<b>7,080.9</b>	<b>9,075.3</b>	<b>11,529.0</b>	<b>13,572.1</b>
Domestic	3,788.2	6,111.0	7,312.9	9,224.9	11,039.5
External	608.7	969.9	1,762.4	2,304.1	2,532.7
<b>Subsidies</b>	<b>1,158.1</b>	<b>473.7</b>	<b>25.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Capital Expenditures (Total)</b>	<b>6,070.0</b>	<b>7,502.0</b>	<b>10,268.8</b>	<b>11,815.8</b>	<b>11,573.9</b>
Capital Expenditures (Domestic financed)	3,111.6	2,671.5	4,350.3	6,186.2	6,263.5
Capital Expenditures (Foreign financed)	2,958.4	4,830.5	5,918.5	5,629.6	5,310.4
<b>HIPC-financed Expenditure</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>MDRI-financed Expenditure</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Outstanding Commitment</b>				5,035.6	
<b>Balance (commitment)</b>	<b>(7,991.5)</b>	<b>(7,216.7)</b>	<b>(7,237.3)</b>	<b>(18,205.4)</b>	<b>(10,488.1)</b>
Road Arrears	(205.1)	(231.7)	(322.3)	0.0	0.0
Non-road Arrears	(1,965.8)	(3,848.8)	(2,087.2)	2,597.4	(1,758.1)
Tax Refunds	(181.6)	(156.7)	0.0	0.0	0.0
Divestiture Receipts	0.0	0.0	0.0	0.0	0.0
Divestiture Liabilities	0.0	0.0	0.0	0.0	0.0
Discrepancy	889.3	(96.6)	886.5	1,685.6	1.4

## OVERALL BALANCE

Overall Deficit (including divestitures)	(9,454.6)	(11,550.6)	(8,760.3)	(13,922.5)	(12,244.7)
	% of GDP				
Total Government Budget Balance	(10.1)	(10.2)	(6.4)	(8.3)	(5.9)
Total Expenditures	28.5	27.1	27.2	31.0	25.2
Domestic Primary Balance	(0.7)	3.2	4.8	2.7	4.2

Source: Ministry of Finance

(1) Provisional

## Revenues and Grants

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

In 2017, the focus of fiscal policy shifted from taxation to the use of tax policy as a tool to support production, aiming to rationalise taxes, create an enabling environment for the private sector and to stimulate investments and drive economic growth. Consequently, seventeen ‘nuisance’ taxes were abolished to promote a sense of economic freedom and entrepreneurship and give relief to the private sector. At the same time, the government has embarked on a strategy to enforce greater tax compliance. Prior to this shift, the government had made significant policy reforms aimed at increasing revenue collection. Specific measures undertaken include:

- the creation of the GRA, which integrated the revenue agencies (IRS, VAT, CEPS) into one body to increase efficiency in tax administration;
- the establishment of a Large Taxpayers Unit, which facilitates the payment of taxes by significant contributors;
- the introduction of a single Taxpayer Identification Number and the automation of customs systems;
- the upward adjustment of the VAT rate by 2.5 percentage points to 17.5 per cent. (including National Health Insurance Levy of 2.5 per cent.);
- the introduction of a special petroleum tax on petroleum products to bring Ghana’s petroleum taxes more in line with the international practice;
- the expansion of the VAT to include certain fee-based financial services, domestic airlines services and a 5 per cent. VAT on real estate (all later abolished in 2017); and
- the introduction of new tax measures such as the National Fiscal Stabilisation Levy (“**NFSL**”), a 1-2 per cent. levy on imports, an increase in corporate income tax rate of free zones companies selling on the local market from 8 to 25 per cent., an increase in the withholding tax on management and technical services fees from 15 to 20 per cent., and an increase in withholding tax on rent on commercial properties from 8 to 15 per cent. The collection of the NFSL and the 1 per cent. levy on imports which were set to expire in December 2017 have been extended to December 2019.

These reforms have yielded broadly positive results, as evidenced by improved fiscal performance and by recent external assessments of Ghana’s fiscal transparency. Tax revenue, which was around 12.1 per cent. of GDP at the end of 2009, increased to 15.7 per cent. of GDP in 2017, as a result of the policy reforms that the government has implemented in the past several years and improved tax compliance and revenue administration. The government has also improved tax revenue collection as a result of a policy decision to increase full audits and implement more aggressive tax collection methods, such as monitoring cash registers and creating a rent collection task force to collect landlord information and developing a taxpayer

identification (“TIN”) system. The government has also made efforts to introduce digitalisation initiatives to enhance tax revenue collection, such as electronic VAT collection and tax payments via mobile phones. Despite recent reforms aimed at improving revenue collection, the majority of Ghanaians do not pay any income tax, due in large part to the significant informal sector.

The 2018 Budget Statement reaffirmed the government’s commitment to various on-going revenue-improvement measures, including (i) the broadening of the tax base through policies such as the TIN and National Identification Systems, and (ii) the review of the existing system of tax reliefs and exemptions to improve efficiency and eliminate exploitation.

Recently, the general trend in donor support has been downwards, as a result of the Republic having attained lower middle-income status, thereby reducing its eligibility for certain grants and concessional loans, and also as a result of its failure to meet the conditions of certain institutional donors. For these reasons, total grants, which constituted 2.3 per cent. of GDP and 12.8 per cent. of total revenues and grants in 2010, have decreased to 0.7 per cent. of GDP and 3.7 per cent. of total revenues and grants in 2017. Disbursement of grants amounted to GHS1.5 billion in 2017, 0.2 per cent. above the budget target.

### ***Expenditures***

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

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

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

In an additional effort to improve expenditure management, the government has taken steps to gradually reduce utilities and petroleum subsidies through frequent adjustment of prices. The petroleum price liberalisation policy, which aims to fully eliminate petroleum subsidies, became effective on 1 July 2015.

To further address one of the main sources of fiscal imbalance, the government has limited the nominal increase in the total wage bill to levels within budgetary constraints since 2016 by negotiating public sector wage adjustments prior to the preparation of the new year’s annual budget statement. In addition, the government has imposed strict limits on net public sector hiring (which the government froze except with respect to the education and health sectors).

## Results for Fiscal Year 2017

The following table sets forth a summary of the actual results for the year ended 31 December 2017:

	<b>2017</b>
	(GHS millions)
Total Revenues and Grants.....	41,497.89
Revised Budget Revenues and Grants.....	43,096.66
Total Expenditures.....	51,985.95
Revised Budget Expenditures.....	52,173.05
Total Deficit .....	12,244.73
Total Domestic Primary Surplus .....	8,664.40

*Source:* Ministry of Finance

Ghana's budget deficit decreased to GHS12,244.7 million in 2017, from GHS13,922.5 million in 2016. As a percentage of GDP, the budget deficit decreased from 8.3 per cent. in 2016 to 5.9 per cent. in 2017.

Total revenues (including grants) in 2017 amounted to GHS41,497.89 million, as compared to GHS33,678.17 million in 2016, representing an increase of 23.2 per cent. The government attributes this increase in total receipts primarily to improved tax administration and tax compliance. Ghana received a total of GHS1,534.85 million in grants in 2017, comprising 3.7 per cent. of total receipts for the year, up from GHS1,140.7 million in 2016. Tax revenue increased in 2017, from GHS25,728.7 million in 2016 to GHS32,227.58 million in 2017, an increase of 25.3 per cent. Non-tax revenue fell below budgeted targets by 13.7 per cent. which the government attributes mainly to MDAs reporting lower amounts of retained income generating funds.

Total expenditures (including clearance of arrears and outstanding commitments) in 2017 amounted to GHS53,742.62 million, as compared to GHS47,600.65 million in 2016. The outturn was 3.9 per cent. lower than budget target and 12.9 per cent. higher than the outturn for 2016. The increase in expenditures is attributable primarily to recurrent expenditures, which increased from GHS35,032.22 million in 2016 to GHS40,412.02 million in 2017, an increase of 15.4 per cent. The largest component of the increase in recurrent spending was expenditure on wages and salaries which totalled GHS 14,444.8 million compared to a target of GHS14,047.43 million. In addition, interest costs on servicing external and domestic debts increased by over 17.7 per cent. as compared to 2016.

## The 2018 Budget Statement

The Ministry of Finance presented the 2018 Budget Statement to parliament on 15 November 2017. Parliament approved the 2018 Budget Statement on 5 December 2017. The 2018 Budget Statement sought to consolidate the positive economic progress made under the 2017 Budget Statement, with a review of performance for the period January – September 2017 indicating that nearly all of the macroeconomic targets set in that budget would be met. To continue the trends of reduction in the fiscal and current account deficits, the 2018 Budget Statement targeted a fiscal adjustment of approximately 1.8 percentage points of GDP (as from the projected end of year figure) to bring the fiscal deficit to approximately 4.5 per cent. of GDP, with the fiscal deficit targeted to remain within the fiscal rule of 3 – 5 per cent. between 2018 and 2021. The government also announced that it is seeking to use the recent economic consolidation to transition into further growth-focussed policies. The 2018 Budget Statement introduced further investment and growth-promoting measures including (i) the launch of a national development bank with the capacity to mobilise private capital, (ii) proposed energy tariff reductions of between 11 and 21 per cent. , particularly targeting industries and small businesses, (iii) the establishment of a GHS400 million fund to de-risk agriculture and agribusiness sector, and (iv) the introduction of tax breaks and incentives for the higher education sector and for young entrepreneurs. In addition, the government announced a drive to enhance the role of the private sector in the provision of infrastructure through 'Private Public Partnerships', looking to fund approximately US\$8.35 billion in infrastructure projects in 2018. For the medium term, the government's policies will focus on driving growth through policies aimed at encouraging investment in agriculture, infrastructure, and industrialisation.

In addition, the 2018 Budget Statement also proposed a comprehensive review of public sector wages to analyse the success of policies aimed at increasing productivity whilst ensure the sustainability of the SSSS in the future.

The macroeconomic framework for 2018 is guided by the overall objectives of the CPESDP 2017-2024, see “*The Economy—General—Ghana Shared Growth and Development Agenda I and II and Agenda for Jobs*”.

The average real GDP growth target for the medium-term, including the 2018 fiscal year, is expected to be 6.5 per cent. and is based on the following assumptions:

- Projected continued growth in the upstream petroleum sector;
- Projected growth in agriculture, particularly crops;
- Projected increase in manufacturing and construction activities, sustained by a stable electricity supply; and
- Projected growth in the services sector.

The 2018 Budget Statement is based on the following macroeconomic targets for the fiscal year:

- real GDP (including oil) growth of 6.8 per cent. and non-oil real GDP growth of 5.4 per cent.;
- accumulation of gross foreign assets to at least three and a half months of import cover for goods and services;
- a primary balance surplus of 1.6 per cent. of GDP;
- an overall budget deficit of 4.5 per cent. of GDP; and
- an average inflation rate of 9.8 per cent., with an end of period inflation of 8.9 per cent.

Over the medium-term, the government’s fiscal policy aims to continue the trends of monetary and fiscal prudence through improved revenue collection, comprehensive reviews of public expenditures and the strengthening of the inflation targeting regime and accompanying monetary policy to promote monetary discipline. This economic constraint underpins a tripartite growth plan, aimed at increasing investment in agriculture, infrastructure and industrialisation to promote diversified and sustainable growth alongside a growing oil and gas sector. The government also plans to focus on fiscal policy that will ensure transparent, effective and efficient natural resource revenue management, and continue with the ongoing reforms to strengthen financial management and management of financial risks. See “*The Economy—Role of the Government in the Economy and Privatisation—Current Status of Privatisation—Energy*”.

The following table sets forth a summary of the budget for the year ending 31 December 2018:

<b>REVENUES</b>	<b>2018 Budget</b>
	(GHS millions)
Total Revenues and Grants .....	51,039.1
Total Revenue .....	50,452.4
Tax Revenue .....	39,881.6
Income & Property Taxes .....	16,278.9
Company Taxes .....	6,856.3
Personal Income Tax.....	6,012.7
Others.....	2,920.5
Taxes on Domestic Goods & Services.....	16,889.7
VAT.....	10,834.3
Domestic.....	4,506.9
Imports.....	6,327.5
Petroleum Tax.....	3,291.6
Excise Duty.....	3,836.5
National Health Insurance Levy (NHIL) .....	1,814.9
Communication Service Tax.....	404.0
International Trade Taxes .....	6,712.9
Import Duties .....	6,712.9
Export Duties .....	0

Social Security Contribution to National Health	419.1
Insurance Levy (NHIL) .....	
Non-Tax Revenue .....	8,047.0
Grants.....	586.8
Project Grants .....	586.8
Programme Grants .....	0
<b>EXPENDITURES</b>	
Total Expenditures.....	61,151.8
Recurrent .....	46,168.1
Non-Interest Recurrent Expenditures.....	31,258.3
Compensation of Employees .....	19,595.1
Wages and Salaries .....	16,762.3
Goods & Services .....	3,532.5
Transfers .....	8,130.7
Interest Payments .....	14,909.8
Domestic .....	12,165.2
External .....	2,744.6
Subsidies.....	172.0
Capital Expenditures (Total).....	6,896.3
Capital Expenditures (Domestic financed).....	3,339.1
Capital Expenditures (Foreign financed) .....	3,557.2
Balance (commitment).....	(10,112.7)
Road Arrears .....	0
Non-road Arrears .....	0
Tax Refunds .....	1,638.1
Divestiture Receipts .....	0
Divestiture Liabilities .....	0
Discrepancy .....	0
<b>OVERALL BALANCE</b>	
Overall Deficit (including divestitures) .....	(10,971.1)
	(% of GDP)
Total Government Budget Balance.....	(4.5)
Total Revenues and Grants .....	21.1
Total Expenditures .....	25.3
Domestic Primary Balance .....	4.6

Source: Ministry of Finance (based on the 2017 Budget Statement presented to parliament on 15 November 2017).



## PUBLIC DEBT

### Overview

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

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

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

	2013	2014	2015	2016	2017
			(US\$ millions)		
Domestic Debt .....	12,559.4	10,915.6	10,621.4	12,766.2	15,118.3
External Debt.....	11,902.0	13,871.8	15,781.9	16,461.0	17,160.4
<b>Total Public Debt .....</b>	<b>24,461.4</b>	<b>24,787.4</b>	<b>26,403.3</b>	<b>29,227.1</b>	<b>32,268.8</b>

*Source:* Ministry of Finance

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

	2013	2014	2015	2016	2017
			(% of GDP)		
Domestic Debt .....	29.2	30.9	29.0	31.7	32.4
External Debt.....	27.6	39.3	43.2	40.8	36.8

*Source:* Ministry of Finance

### Debt Management

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

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

- managing the issuance calendar;
- strengthening the role of primary dealers and balancing privileges with obligations;
- creating a liquid secondary market for government securities;
- fostering the development of an active corporate bond market priced over benchmark government securities; and
- building additional capacity for improved debt management through training, investment in market data sources (e.g. Bloomberg), and an enhanced IT platform.

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

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

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

To manage the orderly redemption of Eurobonds and the government’s other debt instruments, the government has established a Sinking Fund funded periodically by excess amounts over the cap on the Ghana Stabilisation Fund. See “*The Economy—General—Debt Management Strategy*”. In 2016, the government has applied Sinking Fund proceeds to buy back in open market purchases US\$30 million in aggregate principal amount of the Eurobonds as part of the government’s strategy to repurchase outstanding bonds if market conditions are appropriate. In addition, in August 2016, the government applied US\$63 million credited to the Sinking Fund account to partially fund the purchase by Ghana of Eurobonds pursuant to a tender offer that took place in July 2016. The Controller and Accountant General’s Department opened the Sinking Fund account and the government transferred US\$100 million to the account from the excess amount

over the cap on the Ghana Stabilisation Fund. In March 2015, BoG swept all positive balances in all government accounts, including the balance in the Sinking Fund account, to repay the government's debt to BoG. The government plans to establish corrective measures to ensure that in the future statutory government accounts, such as the Sinking Fund account, will be protected from general sweeps of government accounts. As at the date of this Prospectus, the Sinking Fund has a credit balance of approximately US\$5 million.

In the 2018 Budget Statement, the government raised the cap on the Ghana Stabilisation Fund to US\$300 million, with the aim of growing the fund to US\$400 million in the medium term. The government will use the excess amount over the cap as follows: (i) transfer 50 per cent. of the excess amount into the Sinking Fund designated for government debt repayments, (ii) transfer 25 per cent. of the excess amount into the Contingency Fund and (iii) transfer 25 per cent. of the excess amount into the Ghana Stabilisation Fund. When the Ghana Stabilisation Fund reaches US\$400 million, it will be capped at US\$400 million and the government will use the excess amount over the cap as follows: (i) transfer 75 per cent. of the excess amount into the Sinking Fund designated for government debt repayments and (ii) transfer 25 per cent. of the excess amount into the Contingency Fund.

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

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

Past economic crises have stressed the importance of public debt management in preventing and resolving macroeconomic policy issues, and have emphasised the need for strong policy coordination between fiscal, debt and monetary policy. Over the last few years, the government has embarked on a tight fiscal consolidation exercise and prudent debt management policies to reduce the risks associated with high debt levels.

In 2017, the government's financing strategy focused on maximising access to concessional borrowing and optimising non-concessional external financing. The strategy for domestic financing was aimed at re-profiling the stock of short-term domestic debt into longer dated instruments. The strategy took into account the government's debt management objectives which are to ensure that (i) the financing needs of government are met on a timely basis (ii) the borrowing costs to the government are as low as possible over the medium term, consistent with a prudent degree of risk and (iii) the development of the Ghanaian debt market is promoted.

The successful implementation of the strategy, together with the government's tight fiscal consolidation stance, resulted in yields on domestic debt trending downwards in 2017. The government paid down a significant portion of the stock of short term domestic debt and also issued its debut 15-year bond to lengthen the maturity profile of domestic debt, in addition to issuances of 7-year and 10-year bonds.

The government's strategy set a target for the share of floating rate debt in total external debt to be within the range of 20-25 per cent; this was 19.0 per cent. at the end of 2017, a marginal decrease from 20.0 per cent. in 2016. The share of domestic debt maturing in one year was targeted to be within the range of 20-25 per cent. This was exceeded in 2017, with 29.5 per cent. recorded, a significant improvement from 67.9 per cent. recorded in 2016. The average time to maturity of the debt portfolio was expected to be not less than 7.8 years, and it increased from 6.3 in 2016 to 8.2 years in 2017.

In fulfilment of section 59 of the PFMA, the government has developed a medium-term debt management strategy which outlines the government's plan to guide debt management operations spanning 2018 – 2021. The strategy is the second to be published since the implementation of the PFMA in 2017. The 2018 financing strategy seeks to consolidate the achievements made in 2017 and is in line with the debt management objectives of borrowing at minimum cost, subject to a prudent degree of risk, while promoting the development of the domestic market.

The strategy envisages an increased issuance of medium-term bonds (specifically 5-year, 7-year, 10-year bonds) and longer-dated bonds (15-year bonds) in the domestic bond market over the period. It also assumes the introduction of a new 20-year domestic bond to extend the yield curve. Through this, the strategy seeks to diversify the instrument base and provide suitable options with which financial institutions such as pension

and insurance companies can match their assets to their liabilities. Additionally, it envisions an issuance of US\$1 billion for budget support, and up to US\$1.5 billion for liability management on the international capital markets. The strategy also assumes funding for possible contingent liabilities that may arise in 2018, as well as the annual issuance of US\$-denominated bond in the domestic debt market.

The financing strategy targets most significant improvement in cost and risk indicators by the end of the period, especially in respect of the share of total debt maturing in a year, average time to maturity of domestic debt and share of debt re-fixing in a year.

For 2018 and beyond the government intends to implement the following policies as part of its debt management strategy:

- *Liability management operations:* the government will continue the liability management and domestic debt re-profiling programme which contributed to improving the debt mix and lowered domestic interest payments. The next phase of the programme will include:
  - External debt re-profiling based on market conditions through the potential use of debt exchanges and buybacks;
  - International bond issuance, with proceeds used in part to re-profile domestic debt;
  - Ongoing creation of benchmark domestic bonds through tap-ins to improve liquidity and secondary market trading;
  - Exploring the opportunity to deepen the domestic market by making domestic bonds more tradable in the international markets (including through the use of investments such as depository notes to deepen international integration in domestic markets); and
  - Building and maintaining cash buffers to support debt management operations.
- *Communication with Market Participants:* For 2018, the government will continue to engage market participants through town hall meetings, conference calls and investor presentations. The Ministry of Finance's website also currently hosts a dedicated investor relations section which will be updated regularly to ensure communication with market players.
- *Annual Borrowing Plan:* To effectively implement the debt management strategy in 2018, the government will produce an Annual Borrowing Plan (“ABP”) based on the approved medium-term debt strategy to inform investors, in line with Section 60 of the PFM Law.
- *Limits on Commercial Borrowing:* As part of efforts to bring debt to sustainable levels, the government intends to place annual ceilings on contracting or guaranteeing of non-concessional external debt for projects for which concessional financing is not available.

## **Domestic Debt**

At the end of 2017, Ghana's total outstanding domestic debt stood at US\$15.12 billion (GHS66.7 billion), an increase from the US\$12.77 billion (GHS53.40 billion) outstanding at the end of 2016. The Republic attributes the increase to the shift in budget financing from external to domestic borrowing.

The maturity profile of Ghana's domestic securities transformed dramatically from 2008 to 2017 as the government pursued debt management objectives to reduce refinancing risk and develop a medium-term benchmark yield curve. Nonetheless, the government regards short-term domestic debt with high interest cost as an important, albeit decreasing, feature of the country's current domestic debt structure, comprising 37.64 per cent. and 17.99 per cent. of total domestic debt in 2016 and 2017, respectively.

Bonds issued under the ESLA Bond Programme are not included in the domestic debt of Ghana, since the government has irrevocably assigned its rights to the receivables generated by the energy debt recovery levy to the SPV, and these receivables are used as the basis for the repayment of principal and interest under the bonds. However, notwithstanding, the sale of such receivables to fund the ESLA Bond Programme, the IMF and certain of the ratings agencies that rate Ghana consider such debt to be contingent liabilities of the government and so account for this as debt. Using the IMF methodology, total domestic debt would have

been GHS71.6 billion as at the end of 2017, including bonds issued under the ESLA Bond Programme, increasing total domestic debt by approximately 7.4 per cent. as compared to the government's methodology.

The following table shows domestic debt by maturity structure for 2016 and 2017:

	2016	2017
	(US\$ millions)	
Short Term.....	4,806.1	2,716.4
Medium Term.....	4,865.0	9,529.5
Long Term.....	2,978.3	2,820.8
Standard Loans.....	116.6	51.5
<b>Total.....</b>	<b>12,766.1</b>	<b>15,118.2</b>

Source: Ministry of Finance

The focus on shifting the maturity structure of recent issuances is consistent with the government's debt management objective of extending its debt profile into the medium and long-term. The shift to a longer maturity structure accelerated after the Foreign Exchange Act became effective at the end of 2006 and permitted non-residents to invest in domestic government instruments with a minimum maturity of three years. As at the end of 2017, non-resident investors held 38.5 per cent. of domestic debt, an increase from the 21.7 per cent. held at the end of 2016. See "*The Economy—General—Debt Management Strategy*".

### **Foreign Investor Participation in the Domestic Debt Market**

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

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

	2013	2014	2015	2016	2017
	(US\$ millions)				
<b>Short-Term Instruments</b> .....	<b>4,058.2</b>	<b>4,263.4</b>	<b>4,805.7</b>	<b>4,806.1</b>	<b>2,716.4</b>
91-Day Treasury Bills.....	2,129.2	2,473.2	2,454.6	2,504.6	1,232.8
182-Day Treasury Bills.....	934.9	1,399.7	2,146.7	1,700.2	649.1
1-Year Treasury Notes.....	994.1	390.4	204.5	601.2	834.4
<b>Medium-Term Instruments</b> .....	<b>5,795.7</b>	<b>4,016.5</b>	<b>3,344.0</b>	<b>4,865.0</b>	<b>9,529.5</b>
2-Year Fixed Treasury Notes.....	1,679.0	855.4	549.5	1,010.4	1,449.2
2-Year USD Domestic Bond.....	-	-	-	94.6	94.6
3-Year USD Domestic Bond.....	-	-	-	-	221.4
3-Year Fixed Rate Bonds.....	2,219.9	1,529.2	1,333.6	1,591.7	1,642.8
3-Year Stock (SBG).....	13.7	-	-	-	-
3-Year Stock (SSNIT).....	243.9	399.3	282.8	271.8	199.6
5-Year GOG Bonds.....	1,068.1	869.1	924.2	1,549.0	2,536.9
7-Year GOG Bond.....	92.9	62.8	53.1	48.2	486.9
10-Year GOG Bond.....	-	-	-	143.2	1,677.7
15-Year GOG Bond.....	-	-	-	-	1,085.4
GOG Petroleum Financed Bonds.....	36.8	24.9	21.0	19.1	18.1
TOR Bonds.....	314.2	212.4	179.6	136.7	116.5
NPRA Stock.....	33.4	-	-	-	-
<b>Long-Term Instruments</b> .....	<b>2,434.3</b>	<b>2,457.5</b>	<b>2,361.0</b>	<b>2,978.3</b>	<b>2,820.8</b>
Long-Term government Stocks.....	2,217.0	2,310.6	2,236.8	2,865.6	2,714.2
Revaluation Stocks.....	166.3	112.4	95.1	86.3	81.7
Other government Stocks.....	0.4	0.3	0.2	0.23	-
Telekom Malaysia Stocks.....	50.4	34.1	28.8	26.1	24.7
<b>Standard Loans</b> .....	<b>271.0</b>	<b>178.0</b>	<b>110.6</b>	<b>116.6</b>	<b>51.5</b>
<b>Total</b> .....	<b>12,559.4</b>	<b>10,915.6</b>	<b>10,621.4</b>	<b>12,766.1</b>	<b>15,118.3</b>

Source: Ministry of Finance

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

	2013	2014	2015	2016	2017
			(US\$ millions)		
<b>Banking System</b> .....	6,436.66	5,727.8	5,361.6	6,653.8	5,348.0
Bank of Ghana.....	2,894.1	2,646.8	2,614.5	3,121.1	2,944.1
Deposit Money Banks.....	3,542.5	3,080.9	2,747.1	3,532.7	2,403.9
<b>Non-Bank Sector</b> .....	3,198.8	3,148.4	3,379.6	3,223.9	3,907.3
SSNIT.....	326.0	486.9	395.8	349.8	317.5
Insurance Companies.....	22.3	19.7	21.3	42.7	77.0
NPRA.....	33.4	-	-	-	-
Other Holders.....	2,817.0	2,641.7	2,962.5	2,831.3	3,512.6
<b>Foreign Sector</b> .....	2,652.8	1,861.2	1,769.4	2,771.6	5,811.4
<b>Jubilee Bond</b> .....	-	-	-	-	-
<b>Other Standard Loans</b> .....	271.0	178.0	110.6	116.6	51.5
<b>Total Domestic Debt</b> .....	12,559.4	10,915.6	10,621.4	12,766.1	15,118.3

Source: Ministry of Finance

## External Debt

At the end of 2017, Ghana's external debt stood at US\$17.16 billion, an increase from US\$16.46 billion at the end of 2016. The Republic largely attributes this increase in external debt to the drawdown of existing loans to complete on-going projects.

Multilateral creditors comprise a significant proportion of Ghana's external debt at US\$6.44 billion, representing 37.5 per cent. of Ghana's total external debt as at the end of 2017. Of these, the IDA is the largest creditor, holding 60.9 per cent. and 22.9 per cent. of Ghana's total multilateral creditor debt and total external debt as at the end of 2017, respectively. The African Development Bank Group has become an increasingly important creditor in recent years, with their share of multilateral creditor debt increasing from 5.8 per cent. as at the end of 2013 to 18.6 per cent. as at the end of 2017.

The other major component of Ghana's external debt is held by commercial creditors, with US\$6.28 billion outstanding, representing 36.6 per cent of Ghana's total external debt as at the end of 2017. Furthermore, the majority of the recent increase in Ghana's external debt has been financed from commercial creditors, with the increase in debt owing to commercial creditors between 2013 and 2017 representing 55.6 per cent. of the increase in total external debt across the same period. At US\$3.68 billion, debt issued on the international capital markets comprises the majority of Ghana's commercial creditor debt as at the end of 2017, and it has become an increasingly important source of financing for Ghana in recent years, accounting for 58.6 per cent of commercial creditor debt as at the end of 2017 compared to 45.6 per cent in 2013. This recent increase includes Ghana's US\$ 750,000,000 9.250 per cent. Amortising Notes due 2022, issued on 15 September 2016.

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

	2013	2014	2015	2016	2017
			(US\$ millions)		
<b>Long-Term External Debt Total</b> .....	<b>11,901.9</b>	<b>13,871.8</b>	<b>15,781.8</b>	<b>16,460.9</b>	<b>17,160.4</b>
<b>Short-Term External Debt Total</b> .....	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
<b>External Debt Total</b> .....	<b>11,901.9</b>	<b>13,871.8</b>	<b>15,781.8</b>	<b>16,460.9</b>	<b>17,160.4</b>
<b>Multilateral creditors</b> .....	<b>4,557.9</b>	<b>4,900.7</b>	<b>5,379.4</b>	<b>5,547.9</b>	<b>6,436.8</b>
<i>Of which:</i> .....					
IDA.....	2,800.7	2,941.4	3,279.3	3,435.4	3,921.6
IBRD.....	-	-	-	-	-
IMF.....	678.0	605.1	753.0	726.4	958.2
African Development Bank Group.....	689.5	994.7	967.1	1,032.9	1,200.0
IFAD.....	148.5	125.2	152.0	137.4	144.0
Others.....	241.0	234.1	227.8	215.6	212.8
<b>Official Bilateral</b> .....	<b>1,114.9</b>	<b>1,127.8</b>	<b>1,096.3</b>	<b>1,136.4</b>	<b>1,210.6</b>
<i>Of which:</i> .....					
<b>Paris Club</b> .....	<b>644.6</b>	<b>685.0</b>	<b>668.0</b>	<b>663.5</b>	<b>746.3</b>
Austria.....	25.5	29.6	26.6	31.0	46.6
Belgium.....	9.9	14.5	13.1	12.5	13.7
France.....	252.2	299.3	333.2	314.6	358.9
Germany.....	265.0	227.0	202.9	218.8	246.0

	2013	2014	2015	2016	2017
			(US\$ millions)		
Italy.....	13.7	24.2	21.8	20.9	23.8
Spain.....	65.6	68.4	48.6	43.8	34.4
Sweden.....	12.6	21.5	21.6	21.8	22.8
<b>Non-Paris Club</b> .....	<b>470.2</b>	<b>442.8</b>	<b>428.2</b>	<b>472.9</b>	<b>464.3</b>
China.....	381.3	370.9	345.0	285.9	290.9
Kuwait.....	34.7	22.7	18.7	42.2	42.2
Korea PR.....	40.9	30.3	25.0	97.4	76.1
Saudi Arabia.....	13.1	8.5	7.7	18.7	19.9
India.....	-	10.2	31.5	28.4	35.0
<b>Export/Suppliers/Buyers Credits</b> .....	<b>1,119.3</b>	<b>1,158.4</b>	<b>1,176.2</b>	<b>1,315.2</b>	<b>1,461.2</b>
Belgium.....	349.9	337.2	304.9	513.5	752.1
Canada.....	238.3	254.0	252.4	225.7	198.4
France.....	13.5	6.9	13.4	43.4	46.2
Finland.....	12.9	9.4	8.9	6.8	6.4
Israel.....	103.5	277.6	357.6	345.1	292.5
Netherlands.....	327.2	215.1	192.4	146.0	139.4
United States of America.....	73.8	57.8	46.3	34.4	26.0
<b>Commercial</b> .....	<b>3,359.2</b>	<b>4,801.3</b>	<b>6,318.5</b>	<b>6,731.2</b>	<b>6,282.3</b>
ABSA Bank.....	4.5	0.4	1.7	1.3	0.6
Citibank.....	56.3	88.6	97.9	97.9	93.1
Credit Agricole.....	64.2	48.9	37.1	33.1	34.0
Deutsche Bank Sociedad Anonima Es.....	-	57.9	49.5	35.6	32.4
Export-Import Bank of China.....	461.9	505.7	488.4	476.7	489.7
Export-Import Bank of USA.....	270.0	271.2	326.5	353.7	320.9
International Capital Markets.....	1,530.5	2,530.5	3,530.5	3,949.0	3,680.1
NEDBANK.....	0.9	0.6	1.1	0.4	0.1
Societe Generale.....	20.6	16.8	13.1	9.3	5.6
Belfius Bank NV/SA.....	13.8	10.5	6.7	4.3	4.1
CDB.....	546.5	657.8	728.9	618.6	503.4
Others.....	389.6	611.8	1,036.6	1,150.8	1,117.7
<b>Other Concessional</b> .....	<b>1,750.4</b>	<b>1,883.5</b>	<b>1,811.3</b>	<b>1,730.1</b>	<b>1,769.3</b>
Austria.....	103.8	102.3	93.6	87.	91.1
Belgium.....	65.2	52.0	45.3	34.3	28.1
China.....	587.2	721.1	755.0	827.0	775.7
Egypt.....	597.1	536.7	476.2	359.0	348.6
India.....	98.6	94.6	90.3	85.4	159.2
Netherlands.....	69.4	145.3	127.6	112.2	158.6
United Kingdom.....	-	-	-	-	-
United States of America.....	228.9	231.3	223.0	224.5	207.8

Source: Ghanaian Authorities

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

	2013	2014	2015	2016	2017
			(% of total debt)		
Special Drawing Rights (SDR).....	26.44	22.76	22.24	22.24	25.27
United States Dollar (USD).....	49.74	54.13	58.02	59.42	53.97
Euro (EUR).....	15.23	13.84	11.56	10.56	12.55
Great Britain Pound (GBP).....	0.41	0.50	0.47	0.32	0.30
Japanese Yen (YEN).....	0.33	0.27	0.51	0.28	0.27
Chinese Yuan Renminbi (CNY).....	3.20	2.67	2.19	1.74	1.70
Others.....	4.64	5.83	4.89	5.44	5.93
<b>Total</b> .....	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Ghanaian Authorities

The following table sets out debt service projections for Ghana's external debt by type of creditor for the years 2018 to 2029. It does not include debt service projections beyond the years indicated. The data contained in the table does not assume any refinancing of existing debt and has not been adjusted to reflect the purchase by Ghana of its 2022 Notes in connection with the 2018 Tender Offer. See "Overview-Recent Developments-Tender offer for 2022 Notes and 2023 Notes".

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
	(US\$ millions)											
<b>Principal Payments</b>												
Multilateral .....	60.31	74.53	87.00	106.15	129.28	135.59	149.67	152.13	157.26	156.43	168.13	195.80
Bilateral .....	212.87	224.57	275.01	106.15	285.92	276.70	259.83	247.57	220.36	166.03	140.27	81.37
Commercial .....	855.54	855.22	1004.15	925.93	709.27	1378.16	620.85	536.58	507.23	127.42	368.56	423.23
<b>Total Principal Payments .....</b>	<b>1128.72</b>	<b>1154.33</b>	<b>1366.16</b>	<b>1401.46</b>	<b>1124.48</b>	<b>1790.45</b>	<b>1030.35</b>	<b>936.28</b>	<b>884.84</b>	<b>449.88</b>	<b>676.96</b>	<b>700.41</b>
<b>Interest Payments</b>												
Multilateral .....	48.98	50.19	50.74	50.52	49.72	48.32	46.84	45.04	43.33	41.64	40.10	38.22
Bilateral .....	41.90	44.06	43.27	50.52	38.90	32.41	26.74	21.23	16.61	12.64	9.44	7.11
Commercial .....	490.90	465.58	434.48	379.73	337.58	298.28	194.21	159.22	127.65	110.65	108.27	77.28
<b>Total Interest Payments .....</b>	<b>581.79</b>	<b>559.82</b>	<b>528.48</b>	<b>470.05</b>	<b>426.20</b>	<b>379.00</b>	<b>267.79</b>	<b>225.49</b>	<b>187.60</b>	<b>164.94</b>	<b>157.81</b>	<b>122.61</b>
<b>Debt Service</b>												
Multilateral .....	109.30	124.72	137.74	156.67	179.00	183.91	196.51	197.16	200.59	198.08	208.23	234.02
Bilateral .....	254.78	268.63	318.28	409.19	324.82	309.11	286.57	268.81	236.97	178.68	149.71	88.48
Commercial .....	1346.44	1320.80	1438.62	1305.66	1046.86	1676.44	815.06	695.79	634.88	238.07	476.83	500.51
<b>Total Debt Service .....</b>	<b>1710.51</b>	<b>1714.15</b>	<b>1894.64</b>	<b>1871.52</b>	<b>1550.67</b>	<b>2169.46</b>	<b>1298.14</b>	<b>1161.77</b>	<b>1072.44</b>	<b>614.82</b>	<b>834.77</b>	<b>823.02</b>

Source: Ghanaian Authorities

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

The following table sets out debt service projections for Ghana's domestic debt by type of creditor for the years 2018 to 2029. It does not include debt service projections beyond the years indicated. The data contained in the table does not assume any refinancing of existing debt.

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
	(GHS millions)											
<b>Principal Payment</b>												
Standard Loans .....	66	51.15	53	35	35	0	0	0	0	0	0	0
91/182-Day T-bills .....	0	0	0	0	0	0	0	0	0	0	0	0
1-Year Note .....	0	0	0	0	0	0	0	0	0	0	0	0
2-Year Note .....	857	3820	1448	1576	0	0	0	0	0	0	0	0
2-Year USS Bond .....	435	0	0	0	0	0	0	0	0	0	0	0
3-Year Note .....	1248	2114	3002	0	0	0	0	0	0	0	0	0
3-Year USS Bond .....	0	0	1061	0	0	0	0	0	0	0	0	0
5-Year Note .....	0	0	718	3096	5970	1990	192	0	0	0	0	0
7-Year Note .....	0	0	202	0	0	0	1949	0	0	0	0	0
10-Year Note .....	171	0	189	0	0	0	0	0	7410	0	0	0
15-Year Note .....	171	0	189	0	0	0	0	0	0	0	0	0
Non-Marketable .....	343	343	114	114	114	0	0	0	0	0	0	0
<b>Total Principal Payment .....</b>	<b>2949</b>	<b>7389</b>	<b>5537</b>	<b>4822</b>	<b>6120</b>	<b>1990</b>	<b>2141</b>	<b>0</b>	<b>7410</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Interest Payment</b>												
Standard Loans .....	15	18	12	7	2	0	0	0	0	0	0	0
91/182-Day T-bills .....	0	0	0	0	0	0	0	0	0	0	0	0
1-Year Note .....	410	57	0	0	0	0	0	0	0	0	0	0
2-Year Note .....	1271	573	119	0	0	0	0	0	0	0	0	0
2-Year USS Bond .....	26	0	0	0	0	0	0	0	0	0	0	0
3-Year Note .....	1470	1711	373	130	0	0	0	0	0	0	0	0
3-Year USS Bond .....	64	66	66	0	0	0	0	0	0	0	0	0
5-Year Note .....	2298	2661	2330	0	0	0	0	0	0	0	0	0
7-Year Note .....	421	430	421	385	385	385	385	0	0	0	0	0
10-Year Note .....	1408	1408	1408	1408	1408	1408	1408	1408	1408	0	0	0
15-Year Note .....	947	947	947	947	947	947	947	947	947	947	947	947
Non-Marketable .....	291	262	257	262	18	18	18	18	18	18	18	18
<b>Total Interest Payment .....</b>	<b>8870.15</b>	<b>8162.12</b>	<b>5966.36</b>	<b>3138.71</b>	<b>2998.81</b>	<b>2757.73</b>	<b>2757.73</b>	<b>2372.85</b>	<b>2372.85</b>	<b>965.03</b>	<b>965.03</b>	<b>965.03</b>
<b>Debt Service</b>												
Standard Loans .....	54	20	0	0	0	0	0	0	0	0	0	0
91/182-Day T-bills .....	0	0	0	0	0	0	0	0	0	0	0	0
1-Year Note .....	410	57	0	0	0	0	0	0	0	0	0	0
2-Year Note .....	2128	4394	1567	0	0	0	0	0	0	0	0	0
2-Year USS Bond .....	461	0	0	0	0	0	0	0	0	0	0	0
3-Year Note .....	2717	3825	3375	1706	0	0	0	0	0	0	0	0
3-Year USS Bond .....	64	1127	66	0	0	0	0	0	0	0	0	0
5-Year Note .....	2298	2661	3048	3096	5970	1990	192	0	0	0	0	0
7-Year Note .....	421	430	422	385	385	385	2334	0	0	0	0	0
10-Year Note .....	1408	1408	1408	1408	1408	1408	1408	1408	8817	0	0	0
15-Year Note .....	947	947	947	947	947	947	947	947	947	947	947	947
Non-Marketable .....	883	634	405	376	371	18	18	18	18	18	18	18
<b>Total Debt Service .....</b>	<b>11819</b>	<b>15552</b>	<b>11503</b>	<b>7960</b>	<b>9118</b>	<b>4748</b>	<b>4899</b>	<b>2373</b>	<b>9782</b>	<b>965</b>	<b>965</b>	<b>965</b>

Source: Ghanaian Authorities

## Relations with Multilateral Financial Institutions

Ghana continues to maintain relationships with multilateral financial institutions. In July 2009, the Republic entered a three-year extended credit facility with the IMF under which the IMF provided the country with US\$581.28 million. The programme was successfully completed and terminated in July 2012. As discussed



in greater detail below, the Republic and the IMF entered into a new three-year extended credit facility in April 2015, with a further one-year extension agreed in 2017. See “—*IMF Extended Credit Facility*”.

In support of Ghana’s transition to a lower middle-income oil producing economy, the World Bank approved the Ghana Oil and Gas Capacity Building Project (US\$38 million) in 2010 and the Ghana Public Private Partnership Project (US\$30 million) in 2012.

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

Specifically, the objectives of the Compact are to:

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

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

### ***IMF Extended Credit Facility***

In August 2014, the government requested an arrangement with the IMF to help support stronger policy adjustment, restore market confidence and revive Ghana’s transformation agenda. Consequently, on 3 April 2015, the Executive Board of the IMF approved a three-year extended credit facility for Ghana in the amount of SDR664.2 million (US\$918 million) to support Ghana’s balance of payments. The programme provides that the IMF will disburse the total amount in nine tranches. The IMF completed the fifth and sixth reviews in April 2018, approving disbursements in the aggregate amount of SDR132.84 million (approximately US\$191 million) bringing total approved disbursements under the programme to SDR531.36 million (approximately US\$764.1 million), and is due to make the remaining two disbursements after completion of subsequent reviews under the credit facility. In its fourth review of the programme completed in August 2017, the IMF Executive Board approved Ghana’s request for waivers of non-observance of certain performance criteria, and the modification of one performance criterion, and well as the extension of the arrangement by one year. The IMF Executive Board granted further waivers in its fifth and sixth reviews in April 2018.

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

- a floor on the primary cash fiscal balance of the government, measured in terms of financing;
- a ceiling on gross credit to government by the BoG;
- a floor on the net international reserves of the BoG;

- a ceiling on net domestic assets of the BoG;
- a ceiling on wages and salaries;
- a ceiling on the net change in the stock of domestic arrears;
- a continuous non-accumulation of domestic arrears;
- a continuous non-accumulation of new external arrears; and
- a ceiling on the contracting or guaranteeing of new external non-concessional debt.

The IMF will also monitor reforms through specific structural benchmarks within set timeframes. As part of the monitoring of the programme, the Ministry of Finance, the BoG and other agencies must submit certain data, including fiscal, monetary and balance of payments and external debt and foreign assistance data, to the IMF on a regular basis.

The IMF conducted the fourth review of the programme in April 2017. In its 2017 IMF Report, the IMF stated that while programme performance through end-2016 was not satisfactory, noting in particular a sizable fiscal slippage and accumulation of domestic arrears at the end of 2016, the government has demonstrated commitment to policy adjustment and delivered corrective measures, including through fiscal consolidation in early 2017, implementation of financial stability measures, and further structural reforms. Ghanaian authorities and IMF staff reached agreements on various reforms and measures, including implementing further monitoring and oversight, to redress the direction of the programme. The Executive Board of the IMF made the fifth disbursement in August 2017, alongside agreeing to a one-year extension to the programme.

On 30 April 2018, the IMF completed the fifth and sixth reviews under the programme. During the review, further adjustments were made to the programme to ensure that it remains on track and to enhance its prospects of success. The Executive Board granted certain waivers, including for deviations in a few programme targets. See “*Risk Factors—The IMF programme is subject to various conditions, and the continuation of the programme support depends on the Republic’s ability to comply with the programme conditions*”.

The following table sets out the original schedule of reviews and purchases under the IMF’s extended credit facility arrangement for Ghana, 2015-19<sup>1</sup>.

Amount of Purchase		Availability Date	Status
Millions of SDR	Per cent. of Quota <sup>2</sup>		
83.025	11.25	3 April 2015	Executive Board approved the three-year ECF arrangement
83.025	11.25	31 August 2015	The Executive Board completed the First Review under the ECF arrangement
83.025	11.25	13 January 2016	The Executive Board completed the Second Review under the ECF arrangement
83.025	11.25	28 September 2016	The Executive Board completed the Third Review under the ECF arrangement
66.42	9.00	15 April 2017	The Executive Board completed the Fourth Review under the three-year ECF arrangement, and granted a one-year extension to the ECF arrangement
66.42	9.00	15 September 2017	The Executive Board completed the Fifth Review under the ECF arrangement
66.42	9.00	15 February 2018	The Executive Board completed the Sixth Review under the ECF arrangement
66.42	9.00	15 August 2018	Observance of the performance criteria for 30 June 2018, and completion of the Seventh

			Review under the arrangement
66.42	9.00	15 February 2019	Observance of the performance criteria for 31 December 2018, and completion of the Eight Review under the arrangement
664.200	90.00	Total under the extended credit facility arrangement <sup>3</sup>	

Source: IMF Fifth and Sixth Reviews under the Extended Credit Facility, May 2018

<sup>1</sup> In addition to the generally applicable conditions under this extended credit facility arrangement.

<sup>2</sup> Based on Ghana's current quota of SDR 738 million. Effective 19 February 2016, Ghana's quota doubled from SDR369 million previously.

<sup>3</sup> Total access under the arrangement upon approval was 180 per cent. of quota.

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

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

### ***International Development Association ("IDA") Budget Support***

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

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

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

## TERMS AND CONDITIONS OF THE SERIES 2018-1 NOTES

*The following is the text of the Terms and Conditions of the Series 2018-1 Notes which, upon issue, will represent the terms and conditions applicable to all Series 2018-1 Notes, and, subject to completion and amendment, will be endorsed on each Note Certificate and will be attached and (subject to the provisions thereof) apply to each Global Note Certificate (capitalised terms as defined below). The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note in individual form to the extent described under “The Global Note Certificates—Form of the Notes” section.*

The U.S.\$1,000,000,000 7.625 per cent. Amortising Notes due 2029 (the “**Notes**”, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 15 (*Further Issues*) and forming a single series with the Notes) of the Republic of Ghana (the “**Issuer**”) are issued subject to and with the benefit of (a) an Agency Agreement dated 16 May 2018 (such agreement as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) made between the Issuer, Citigroup Global Markets Deutschland AG as registrar (the “**Registrar**”) and Citibank, N.A., London Branch as fiscal agent (the “**Fiscal Agent**”), transfer agent (the “**Transfer Agent**”) and paying agent (the “**Paying Agent**” and, together with the Registrar, the “**Agents**”) and (b) a Deed of Covenant dated 16 May 2018 (as amended or supplemented from time to time, the “**Deed of Covenant**”) of the Issuer.

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

### 1. Form, Denomination and Title

#### 1.1 Form and Denomination

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

#### 1.2 Title

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

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

#### 2.1 Transfers

Subject to Condition 2.4 (*Closed Periods*) and Condition 2.5 (*Regulations*), a Note may be transferred by depositing the Certificate issued in respect of that Note, with the form of transfer on the back duly completed and signed, at the Specified Office of the Registrar or the Transfer Agent together with

such evidence as the Registrar or Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided however that* a Note may not be transferred unless the principal amount of the Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the Notes not transferred, are Authorised Denominations.

## **2.2 Delivery of New Certificates**

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

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

## **2.3 Formalities Free of Charge**

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

## **2.4 Closed Periods**

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

## **2.5 Regulations**

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

## **3. Status**

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

## **4. Negative Pledge**

### **4.1 Negative Pledge**

So long as any Note remains outstanding (as defined in the Agency Agreement) the Issuer will not, save for the exceptions set out below, create, incur, assume or permit to subsist any Security upon the

whole or any part of its present or future assets, undertaking or revenues to secure (i) any of its Public External Indebtedness; (ii) any Guarantees in respect of Public External Indebtedness; or (iii) the Public External Indebtedness of any other person; without at the same time or prior thereto securing the Notes equally and rateably therewith or providing such other arrangement (whether or not comprising Security) as shall be approved by an Extraordinary Resolution or by a Written Resolution (each as defined in Condition 13.1 (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*)).

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

- (a) any Security upon property to secure Public External Indebtedness of the Issuer or any Guarantee by the Issuer of Public External Indebtedness of any other person incurred for the purpose of financing the acquisition or construction of such property and any renewal and extension of such Security which is limited to the original property covered thereby and which (in either case) secures any renewal or extension of the original secured financing;
- (b) any Security securing Public External Indebtedness of the Issuer or any Guarantee by the Issuer of Public External Indebtedness of any other person incurred for the purpose of financing all or part of the costs of the acquisition, construction or development of a project; *provided that* (A) the holders of such Public External Indebtedness or Guarantee expressly agree to limit their recourse to the assets and revenues of such project or the proceeds of insurance thereon as the principal source of repayments of such Public External Indebtedness and (B) the property over which such Security is granted consists solely of such assets and revenues; and
- (c) any Security securing the Public External Indebtedness of the Issuer or any Guarantee by the Issuer of Public External Indebtedness of any other person which was in existence on 10 May 2018.

## 4.2 Interpretation

In these Conditions:

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

- (f) “**Security**” means any mortgage, pledge, lien, hypothecation, security interest or other charge or encumbrance including, without limitation, anything analogous to the foregoing under the laws of any jurisdiction.

## 5. Interest

### 5.1 Interest Rate and Interest Payment Dates

The Notes bear interest on their outstanding principal amount from and including 16 May 2018 (the “**Issue Date**”) to but excluding the Maturity Date (as defined in Condition 7.1 (*Redemption by Amortisation and Final Redemption*)), at the rate of 7.625 per cent. per annum (the “**Rate of Interest**”), payable semi-annually in arrear on 16 May and 16 November in each year (each an “**Interest Payment Date**”), commencing on 16 November 2018. Each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date is herein called an “**Interest Period**”.

### 5.2 Interest Accrual

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

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

### 5.3 Calculation of Interest

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

## 6. Payments

### 6.1 Payments in Respect of Notes

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

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

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

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

## **6.3 No Commissions**

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

## **6.4 Payment on Business Days**

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

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

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

## **6.5 Partial Payments**

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

## **6.6 Agents**

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

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

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

## **7. Redemption, Purchase and Cancellation**

### **7.1 Redemption by Amortisation and Final Redemption**

Unless previously redeemed, or purchased and cancelled, each Note shall be partially redeemed on each date specified below (each an “**Amortisation Date**”) by the relevant amortisation amount specified below (each an “**Amortisation Amount**”) payable as provided in Condition 6 (*Payments*). The outstanding principal amount of each such Note shall be reduced by the Amortisation Amount for all purposes with effect from the relevant Amortisation Date, unless the payment of the relevant Amortisation Amount is improperly withheld or refused. In such a case, the relevant principal amount will remain outstanding until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the Business Day after the Fiscal Agent has given notice to the Noteholders of receipt of all sums due in respect of all Notes up to that Business Day



(except to the extent that there is any subsequent default in payment in accordance with these Conditions). Each Note shall be finally redeemed on 16 May 2029 (the “**Maturity Date**”) at its final Amortisation Amount payable as provided in Condition 6 (*Payments*).

<u>Amortisation Date</u>	<u>Outstanding principal amount of each U.S.\$1,000 principal amount of Notes on the relevant Amortisation Date prior to payment of the relevant Amortisation Amount</u>	<u>Amortisation Amount per U.S.\$1,000 principal amount of Notes to be repaid on the relevant Amortisation Date</u>	<u>Outstanding principal amount of each U.S.\$1,000 principal amount of Notes on the relevant Amortisation Date after payment of the relevant Amortisation Amount</u>
16 May 2027	U.S.\$1,000	U.S.\$333.33	U.S.\$666.67
16 May 2028	U.S.\$666.67	U.S.\$333.33	U.S.\$333.34
Maturity Date	U.S.\$333.34	U.S.\$333.34	U.S.\$0

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

## 7.2 Purchase and Cancellation

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

## 7.3 No other Redemption or Purchase

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

## 8. Taxation

### 8.1 Payment without Withholding

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

- (a) presented for payment by or on behalf of a holder who is liable to the Taxes in respect of the Note by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note; or
- (b) presented for payment more than 30 days after the Relevant Date (as defined below), except to the extent that the relevant holder would have been entitled to such Additional Amounts if it had presented such Note for payment on the last day of such period of 30 days assuming,

whether or not such is in fact the case, that day to have been a Business Day (as defined in Condition 6 (*Payments*)).

## 8.2 Interpretation

In these Conditions:

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

## 8.3 Additional Amounts

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

## 9. Prescription

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

## 10. Events of Default

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

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

the Issuer does not perform or comply with any one or more of its other obligations under the Notes, which default is incapable of remedy or is not remedied within 45 days following the service by any Noteholder on the Issuer of notice requiring the same to be remedied; or
- (c) **Cross-default**
  - (i) the acceleration of the maturity (other than by optional or mandatory prepayment or redemption) of any External Indebtedness of the Issuer; or
  - (ii) any default in the payment of principal of any External Indebtedness of the Issuer shall occur when and as the same shall become due and payable if such default shall continue beyond the initial grace period, if any, applicable thereto; or
  - (iii) any default in the payment when due and called upon (after the expiry of any applicable grace period) of any Guarantee of the Issuer in respect of any External Indebtedness of any other person,

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

(d) **Moratorium**

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

(e) **IMF Membership**

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

(f) **Validity**

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

(g) **Consents**

if any authorisation, consent of, or filing or registration with, any governmental authority necessary for the performance of any payment obligation of the Issuer under the Notes, when due, ceases to be in full force and effect or remain valid and subsisting,

then, the holders of at least 25 per cent. in aggregate principal amount of the Notes then outstanding may, by notice in writing to the Issuer (with a copy to the Fiscal Agent), declare all the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their outstanding principal amount together with accrued interest without further action or formality. Notice of any such declaration shall promptly be given to all other Noteholders by the Issuer in accordance with Condition 12 (*Notices*).

If the Issuer receives notice in writing from holders of at least 50 per cent. in aggregate principal amount of the Notes then outstanding to the effect that the Event of Default or Events of Default giving rise to any above mentioned declaration of acceleration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn, the Issuer shall give notice thereof to the Noteholders (with a copy to the Fiscal Agent), whereupon the relevant declaration shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations which may have arisen before the Issuer gives such notice (whether pursuant to these Conditions or otherwise). No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Noteholder in relation thereto.

## 11. **Replacement of Certificates**

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the Specified Office of the Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

## 12. Notices

All notices to the Noteholders will be valid if mailed to them at their respective addresses in the Register at the time of publication of such notice by pre-paid first class mail (or any other manner approved by the Registrar (or the Fiscal Agent on their behalf), which may be by electronic transmission) and for so long as the Notes are listed on the Stock Exchange and the rules of the Stock Exchange so require, in a leading newspaper having general circulation in London (which is expected to be the *Financial Times*) or, if, in the opinion of the Issuer, such publication is not practicable, in a leading English language daily newspaper of general circulation in Europe. Any such notice shall be deemed to have been given on the fourth business day after being so mailed.

## 13. Meetings of Noteholders; Written Resolutions

### 13.1 Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions

- (a) The Issuer may convene a meeting of Noteholders at any time in respect of the Notes in accordance with the provisions of the Agency Agreement. The Issuer will determine the time and place of the meeting and will notify the Noteholders of the time, place and purpose of the meeting not less than 21 and not more than 45 days before the meeting.
- (b) The Issuer will convene a meeting of Noteholders if the holders of at least 10 per cent. in principal amount of the outstanding Notes (as defined in the Agency Agreement and described in Condition 13.9 (*Notes Controlled by the Issuer*)) have delivered a written request to the Issuer setting out the purpose of the meeting. The Issuer will determine the time and place of the meeting and will notify the Noteholders within 10 days of receipt of such written request of the time and place of the meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given.
- (c) The Issuer will set the procedures governing the conduct of any meeting in accordance with the Agency Agreement. If the Agency Agreement does not include such procedures, or additional procedures are required, the Issuer will set such procedures as are customary in the market and in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Issuer proposes any modification to the terms and conditions of, or action with respect to, two or more series of debt securities issued by it.
- (d) The notice convening any meeting will specify, *inter alia*:
  - (i) the date, time and location of the meeting;
  - (ii) the agenda and the text of any Extraordinary Resolution to be proposed for adoption at the meeting;
  - (iii) the record date for the meeting, which shall be no more than five business days before the date of the meeting;
  - (iv) the documentation required to be produced by a Noteholder in order to be entitled to participate at the meeting or to appoint a proxy to act on the Noteholder's behalf at the meeting;
  - (v) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the Notes are traded and/or held by Noteholders;
  - (vi) whether Condition 13.2 (*Modification of this Series of Notes only*), or Condition 13.3 (*Multiple Series Aggregation – Single limb voting*), or Condition 13.4 (*Multiple Series Aggregation – Two limb voting*) shall apply and, if relevant, in relation to which other series of debt securities it applies;
  - (vii) if the proposed modification or action relates to two or more series of debt securities issued by it and contemplates such series of debt securities being aggregated in more

than one group of debt securities, a description of the proposed treatment of each such group of debt securities;

- (viii) such information that is required to be provided by the Issuer in accordance with Condition 13.6 (*Information*);
  - (ix) the identity of the Aggregation Agent and the Calculation Agent, if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in Condition 13.7 (*Claims Valuation*); and
  - (x) any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities.
- (e) In addition, the Agency Agreement contains provisions relating to Written Resolutions. All information to be provided pursuant to this Condition 13.1 shall also be provided, *mutatis mutandis*, in respect of Written Resolutions and Electronic Consents (as defined in Condition 13.12).
- (f) A “**record date**” in relation to any proposed modification or action means the date fixed by the Issuer for determining the Noteholders and, in the case of a multiple series aggregation, the holders of debt securities of each other affected series that are entitled to vote on a Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution.
- (g) An “**Extraordinary Resolution**” means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.
- (h) A “**Written Resolution**” means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.
- (i) Any reference to “**debt securities**” means any notes (including the Notes), bonds, debentures or other debt securities issued by the Issuer in one or more series with an original stated maturity of more than one year.
- (j) “**Debt Securities Capable of Aggregation**” means those debt securities which include or incorporate by reference this Condition 13 and Condition 14 (*Aggregation Agent; Aggregation Procedures*) or provisions substantially in these terms which provide for the debt securities which include such provisions to be capable of being aggregated for voting purposes with other series of debt securities.

## 13.2 Modification of this Series of Notes only

- (a) Any modification of any provision of, or any action in respect of, these Conditions, the Agency Agreement and/or the Deed of Covenant in respect of the Notes may be made or taken if approved by a Single Series Ordinary Resolution, a Single Series Extraordinary Resolution or a Single Series Written Resolution (each as defined below) as set out below.
- (b) For the purposes of a meeting of Noteholders convened in respect of this series of Notes only and for the purposes of passing a Single Series Ordinary Resolution and/or a Single Series Extraordinary Resolution (a “**Single Series Noteholder Meeting**”) at any such Single Series Noteholder Meeting, any one or more persons present in person holding Notes or proxies or representatives and holding or representing in the aggregate not less than 50 per cent. in principal amount of the Notes for the time being outstanding shall (except for the purposes of passing a Single Series Extraordinary Resolution) form a quorum for the transaction of business, and no business (other than the choosing of a chairman) shall be transacted at any such Single Series Noteholder Meeting unless the requisite quorum be present at the

commencement of business. The quorum at any such Single Series Noteholder Meeting convened for the purpose of passing of a Single Series Extraordinary Resolution shall (subject as provided in Condition 13.2(c)) be one or more persons present in person holding Notes or being proxies or representatives and holding or representing in the aggregate not less than 66⅔ per cent. of the principal amount of the Notes for the time being outstanding.

- (c) If within 15 minutes from the time fixed for any such Single Series Noteholder Meeting a quorum is not present, the Single Series Noteholder Meeting shall, if convened upon the requisition of Noteholders, be dissolved. In any other case it shall stand adjourned for such period, being not less than 14 days nor more than 42 days, as may be determined by the chairman either at or after the Single Series Noteholder Meeting. At such adjourned Single Series Noteholder Meeting, one or more persons present in person holding Notes or being proxies or representatives (whatever the principal amount of Notes so held or represented) shall form a quorum and may pass any resolution and decide upon all matters which could properly have been dealt with at the Single Series Noteholder Meeting from which the adjournment took place had a quorum been present at the Single Series Noteholder Meeting, *provided that* at any adjourned Single Series Noteholder Meeting at which it is to be proposed a Single Series Extraordinary Resolution, the quorum shall be one or more persons so present in person holding Notes or being proxies or representatives and holding or representing in the aggregate not less than 33⅓ per cent. of the aggregate principal amount of Notes for the time being outstanding.
- (d) A “**Single Series Ordinary Resolution**” means a resolution passed at a Single Series Noteholder Meeting duly convened and held in accordance with the procedures prescribed by the Issuer pursuant to Conditions 13.1 (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*), 13.2(b) and 13.2(c) in respect of any matter other than a Reserved Matter by a majority of at least 66⅔ per cent. of the votes cast.
- (e) A “**Single Series Extraordinary Resolution**” means a resolution passed at a Single Series Noteholder Meeting duly convened and held in accordance with the procedures prescribed by the Issuer pursuant to Conditions 13.1 (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*), 13.2(b) and 13.2(c) in respect of a Reserved Matter by a majority of at least 75 per cent. of the votes cast.
- (f) A “**Single Series Written Resolution**” means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:
  - (i) in the case of a Reserved Matter, at least 75 per cent. of the aggregate principal amount of the outstanding Notes; or
  - (ii) in the case of a matter other than a Reserved Matter at least 66⅔ per cent. of the aggregate principal amount of the outstanding Notes.
- (g) Any Single Series Written Resolution may be contained in one document or several documents in the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders.
- (h) Any Single Series Ordinary Resolution or Single Series Extraordinary Resolution duly passed or Single Series Written Resolution approved shall be binding on all Noteholders, whether or not they attended such Single Series Noteholder Meeting, whether or not they voted in favour thereof and whether or not they signed or confirmed in writing any such Single Series Written Resolution, as the case may be.

### 13.3 Multiple Series Aggregation – Single limb voting

- (a) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Single Limb Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, *provided that* the Uniformly Applicable condition is satisfied.

- (b) A “**Multiple Series Single Limb Extraordinary Resolution**” means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer pursuant to Condition 13.1 (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*), as supplemented if necessary, which is passed by a majority of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate).
- (c) A “**Multiple Series Single Limb Written Resolution**” means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate). Any Multiple Series Single Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.
- (d) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Written Resolution, as the case may be.
- (e) The “**Uniformly Applicable**” condition will be satisfied if:
- (i) the holders of all affected series of Debt Securities Capable of Aggregation are invited to exchange, convert, or substitute their debt securities, on the same terms, for (A) the same new instrument and/or other consideration or (B) a new instrument, new instruments and/or other consideration from an identical menu of instruments or other consideration; or
  - (ii) the amendments proposed to the terms and conditions of each affected series of Debt Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments having identical provisions (other than provisions which are necessarily different, having regard to the currency of issuance).
- (f) It is understood that a proposal under Condition 13.3(a) above will not be considered to satisfy the Uniformly Applicable condition if each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation (or, where a menu of instruments or other consideration is offered, each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation electing the same option from such menu of instruments).

- (g) Any modification or action proposed under Condition 13.3(a) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 13.3 may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

#### 13.4 Multiple Series Aggregation – Two limb voting

- (a) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.
- (b) A “**Multiple Series Two Limb Extraordinary Resolution**” means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer pursuant to Condition 13.1 (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*), as supplemented if necessary, which is passed by a majority of:
  - (i) at least 66  $\frac{2}{3}$  per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate); and
  - (ii) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).
- (c) A “**Multiple Series Two Limb Written Resolution**” means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:
  - (i) at least 66  $\frac{2}{3}$  per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate); and
  - (ii) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).
- (d) Any Multiple Series Two Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.
- (e) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Two Limb Written Resolution, as the case may be.
- (f) Any modification or action proposed under Condition 13.4(a) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 13.4 may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.



### 13.5 Reserved Matters

In these Conditions, “**Reserved Matter**” means any proposal:

- (a) to change the dates, or the method of determining the dates, for payment of principal, interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the Notes on any date;
- (b) to change the currency in which any amount due in respect of the Notes is payable or the place in which any payment is to be made;
- (c) to change the majority or quorum required to pass a Single Series Ordinary resolution, an Extraordinary Resolution, an Electronic Consent or a Written Resolution or any other resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them;
- (d) to change this definition, or the definition of “Electronic Consent”, “Extraordinary Resolution”, “Single Series Extraordinary Resolution”, “Multiple Series Single Limb Extraordinary Resolution”, “Multiple Series Two Limb Extraordinary Resolution”, “Written Resolution”, “Single Series Written Resolution”, “Multiple Series Single Limb Written Resolution” or “Multiple Series Two Limb Written Resolution”;
- (e) to change the definition of “debt securities” or “Debt Securities Capable of Aggregation”;
- (f) to change the definition of “Uniformly Applicable”;
- (g) to change the definition of “outstanding” (as set out in the Agency Agreement) or to modify the provisions of Condition 13.9 (*Notes Controlled by the Issuer*);
- (h) to change the legal ranking of the Notes set out in Condition 3 (*Status*);
- (i) to change any provision of the Notes describing circumstances in which Notes may be declared due and payable prior to their scheduled maturity date, as set out in Condition 10 (*Events of Default*);
- (j) to change the law governing the Notes, the courts to the jurisdiction of which the Issuer has submitted in the Notes, any of the arrangements specified in the Notes to enable proceedings to be taken or the Issuer’s waiver of immunity, in respect of actions or proceedings brought by any Noteholder, as set out in Condition 16 (*Governing Law and Submission to Jurisdiction*);
- (k) to impose any condition on or otherwise change the Issuer’s obligation to make payments of principal, interest or any other amount in respect of the Notes, including by way of the addition of a call option;
- (l) to modify the provisions of this Condition 13.5;
- (m) except as permitted by any related guarantee or security agreement, to release any agreement guaranteeing or securing payments under the Notes or to change the terms of any such guarantee or security; or

- (n) to exchange or substitute all the Notes for, or convert all the Notes into, other obligations or securities of the Issuer or any other person, or to modify any provision of these Conditions in connection with any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Issuer or any other person, which would result in the Conditions as so modified being less favourable to the Noteholders which are subject to the Conditions as so modified than:
  - (i) the provisions of the other obligations or debt securities of the Issuer or any other person resulting from the relevant exchange, substitution or conversion; or
  - (ii) if more than one series of other obligations or debt securities results from the relevant exchange, substitution or conversion, the provisions of the resulting series of debt securities having the largest aggregate principal amount.

### **13.6 Information**

Prior to or on the date that the Issuer proposes any Extraordinary Resolution or Written Resolution pursuant to Condition 13.2 (*Modification of this Series of Notes only*), Condition 13.3 (*Multiple Series Aggregation – Single limb voting*) or Condition 13.4 (*Multiple Series Aggregation – Two limb voting*), the Issuer shall publish in accordance with Condition 14 (*Aggregation Agent; Aggregation Procedures*) the following information:

- (a) a description of the Issuer's economic and financial circumstances which are, in the Issuer's opinion, relevant to the request for any potential modification or action, a description of the Issuer's existing debts and a description of its broad policy reform programme and provisional macroeconomic outlook;
- (b) if the Issuer shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, a description of any such arrangement or agreement;
- (c) a description of the Issuer's proposed treatment of external debt securities that fall outside the scope of any multiple series aggregation and its intentions with respect to any other debt securities and its other major creditor groups; and
- (d) if any proposed modification or action contemplates debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of Noteholders in Condition 13.1(d)(vii).

### **13.7 Claims Valuation**

For the purpose of calculating the par value of the Notes and any affected series of debt securities which are to be aggregated with the Notes in accordance with Condition 13.3 (*Multiple Series Aggregation – Single limb voting*) and Condition 13.4 (*Multiple Series Aggregation – Two limb voting*), the Issuer may appoint a Calculation Agent. The Issuer shall, with the approval of the Aggregation Agent and any appointed Calculation Agent, promulgate the methodology in accordance with which the Calculation Agent will calculate the par value of the Notes and such affected series of debt securities. In any such case where a Calculation Agent is appointed, the same person will be appointed as the Calculation Agent for the Notes and each other affected series of debt securities for these purposes, and the same methodology will be promulgated for each affected series of debt securities.

### **13.8 Manifest error, etc.**

The Notes, these Conditions, the Deed of Covenant and the provisions of the Agency Agreement may be amended without the consent of the Noteholders either (i) for the purpose of curing any ambiguity or of curing, correcting or supplementing any manifest or proven error or any other defective provision contained herein or therein or (ii) in any other manner which is, in the sole opinion of the Issuer, not materially prejudicial to the interests of the Noteholders. Any such modification shall be

binding on the Noteholders and shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12.

### 13.9 Notes Controlled by the Issuer

For the purposes of (a) determining the right to attend and vote at any meeting of Noteholders, the right to give an Electronic Consent, or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution, (b) this Condition 13 and (c) Condition 10 (*Events of Default*), any Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any public sector instrumentality of the Issuer shall be disregarded and be deemed not to remain outstanding, where:

- (a) “**public sector instrumentality**” means the Bank of Ghana any department, ministry or agency of the government of the Republic of Ghana or any corporation, trust, financial institution or other entity owned or controlled by the government of the Republic of Ghana or any of the foregoing; and
- (b) “**control**” means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or through contractual control or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

A Note will also be deemed to be not outstanding if the Note has previously been cancelled or delivered for cancellation or held for reissuance but not reissued, or, where relevant, the Note has previously been called for redemption in accordance with its terms or previously become due and payable at maturity or otherwise and the Issuer has previously satisfied its obligations to make all payments due in respect of the Note in accordance with its terms.

In advance of any meeting of Noteholders, or in connection with any Electronic Consent or Written Resolution, the Issuer shall provide to the Fiscal Agent a copy of the certificate prepared pursuant to Condition 14.5 (*Certificate*) which includes information on the total number of Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any public sector instrumentality of the Issuer and, as such, such Notes shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Noteholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting. The Fiscal Agent shall make any such certificate available for inspection during normal business hours at its Specified Office and, upon reasonable request, will allow copies of such certificate to be taken.

The Fiscal Agent is not responsible, nor shall it incur any liability, for monitoring or ascertaining as to whether any certifications required by this Condition 13 (*Meetings of Noteholders; Written Resolutions*) are provided, nor shall it be required to review, check or analyse any certificates produced nor shall it be responsible for the contents of any such certifications or incur any liability in the event the content of such certifications is inaccurate or incorrect.

### 13.10 Publication

The Issuer shall publish all Extraordinary Resolutions and Written Resolutions which have been determined by the Aggregation Agent to have been duly passed in accordance with Condition 14.8 (*Manner of publication*).

### 13.11 Exchange and Conversion

Any Extraordinary Resolutions or Written Resolutions which have been duly passed and which modify any provision of, or action in respect of, the Conditions may be implemented at the Issuer’s option by way of a mandatory exchange or conversion of the Notes and each other affected series of debt securities, as the case may be, into new debt securities containing the modified terms and conditions if the proposed mandatory exchange or conversion of the Notes is notified to Noteholders

at the time notification is given to the Noteholders as to the proposed modification or action. Any such exchange or conversion shall be binding on all Noteholders.

### 13.12 Written Resolutions and Electronic Consents

A Written Resolution may be contained in one document or in several documents in like form, each signed by or on behalf of one or more of the Noteholders.

For so long as any Notes are in the form of a global Note held on behalf of one or more of Euroclear, Clearstream, Luxembourg, DTC or any other clearing system (the “**relevant clearing system(s)**”), then:

- (a) Approval of a resolution proposed by the Issuer given by way of electronic consent communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures (i) by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders or (ii) (where such holders have been given at least 21 days’ notice of such resolution) by or on behalf of:
- (i) in respect of a proposal that falls within paragraphs (d), (e) and (f) of Condition 13.2, the persons holding at least 75 per cent. of the aggregate principal amount of the outstanding Notes in the case of a Reserved Matter or at least 66  $\frac{2}{3}$  per cent. of the aggregate principal amount of the outstanding Notes, in the case of a matter other than a Reserved Matter;
  - (ii) in respect of a proposal that falls within paragraphs (b) and (c) of Condition 13.3, the persons holding at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate);
  - (iii) in respect of a proposal that falls within paragraphs (b) and (c) of Condition 13.4, (x) the persons holding at least 66  $\frac{2}{3}$  per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate); and (y) the persons holding more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually),

(in the case of (i), (ii) and (iii), each an “**Electronic Consent**”) shall, for all purposes (including Reserved Matters) take effect as (a) a Single Series Extraordinary Resolution (in the case of (i) above), (b) a Multiple Series Single Limb Extraordinary Resolution (in the case of (ii) above) or (c) a Multiple Series Two Limb Extraordinary Resolution (in the case of (iii) above), as applicable.

The notice given to Noteholders shall specify, in sufficient detail to enable Noteholders to give their consents in relation to the proposed resolution, the method by which their consents may be given (including, where applicable, blocking of their accounts in the relevant clearing system(s)) and the time and date (the “**Relevant Date**”) by which they must be received in order for such consents to be validly given, in each case subject to and in accordance with the operating rules and procedures of the relevant clearing system(s).

If, on the Relevant Date on which the consents in respect of an Electronic Consent are first counted, such consents do not represent the required proportion for approval, the resolution shall, if the party proposing such resolution (the “**Proposer**”) so determines, be deemed to be defeated. Alternatively, the Proposer may give a further notice to Noteholders that the resolution will be proposed again on such date and for such period as shall be agreed with the Issuer (unless the Issuer is the Proposer). Such notice must inform Noteholders that insufficient consents were received in relation to the original resolution and the information specified in the previous paragraph. For the purpose of such further notice, references to “**Relevant Date**” shall be construed accordingly.

An Electronic Consent may only be used in relation to a resolution proposed by the Issuer which is not then the subject of a meeting that has been validly convened above, unless that meeting is or shall be cancelled or dissolved.

- (b) Where Electronic Consent has not been sought, for the purposes of determining whether a Written Resolution has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer (a) by accountholders in the relevant clearing system(s) with entitlements to any global Note and/or (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, the relevant clearing system(s) and, in the case of (b) above, the relevant clearing system(s) and the accountholder identified by the relevant clearing system(s). Any such certificate or other document (i) shall be conclusive and binding for all purposes and (ii) may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

All information to be provided pursuant to paragraph (d) of Condition 13.1 shall also be provided, *mutatis mutandis*, in respect of Written Resolutions and Electronic Consents.

A Written Resolution and/or Electronic Consent (i) shall take effect as an Extraordinary Resolution and (ii) will be binding on all Noteholders, whether or not they participated in such Written Resolution and/or Electronic Consent, even if the relevant consent or instruction proves to be defective.

## **14. Aggregation Agent; Aggregation Procedures**

### **14.1 Appointment**

The Issuer will appoint an Aggregation Agent to calculate whether a proposed modification or action has been approved by the required principal amount outstanding of Notes and, in the case of a multiple series aggregation, by the required principal amount of outstanding debt securities of each affected series of debt securities. In the case of a multiple series aggregation, the same person will be appointed as the Aggregation Agent for the proposed modification of any provision of, or any action in respect of, these Conditions, the Deed of Covenant or the Agency Agreement in respect of the Notes and in respect of the terms and conditions or documentation in respect of each other affected series of debt securities. The Aggregation Agent shall be independent of the Issuer.

### **14.2 Extraordinary Resolutions**

If an Extraordinary Resolution has been proposed at a duly convened meeting of Noteholders to modify any provision of, or action in respect of, these Conditions and other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as practicable after the time the vote is cast, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have voted in favour of the Extraordinary Resolution such that the Extraordinary Resolution is passed. If so, the Aggregation Agent will determine that the Extraordinary Resolution has been duly passed.

### **14.3 Written Resolutions**

If a Written Resolution has been proposed under the Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities,

as the case may be, the Aggregation Agent will, as soon as reasonably practicable after the relevant Written Resolution has been signed or confirmed in writing, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have signed or confirmed in writing in favour of the Written Resolution such that the Written Resolution is passed. If so, the Aggregation Agent will determine that the Written Resolution has been duly passed.

#### **14.4 Electronic Consents**

If approval of a resolution proposed under the terms of these Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, is proposed to be given by way of Electronic Consent, the Aggregation Agent will, as soon as reasonably practicable after the relevant Electronic Consent has been given, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have consented to the resolution by way of Electronic Consent such that the resolution is approved. If so, the Aggregation Agent will determine that the resolution has been duly approved.

#### **14.5 Certificate**

For the purposes of Condition 14.2 (*Extraordinary Resolutions*) and Condition 14.3 (*Written Resolutions*), the Issuer will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in Condition 13.2 (*Modification of this Series of Notes only*), Condition 13.3 (*Multiple Series Aggregation – Single limb voting*) or Condition 13.4 (*Multiple Series Aggregation – Two limb voting*), as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution.

The certificate shall:

- (a) list the total principal amount of Notes outstanding and, in the case of a multiple series aggregation, the total principal amount of each other affected series of debt securities outstanding on the record date; and
- (b) clearly indicate the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities which shall be disregarded and deemed not to remain outstanding as a consequence of Condition 13.9 (*Notes Controlled by the Issuer*) on the record date identifying the holders of the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities.

The Aggregation Agent may rely upon the terms of any certificate, notice, communication or other document believed by it to be genuine.

#### **14.6 Notification**

The Aggregation Agent will cause each determination made by it for the purposes of this Condition 14 to be notified to the Fiscal Agent and the Issuer as soon as practicable after such determination. Notice thereof shall also promptly be given to the Noteholders.

#### **14.7 Binding nature of determinations; no liability**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 14 by the Aggregation Agent and any appointed Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Fiscal Agent and the Noteholders and (subject as aforesaid) no liability to any such person will attach to the Aggregation Agent or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

## 14.8 Manner of publication

The Issuer will publish all notices and other matters required to be published pursuant to the Agency Agreement including any matters required to be published pursuant to Condition 13 (*Meetings of Noteholders; Written Resolutions*), this Condition 14, and Condition 10 (*Events of Default*):

- (a) through Euroclear Bank SA/NV, Clearstream Banking, S.A., and The Depository Trust Company and/or any other clearing system in which the Notes are held; and
- (b) in such other places and in such other manner as may be required by applicable law or regulation.

## 15. Further Issues

The Issuer may from time to time without the consent of the Noteholders create and issue further notes having terms and conditions the same as those of the Notes, or the same except for the amount of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes, *provided that* such additional securities shall be issued under a separate CUSIP and/or ISIN unless such additional securities are issued in a “**qualified reopening**” for U.S. federal income tax purposes.

## 16. Governing Law and Submission to Jurisdiction

### 16.1 Governing Law

The Notes (including any non-contractual obligations arising from or in connection with them) are governed by, and will be construed in accordance with, English law.

### 16.2 Jurisdiction

The Courts of England have exclusive jurisdiction to settle any dispute, claim, difference or controversy, arising from or connected with the Notes (including a dispute regarding the existence, validity or termination of and any non-contractual obligations arising out of or in connection with these Notes) or the consequences of their nullity (a “**Dispute**”). The Issuer agrees that the Courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary. This Condition 16.2 is for the benefit of the Noteholders only. As a result nothing in this Condition 16.2 prevents any Noteholder from taking proceedings related to a Dispute (“**Proceedings**”) in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent proceedings in any number of jurisdictions.

### 16.3 Appointment of Process Agent

The Issuer has appointed the High Commissioner of the Republic of Ghana in London, presently located at 13 Belgrave Square, Westminster, London SW1X 8PN as its agent for service of process and hereby undertakes that, in the event of the High Commissioner of the Republic of Ghana ceasing so to act or ceasing to be located in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

### 16.4 Consent to Enforcement and Waiver of Immunity

- (a) The Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Proceedings.
- (b) To the extent that the Issuer may in any jurisdiction claim for itself or its assets, property or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process in respect of any Proceedings and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the

Issuer or its assets, property or revenues, the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction (and consents generally for the purposes of the State Immunity Act 1978 to the giving of any relief or the issue of any process in connection with any Proceeding), provided that the Issuer reserves the right to plead sovereign immunity under the U.S. Foreign Sovereign Immunities Act of 1976 with respect to actions brought against it in any court of, or in, the United States of America under any United States federal or state securities law. The Issuer does not hereby waive such immunity from execution or attachment in respect of (i) property or assets used by a diplomatic or consular mission of the Issuer, (ii) property or assets of a military character and under the control of a military authority or defence agency of the Issuer (iii) property, assets and infrastructure located in the Republic of Ghana and dedicated to a public or governmental use (as distinct from property, assets or infrastructure dedicated to a commercial use) by the Issuer or (iv) assets protected in the Petroleum Revenue Management Act, 2011 (Act 815) of the Republic of Ghana, as amended.

#### **17. Rights of Third Parties**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

#### **18. Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the “**first currency**”) in which the same is payable under these Conditions or such order or judgment into another currency (the “**second currency**”) for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.



## TERMS AND CONDITIONS OF THE SERIES 2018-2 NOTES

*The following is the text of the Terms and Conditions of the Series 2018-2 Notes which, upon issue, will represent the terms and conditions applicable to all Series 2018-2 Notes, and, subject to completion and amendment, will be endorsed on each Note Certificate and will be attached and (subject to the provisions thereof) apply to each Global Note Certificate (capitalised terms as defined below). The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note in individual form to the extent described under “The Global Note Certificates—Form of the Notes” section.*

The U.S.\$1,000,000,000 8.627 per cent. Amortising Notes due 2049 (the “**Notes**”, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 15 (*Further Issues*) and forming a single series with the Notes) of the Republic of Ghana (the “**Issuer**”) are issued subject to and with the benefit of (a) an Agency Agreement dated 16 May 2018 (such agreement as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) made between the Issuer, Citigroup Global Markets Deutschland AG as registrar (the “**Registrar**”) and Citibank, N.A., London Branch as fiscal agent (the “**Fiscal Agent**”), transfer agent (the “**Transfer Agent**”) and paying agent (the “**Paying Agent**” and, together with the Registrar, the “**Agents**”) and (b) a Deed of Covenant dated 16 May 2018 (as amended or supplemented from time to time, the “**Deed of Covenant**”) of the Issuer.

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

### 1. Form, Denomination and Title

#### 1.1 Form and Denomination

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

#### 1.2 Title

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

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

#### 2.1 Transfers

Subject to Condition 2.4 (*Closed Periods*) and Condition 2.5 (*Regulations*), a Note may be transferred by depositing the Certificate issued in respect of that Note, with the form of transfer on the back duly completed and signed, at the Specified Office of the Registrar or the Transfer Agent together with

such evidence as the Registrar or Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided however that* a Note may not be transferred unless the principal amount of the Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the Notes not transferred, are Authorised Denominations.

## **2.2 Delivery of New Certificates**

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

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

## **2.3 Formalities Free of Charge**

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

## **2.4 Closed Periods**

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

## **2.5 Regulations**

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

## **3. Status**

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

## **4. Negative Pledge**

### **4.1 Negative Pledge**

So long as any Note remains outstanding (as defined in the Agency Agreement) the Issuer will not, save for the exceptions set out below, create, incur, assume or permit to subsist any Security upon the

whole or any part of its present or future assets, undertaking or revenues to secure (i) any of its Public External Indebtedness; (ii) any Guarantees in respect of Public External Indebtedness; or (iii) the Public External Indebtedness of any other person; without at the same time or prior thereto securing the Notes equally and rateably therewith or providing such other arrangement (whether or not comprising Security) as shall be approved by an Extraordinary Resolution or by a Written Resolution (each as defined in Condition 13.1 (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*)).

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

- (a) any Security upon property to secure Public External Indebtedness of the Issuer or any Guarantee by the Issuer of Public External Indebtedness of any other person incurred for the purpose of financing the acquisition or construction of such property and any renewal and extension of such Security which is limited to the original property covered thereby and which (in either case) secures any renewal or extension of the original secured financing;
- (b) any Security securing Public External Indebtedness of the Issuer or any Guarantee by the Issuer of Public External Indebtedness of any other person incurred for the purpose of financing all or part of the costs of the acquisition, construction or development of a project; *provided that* (A) the holders of such Public External Indebtedness or Guarantee expressly agree to limit their recourse to the assets and revenues of such project or the proceeds of insurance thereon as the principal source of repayments of such Public External Indebtedness and (B) the property over which such Security is granted consists solely of such assets and revenues; and
- (c) any Security securing the Public External Indebtedness of the Issuer or any Guarantee by the Issuer of Public External Indebtedness of any other person which was in existence on 10 May 2018.

## 4.2 Interpretation

In these Conditions:

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

- (f) “**Security**” means any mortgage, pledge, lien, hypothecation, security interest or other charge or encumbrance including, without limitation, anything analogous to the foregoing under the laws of any jurisdiction.

## 5. Interest

### 5.1 Interest Rate and Interest Payment Dates

The Notes bear interest on their outstanding principal amount from and including 16 May 2018 (the “**Issue Date**”) to but excluding the Maturity Date (as defined in Condition 7.1 (*Redemption by Amortisation and Final Redemption*)), at the rate of 8.627 per cent. per annum (the “**Rate of Interest**”), payable semi-annually in arrear on 16 June and 16 December in each year (each an “**Interest Payment Date**”). Interest in respect of the first interest period only (the “**First Interest Period**”) will accrue from and including the Issue Date to but excluding 16 December 2018 (the “**First Interest Payment Date**”). Each period beginning on (and including) the Issue Date or any Interest Payment Date (including the First Interest Payment Date) and ending on (but excluding) the First Interest Payment Date or the next Interest Payment Date (as the case may be) is herein called an “**Interest Period**”.

### 5.2 Interest Accrual

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

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

### 5.3 Calculation of Interest

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

## 6. Payments

### 6.1 Payments in Respect of Notes

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

For the purposes of this Condition 6, a Noteholder’s “**registered account**” means the U.S. Dollar account maintained by or on its behalf with a bank that processes payments in U.S. Dollars, details of which appear on the Register at the close of business, in the case of principal, on the second Business

Day (as defined below) before the due date for payment and, in the case of interest, on the relevant record date, and a Noteholder's "**registered address**" means its address appearing on the Register at that time.

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

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

## **6.3 No Commissions**

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

## **6.4 Payment on Business Days**

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

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

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

## **6.5 Partial Payments**

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

## **6.6 Agents**

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

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

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

## **7. Redemption, Purchase and Cancellation**

### **7.1 Redemption by Amortisation and Final Redemption**

Unless previously redeemed, or purchased and cancelled, each Note shall be partially redeemed on each date specified below (each an "**Amortisation Date**") by the relevant amortisation amount specified below (each an "**Amortisation Amount**") payable as provided in Condition 6 (*Payments*). The outstanding principal amount of each such Note shall be reduced by the Amortisation Amount for all purposes with effect from the relevant Amortisation Date, unless the payment of the relevant Amortisation Amount is

improperly withheld or refused. In such a case, the relevant principal amount will remain outstanding until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the Business Day after the Fiscal Agent has given notice to the Noteholders of receipt of all sums due in respect of all Notes up to that Business Day (except to the extent that there is any subsequent default in payment in accordance with these Conditions). Each Note shall be finally redeemed on 16 June 2049 (the “**Maturity Date**”) at its final Amortisation Amount payable as provided in Condition 6 (*Payments*).

<u>Amortisation Date</u>	<u>Outstanding principal amount of each U.S.\$1,000 principal amount of Notes on the relevant Amortisation Date prior to payment of the relevant Amortisation Amount</u>	<u>Amortisation Amount per U.S.\$1,000 principal amount of Notes to be repaid on the relevant Amortisation Date</u>	<u>Outstanding principal amount of each U.S.\$1,000 principal amount of Notes on the relevant Amortisation Date after payment of the relevant Amortisation Amount</u>
16 June 2047	U.S.\$1,000	U.S.\$333.33	U.S.\$666.67
16 June 2048	U.S.\$666.67	U.S.\$333.33	U.S.\$333.34
Maturity Date	U.S.\$333.34	U.S.\$333.34	U.S.\$0

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

## 7.2 Purchase and Cancellation

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

## 7.3 No other Redemption or Purchase

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

## 8. Taxation

### 8.1 Payment without Withholding

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

- (a) presented for payment by or on behalf of a holder who is liable to the Taxes in respect of the Note by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note; or

- (b) presented for payment more than 30 days after the Relevant Date (as defined below), except to the extent that the relevant holder would have been entitled to such Additional Amounts if it had presented such Note for payment on the last day of such period of 30 days assuming, whether or not such is in fact the case, that day to have been a Business Day (as defined in Condition 6 (*Payments*)).

## 8.2 Interpretation

In these Conditions:

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

## 8.3 Additional Amounts

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

## 9. Prescription

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

## 10. Events of Default

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

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

the Issuer does not perform or comply with any one or more of its other obligations under the Notes, which default is incapable of remedy or is not remedied within 45 days following the service by any Noteholder on the Issuer of notice requiring the same to be remedied; or
- (c) **Cross-default**
  - (i) the acceleration of the maturity (other than by optional or mandatory prepayment or redemption) of any External Indebtedness of the Issuer; or
  - (ii) any default in the payment of principal of any External Indebtedness of the Issuer shall occur when and as the same shall become due and payable if such default shall continue beyond the initial grace period, if any, applicable thereto; or

- (iii) any default in the payment when due and called upon (after the expiry of any applicable grace period) of any Guarantee of the Issuer in respect of any External Indebtedness of any other person,

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

(d) **Moratorium**

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

(e) **IMF Membership**

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

(f) **Validity**

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

(g) **Consents**

if any authorisation, consent of, or filing or registration with, any governmental authority necessary for the performance of any payment obligation of the Issuer under the Notes, when due, ceases to be in full force and effect or remain valid and subsisting,

then, the holders of at least 25 per cent. in aggregate principal amount of the Notes then outstanding may, by notice in writing to the Issuer (with a copy to the Fiscal Agent), declare all the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their outstanding principal amount together with accrued interest without further action or formality. Notice of any such declaration shall promptly be given to all other Noteholders by the Issuer in accordance with Condition 12 (*Notices*).

If the Issuer receives notice in writing from holders of at least 50 per cent. in aggregate principal amount of the Notes then outstanding to the effect that the Event of Default or Events of Default giving rise to any above mentioned declaration of acceleration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn, the Issuer shall give notice thereof to the Noteholders (with a copy to the Fiscal Agent), whereupon the relevant declaration shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations which may have arisen before the Issuer gives such notice (whether pursuant to these Conditions or otherwise). No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Noteholder in relation thereto.

## 11. **Replacement of Certificates**

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the Specified Office of the Registrar upon payment by the claimant of the expenses incurred in connection with the



replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

## 12. Notices

All notices to the Noteholders will be valid if mailed to them at their respective addresses in the Register at the time of publication of such notice by pre-paid first class mail (or any other manner approved by the Registrar (or the Fiscal Agent on their behalf), which may be by electronic transmission) and for so long as the Notes are listed on the Stock Exchange and the rules of the Stock Exchange so require, in a leading newspaper having general circulation in London (which is expected to be the *Financial Times*) or, if, in the opinion of the Issuer, such publication is not practicable, in a leading English language daily newspaper of general circulation in Europe. Any such notice shall be deemed to have been given on the fourth business day after being so mailed.

## 13. Meetings of Noteholders; Written Resolutions

### 13.1 Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions

- (a) The Issuer may convene a meeting of Noteholders at any time in respect of the Notes in accordance with the provisions of the Agency Agreement. The Issuer will determine the time and place of the meeting and will notify the Noteholders of the time, place and purpose of the meeting not less than 21 and not more than 45 days before the meeting.
- (b) The Issuer will convene a meeting of Noteholders if the holders of at least 10 per cent. in principal amount of the outstanding Notes (as defined in the Agency Agreement and described in Condition 13.9 (*Notes Controlled by the Issuer*)) have delivered a written request to the Issuer setting out the purpose of the meeting. The Issuer will determine the time and place of the meeting and will notify the Noteholders within 10 days of receipt of such written request of the time and place of the meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given.
- (c) The Issuer will set the procedures governing the conduct of any meeting in accordance with the Agency Agreement. If the Agency Agreement does not include such procedures, or additional procedures are required, the Issuer will set such procedures as are customary in the market and in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Issuer proposes any modification to the terms and conditions of, or action with respect to, two or more series of debt securities issued by it.
- (d) The notice convening any meeting will specify, *inter alia*:
  - (i) the date, time and location of the meeting;
  - (ii) the agenda and the text of any Extraordinary Resolution to be proposed for adoption at the meeting;
  - (iii) the record date for the meeting, which shall be no more than five business days before the date of the meeting;
  - (iv) the documentation required to be produced by a Noteholder in order to be entitled to participate at the meeting or to appoint a proxy to act on the Noteholder's behalf at the meeting;
  - (v) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the Notes are traded and/or held by Noteholders;
  - (vi) whether Condition 13.2 (*Modification of this Series of Notes only*), or Condition 13.3 (*Multiple Series Aggregation – Single limb voting*), or

Condition 13.4 (*Multiple Series Aggregation – Two limb voting*) shall apply and, if relevant, in relation to which other series of debt securities it applies;

- (vii) if the proposed modification or action relates to two or more series of debt securities issued by it and contemplates such series of debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group of debt securities;
  - (viii) such information that is required to be provided by the Issuer in accordance with Condition 13.6 (*Information*);
  - (ix) the identity of the Aggregation Agent and the Calculation Agent, if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in Condition 13.7 (*Claims Valuation*); and
  - (x) any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities.
- (e) In addition, the Agency Agreement contains provisions relating to Written Resolutions. All information to be provided pursuant to this Condition 13.1 shall also be provided, *mutatis mutandis*, in respect of Written Resolutions and Electronic Consents (as defined in Condition 13.12).
- (f) A “**record date**” in relation to any proposed modification or action means the date fixed by the Issuer for determining the Noteholders and, in the case of a multiple series aggregation, the holders of debt securities of each other affected series that are entitled to vote on a Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution.
- (g) An “**Extraordinary Resolution**” means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.
- (h) A “**Written Resolution**” means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.
- (i) Any reference to “**debt securities**” means any notes (including the Notes), bonds, debentures or other debt securities issued by the Issuer in one or more series with an original stated maturity of more than one year.
- (j) “**Debt Securities Capable of Aggregation**” means those debt securities which include or incorporate by reference this Condition 13 and Condition 14 (*Aggregation Agent; Aggregation Procedures*) or provisions substantially in these terms which provide for the debt securities which include such provisions to be capable of being aggregated for voting purposes with other series of debt securities.

## 13.2 Modification of this Series of Notes only

- (a) Any modification of any provision of, or any action in respect of, these Conditions, the Agency Agreement and/or the Deed of Covenant in respect of the Notes may be made or taken if approved by a Single Series Ordinary Resolution, a Single Series Extraordinary Resolution or a Single Series Written Resolution (each as defined below) as set out below.
- (b) For the purposes of a meeting of Noteholders convened in respect of this series of Notes only and for the purposes of passing a Single Series Ordinary Resolution and/or a Single Series Extraordinary Resolution (a “**Single Series Noteholder Meeting**”) at any such Single Series Noteholder Meeting, any one or more persons present in person holding Notes or proxies or

representatives and holding or representing in the aggregate not less than 50 per cent. in principal amount of the Notes for the time being outstanding shall (except for the purposes of passing a Single Series Extraordinary Resolution) form a quorum for the transaction of business, and no business (other than the choosing of a chairman) shall be transacted at any such Single Series Noteholder Meeting unless the requisite quorum be present at the commencement of business. The quorum at any such Single Series Noteholder Meeting convened for the purpose of passing of a Single Series Extraordinary Resolution shall (subject as provided in Condition 13.2(c)) be one or more persons present in person holding Notes or being proxies or representatives and holding or representing in the aggregate not less than  $66\frac{2}{3}$  per cent. of the principal amount of the Notes for the time being outstanding.

- (c) If within 15 minutes from the time fixed for any such Single Series Noteholder Meeting a quorum is not present, the Single Series Noteholder Meeting shall, if convened upon the requisition of Noteholders, be dissolved. In any other case it shall stand adjourned for such period, being not less than 14 days nor more than 42 days, as may be determined by the chairman either at or after the Single Series Noteholder Meeting. At such adjourned Single Series Noteholder Meeting, one or more persons present in person holding Notes or being proxies or representatives (whatever the principal amount of Notes so held or represented) shall form a quorum and may pass any resolution and decide upon all matters which could properly have been dealt with at the Single Series Noteholder Meeting from which the adjournment took place had a quorum been present at the Single Series Noteholder Meeting, *provided that* at any adjourned Single Series Noteholder Meeting at which it is to be proposed a Single Series Extraordinary Resolution, the quorum shall be one or more persons so present in person holding Notes or being proxies or representatives and holding or representing in the aggregate not less than  $33\frac{1}{3}$  per cent. of the aggregate principal amount of Notes for the time being outstanding.
- (d) A “**Single Series Ordinary Resolution**” means a resolution passed at a Single Series Noteholder Meeting duly convened and held in accordance with the procedures prescribed by the Issuer pursuant to Conditions 13.1 (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*), 13.2(b) and 13.2(c) in respect of any matter other than a Reserved Matter by a majority of at least  $66\frac{2}{3}$  per cent. of the votes cast.
- (e) A “**Single Series Extraordinary Resolution**” means a resolution passed at a Single Series Noteholder Meeting duly convened and held in accordance with the procedures prescribed by the Issuer pursuant to Conditions 13.1 (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*), 13.2(b) and 13.2(c) in respect of a Reserved Matter by a majority of at least 75 per cent. of the votes cast.
- (f) A “**Single Series Written Resolution**” means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:
- (i) in the case of a Reserved Matter, at least 75 per cent. of the aggregate principal amount of the outstanding Notes; or
  - (ii) in the case of a matter other than a Reserved Matter at least  $66\frac{2}{3}$  per cent. of the aggregate principal amount of the outstanding Notes.
- (g) Any Single Series Written Resolution may be contained in one document or several documents in the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders.
- (h) Any Single Series Ordinary Resolution or Single Series Extraordinary Resolution duly passed or Single Series Written Resolution approved shall be binding on all Noteholders, whether or not they attended such Single Series Noteholder Meeting, whether or not they voted in favour thereof and whether or not they signed or confirmed in writing any such Single Series Written Resolution, as the case may be.

### 13.3 Multiple Series Aggregation – Single limb voting

- (a) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Single Limb Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, *provided that* the Uniformly Applicable condition is satisfied.
- (b) A “**Multiple Series Single Limb Extraordinary Resolution**” means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer pursuant to Condition 13.1 (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*), as supplemented if necessary, which is passed by a majority of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate).
- (c) A “**Multiple Series Single Limb Written Resolution**” means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate). Any Multiple Series Single Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.
- (d) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Written Resolution, as the case may be.
- (e) The “**Uniformly Applicable**” condition will be satisfied if:
  - (i) the holders of all affected series of Debt Securities Capable of Aggregation are invited to exchange, convert, or substitute their debt securities, on the same terms, for (A) the same new instrument and/or other consideration or (B) a new instrument, new instruments and/or other consideration from an identical menu of instruments or other consideration; or
  - (ii) the amendments proposed to the terms and conditions of each affected series of Debt Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments having identical provisions (other than provisions which are necessarily different, having regard to the currency of issuance).
- (f) It is understood that a proposal under Condition 13.3(a) above will not be considered to satisfy the Uniformly Applicable condition if each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation (or, where a menu of instruments or other consideration is offered, each exchanging, converting, substituting or amending holder of each affected series of Debt

Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation electing the same option from such menu of instruments).

- (g) Any modification or action proposed under Condition 13.3(a) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 13.3 may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

#### **13.4 Multiple Series Aggregation – Two limb voting**

- (a) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.
- (b) A “**Multiple Series Two Limb Extraordinary Resolution**” means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer pursuant to Condition 13.1 (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*), as supplemented if necessary, which is passed by a majority of:
  - (i) at least 66  $\frac{2}{3}$  per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate); and
  - (ii) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).
- (c) A “**Multiple Series Two Limb Written Resolution**” means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:
  - (i) at least 66  $\frac{2}{3}$  per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate); and
  - (ii) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).
- (d) Any Multiple Series Two Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.
- (e) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Two Limb Written Resolution, as the case may be.

- (f) Any modification or action proposed under Condition 13.4(a) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 13.4 may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

### 13.5 Reserved Matters

In these Conditions, “**Reserved Matter**” means any proposal:

- (a) to change the dates, or the method of determining the dates, for payment of principal, interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the Notes on any date;
- (b) to change the currency in which any amount due in respect of the Notes is payable or the place in which any payment is to be made;
- (c) to change the majority or quorum required to pass a Single Series Ordinary resolution, an Extraordinary Resolution, an Electronic Consent or a Written Resolution or any other resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them;
- (d) to change this definition, or the definition of “Electronic Consent”, “Extraordinary Resolution”, “Single Series Extraordinary Resolution”, “Multiple Series Single Limb Extraordinary Resolution”, “Multiple Series Two Limb Extraordinary Resolution”, “Written Resolution”, “Single Series Written Resolution”, “Multiple Series Single Limb Written Resolution” or “Multiple Series Two Limb Written Resolution”;
- (e) to change the definition of “debt securities” or “Debt Securities Capable of Aggregation”;
- (f) to change the definition of “Uniformly Applicable”;
- (g) to change the definition of “outstanding” (as set out in the Agency Agreement) or to modify the provisions of Condition 13.9 (*Notes Controlled by the Issuer*);
- (h) to change the legal ranking of the Notes set out in Condition 3 (*Status*);
- (i) to change any provision of the Notes describing circumstances in which Notes may be declared due and payable prior to their scheduled maturity date, as set out in Condition 10 (*Events of Default*);
- (j) to change the law governing the Notes, the courts to the jurisdiction of which the Issuer has submitted in the Notes, any of the arrangements specified in the Notes to enable proceedings to be taken or the Issuer’s waiver of immunity, in respect of actions or proceedings brought by any Noteholder, as set out in Condition 16 (*Governing Law and Submission to Jurisdiction*);
- (k) to impose any condition on or otherwise change the Issuer’s obligation to make payments of principal, interest or any other amount in respect of the Notes, including by way of the addition of a call option;
- (l) to modify the provisions of this Condition 13.5;
- (m) except as permitted by any related guarantee or security agreement, to release any agreement guaranteeing or securing payments under the Notes or to change the terms of any such guarantee or security; or
- (n) to exchange or substitute all the Notes for, or convert all the Notes into, other obligations or securities of the Issuer or any other person, or to modify any provision of these Conditions in

connection with any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Issuer or any other person, which would result in the Conditions as so modified being less favourable to the Noteholders which are subject to the Conditions as so modified than:

- (i) the provisions of the other obligations or debt securities of the Issuer or any other person resulting from the relevant exchange, substitution or conversion; or
- (ii) if more than one series of other obligations or debt securities results from the relevant exchange, substitution or conversion, the provisions of the resulting series of debt securities having the largest aggregate principal amount.

### **13.6 Information**

Prior to or on the date that the Issuer proposes any Extraordinary Resolution or Written Resolution pursuant to Condition 13.2 (*Modification of this Series of Notes only*), Condition 13.3 (*Multiple Series Aggregation – Single limb voting*) or Condition 13.4 (*Multiple Series Aggregation – Two limb voting*), the Issuer shall publish in accordance with Condition 14 (*Aggregation Agent; Aggregation Procedures*) the following information:

- (a) a description of the Issuer's economic and financial circumstances which are, in the Issuer's opinion, relevant to the request for any potential modification or action, a description of the Issuer's existing debts and a description of its broad policy reform programme and provisional macroeconomic outlook;
- (b) if the Issuer shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, a description of any such arrangement or agreement;
- (c) a description of the Issuer's proposed treatment of external debt securities that fall outside the scope of any multiple series aggregation and its intentions with respect to any other debt securities and its other major creditor groups; and
- (d) if any proposed modification or action contemplates debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of Noteholders in Condition 13.1(d)(vii).

### **13.7 Claims Valuation**

For the purpose of calculating the par value of the Notes and any affected series of debt securities which are to be aggregated with the Notes in accordance with Condition 13.3 (*Multiple Series Aggregation – Single limb voting*) and Condition 13.4 (*Multiple Series Aggregation – Two limb voting*), the Issuer may appoint a Calculation Agent. The Issuer shall, with the approval of the Aggregation Agent and any appointed Calculation Agent, promulgate the methodology in accordance with which the Calculation Agent will calculate the par value of the Notes and such affected series of debt securities. In any such case where a Calculation Agent is appointed, the same person will be appointed as the Calculation Agent for the Notes and each other affected series of debt securities for these purposes, and the same methodology will be promulgated for each affected series of debt securities.

### **13.8 Manifest error, etc.**

The Notes, these Conditions, the Deed of Covenant and the provisions of the Agency Agreement may be amended without the consent of the Noteholders either (i) for the purpose of curing any ambiguity or of curing, correcting or supplementing any manifest or proven error or any other defective provision contained herein or therein or (ii) in any other manner which is, in the sole opinion of the Issuer, not materially prejudicial to the interests of the Noteholders. Any such modification shall be binding on the Noteholders and shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12.

### 13.9 Notes Controlled by the Issuer

For the purposes of (a) determining the right to attend and vote at any meeting of Noteholders, the right to give an Electronic Consent, or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution, (b) this Condition 13 and (c) Condition 10 (*Events of Default*), any Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any public sector instrumentality of the Issuer shall be disregarded and be deemed not to remain outstanding, where:

- (a) “**public sector instrumentality**” means the Bank of Ghana any department, ministry or agency of the government of the Republic of Ghana or any corporation, trust, financial institution or other entity owned or controlled by the government of the Republic of Ghana or any of the foregoing; and
- (b) “**control**” means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or through contractual control or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

A Note will also be deemed to be not outstanding if the Note has previously been cancelled or delivered for cancellation or held for reissuance but not reissued, or, where relevant, the Note has previously been called for redemption in accordance with its terms or previously become due and payable at maturity or otherwise and the Issuer has previously satisfied its obligations to make all payments due in respect of the Note in accordance with its terms.

In advance of any meeting of Noteholders, or in connection with any Electronic Consent or Written Resolution, the Issuer shall provide to the Fiscal Agent a copy of the certificate prepared pursuant to Condition 14.5 (*Certificate*) which includes information on the total number of Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any public sector instrumentality of the Issuer and, as such, such Notes shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Noteholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting. The Fiscal Agent shall make any such certificate available for inspection during normal business hours at its Specified Office and, upon reasonable request, will allow copies of such certificate to be taken.

The Fiscal Agent is not responsible, nor shall it incur any liability, for monitoring or ascertaining as to whether any certifications required by this Condition 13 (*Meetings of Noteholders; Written Resolutions*) are provided, nor shall it be required to review, check or analyse any certificates produced nor shall it be responsible for the contents of any such certifications or incur any liability in the event the content of such certifications is inaccurate or incorrect.

### 13.10 Publication

The Issuer shall publish all Extraordinary Resolutions and Written Resolutions which have been determined by the Aggregation Agent to have been duly passed in accordance with Condition 14.8 (*Manner of publication*).

### 13.11 Exchange and Conversion

Any Extraordinary Resolutions or Written Resolutions which have been duly passed and which modify any provision of, or action in respect of, the Conditions may be implemented at the Issuer’s option by way of a mandatory exchange or conversion of the Notes and each other affected series of debt securities, as the case may be, into new debt securities containing the modified terms and conditions if the proposed mandatory exchange or conversion of the Notes is notified to Noteholders at the time notification is given to the Noteholders as to the proposed modification or action. Any such exchange or conversion shall be binding on all Noteholders.



### 13.12 Written Resolutions and Electronic Consents

A Written Resolution may be contained in one document or in several documents in like form, each signed by or on behalf of one or more of the Noteholders.

For so long as any Notes are in the form of a global Note held on behalf of one or more of Euroclear, Clearstream, Luxembourg, DTC or any other clearing system (the “**relevant clearing system(s)**”), then:

- (a) Approval of a resolution proposed by the Issuer given by way of electronic consent communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures (i) by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders or (ii) (where such holders have been given at least 21 days’ notice of such resolution) by or on behalf of:
- (i) in respect of a proposal that falls within paragraphs (d), (e) and (f) of Condition 13.2, the persons holding at least 75 per cent. of the aggregate principal amount of the outstanding Notes in the case of a Reserved Matter or at least  $66\frac{2}{3}$  per cent. of the aggregate principal amount of the outstanding Notes, in the case of a matter other than a Reserved Matter;
  - (ii) in respect of a proposal that falls within paragraphs (b) and (c) of Condition 13.3, the persons holding at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate);
  - (iii) in respect of a proposal that falls within paragraphs (b) and (c) of Condition 13.4, (x) the persons holding at least  $66\frac{2}{3}$  per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate); and (y) the persons holding more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually),

(in the case of (i), (ii) and (iii), each an “**Electronic Consent**”) shall, for all purposes (including Reserved Matters) take effect as (a) a Single Series Extraordinary Resolution (in the case of (i) above), (b) a Multiple Series Single Limb Extraordinary Resolution (in the case of (ii) above) or (c) a Multiple Series Two Limb Extraordinary Resolution (in the case of (iii) above), as applicable.

The notice given to Noteholders shall specify, in sufficient detail to enable Noteholders to give their consents in relation to the proposed resolution, the method by which their consents may be given (including, where applicable, blocking of their accounts in the relevant clearing system(s)) and the time and date (the “**Relevant Date**”) by which they must be received in order for such consents to be validly given, in each case subject to and in accordance with the operating rules and procedures of the relevant clearing system(s).

If, on the Relevant Date on which the consents in respect of an Electronic Consent are first counted, such consents do not represent the required proportion for approval, the resolution shall, if the party proposing such resolution (the “**Proposer**”) so determines, be deemed to be defeated. Alternatively, the Proposer may give a further notice to Noteholders that the resolution will be proposed again on such date and for such period as shall be agreed with the Issuer (unless the Issuer is the Proposer). Such notice must inform Noteholders that insufficient consents were received in relation to the original resolution and the information specified in the previous paragraph. For the purpose of such further notice, references to “**Relevant Date**” shall be construed accordingly.

An Electronic Consent may only be used in relation to a resolution proposed by the Issuer which is not then the subject of a meeting that has been validly convened above, unless that meeting is or shall be cancelled or dissolved.

- (b) Where Electronic Consent has not been sought, for the purposes of determining whether a Written Resolution has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer (a) by accountholders in the relevant clearing system(s) with entitlements to any global Note and/or (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, the relevant clearing system(s) and, in the case of (b) above, the relevant clearing system(s) and the accountholder identified by the relevant clearing system(s). Any such certificate or other document (i) shall be conclusive and binding for all purposes and (ii) may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

All information to be provided pursuant to paragraph (d) of Condition 13.1 shall also be provided, *mutatis mutandis*, in respect of Written Resolutions and Electronic Consents.

A Written Resolution and/or Electronic Consent (i) shall take effect as an Extraordinary Resolution and (ii) will be binding on all Noteholders, whether or not they participated in such Written Resolution and/or Electronic Consent, even if the relevant consent or instruction proves to be defective.

## **14. Aggregation Agent; Aggregation Procedures**

### **14.1 Appointment**

The Issuer will appoint an Aggregation Agent to calculate whether a proposed modification or action has been approved by the required principal amount outstanding of Notes and, in the case of a multiple series aggregation, by the required principal amount of outstanding debt securities of each affected series of debt securities. In the case of a multiple series aggregation, the same person will be appointed as the Aggregation Agent for the proposed modification of any provision of, or any action in respect of, these Conditions, the Deed of Covenant or the Agency Agreement in respect of the Notes and in respect of the terms and conditions or documentation in respect of each other affected series of debt securities. The Aggregation Agent shall be independent of the Issuer.

### **14.2 Extraordinary Resolutions**

If an Extraordinary Resolution has been proposed at a duly convened meeting of Noteholders to modify any provision of, or action in respect of, these Conditions and other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as practicable after the time the vote is cast, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have voted in favour of the Extraordinary Resolution such that the Extraordinary Resolution is passed. If so, the Aggregation Agent will determine that the Extraordinary Resolution has been duly passed.

### **14.3 Written Resolutions**

If a Written Resolution has been proposed under the Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as reasonably practicable after the relevant Written Resolution has been signed or confirmed in writing, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have signed or confirmed in writing in favour of the Written

Resolution such that the Written Resolution is passed. If so, the Aggregation Agent will determine that the Written Resolution has been duly passed.

#### **14.4 Electronic Consents**

If approval of a resolution proposed under the terms of these Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, is proposed to be given by way of Electronic Consent, the Aggregation Agent will, as soon as reasonably practicable after the relevant Electronic Consent has been given, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have consented to the resolution by way of Electronic Consent such that the resolution is approved. If so, the Aggregation Agent will determine that the resolution has been duly approved.

#### **14.5 Certificate**

For the purposes of Condition 14.2 (*Extraordinary Resolutions*) and Condition 14.3 (*Written Resolutions*), the Issuer will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in Condition 13.2 (*Modification of this Series of Notes only*), Condition 13.3 (*Multiple Series Aggregation – Single limb voting*) or Condition 13.4 (*Multiple Series Aggregation – Two limb voting*), as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution.

The certificate shall:

- (a) list the total principal amount of Notes outstanding and, in the case of a multiple series aggregation, the total principal amount of each other affected series of debt securities outstanding on the record date; and
- (b) clearly indicate the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities which shall be disregarded and deemed not to remain outstanding as a consequence of Condition 13.9 (*Notes Controlled by the Issuer*) on the record date identifying the holders of the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities.

The Aggregation Agent may rely upon the terms of any certificate, notice, communication or other document believed by it to be genuine.

#### **14.6 Notification**

The Aggregation Agent will cause each determination made by it for the purposes of this Condition 14 to be notified to the Fiscal Agent and the Issuer as soon as practicable after such determination. Notice thereof shall also promptly be given to the Noteholders.

#### **14.7 Binding nature of determinations; no liability**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 14 by the Aggregation Agent and any appointed Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Fiscal Agent and the Noteholders and (subject as aforesaid) no liability to any such person will attach to the Aggregation Agent or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

## 14.8 Manner of publication

The Issuer will publish all notices and other matters required to be published pursuant to the Agency Agreement including any matters required to be published pursuant to Condition 13 (*Meetings of Noteholders; Written Resolutions*), this Condition 14, and Condition 10 (*Events of Default*):

- (a) through Euroclear Bank SA/NV, Clearstream Banking, S.A., and The Depository Trust Company and/or any other clearing system in which the Notes are held; and
- (b) in such other places and in such other manner as may be required by applicable law or regulation.

## 15. Further Issues

The Issuer may from time to time without the consent of the Noteholders create and issue further notes having terms and conditions the same as those of the Notes, or the same except for the amount of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes, *provided that* such additional securities shall be issued under a separate CUSIP and/or ISIN unless such additional securities are issued in a “**qualified reopening**” for U.S. federal income tax purposes.

## 16. Governing Law and Submission to Jurisdiction

### 16.1 Governing Law

The Notes (including any non-contractual obligations arising from or in connection with them) are governed by, and will be construed in accordance with, English law.

### 16.2 Jurisdiction

The Courts of England have exclusive jurisdiction to settle any dispute, claim, difference or controversy, arising from or connected with the Notes (including a dispute regarding the existence, validity or termination of and any non-contractual obligations arising out of or in connection with these Notes) or the consequences of their nullity (a “**Dispute**”). The Issuer agrees that the Courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary. This Condition 16.2 is for the benefit of the Noteholders only. As a result nothing in this Condition 16.2 prevents any Noteholder from taking proceedings related to a Dispute (“**Proceedings**”) in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent proceedings in any number of jurisdictions.

### 16.3 Appointment of Process Agent

The Issuer has appointed the High Commissioner of the Republic of Ghana in London, presently located at 13 Belgrave Square, Westminster, London SW1X 8PN as its agent for service of process and hereby undertakes that, in the event of the High Commissioner of the Republic of Ghana ceasing so to act or ceasing to be located in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

### 16.4 Consent to Enforcement and Waiver of Immunity

- (a) The Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Proceedings.
- (b) To the extent that the Issuer may in any jurisdiction claim for itself or its assets, property or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process in respect of any Proceedings and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the

Issuer or its assets, property or revenues, the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction (and consents generally for the purposes of the State Immunity Act 1978 to the giving of any relief or the issue of any process in connection with any Proceeding), provided that the Issuer reserves the right to plead sovereign immunity under the U.S. Foreign Sovereign Immunities Act of 1976 with respect to actions brought against it in any court of, or in, the United States of America under any United States federal or state securities law. The Issuer does not hereby waive such immunity from execution or attachment in respect of (i) property or assets used by a diplomatic or consular mission of the Issuer, (ii) property or assets of a military character and under the control of a military authority or defence agency of the Issuer (iii) property, assets and infrastructure located in the Republic of Ghana and dedicated to a public or governmental use (as distinct from property, assets or infrastructure dedicated to a commercial use) by the Issuer or (iv) assets protected in the Petroleum Revenue Management Act, 2011 (Act 815) of the Republic of Ghana, as amended.

#### **17. Rights of Third Parties**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

#### **18. Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the “**first currency**”) in which the same is payable under these Conditions or such order or judgment into another currency (the “**second currency**”) for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

## THE GLOBAL NOTE CERTIFICATES

*The following provisions apply to the Notes whilst they are represented by the Global Note Certificates, some of which modify the effect of the relevant Terms and Conditions. Terms defined in the Terms and Conditions have the same meaning in paragraphs 1 to 4 below.*

### 1. Payments

Notwithstanding Condition 6.1 (*Payments in Respect of Notes*), payments of principal and interest in respect of Notes represented by a Global Note Certificate shall be made to the person shown as the Noteholder in the Register at the close of business on the Clearing System Business Day before the due date for payment, where “**Clearing System Business Day**” means a day on which each clearing system for which this Restricted Global Note is being held is open for business, and shall be made against presentation for endorsement and if no further payment falls to be made in respect of the Notes, surrender of the relevant Global Note certificate to or to the order of the Fiscal Agent.

### 2. Notices

So long as the Notes are represented by a Global Note Certificate and such Global Note Certificate is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to Noteholders in substitution for notification as required by Condition 12 (*Notices*) as set forth herein. See “*Terms and Conditions of the Notes*”.

The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed.

### 3. Individual Note Certificates

Global Note Certificates will be only be exchanged in whole (but not in part) for duly authenticated and completed individual note certificates if any of the following events occurs:

- (a) (in the case of each Restricted Global Note Certificate only) DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Restricted Global Note Certificate or ceases to be a clearing agency (as defined in the United States Securities Exchange Act of 1934), as amended or is at any time no longer eligible to act as such, and the Issuer is (in the case of DTC ceasing to be a depositary) unable to locate a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of DTC;
- (b) (in the case of the Unrestricted Global Note Certificate only) Euroclear and Clearstream is closed for business for a continuous period of 14 days (other than by reason of holidays statutory or otherwise) or announces an intention permanently to cease business;
- (c) the Issuer, at its option, elects to terminate the book entry system through Euroclear or Clearstream, Luxembourg; or
- (d) any of the circumstances described in Condition 10 (*Events of Default*) occurs.

### 4. Transfers

Transfers of book-entry interests in the notes will be effected through the records of Euroclear, Clearstream, Luxembourg and DTC and their respective participants in accordance with the rules and procedures of Euroclear, Clearstream, Luxembourg and DTC and their respective direct and indirect participants, as more fully described under “*Clearing and Settlement Arrangements*”.

## CLEARING AND SETTLEMENT ARRANGEMENTS

*The Republic has obtained the information in this section from sources it believes to be reliable, including from DTC, Euroclear and Clearstream Luxembourg. The Republic takes no responsibility, however, for the accuracy of this information. Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the following procedures in order to facilitate transfers of interests in the Unrestricted Global Note Certificate and in the Restricted Global Note Certificate among participants of DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Republic nor the Fiscal Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.*

### **DTC**

DTC is a limited-purpose trust company organised under the New York Banking Law, a “banking organisation” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participating organisations (“**DTC Participants**”) and to facilitate the clearance and settlement of securities transactions between DTC Participants through electronic book-entry changes in accounts of its DTC Participants, thereby eliminating the need for physical movement of certificates. DTC Participants include securities brokers and dealers, brokers, banks, trust companies and clearing corporations and may include certain other organisations, Indirect access to the DTC system also is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (“**Indirect DTC Participants**”).

Because DTC can only act on behalf of DTC Participants, who in turn act on behalf of Indirect DTC Participants and certain banks, the ability of a person having a beneficial interest in a note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate of such interest. The Rules applicable to DTC and its Participants are on file with the US Securities and Exchange Commission.

### **Euroclear and Clearstream, Luxembourg**

Euroclear and Clearstream, Luxembourg hold securities for participating organisations, and facilitate the clearance and settlement of securities transactions between their respective participants, through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg interface with domestic securities markets. Euroclear and Clearstream, Luxembourg participants are recognised financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organisations and include the Managers. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

### **Book-Entry Ownership**

#### ***Euroclear and Clearstream, Luxembourg***

The Unrestricted Global Note Certificate will have an ISIN and a Common Code and will be registered in the name of a nominee of a common depository for, and deposited with a common depository on behalf of Euroclear and Clearstream, Luxembourg. The address of Euroclear is 1 Boulevard du Roi Albert II. B1210 Brussels, Belgium, and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy. L-1855, Luxembourg.

## *DTC*

The Restricted Global Note Certificate will have a CUSIP number and will be deposited with a custodian (the “**Custodian**”) for and registered in the name of Cede & Co., as nominee of DTC. The Custodian and DTC will electronically record the principal amount of the Notes held within the DTC system. The address of the DTC is 55 Water Street, New York, New York 10041, USA.

### *Relationship of Participants with Clearing Systems*

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the holder of a Note evidenced by a Global Note Certificate must look solely to Euroclear, Clearstream, Luxembourg or DTC (as the case may be) for his share of each payment made by the Republic to the holder of such Global Note Certificate and in relation to all other rights arising under the Global Note Certificate, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or DTC (as the case may be). The Republic expects that, upon receipt of any payment in respect of Notes evidenced by a Global Note Certificate, the common depository by whom such Global Note Certificate is held, or nominee in whose name it is registered, will immediately credit the relevant participants’ or account holders’ accounts in the relevant clearing system with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Note Certificate as shown on the records of the relevant clearing system or its nominee. The Republic also expects that payments by direct participants in any clearing system to owners of beneficial interests in any Global Note Certificate held through such direct participants in any clearing system will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Republic in respect of payments due on the Notes for so long as the Notes are evidenced by such Global Note Certificate and the obligations of the Republic will be discharged by payment to the registered holder of such Global Note Certificate in respect of each amount so paid. None of the Republic, the Fiscal Agent or any agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Note Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

### *Settlement and Transfer of Notes*

Subject to the rules and procedures of each applicable clearing system, purchases of Notes held within a clearing system must be made by or through direct participants, which will receive a credit for such Notes on the clearing system’s records. The ownership interest of each actual purchaser of each such Note (the “**Beneficial Owner**”) will in turn be recorded on the direct and indirect participants’ records. Beneficial Owners will not receive written confirmation from any clearing system of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in Notes held within the clearing system will be affected by entries made on the books of participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes, unless and until interests in any Global Note Certificate held within a clearing system are exchanged for interests evidenced by a definitive note certificate.

No clearing system has knowledge of the actual Beneficial Owners of the Notes held within such clearing system and their records will reflect only the identity of the direct participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the clearing systems to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Note Certificate to such persons may be limited. Because DTC can only act on behalf of DTC Participants, who in turn act on behalf of Indirect DTC Participants, the ability of a person having an interest in a Restricted Global Note Certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by a lack of physical certificate in respect of such interest.



Investors that hold their interests in the Notes through DTC will follow the settlement practices applicable to global bond issues. Investors' securities custody accounts will be credited with their holdings against payment in same-day funds on the settlement date.

Investors that hold their interests in the Notes through Clearstream, Luxembourg or Euroclear accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. The interests will be credited to the securities custody accounts on the settlement date against payment in same-day funds.

### **Secondary Market Trading**

Since the purchaser determines the place of delivery, it is important to establish at the time of trade where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desire value date.

#### ***Trading between DTC Participants***

Secondary market trading between DTC Participants will be settled using the procedures applicable to global bond issues in same-day funds.

#### ***Trading between Euroclear and/or Clearstream, Luxembourg participants***

Secondary market trading between Euroclear participants and/or Clearstream, Luxembourg participants will be settled using the procedures applicable to conventional Eurobonds in same-day funds.

#### ***Trading between DTC seller and Euroclear or Clearstream, Luxembourg purchaser***

When Notes are to be transferred from the account of a DTC Participant to the account of a Clearstream, Luxembourg or Euroclear participant, the purchaser will send instructions to Clearstream, Luxembourg or Euroclear through a Clearstream, Luxembourg or Euroclear participant, as the case may be, at least one business day prior to settlement. Clearstream, Luxembourg or the Euroclear operator will instruct its respective depository to receive the Notes against payment. Payment will include interest accrued on such beneficial interest on the Note from and including the last interest payment date to and excluding the settlement date. Payment will then be made by the depository to the DTC Participant's account against delivery of Notes. After settlement has been completed, the Notes will be credited to the respective clearing system, and by the clearing system, in accordance with its usual procedures, to the Clearstream, Luxembourg or Euroclear participant's account. The securities credit will appear the next day (European time) and the cash debit will be back-valued to, and the interest on the Note will accrue from, the value date (which would be the preceding day when settlement occurred in New York). If settlement is not completed on the intended value date (i.e., the trade fails), the Clearstream, Luxembourg or Euroclear cash debit will be valued instead as of the actual settlement date.

Euroclear and Clearstream, Luxembourg participants will need to make available to the respective clearing system the funds necessary to process same-day funds settlement. The most direct means of doing so is to preposition funds for settlement, either from cash on-hand or existing lines of credit. Under this approach, participants may take on credit exposure to the Euroclear operator or Clearstream, Luxembourg until the interests in the Note are credited to their accounts one day later.

As an alternative, if Clearstream, Luxembourg or Euroclear has extended a line of credit to a Clearstream, Luxembourg or Euroclear participant, as the case may be, such participant may elect not to pre-position funds and may allow that credit line to be drawn upon to finance settlement. Under this procedure, Clearstream, Luxembourg participants or Euroclear participants purchasing interests in a Note would incur overdraft charges for one day, assuming they cleared the overdraft when the interests in the Note were credited to their accounts. However, interest on the Note would accrue from the value date. Therefore, in many cases, the investment income on the interest in the Note would accrue from the value date. Therefore, in many cases, the investment income on the interest in the Note earned during that one-day period may substantially reduce or offset the amount of such overdraft charges, although this result will depend on each participant's particular cost of funds.

Since the settlement is taking place during New York business hours, DTC Participants can employ their usual procedures for transferring interests in the Global Note Certificates to the respective depositories of

Clearstream, Luxembourg or Euroclear for the benefit of Clearstream, Luxembourg participants or Euroclear participants. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the DTC Participants, a cross-market sale transaction will settle no differently than a trade between two DTC Participants.

#### ***Trading between Clearstream, Luxembourg or Euroclear Seller and DTC purchaser***

Due to time zones differences in their favour, Clearstream, Luxembourg and Euroclear participants may employ their customary procedures for transactions in which interests in a Note are to be transferred by their respective clearing system, through its respective depository, to a DTC Participant, as the case may be, at least one business day prior to settlement. In these cases, Clearstream, Luxembourg or Euroclear will instruct its respective depository to deliver the interest in the Note to the DTC Participant's account against payment. Payment will include interest accrued on such beneficial interest in the Note from and including the interest payment date to and excluding the settlement date. The payment will then be reflected in the account of the Clearstream, Luxembourg participant or Euroclear participant the following day, and receipt of the cash proceeds in the Clearstream, Luxembourg or Euroclear participant's account would be back-valued at the value date (which would be the preceding day, when settlement occurred in New York). Should the Clearstream, Luxembourg or Euroclear participant have a line of credit in its respective clearing system and elect to be in debit in anticipation of receipt of the sale proceeds in its account, the back-valuation will extinguish any overdraft charges occurred over that one-day period. If settlement is not completed on the intended value date (i.e., the trade fails), receipt of the cash proceeds in the Clearstream, Luxembourg or Euroclear participant's account would instead be valued as of the actual settlement date.

Finally, day traders that use Clearstream, Luxembourg or Euroclear to purchase interests in a Note from DTC Participants for delivery to Clearstream, Luxembourg participants or Euroclear participants should note that these trades will automatically fail on the sale side unless affirmative action is taken. At least three techniques should be readily available to eliminate this potential problem:

- borrowing through Clearstream, Luxembourg or Euroclear for one day (until the purchase side of the day trade is reflected in their Clearstream, Luxembourg or Euroclear accounts) in accordance with the clearing system's customary procedures;
- borrowing the interests in the United States from a DTC Participant no later than one day prior to settlement, which would give the interests sufficient time to be reflected in their Clearstream, Luxembourg or Euroclear account in order to settle the sale side of the trade; or
- staggering the value date for the buy and sell sides of the trade so that the value date for the purchase from the DTC Participant is at least one day prior to the value date for the sale to the Clearstream, Luxembourg participant or Euroclear participant.

#### **No trading and settlement on the Ghana Stock Exchange**

It is anticipated that application will be made to the Ghana Stock Exchange for the Notes to be admitted to the Ghana Stock Exchange. Prospective purchasers of Notes should note, however, that the Notes will not be registered in the Central Securities Depository of Ghana, and that, therefore, the Notes will not be traded on, or cleared or settled through, the Ghana Stock Exchange.

## TRANSFER RESTRICTIONS

*Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Notes offered hereby.*

The Notes have not been registered under the Securities Act, and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold (1) in the United States only to “qualified institutional buyers” (“**QIBs**”) within the meaning of Rule 144A under the Securities Act and (2) outside the United States in offshore transactions pursuant to Regulation S under the Securities Act. Terms used herein that are defined in Rule 144A (“**Rule 144A**”) or Regulation S (“**Regulation S**”) under the Securities Act are used herein as defined therein, as applicable.

### 1. Transfer Restrictions

On or prior to the 40th day after the Issue Date, a beneficial interest in the Unrestricted Global Note Certificate may be transferred to a person who wishes to take delivery of such beneficial interest through a Restricted Global Note Certificate only upon receipt by the Registrar of a written certification from the transferor (in the form scheduled to the Agency Agreement) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. After such 40th day, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Note, as set out below.

The Restricted Global Note Certificate will bear a legend substantially identical to that set out below and neither a Restricted Global Note Certificate nor any beneficial interest in the Restricted Global Note Certificate may be transferred except in compliance with the transfer restrictions set forth in such legend.

A beneficial interest in the Restricted Global Note Certificate may be transferred to a person who wishes to take delivery of such beneficial interest through the Unrestricted Global Note Certificate only upon receipt by the Registrar of a written certification from the transferor (in the form scheduled to the Agency Agreement) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 (if available) under the Securities Act.

Any beneficial interest in either the Restricted Global Note Certificate or the Unrestricted Global Note Certificate that is transferred to a person who takes delivery in the form of a beneficial interest in the other Global Note Certificate will, upon transfer, cease to be a beneficial interest in such Global Note Certificate and become a beneficial interest in the other Global Note Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global Note Certificate for so long as such person retains such an interest.

The Republic is a foreign government as defined in Rule 405 under the Securities Act and is eligible to register securities on Schedule B of the Securities Act. Therefore the Republic is not subject to the information provision requirements of Rule 144A(d)(4)(i) under the Securities Act.

### 2. Restricted Notes

Each prospective purchaser of Notes in reliance on Rule 144A (a “**144A Offeree**”), by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged as follows:

- (a) such 144A Offeree acknowledges that this Prospectus is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes. Distribution of this Prospectus, or disclosure of any of its contents to any person other than such 144A Offeree and those persons, if any, retained to advise such 144A Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Regulation S is unauthorised, and any disclosure of any of its contents, without the prior written consent of the Republic, is prohibited; and

- (b) such 144A Offeree agrees to make no photocopies of this Prospectus or any documents referred to herein.

Each purchaser of Restricted Notes within the United States, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged as follows:

- (c) the purchaser (i) is a QIB, (ii) is acquiring the Notes for its own account or for the account of a QIB and (iii) is aware that the sale of the Notes to it is being made in reliance on Rule 144A. If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the herein acknowledgments, representations and agreements on behalf of each such account;
- (d) the purchaser understands that such Restricted Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, such Restricted Notes have not been and will not be registered under the Securities Act or any other applicable State securities laws, the purchaser acknowledges that such Restricted Note is a “restricted security” (as defined in Rule 144(a)(3) under the Securities Act) and that (i) if in the future the purchaser decides to offer, resell, pledge or otherwise transfer such Restricted Notes, such Restricted Notes may be offered, sold, pledged or otherwise transferred only (A) in the United States to a person that the seller reasonably believes is a QIB purchasing for its own account in a transaction meeting the requirements of Rule 144A whom the seller has notified, in each case, that the offer, resale, pledge or other transfer is being made in reliance on Rule 144A, (B) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, (C) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) or (D) to the Republic; in each case in accordance with any applicable securities laws of any state of the United States, and (ii) no representation can be made as to the availability at any time of the exemption provided by Rule 144 for the resale of the Notes;
- (e) the purchaser agrees that it will deliver to each person to whom it transfers Notes notice of any restriction on transfer of such Notes;
- (f) the purchaser understands that the Restricted Notes offered hereby will bear a legend to the following effect, unless the Republic determines otherwise in accordance with applicable law:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), OR (4) TO THE REPUBLIC, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALE OF THIS NOTE.

THIS NOTE AND RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS NOTE TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFERS OF RESTRICTED SECURITIES

GENERALLY. BY ACCEPTANCE OF THIS NOTE, THE HOLDER HEREOF SHALL BE DEEMED TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.

- (g) the purchaser understands that Notes offered in reliance on Rule 144A will be represented by a Restricted Global Note Certificate. Before any interest in a Note represented by a Restricted Global Note Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Note Certificate, it will be required to provide the Registrar with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws; and
- (h) the purchaser understands that the Republic, the Registrar and the Managers and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

For so long as the Notes are held in global form, Noteholders may not require transfers to be registered during the period beginning on the third business day before the due date for any payment of principal or interest in respect of such Notes.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

### **3. Unrestricted Notes**

Each purchaser of Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes in resales prior to the expiration of the distribution compliance period (within the meaning of Regulation S), by accepting delivery of this Prospectus and the Notes, will be deemed to have represented, agreed and acknowledged that:

- (a) It is, or at the time Notes are purchased will be, the beneficial owner of such Notes and (i) is located outside the United States (within the meaning of Regulation S) and (ii) it is not an affiliate of the Republic or a person acting on behalf of such an affiliate.
- (b) It understands that such Notes have not been and will not be registered under the Securities Act and it will not offer, sell, pledge or otherwise transfer such Notes except (i) to the Republic, (ii) in accordance with Rule 144A under the Securities Act to a person that it reasonably believes is a QIB purchasing for its own account or the account of a QIB whom it has notified, in each case, that the offer, resale, pledge or other transfer is being made in reliance on Rule 144A, (iii) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, or (iv) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States.
- (c) It understands that the Republic, the Registrar, the Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.
- (d) It understands that the Notes offered in reliance on Regulation S will be represented by the Unrestricted Global Note Certificate. Prior to the expiration of the distribution compliance period (within the meaning of Regulation S), before any interest in the Unrestricted Global Note Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Restricted Global Note Certificate, it will be required to provide the Registrar with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.
- (e) None of the Republic, the Managers or any person representing any such entity has made any representation to it with respect to any such entity or the offering or sale of any Notes, other than the information in this Prospectus.

- (f) It understands that the Notes, while represented by the Unrestricted Global Note Certificate or if issued in exchange for an interest in the Unrestricted Global Note Certificate or for Note Certificates, will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THIS NOTE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF ANY US PERSON (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

## TAXATION

### Ghanaian Taxation

The following is a description of the material tax implications of the ownership, acquisition, disposal and redemption of Notes by a holder thereof under the laws of the Republic of Ghana. The following description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of Notes. Prospective purchasers of Notes should consult their own tax advisors concerning the tax consequences of their particular situations.

Section 1 of the Income Tax Act, 2015 (Act 896), as amended (the “**Income Tax Act**”), requires that income tax be paid on a person’s chargeable income (meaning total assessable income after all allowable deductions have been deducted). Section 3 provides that the assessable income of a person from employment, business or investment is: in the case of a resident person, the income of that person from each employment, business or investment, whether or not the source from which the income was derived has ceased; and in the case of a non-resident person, the income of that person from each employment, business or investment which accrues in or is derived from Ghana. Section 115 of the Income Tax Act requires that the income tax payable be deducted by the resident person as withholding tax from the gross amount of interest payments payable to another person.

Resident and non-resident holders of Notes are liable to pay tax on the interest accruing on the Notes unless the Act provides an exemption. The Income Tax Act defines a resident as:

- In the case of an individual, a person who is (i) a citizen of Ghana (excluding a citizen who has a permanent home outside Ghana and lives in that home for the whole year of assessment), (ii) present in Ghana during the year of assessment for an aggregate period of 183 calendar days or more in any 12-month period that commences or ends during that year, (iii) an employee or official of the Government of Ghana posted abroad during the year of assessment, or (iv) a citizen of Ghana who is temporarily absent from Ghana for a period not exceeding 365 continuous calendar days where the citizen has a permanent home in Ghana.
- In the case of a company, a company which (i) is incorporated, registered or established under the laws of Ghana, or (ii) which has its management and control exercised in Ghana at any time during the year of assessment.
- In the case of a partnership, if it has any of its partners residing in Ghana at any time during the year of assessment.
- In the case of a trust, if (i) it is established in Ghana, (ii) a trustee of the trustee is resident in Ghana at any time during the year of assessment, or (iii) a person who is resident in Ghana (either alone or jointly with others or directly or indirectly) directs or may direct senior managerial decisions of the trust at any time during the year of assessment.

Any person who does not fit into the above definition is therefore considered non-resident.

### *Payment of Interest on the Notes*

Section 7(1)(p)(ii) of the Income Tax Act specifically exempts the taxation of “individuals” on interest accruing from Ghana government bonds. Section 7(1)(r) also specifically exempts the taxation of non-residents on interest accruing from Ghana Government bonds.

Accordingly, only companies resident in Ghana that hold bonds for their own account, including government bonds, are liable to pay income tax on interest payments on the Notes; the Republic will make interest payments in respect of the Notes to the Fiscal Agent free and clear of, and without deductions or withholding in respect of, income tax payable in Ghana. Companies resident in Ghana are liable to declare and pay income tax in Ghana on such interest payments on the Notes.

### ***Acquisition***

Under the Income Tax Act, a gift received by a person in respect of employment, business or investment forms part of that person's employment, business or investment income respectively and liable to income tax at the applicable income tax rates.

### ***Sale and Redemption***

Section 7(1)(s) of the Income Tax Act specifically exempts the taxation of non-residents on gains from the realisation of Ghana government bonds held by non-residents. Under section 7(1)(t) of the Income Tax Act, gains from the realisation of securities traded on the Ghana Stock Exchange are exempt from tax up to 31 December 2021.

The Income Tax Act does not impose a separate tax rate for capital gains. A capital gain from the disposition of any capital assets and liabilities of a business forms part of the business income of the person while capital gain from the disposition of any investment asset forms part of the investment income of that person. A capital asset is an asset employed in a business but excludes trading stock or a depreciable asset. An investment asset is defined to include "a capital asset held as part of an investment being shares or securities in a company or a beneficial interest in a trust", and a company is defined to include "a government, a political subdivision of a government or a public international organisation." A gain from the realisation of bonds forms part of the investment income of the bondholders. Section 35 of the Income Tax Act indicates that a gain made by a person from the realisation of an asset or liability is the amount by which the sum of the consideration received for the asset exceeds the cost of the asset at the time of realisation; or the sum of the consideration offered for the liability is less than the amount outstanding at the time of realisation.

Likewise, a loss of a person from the realisation of an asset or liability is the amount by which the cost of the asset exceeds the sum of the consideration received for the asset at the time of realisation; or the sum of the consideration offered for the liability is more than the amount outstanding at the time of realisation. For the purposes of the above, "asset" is defined as property of any kind whether tangible or intangible, currency, goodwill, know-how, a right to income or future income, a benefit that lasts longer than twelve months, a part of or any right or interest in, to or over an asset.

### **US Federal Income Taxation**

The following is a description of certain US federal income tax consequences of the acquisition, ownership and disposition of Notes by a US Holder (as defined below) thereof. This description only applies to US Holders that will hold the Notes as capital assets and does not address, except as set forth below, aspects of US federal income taxation that may be applicable to holders that are subject to special tax rules, such as

- former citizens or long-term residents of the United States;
- financial institutions;
- insurance companies;
- real estate investment trusts;
- regulated investment companies;
- tax-exempt organisations;
- dealers or traders in securities or currencies; or
- those who hold Notes as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for US federal income tax purposes or those who have a functional currency other than the US Dollar.

Moreover, this description does not address the US federal estate and gift tax or alternative minimum tax consequences of the acquisition, ownership or disposition of Notes and does not address the US federal income tax treatment of holders that do not acquire Notes as part of the initial distribution at their initial issue



price. Each prospective purchaser should consult its tax advisor with respect to the US federal, state, local and foreign tax consequences of acquiring, holding and disposing of Notes.

This description is based on the US Internal Revenue Code of 1986, as amended (the “**Code**”), existing and proposed Treasury Regulations, administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of the foregoing are subject to change, possibly with retroactive effect, or differing interpretations which could affect the tax consequences described herein.

For purposes of this description, a “**US Holder**” is a beneficial owner of Notes who for US federal income tax purposes is

- a citizen or resident individual of the United States
- a corporation or other entity taxable as a corporation organised in or under the laws of the United States, any State thereof or the District of Columbia
- an estate the income of which is subject to US federal income taxation regardless of its source or
- a trust (1) that validly elects to be treated as a US person for US federal income tax purposes or (2) if a court within the United States is able to exercise primary supervision over its administration and one or more US persons have the authority to control all of its substantial decisions.

A “**Non-US Holder**” is a beneficial owner of Notes that is not a partnership or entity treated as a partnership for US federal income tax purposes and that is not a US Holder.

If a partnership (or any entity treated as a partnership for US federal income tax purposes) holds or owns the Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner and partnership should consult their own tax advisors as to the consequences of acquiring, holding and disposing of the Notes.

### ***New Legislation***

Under recently enacted legislation informally known as the Tax Cuts and Jobs Act, US Holders that use an accrual method of accounting for tax purposes generally will be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements. The application of this rule thus may require the accrual of income earlier than would be the case under the general tax rules described below, although the precise application of this rule is unclear at this time. This rule generally will be effective for tax years beginning after December 31, 2017 or, for debt instruments issued with original issue discount, for tax years beginning after December 31, 2018. US Holders that use an accrual method of accounting should consult with their tax advisors regarding the potential applicability of this legislation to their particular situation.

### ***Stated Interest***

If you are a US Holder, stated interest paid to you on a Note, including any Additional Amounts, will be includible in your gross income as ordinary interest income in accordance with your usual method of tax accounting. In addition, interest on the Notes will be treated as foreign source income for US federal income tax purposes.

Subject to the discussion below under the caption “*US Backup Withholding Tax and Information Reporting*”, if you are a Non-US Holder, payments to you of stated interest on a Note, including any Additional Amounts, generally will not be subject to US federal income tax unless the income is effectively connected with your conduct of a trade or business in the United States or, if you are eligible for the benefits of a US income tax treaty, attributable to a US permanent establishment or a fixed base, as the case may be.

### ***Original Issue Discount***

The Republic expects that the Notes will be issued with no more than a *de minimis* amount of original issue discount (“**OID**”). However, if the Notes are issued with more than a *de minimis* amount of OID for US federal income tax purposes, US Holders generally will be required to include such OID in gross income (as ordinary income) for US federal income tax purposes on an annual basis under a constant yield accrual

method regardless of their regular method of accounting for US federal income tax purposes. As a result, US holders will include any OID in income in advance of the receipt of cash attributable to such income. The Notes will be treated as issued with OID if the stated principal amount of the Notes exceeds their issue price by an amount equal to more than a statutorily defined *de minimis* amount (generally, 0.0025 multiplied by the stated principal amount and the weighted average maturity of the Note as defined in the relevant Treasury Regulations). If the Notes are issued with *de minimis* OID, US Holders will include such *de minimis* OID in income, as a capital gain, on a *pro rata* basis as principal payments are made on the Notes. US Holders are urged to consult their own tax advisors regarding the applicability of the OID rules to income and gains in respect of an investment in the Notes.

In the event that the Notes are issued with OID, the amount of OID on a Note will generally be equal to the excess of the principal amount of such Note over its issue price. As such, a U.S. Holder generally must include in its taxable income for any particular taxable year the sum of the “daily portions” of the OID that accrues on the Note for each day during the taxable year on which the US Holder holds the Note, in addition to stated interest. Thus, the US Holder will be required to include OID in income in advance of the receipt of the cash to which such OID is attributable. The daily portion is determined by allocating to each day of an accrual period (generally, the period between interest payments or compounding dates) a *pro rata* portion of the OID allocable to such accrual period. The amount of OID that will accrue during an accrual period other than the final accrual period is the product of the “adjusted issue price” of the Note at the beginning of the accrual period and its “yield to maturity” (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less the amount of any stated interest allocable to such accrual period. OID allocable to a final accrual period is the difference between the amount payable at maturity (other than a payment of stated interest) and the adjusted issue price at the beginning of the final accrual period. Special rules will apply for calculating OID for an initial short accrual period. The “adjusted issue price” of a Note at the beginning of an accrual period will equal its issue price, increased by the aggregate amount of OID that has accrued on the Note in all prior accrual periods and decreased by the aggregate amount of payments other than payments of stated interest, if any, made during all prior accrual periods. The “yield to maturity” of a Note is the discount rate that, when used in computing the present value of all payments on the Note, produces an amount equal to the issue price of the Note. A U.S. Holder may elect to treat all interest on a Note as OID and calculate the amount includible in gross income under the constant yield method described above. The election is made for the taxable year in which the U.S. Holder acquired the Note, and may not be revoked without the consent of the IRS. US Holders should consult with their tax advisors about this election.

### ***Foreign Tax Credit***

For US foreign tax credit limitation purposes, stated interest and OID, if any, on the Notes generally will constitute foreign source income and “passive category income”, or, in the case of certain US holders, “general category income”. The rules relating to foreign tax credits are extremely complex and US Holders should consult their own tax advisors regarding the availability of a foreign tax credit and the application of the foreign tax credit limitations to their particular situations.

### ***Sale, Exchange, Retirement or Other Disposition***

If you are a US Holder, upon the sale, exchange, retirement, repayment of principal or other disposition of a Note you will recognise taxable gain or loss equal to the difference, if any, between the amount realised on the sale, exchange, retirement, repayment of principal or other disposition (other than the accrued but unpaid stated interest, which will be taxable as interest income to the extent not previously included in income) and your adjusted tax basis in the Note or relevant portion thereof. Your adjusted tax basis in a Note generally will equal the US dollar cost of the Note to you, increased by any OID accrued by the US Holder with respect to such Note and decreased by the amount of any payments on a Note other than payments of stated interest. Any such gain or loss will generally be capital gain or loss. The gain or loss will be long-term capital gain or loss if the US Holder held the Note for more than one year at the time of the sale, exchange, retirement or other disposition. Under current law, long-term capital gains recognised by non-corporate US Holders are generally subject to a reduced US federal income tax rate. Any gain or loss realised on the sale, exchange, retirement or other disposition of a Note generally will be treated as US source gain or loss, as the case may be, for US federal income tax purposes. The deductibility of capital losses is subject to limitations.

Subject to the discussion below under the caption “US Backup Withholding Tax and Information Reporting”, if you are a Non-US Holder, any gain you realise upon the sale, exchange, retirement or other disposition of a Note, other than accrued but unpaid stated interest (including accrued OID, if any) which will be subject to the rules discussed above under the caption “Stated Interest”, generally will not be subject to US federal income tax, unless

- the gain is effectively connected with your conduct of a trade or business in the United States or, if you are eligible for the benefits of a US income tax treaty, attributable to a US permanent establishment or a fixed base, as the case may be; or
- if you are an individual Non-US holder, you are present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition and certain other conditions are met.

### ***Tax on Net Investment Income***

US Holders that are individuals, estates or trusts and whose income exceeds certain thresholds generally are subject to a 3.8 per cent. tax on net investment income, including interest (including OID, if any) and capital gains from the sale or other taxable disposition of the Notes, subject to certain limitations and exceptions. The amount of this tax may not be reduced by the foreign tax credit otherwise available to the US Holder. US Holders that are individuals, estates or trusts are urged to consult their own tax advisors regarding the applicability of this tax to your income and gains in respect of your investment in the Notes.

### ***US Backup Withholding Tax and Information Reporting***

US Holders are subject to information reporting requirements with respect to certain payments of principal of, and interest (including the accrual of OID, if any) on, the Notes and to proceeds of the sale or redemption of the Notes if the interest (including OID, if any), principal, or proceeds are paid within the United States or through certain US-related financial intermediaries. Backup withholding at a rate of 24 per cent. with respect to payments within the United States or through certain US-related financial intermediaries would generally apply unless the US Holder provides a correct taxpayer identification number, certifies that it is not subject to backup withholding, and otherwise complies with applicable requirements of the backup withholding rules.

Certain persons are exempt from information reporting and backup withholding, including corporations and financial institutions. The amount of any backup withholding from a payment to a US Holder will be allowed as a credit against such holder’s US federal income tax liability and may entitle such holder to a refund *provided that* the required information is timely furnished to the IRS. A Non-US Holder generally may eliminate the requirement for information reporting and backup withholding by providing certification of its foreign status, under penalties of perjury, on a duly executed applicable IRS Form W-8 or by otherwise establishing an exemption.

Certain specified individuals and certain domestic entities, who, at any time during the taxable year, hold interests in specified foreign financial assets (including obligations, such as the Notes, that are not held in an account maintained by a financial institution) having an aggregate value in excess of applicable reporting thresholds (which depend on the individual’s filing status and tax home, and begin at a low of more than US\$50,000 on the last day of the taxable year or more than US\$75,000 at any time during the taxable year) are required to attach a disclosure statement on Form 8938 (Statement of Specified Foreign Financial Assets) to their US federal income tax return. Investors are urged to consult their own tax adviser regarding these reporting requirements.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of Notes. Prospective purchasers of Notes should consult their own tax advisors concerning the tax consequences of their particular situations.

## **TENDER OFFER**

On 1 May 2018, the Republic announced the 2018 Tender Offer, an invitation to holders of the 2022 Notes and the 2023 Notes to offer to sell such securities to the Republic up to the Maximum Acceptance Amount of U.S.\$1,500,000,000 in respect of the 2022 Notes and 2023 Notes, for cash, subject to the terms and conditions set out in a tender offer memorandum dated 1 May 2018. As of 1 May 2018, the full principal amount of the 2022 Notes and 2023 Notes remained outstanding. The Republic is not obligated to purchase any 2022 Notes or 2023 Notes pursuant to the 2018 Tender Offer. On 9 May 2018, Ghana terminated the invitation in respect of the 2023 Notes and announced that it will not accept for purchase any 2023 Notes.

In connection with the 2018 Tender Offer, the Republic entered into a dealer manager agreement dated 1 May 2018 with Citigroup Global Markets Limited, J.P Morgan Securities plc, Merrill Lynch International and Standard Chartered Bank (the “**Dealer Managers**”), which contains certain provisions regarding payment for fees, expense reimbursement and indemnity arrangements.

## SUBSCRIPTION AND SALE

Each of the managers named in the table below (the “**Managers**”) has, pursuant to a Subscription Agreement (the “**Subscription Agreement**”) dated 14 May 2018 severally and not jointly agreed to subscribe or procure subscribers for the principal amount of Notes set out opposite its name in the table below at the issue price of 100 per cent. of the principal amount of Notes, less, in the case of Citigroup Global Market Limited, J.P. Morgan Securities plc, Merrill Lynch International and Standard Chartered Bank, (i) a combined management and underwriting commission and (ii) other expenses incurred in connection with the issue of the Notes and, in the case of Fidelity Bank Ghana Limited and IC Securities (Ghana) Limited, certain fixed fees.

<b>Managers</b>	<b>Underwriting Commitment</b>
	US\$
Citigroup Global Market Limited.....	500,000,000
J.P. Morgan Securities plc.....	500,000,000
Merrill Lynch International.....	500,000,000
Standard Chartered Bank.....	500,000,000
Fidelity Bank Ghana Limited.....	0
IC Securities (Ghana) Limited.....	0
<b>Total</b> .....	<b>2,000,000,000</b>

The Republic has agreed to indemnify the Managers against certain liabilities (including liabilities under the Securities Act) incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the net subscription money in respect of the Notes to the Republic.

The Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Managers or their respective affiliates may have performed investment banking and advisory services for the Republic or its state-owned enterprises from time to time for which they may have received customary fees and expenses. The Managers or their respective affiliates may, from time to time, engage in transactions with and perform advisory and other services for the Republic or its state-owned enterprises in the ordinary course of their business. In the ordinary course of their various business activities, the Managers and their respective affiliates may make or hold a broad array of loans or other investments and actively trade debt securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Republic.

### **United States**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Managers have agreed to offer the Notes for resale in the United States initially only to persons (1) they reasonably believe to be QIBs purchasing for their own account or for the account of a QIB in reliance on Rule 144A, or (2) outside the United States in offshore transactions in reliance on Regulation S. Terms used in this paragraph have the respective meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act.

Each Manager has represented and agreed that, except as permitted by the Subscription Agreement, it has not offered and sold, and will not offer and sell, the Notes by means of any general solicitation or advertising in the United States or otherwise in any manner involving a public offering within the meaning of Section 4(a)(2) of the Securities Act. Accordingly, neither such Manager nor its affiliates, nor any persons acting on its or their behalf, have engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Notes.

## **United Kingdom**

Each Manager has represented and agreed, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the United Kingdom Financial Services and Markets Act 2000 (“**FSMA**”)) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Republic; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

## **The Republic of Ghana**

Each Manager has represented, warranted and agreed that it has not offered or sold, and will not offer or sell, any Notes in Ghana except in compliance with all applicable laws, rules and regulations.

## **General**

No action has been taken by the Republic or any of the Managers that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Manager has undertaken that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Managers or any affiliate of the Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Manager or its affiliate on behalf of the Issuer in such jurisdiction

## GENERAL INFORMATION

### Contact Information

The address of the Republic is: Republic of Ghana, Ministry of Finance, Finance Drive P.O. Box MB40 Ministries, Accra, Ghana. The telephone number of the Republic is +233 302 665587.

### Listing

Application has been made for the Notes to be admitted to trading on the London Stock Exchange's regulated market and to be listed on the Official List. The listing of the Notes is expected to be granted on or before 16 May 2018. The total expenses related to the admission to trading of the Notes are expected to be £8,250.

### Indication of Yield

Based upon a re-offer price of 100 per cent. of the principal amount of the Series 2018-1 Notes, the yield of the Series 2018-1 Notes is 7.625 per cent. on an annual basis. The yield is calculated at the Issue Date. It is not an indication of future yield.

Based upon a re-offer price of 100 per cent. of the principal amount of the Series 2018-2 Notes, the yield of the Series 2018-2 Notes is 8.625 per cent. on an annual basis. The yield is calculated at the Issue Date. It is not an indication of future yield.

### Authorisations

The Republic has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Notes. The Parliament of Ghana authorised the issue of the Notes on 23 March 2018 pursuant to the PFMA and Article 181(5) of the Constitution of the Republic of Ghana.

### Documents on Display

For so long as any Notes shall be outstanding, physical copies of: (i) the Republic's budget for the current fiscal year (ii) the Agency Agreement and (iii) the Deed of Covenant may be inspected during normal business hours at the specified offices of the Fiscal Agent.

### Clearing Systems

The Notes have been accepted for clearance through Euroclear, Clearstream, Luxembourg and DTC.

#### *Series 2018-1 Notes*

The Series 2018-1 Unrestricted Global Note Certificate has been accepted for clearance through Euroclear and Clearstream, Luxembourg under the Common Code No. 182141623 and the ISIN XS1821416234. The Series 2018-1 Restricted Global Note Certificate has been accepted for clearance through DTC. The CUSIP number for the Series 2018-1 Restricted Global Note Certificate is 374422 AG8, the Common Code No. is 182143928, and the ISIN is US374422AG84.

#### *Series 2018-2 Notes*

The Series 2018-2 Unrestricted Global Note Certificate has been accepted for clearance through Euroclear and Clearstream, Luxembourg under the Common Code No. 182141640 and the ISIN XS1821416408. The Series 2018-2 Restricted Global Note Certificate has been accepted for clearance through DTC. The CUSIP number for the Series 2018-2 Restricted Global Note Certificate is 374422 AH6, the Common Code No. is 182143987, and the ISIN is US374422AH67.

The address of Euroclear is 1 Boulevard du Roi Albert II, B. 1210 Brussels, Belgium, the address of Clearstream, Luxembourg is Avenue J.F. Kennedy, L-1855 Luxembourg and the address of DTC is 55 Water Street, New York, NY, 10041 USA.

### Litigation

The Republic is not involved in, and has not been involved for 12 months prior to the date of this Prospectus in, any governmental, legal or arbitration proceedings which may have or have had in the recent past a significant effect on its financial position nor, so far as the Republic is aware, is any such proceeding pending or threatened.

### **Significant Change**

Since 31 December 2017, there has been no significant change in the Republic's (a) tax and budgetary systems, (b) gross public debt or the maturity structure or currency of its outstanding debt and debt payment record (c) foreign trade and balance of payment figures (d) foreign exchange reserves including any potential encumbrances to such foreign exchange reserves as forward contracts or derivatives (e) financial position and resources including liquid deposits available in domestic currency and (f) income and expenditure figures.

### **Interest of Natural and Legal Persons**

So far as the Issuer is aware, no person involved in the offer or the Notes has an interest material to the offer.

### **Managers transacting with the Issuer**

Certain of the Managers and their affiliates have engaged, and may in the future engage in investment banking and/or commercial banking transactions with, and may perform services to, the Issuer in the ordinary course of business.



## ISSUER

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Ghana

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## CO MANAGERS

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**IC Securities (Ghana) Limited**  
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North Ridge  
Accra  
Ghana

## FISCAL AGENT, PRINCIPAL PAYING AGENT AND TRANSFER AGENT

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**REGISTRAR**

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