Ghana’s economic situation dire

- But we’ll assist to achieve durable, inclusive growth
- IMF Resident Representative assures nation

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IMF International Monetary Fund (IMF) in Ghana has a new Resident Representative, its Leandro Medina (LM) assumed office in Ghana in September last year and got straighten talks with the staff-level negotiation with the country for a programme that enables the Fund to offer assistance towards macroeconomic stability and debt sustainability. He opened up to answer some questions from Theophilus Yartey (TY), Deputy Editor of the Daily Graphic, on many issues.

Theophilus Yartey (TY): You just began your new role as the Resident Representative of the IMF in Ghana, what are your impressions of the country?

Leandro Medina (LM): I took up the role of IMF Resident Representative in Ghana in September. I have been warmly welcomed by the people of Ghana and I am looking forward to contributing to the progress that Ghana is making in turning its economy around.

TY: We have been working on African countries for many years, working closely with African governments on how they can balance their spending over a three-year period. But the hope is that it will also unlock financial support from other partners.

LM: Over a three-year period, we have reached a staff-level agreement on a programme aimed at boosting Ghana’s economic stability and promote inclusive growth. This does mean that you have reached staff-level agreement? How many more steps need be taken? Are there clear timelines?

LM: Ghana faces unprecedented challenges. The global environment, already affected by a terrible pandemic, and now with the war in Ukraine, is facing challenging situations long along with inflation, are making things more difficult. There’s a lot of work to be done, including Ghana.

TY: A key reform involves balancing act. Ghana is facing unprecedented challenges. The global environment, already affected by a terrible pandemic, and now with the war in Ukraine, is facing challenging conditions along with inflation, are making things more difficult. There’s a lot of work to be done, including Ghana. The fiscal strategy, which w ill help create space for growth-enhancing measures and social spending by the government.

LM: The fiscal strategy, which is roughly $3 billion, which will be disbursed in tranches over a three-year period. But the hope is that it will also unlock financial support from other partners.

TY: Based on the success of the negotiations, how much can Ghana expect from the Fund? All things being equal, how long will it take for Ghana to achieve macroeconomic stability?

LM: The financing from the IMF is roughly $3 billion, which will be disbursed in tranches over a three-year period. But the hope is that it will also unlock financial support from other partners.

TY: Following the debt sustainability analysis and a further diagnosis of the economy, what are some of the policy recommendations available to the Ghanaian authorities?

LM: Overall, the planned programme is aimed at tackling Ghana’s challenges by ensuring the sustainability of public finances while protecting the vulnerable. For example, on the fiscal front, the strategy relies on early measures to increase revenue and contain spending.

In turn, the authorities have committed to strengthening social safety nets, including reinventing the existing targeted cash-transfer programme to protect the vulnerable and improving the coverage and efficiency of social spending in it to be a balancing act.

The fiscal strategy will also be supported by reforms, such as developing a medium-term plan to generate additional revenue and advancing reforms to bolster tax compliance, which will help create space for growth-enhancing measures and social spending by the government.

LM: It is important that Ghana pursues policies and reforms to restore macro stability and debt sustainability. The fiscal strategy, which is roughly $3 billion, which will be disbursed in tranches over a three-year period. But the hope is that it will also unlock financial support from other partners.

TY: How can the Fund help the fiscal authorities achieve the needed consolidation? And how can we ensure that the pursued policies are sustained?

LM: Great job for Ghana to continue to develop and invest, even when it means tough decisions. We will be able to share more details publicly once the programme has been approved by our board, which will be followed by the publication of the related documents.

TY: One of the biggest challenges that has confronted Ghana over the years has been fiscal consolidation. How was the Fund able to help Ghana in this regard?

LM: As part of the IMF-supported programme to promote the sustainable and debt sustainability, the fiscal strategy, which is roughly $3 billion, which will be disbursed in tranches over a three-year period. But the hope is that it will also unlock financial support from other partners.

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TY: What are your thoughts on the Ghanaian authorities’ debt strategy and advancing reforms to bolster tax compliance?

LM: The Ghanaian authorities’ debt strategy is designed to achieve macroeconomic stability and debt sustainability, while laying the foundation for stronger and more inclusive growth. Most of the key reforms are expected to be done in the early stages of the planned programmes.

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