



Joint Press Conference on Ghana and the IMF

Short Statement by Governor Addison on completion of First Review of the Extended Credit Facility (ECF) Programme

19th January 2024

Thank you very much Stephane for the initial comments. Before the Minister's remarks, I will add a few comments to what the Mission Chief has just said.

During our last interaction, I had stressed on steadfast commitment from all sides and the Bank of Ghana (BoG) will work on delivering its mandate on price and financial stability. The recent trends in inflation that the economy has witnessed in the course of 2023 suggest that we are on course. A year ago, at this time, inflation was at around 54 percent. Through strong and innovative policies, tight monetary conditions and relative exchange rate stability, inflation has been more than halved by the end of 2023 and is currently reported at 23 percent.

Several factors have supported the disinflation process and these include; monetary policy stance throughout 2023, stable crude oil prices which led to stable fuel prices with favourable impact on transportation costs, a relatively stable exchange rate environment, stronger FX reserve accumulation due to the gold for reserve programme, and favourable climatic conditions on the food supply chain process.

Looking ahead to 2024, our expectation is for inflation to ease further, underpinned by continued implementation of sound policies till inflation expectations are firmly anchored towards our single digit objective. In this regard, the Bank of Ghana will continue to monitor both domestic and external developments and respond appropriately to ensure that the downward inflation trajectory observed in recent months is sustained without undermining growth. The 2023 experience of a strong reduction in inflation and stronger growth is instructive.

The banking sector remains sound, liquid, and profitable. The Bank of Ghana will continue to closely monitor banks' capital restoration efforts in line with approved plans including through support from the Ghana Financial Stability Fund, following the impact of the Domestic Debt Exchange Programme (DDEP). We expect early recapitalization to promote banking sector resilience and effective financial intermediation to help speed up macroeconomic economic recovery going forward.

With a successful conclusion of the first review, we need to begin to think of the second review of the programme and beyond. While tentative indications point to sound implementation of policies through to December 2023, vigilance and commitment will be needed in 2024 to undertake all the structural reforms envisaged under the programme. Implementation of these reforms to ensure the economy functions well will be critical.

I will finally add that although a challenging year confronts us, we remain confident about the ongoing economic recovery process and would want to stress the importance of executing the needed structural reforms to support a better functioning of the economy. These structural reforms will be in ensuring long term sustainability of performance.

Let me thank all stakeholders who have worked with us collaboratively to get us to this point.

Thank you very much.

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