



# **CNVERGE '25 – AFRICA'S PREMIER TRADE BANKING THOUGHT IMPACT EVENT**

## **KEYNOTE SPEECH**

**BY**

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**The CEO of GHIB,  
Financial Partners,  
Excellencies,  
Distinguished Guests,  
Esteemed Colleagues,**

It is a pleasure to be with you today to speak on the topic - *Leveraging Commodities—The Central Bank's View*. Generally, policy perspectives on commodities are often downplayed. However, within the context of the current highly uncertain and volatile global environment, commodities have garnered significant policy attention and occupy a central position in finance, trade, and national development. Consequently, commodities are emerging as alternate policy tools for portfolio diversification, levers for economic growth, and exerting geopolitical influence.

In several countries, leveraging commodities has become integral to policy frameworks, particularly during periods of supply chain disruptions, inflation, and market volatility. I am sure that conversations at this Conference will offer a unique opportunity to appreciate the transformative power of natural resources—not merely as tradeable goods, but as strategic assets capable of shaping macroeconomic outcomes, influencing investor sentiment, and driving long-term growth.

***Now, let me share the Central Bank's view on leveraging commodities from the Bank of Ghana's experience.***

In setting the stage, I will recap the economic events that led Ghana to leverage its vast commodity resources, especially gold, to rebuild economic resilience.

Like most countries, Ghana's economic performance faced significant volatility emanating from the large external shocks during the 2020 pandemic followed by the spillovers from the Russian-Ukraine war which exacerbated pre-existing fiscal and debt vulnerabilities, raising concerns about debt sustainability. The worsening economic crisis at the time ultimately resulted in sovereign credit downgrades and loss of access



to the international capital market, which hitherto was the mainstay of foreign exchange inflows. With loss of investor confidence and constrained foreign inflows, government finances became precarious, and monetary financing kicked in with its attendant inflationary consequences.

These events exposed structural vulnerabilities in Ghana's fiscal and debt frameworks, leading to dwindling international reserves, sharp depreciation of the local currency, and rising inflation. But as is the case, solutions are borne out of adversities, and faced with this economic crisis, the Bank of Ghana and the Government of Ghana recognized the need to rethink the foreign exchange reserve strategies. Not just to restore macroeconomic stability, but also to build resilience of the economy against perennial shocks.

### **The Case for Gold: A Strategic Turnaround using the Domestic Gold Purchase Programme**

The significant macroeconomic challenges Ghana faced occurred against the backdrop of large resource endowments and comparative advantage in gold mining. Ghana has mined gold for over three centuries, and for the most part, exported all the gold.

In 2019, for instance, Ghana ranked number one in Africa and the 7th top gold producer worldwide. Ironically, while central banks globally acquired 670 tonnes of gold in 2019 to diversify and hedge their reserves, Ghana added nothing to its own gold reserves. Also, gold accounted for nearly 56 percent of Ghana's total export earnings, and yet, until 2022, gold had not featured much as an asset class in Ghana's reserve portfolio or contributed much to reserve accumulation. Rather, there was heavy reliance on traditional sources of funds to the country's foreign exchange reserves, such as inflows from cocoa syndicated loans and Eurobonds.

Faced with these facts, Ghana undertook feasibility studies on countries with domestic gold purchase programmes (including the Bank of the Philippines, Central Bank of Ecuador, South Africa Reserve Bank, Turkey Central Bank, Bank of Mongolia, etc).



Consequently, Ghana's **Domestic Gold Purchase Programme (DGPP)** was launched in June 2021 to:

- i. increase the Bank's gold reserves by 100% within five years – which at the time was 8.74 tonnes.
- ii. diversify the Bank's FX reserve portfolio.
- iii. leverage the Bank's gold holdings to raise cheaper short-term and collateralized financing, and finally,
- iv. build confidence with stronger reserves and a stable currency.

Ultimately, this programme was not just about reserve accumulation but also about unlocking the potential of the country's commodity base.

### **Gold for Oil (G4O): A Market-Based Solution**

After the successful implementation of the DGPP, the Bank extended the strategy to the Gold for Oil (G4O) initiative in 2022. Again, this was a well-intended policy solution to moderate the adverse effects of escalating domestic ex-pump petroleum prices, which surged as high as 230% in one year, as international crude oil prices rose sharply. Also, petroleum imports topped commodity imports into the country, exerting significant FX pressures on the limited reserve buffers.

The G4O intervention, therefore, leveraged the DGPP framework to provide FX and gold to support the importation of petroleum products through government-to-government arrangements. The G4O intervention helped secure petroleum imports at competitive prices, easing pressure on the forex market and stabilizing ex-pump petroleum prices. This moderated the volatile ex-pump price pass-through effects on transport costs, and in turn, inflation.

This was another clear example of how commodities were used as instruments of liquidity and trade facilitation in the Ghanaian economy, and not just to provide export earnings.



### **The Ghana Gold Coin: A Financial Innovation**

To deepen Ghana's financial markets and offer alternative investment vehicles, the Bank introduced the Ghana Gold Coin (GGC). This is a high-purity, investment-grade gold coin designed to:

- i. Serve as a store of value
- ii. Act as a hedge against inflation
- iii. Provide an alternative investment asset class, and
- iv. Serve as a monetary policy tool to manage excess liquidity.

Overall, the GGC has opened new avenues for wealth preservation and portfolio diversification to the populace, especially in times of market uncertainty.

### **Performance and Market Impact of DGPP**

Since the inception of the DGPP and as of the end of June 2025,

- i. The central bank had purchased 145.95 tonnes of gold.
- ii. 86.77 tonnes have been sold for FX to bolster reserves
- iii. The Bank's physical gold holdings have increased to 32.99 tonnes from 8.74 tonnes, and
- iv. 27.63 tonnes of gold was utilised in the settlement of 1.95 million Metric Tons of petroleum products under the G4O Initiative.

On all counts, the DGPP has impacted positively, with strong reserve accumulation, stability in the exchange rate, and easing inflation. These have helped to improve the country's credit profile from restrictive default to B- with a stable outlook in June 2025, boosting investor confidence.

All these developments have contributed to a stable macroeconomic environment, which is of critical interest to your work.

### **Opportunities for Traders and Bankers**

For you participants, such transformation presents opportunities to leverage the commodity ecosystem with:



- i. Structured products (swaps, forwards, futures)
- ii. Commodity-backed financing
- iii. Related opportunity around Innovative investment instruments like the Ghana Gold Coin.
- iv. Partnerships in gold aggregation, storage, and trade facilitation
- v. Value addition in the gold supply chain.

These notwithstanding, leveraging commodities poses some risks, mainly from price volatility and market speculation. Furthermore, environmental and social concerns about commodity extraction and usage have emerged. As bankers and traders, therefore, these risk factors must be embedded into strategic frameworks that seek to leverage commodities.

## **Conclusion**

Ladies and gentlemen, the global economy has entered a new era, where commodities are not just exported, but strategically leveraged to build resilience, unlock liquidity, and drive inclusive growth. The Bank of Ghana is fully committed to this global shift and is looking forward to working with various arms to leverage all potential benefits from commodities. Thank you.