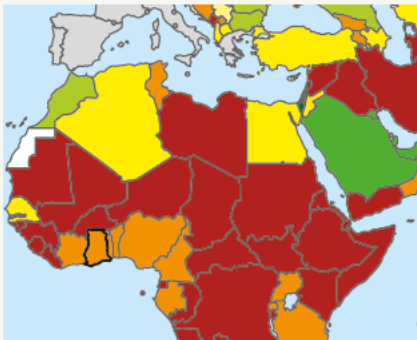


## Basic facts (2020)

Population: 31 million

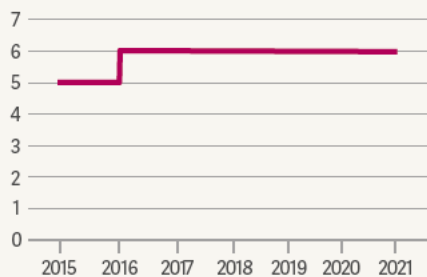
GDP, nominal: USD 68 418 billion

GDP/capita: USD 2 223



The country risk categories are arranged on a scale from 0 to 7. The lower the figure, the better the country's creditworthiness

## Country classification history



Source: EKN

## Strengths

- + High historical growth.
- + Politically stable country with democratic traditions.
- + Significant raw material resources which generate government revenues.

## Weaknesses

- High level of government debt.
- Long-term budget deficit.
- Low savings, which provides significant external financing needs.

## Background

Ghana has experienced average GDP growth of 6 per cent per year over the past ten years. Historically gold and cocoa exports have been important contributors to growth, while oil exports have increased in recent years. Agriculture still accounts for a significant proportion of the economy, but gold and oil account for 40 and 30 per cent of export revenues respectively. Cocoa exports account for around 10 per cent.

Since the reintroduction of the multi-party system in 1992, the country has regularly implemented peaceful transitions of power and violence linked to these transitions is rare. This creates transparency and predictability, something that is seldom seen in the region. The president's power is also limited in practice, which results in a relatively high level of respect for laws and regulations, even if corruption and abuse of power undoubtedly occur. Ghana's weaknesses include significant government debt and recurring budget deficits. Difficulties in increasing government revenues and keeping costs down have led to unsustainable debt financing. The increase in debt also has its explanation in large-scale capital injections into the ailing banking sector in 2017 and large loans to mismanaged state enterprises in the energy sector. Ghana received substantial debt write-offs in the early 2000s through the Heavily Indebted Poor Countries (HIPC) initiative. External debt bottomed out at 13 per cent of GDP in 2006, but has since risen to around 40 per cent.

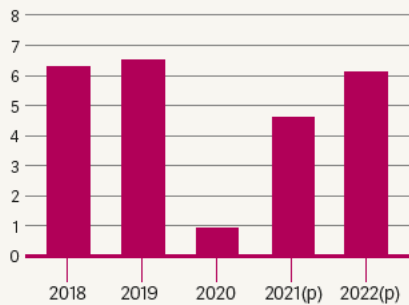
## Economic recovery, but debts keep rising

President Akufo-Addo won a second term in the December 2020 elections, but his party suffered heavy losses and the ruling party has only a single vote majority against the opposition party in parliament. During the summer, there were protests in the streets over the handling of the pandemic and frustration at the lack of development in the country. As regards the pandemic, at the time of writing only two per cent of the population has received their first dose of a COVID-19 vaccine. Although the death toll has been low in Ghana, the spread of infection is far from over.

However, Ghana is expected to experience a rapid recovery in GDP growth after approaching zero growth in 2020. Growth is expected to amount to just under five per cent in 2021 and just over six per cent in 2022. Despite low oil prices in 2020, rising gold prices have meant that Ghana's current account deficit remained virtually unchanged, a deficit largely financed by foreign direct investment. In contrast, expenditure relating to COVID-19 led to a sharp increase in the budget deficit. Government debt has risen from 64 per cent in 2019 to a forecast 82 per cent in 2021. It is domestic debt in local currency that has risen the most, while external debt relative to GDP has increased more modestly, from 35 to 42 per cent between 2019 and the IMF's forecast for 2021.

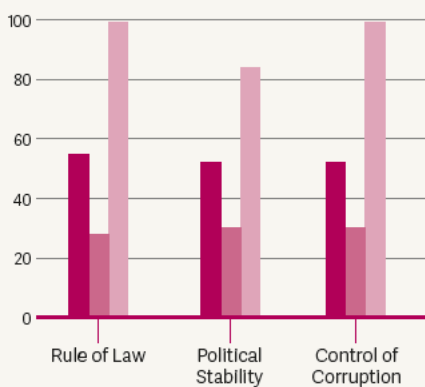
Ghana's international reserve amounts to around three months of import coverage, which is the IMF's minimum level for an adequate reserve. Through the IMF's expanded allocation of Special Drawing Rights (SDRs) in 2021, the reserve has increased and is expected to be slightly higher than previously forecast for 2021. From 2020, the proportion of government revenue spent on interest payments is expected to exceed 50 per cent, which is a very high level. Delays in payment by

**GDP growth  
(fixed prices, % per annum)**



Source: IMFWEQ, Macrobond

**Business environment**



■ Ghana  
■ Africa south of Sahara  
■ Sweden

Ranking from 0 (worst) to 100 (best)

Source: The World Bank

the central government within the country have increased during the pandemic and amounted to two per cent of GDP at the end of 2020.

The IMF and the World Bank's debt sustainability analysis show a high risk of debt distress for both the domestic and foreign components of the government debt. The vulnerability of the debt level relative to GDP and exports, along with the debt service, are the main reasons behind the classification. The main scenario, if planned austerity measures are implemented, is that Ghana will continue to have high risk over the coming years. In order not to increase interest costs and to refinance foreign loans, Ghana must have access to the financial market under similar conditions as in 2019-2021. Ghana has issued several bonds (Eurobonds) in recent years, most recently for USD 3 billion in March 2021, with a weighted average term of 11 years and an interest rate of eight per cent. The next major bond maturity will take place in 2025. Ghana has opted to remain outside the G20 Debt Service Suspension Initiative and the subsequent Common Framework, which are both debt deferral initiatives for poor and debt-laden countries affected by the pandemic.

Looking forward, growth, foreign investment and the government's ability to implement planned reforms are important factors in stabilising debt levels and remaining at a sustainable level. It is likely that the level of debt will continue to rise, albeit at a slower pace than in 2020. Ghana has had no IMF programme since 2019, when the previous one expired. The government's planned economic reforms to curb debt growth are ambitious and comprehensive. They would probably have a greater chance of being implemented if a new IMF programme were in place, but it is currently unclear whether such a programme will be implemented in the near future.

**Business environment**

Ghana was ranked 118th out of 190 countries in the World Bank's Ease of Doing Business index rankings, which is amongst the top 15 countries in sub-Saharan Africa. From an African perspective, corruption is at a relatively low level; Ghana is ranked 75th out of 179 countries in Transparency International's Corruption Perception Index, i.e. a middle position from a global perspective. One contributory factor is the relatively free and news media that exists in the country which actively engages in monitoring and scrutinising.

It is normally not a major problem for companies to access hard currency, even if the necessary documentation is required. Permits and licences are not normally an obstacle, even though the bureaucracy can be difficult, waiting times long, and active follow-up of the application is necessary. Litigation and bankruptcy proceedings can be time-consuming and outcomes uncertain. According to the World Bank, the recovery rate in the event of company bankruptcies is 24 per cent in Ghana, compared with almost 80 per cent in Sweden.

**EKN:s policy**

EKN places Ghana in country risk category 6 (on a scale from 0 to 7) – an assessment that was carried out jointly with other OECD countries. In terms of risk, EKN is open to sovereign risks, but due to a combination of a high risk of debt distress and EKN's substantial exposure, the possibilities for new transactions

### Swedish export to Ghana

	MSEK
2020	809
2019	730
2018	835
2017	822
2016	934

Source: SCB

### EKN:s exposure

	MSEK
Guarantees	1076
Offers	11 831

with the sovereign are very limited. Normal risk assessment applies to banks and companies, which means that there are no predetermined restrictions or limitations as regards the issuance of guarantees. For other public sector risks, such as government agencies, a letter of credit or a bank or sovereign guarantee is required.

### EKN:s commitment and experience

EKN's exposure has increased sharply since the beginning of 2020, from SEK 1.6 billion to almost SEK 13 billion. Of EKN's exposure, 90 per cent entails risk relating to the central government in Ghana. Transactions with sovereign risks lie within the areas of transport, road construction, water treatment, hospitals and railways. Payment experiences are good as regards to sovereign risks. Ghana has renegotiated its external debts on four occasions between 1994 and 2004, most recently in connection with the conclusion of HIPC. EKN has had an outstanding claim on a public sector entity in Ghana since 2012.

The majority of the transactions which EKN guarantees to Ghana, numbering some thirty or so a year, concern private sector buyers, primarily in the mining and transport sector. EKN's payment experiences are generally good, but delays and claims due to commercial events take place continuously as regards corporate risks. During the period 2016-2020, late payment notifications amounted to approximately SEK 90 million on average per year. Seventy per cent of these past due amounts were paid before they needed to be indemnified. The average number of days' delay was 109. Claims paid vary greatly over the years but amounted to an average of SEK 25 million per year over the same five-year period. More than 80 per cent of claims originate from guarantees to the mining and transport sectors.