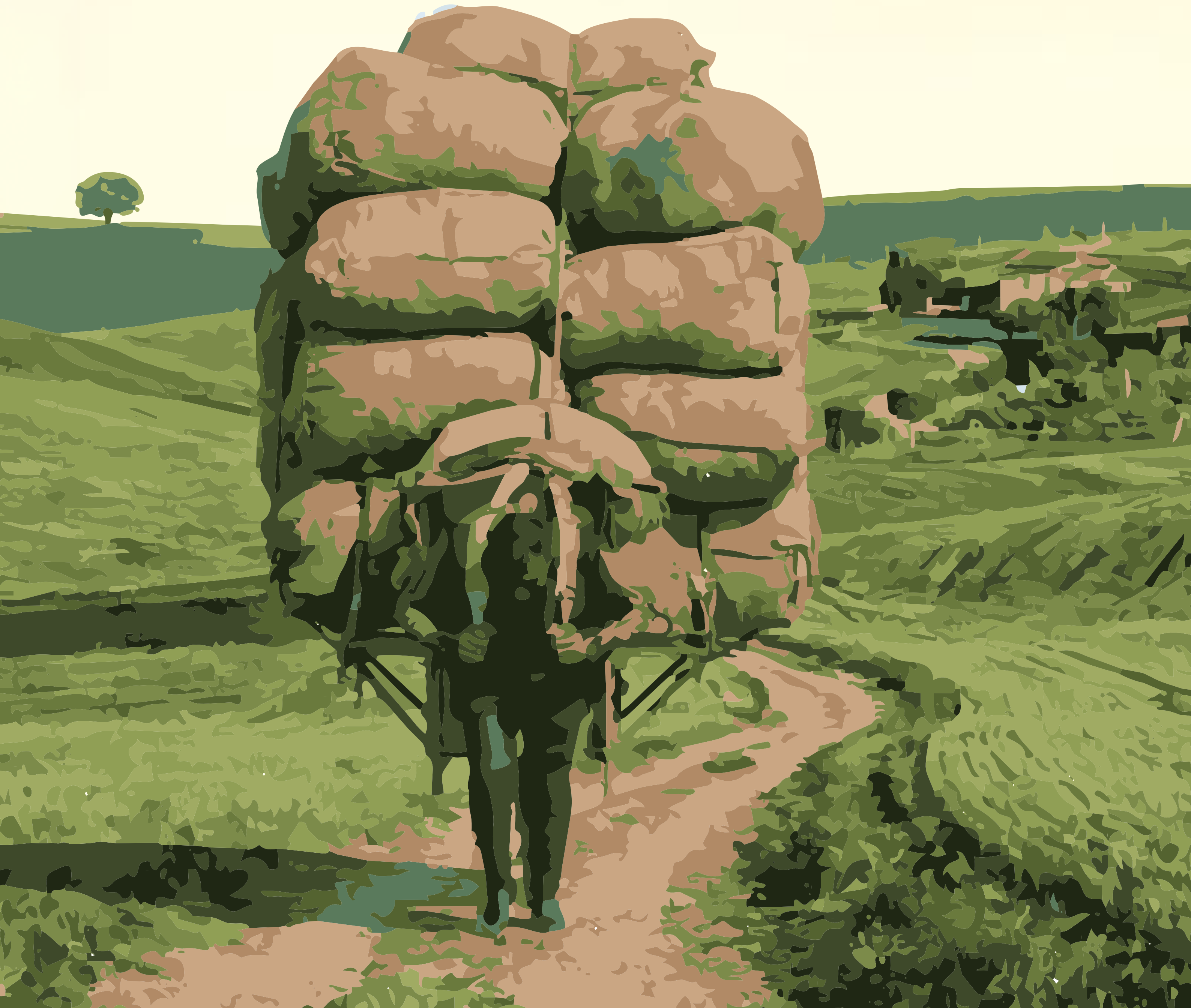
Managing Ghana’s Debt After the Crisis

A Review of the 2026–2029 Medium -Term Debt Management Strategy



About BudgIT

BudgIT is a civic organisation that uses creative technology to simplify public information, stimulating a community of active citizens and enabling their right to demand accountability, institutional reforms, efficient service delivery and an equitable society.

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1.0 Introduction

> ***As part of resetting Ghana's economy under the Government's reset Agenda, which is a program aimed at restoring macroeconomic stability and rebuilding fiscal discipline, the Ministry of Finance developed the 2026–2029 Medium-Term Debt Management Strategy (MTDS) as strategic means to manage Ghana's public debt in a sustainable, cost-effective, and risk-conscious manner over the next four years.***

As part of resetting Ghana's economy under the Government's reset Agenda, which is a program aimed at restoring macroeconomic stability and rebuilding fiscal discipline, the Ministry of Finance developed the 2026–2029 Medium-Term Debt Management Strategy (MTDS) as strategic means to manage Ghana's public debt in a sustainable, cost-effective, and risk-conscious manner over the next four years. The strategy also reaffirms the Government's commitment to macroeconomic stability, fiscal discipline, and inclusive growth.

The MTDS finds alignment with the Public Financial Management Act (Act 921), meaning that it isnot only a blueprint but also a document mandated by Ghana's parliament. The MTDS is also a response to Ghana's 2022 debt crisis, when the country lost access to international capital markets and was forced to restructure its debt, a traumatic process that affected bondholders, pensioners, and the broader financial system. The MTDS therefore goes beyond a technical document to a public commitment about how the country intends to avoid falling back into that trap.

The overarching objective of the MTDS is captured in four pillars: meeting the government's funding needs on time; keeping borrowing costs as low as reasonably possible; developing Ghana's domestic bond market; and reducing the overall risk profile of the public debt portfolio. These four commitments shape every strategy and benchmark in the document.

2.0

Overview of the 2026-2029 Medium-Term Debt Management Strategy (MTDS)

> ***The MTDS is structured around a mix of three broad fronts, namely: Domestic Borrowing, External Borrowing, and Portfolio Risk Management, with their preceding specific and quantifiable measures.***

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First, one of the clearest gaps acknowledged in the strategy is that the government has been over-relying on Treasury bills (T-bills), which are essentially short-term IOUs that must be rolled over constantly. The MTDS further reveals that at the end of 2025, T-bills made up 39% of the domestic debt portfolio, nearly double the target of 15±5%. The government therefore intends to reform its borrowing strategy from short-term instruments like Treasury bills to medium- to long-term debt instruments, to ease the pressure of frequent repayments that have previously strained public finances [1].

[1]https://www.mofep.gov.gh/sites/default/files/basic-page/2026-2029-MTDS-Abridged.pdfExchang Programme

Second, strong emphasis is made on risk management through institutional channels, particularly the operationalisation of the Sinking Fund. By setting aside portions of revenue (notably 7% of non-oil tax revenue), the government aims to pre-empt future repayment shocks rather than react to them.

Third, the strategy leans on external concessional financing, especially from institutions like the IMF and World Bank, while capping non-concessional borrowing. This signals a careful return into the international credit markets without triggering another round of unsustainable borrowing.

Finally, in efforts to make the local debt market credible and liquid, the MTDS aims to revive and deepen the domestic bond market, including introducing infrastructure bonds. While this may help improve financial stability, they can also create opaque contingent liabilities if poorly managed. Without strong transparency safeguards, infrastructure bonds could create off-budget liabilities and weaken fiscal oversight.

3.0

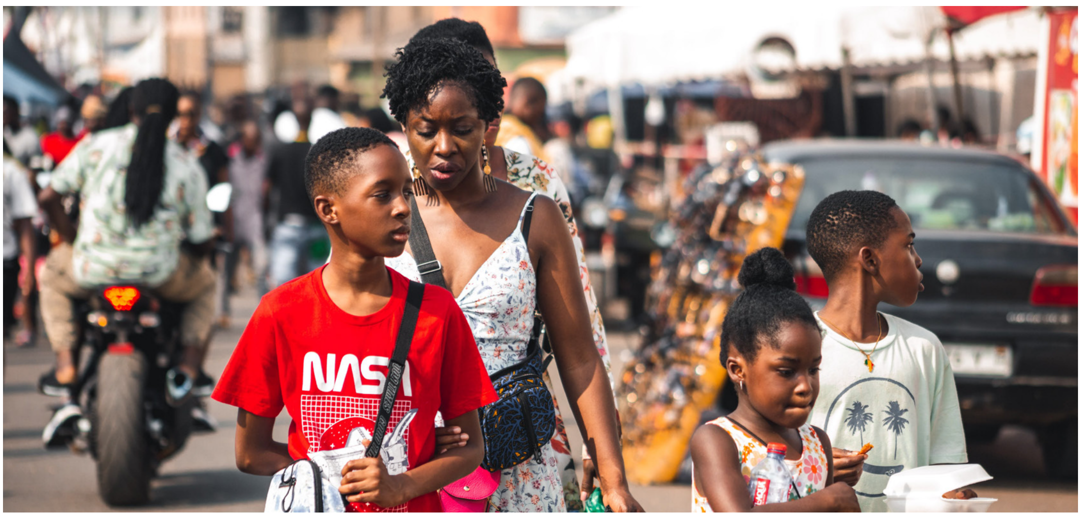
Implications of the 2026-2029 Medium-Term Debt Management Strategy (MTDS)

3.1 Positive Signals: If the Strategy Is Implemented

The fall in domestic interest rates in 2025 has already started reducing what the government pays to borrow locally. If the MTDS succeeds in extending maturities and reducing T-bill dependence, borrowing costs should continue declining, freeing up fiscal space that can be redirected toward education, health, and capital expenditure, provided revenue performance improves and expenditure controls are maintained.

However, if properly capitalised, the Sinking Fund mechanism should prevent the kind of liquidity crisis that forced the 2022 debt restructuring. The Domestic Debt Exchange Program (DDEP) was Ghana's 2022-2023 domestic debt restructuring exercise in which existing local-currency government bonds were exchanged for new bonds with longer maturities and revised coupon terms, affecting a broad range of investors, including banks, asset managers, insurance firms, and individual bondholders [2]. For pensioners and bondholders who suffered losses under the Domestic Debt Exchange Programme (DDEP), this measure represents the most effective structural safeguard against a repeat.

If the proceeds from the infrastructure bond are transparently and effectively ring-fenced, they could be channelled toward roads, energy, education, or those priority areas where Ghana's infrastructure deficit is most severe.



[2]https://www.mofep.gov.gh/press-release/2023-02-14/the-government-announces-successful-results-of-its-domestic-debt-exchange-with-approximately-85-participation-rate-and-a-new-settlement-date

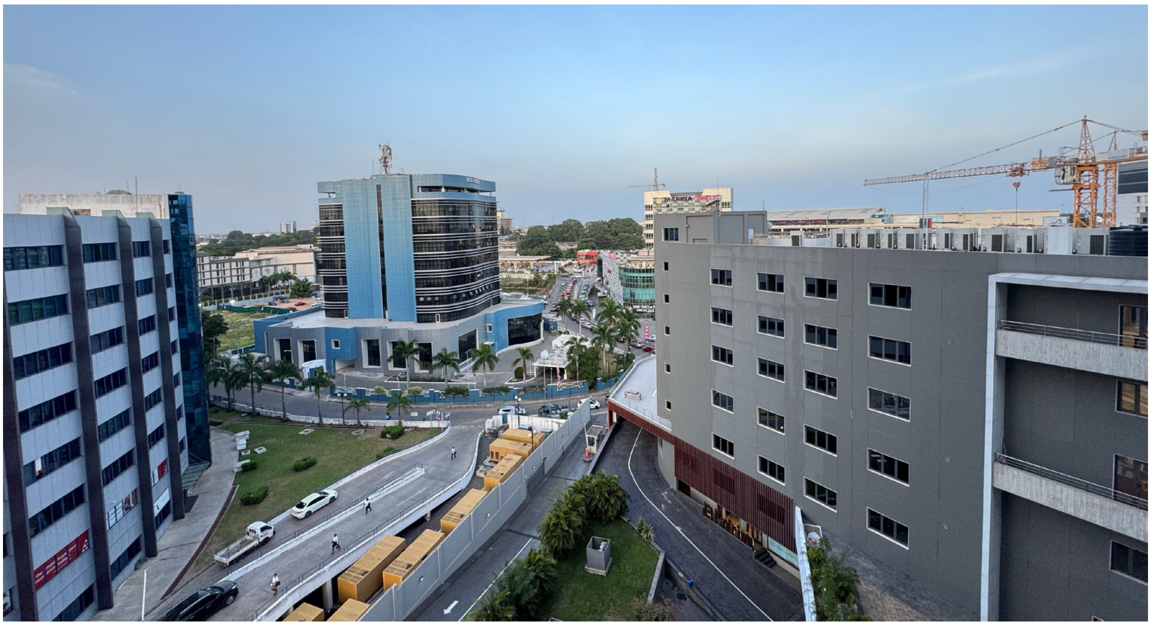
3.2 Macroeconomic Implications

From an analytical point of view, the MTDS appears to intentionally prioritise immediate fiscal ease while effectively shifting parts of the debt burden into the medium to long term. The strategy looks promising, as it looks to ease refinancing risks, bolster investor confidence and trust, and support a stable macroeconomic environment.

Furthermore, the strategy appears to redistribute the debt weight over time, rather than tackling it directly. This approach is evident through its emphasis on cash buffer accumulation and structured repayment mechanisms, which suggests that conscious efforts would be made to iron out potential shocks; however, underlying fiscal constraints are likely to remain a continuous feature of the economic sector.

3.3 Socioeconomic Implications

At the citizen level, the implications remain significant. While a more stable debt trajectory could reasonably support lower inflation, exchange rate stability, and gradual improvements in public service delivery, this stability is accompanied by cost. The commitment to sustained fiscal discipline may inadvertently restrain the government's ability to expand social spending, particularly in the short term, where various priorities may be at play. This would further reveal no immediate welfare gains for households.



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What CSOs Should Look Out For

4.1 Demand transparency Beyond Formal Reporting

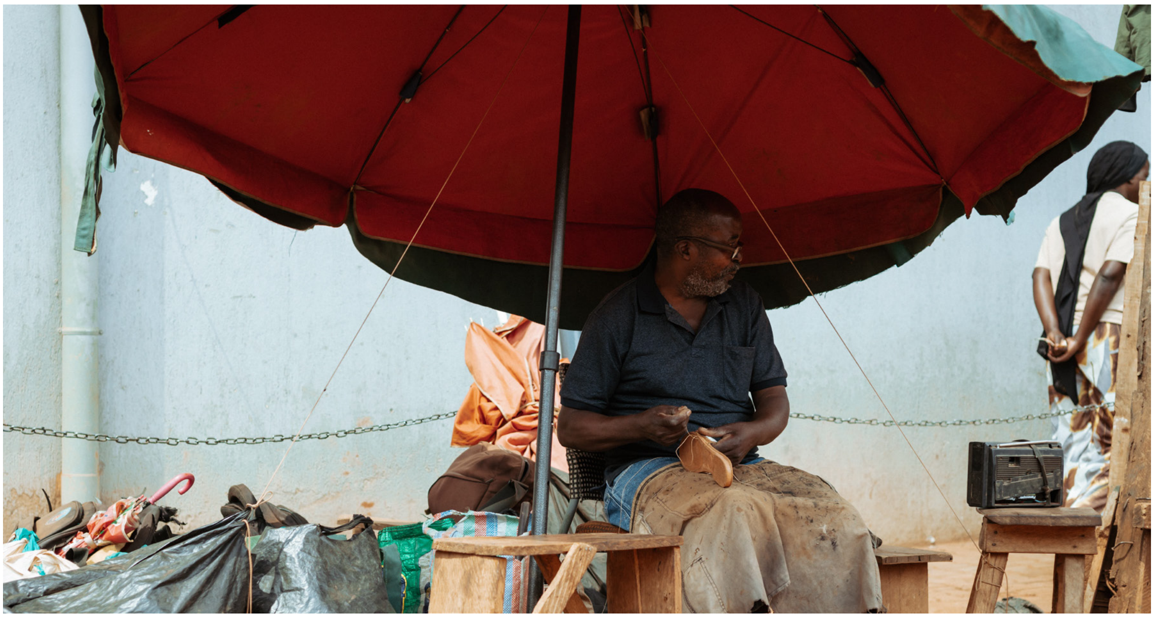
Although the MTDS signals a strong intention to enhance communication, CSOs should advocate for more transparency beyond the usual periodic reporting. There is a need to advocate for more accessible, timely, and interpretable indicators, ensuring that debt data is understood in simple terms to the wider public.

4.2. Track Sinking Fund Contributions

The government is charged to transfer 7% of Gross Domestic Non-Oil Tax Revenue monthly into the Sinking Fund. CSOs should closely track the consistency of inflows by demanding monthly public disclosures of these transfers to verify compliance, while safeguarding it from otherexternal factors such as political pressures, particularly during periods where fiscal priorities may be influenced by electoral considerations.

4.3. Monitor Infrastructure Bond Proceeds

The planned debut infrastructure bond must be tied to clear project deliverables under the 'Big Push' programme. CSOs should insist on a publicly accessible register linking bond proceeds to specific infrastructure projects rather than evolving into intangible channels of debt accumulation.



4.4. Hold the Line on T-Bill Dependency

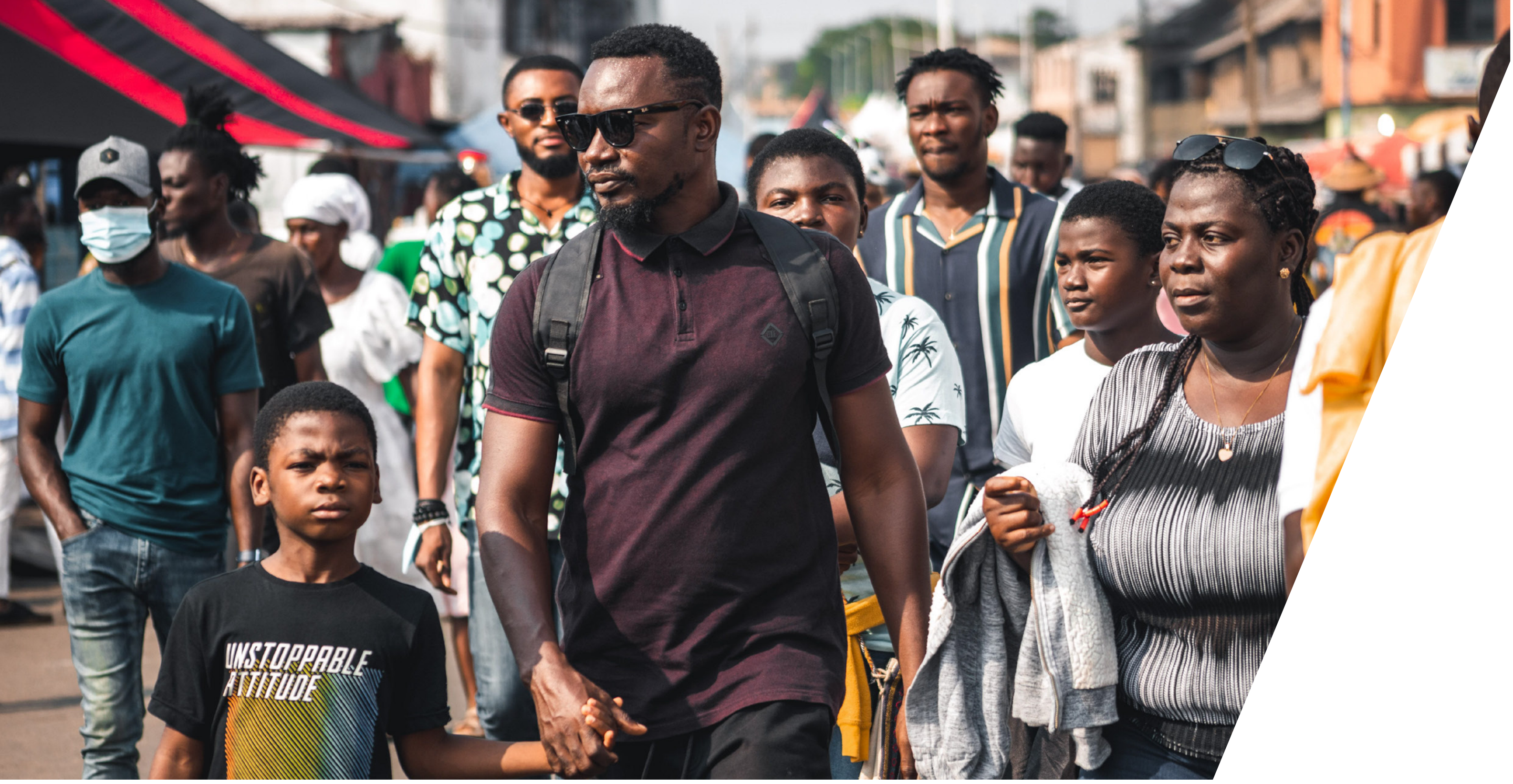
A core MTDS target is reducing T-bills to 15±5% of domestic debt. If the government continues over-relying on short-term instruments, it worsens rollover risk. CSOs should therefore track quarterly domestic issuance data.

4.5. Monitor State-Owned Enterprise Liabilities

CSOs should also monitor debts accumulated by State-Owned Enterprises, particularly in the energy sector, as these obligations can eventually become government liabilities and undermine debt sustainability efforts.

4.6. Escalate Non-Compliance Through Public Accountability Channels

In an instance where the government is unable to meet its commitments as a result of poor reporting, abuse of sinking funds, misappropriation of proceeds from infrastructure bonds or heavy dependence on short-term borrowings and many other probable instances, it would be very important for Civil Society Organisations to move from monitoring to accountability actions. These actions could include conducting and publishing independent analyses, conducting media campaigns and explaining the consequences in a simpler way to citizens, petitioning the appropriate authorities, and forming alliances with professional bodies and community groups to sustain pressure for corrective action.



5.0

Conclusion

The 2026–2029 MTDS The 2026–2029 MTDS represents an important shift toward more disciplined debt management after Ghana's 2022 debt crisis. However, the credibility of the strategy will depend less on the quality of the document and more on the government's ability to consistently implement its targets.

For citizens, CSOs, journalists, and researchers, the task ahead is clear: monitor borrowing patterns, track repayment commitments, and demand transparency around how debt-financed resources are used. Without sustained public accountability, even the best-designed debt strategies risk falling short of their intended outcomes.

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