THE REPUBLIC OF GHANA
US$1,000,000,000 7.875 per cent. Notes due 2023

Issue Price: 99.151 per cent.

The US$1,000,000,000 7.875 per cent. Notes due 2023 (the "**Notes**") to be issued by the Republic of Ghana (the "**Issuer**", the "**Republic**" or "**Ghana**") are direct, unconditional and unsecured obligations of the Republic. The Notes comprise (a) US$750,000,000 in aggregate nominal amount of Notes (the "**Offered Notes**") to be issued by the Republic and subscribed for cash and (b) US$250,000,000 in aggregate nominal amount of Notes (the "**Exchange Notes**") to be issued by the Republic pursuant to the Exchange Offer (as defined in "**Exchange Offer**" below). The Offered Notes and the Exchange Notes will be issued on or around 7 August 2013 (the "**Closing Date**") and comprise a single series of Notes.

The Notes will bear interest from (and including) 7 August 2013 at the rate of 7.875 per cent. per annum payable semi-annually in arrear on 7 February and 7 August, each year commencing on 7 February 2014. The Notes will mature on 7 August 2023 (the "**Maturity Date**"). Payments on the Notes will be made in US Dollars without deduction for or on account of taxes imposed or levied by Ghana to the extent described under "Terms and Conditions of the Notes—Taxation".

The Notes have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"), or with any securities regulatory authority of any State or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, any US Person (as defined in Regulation S under the Securities Act ("Regulation S")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a summary of certain restrictions on resale, see "Plan of Distribution" and "Transfer Restrictions".

The Notes will be offered and sold outside the United States to non-US persons in reliance on Regulation S under the Securities Act and within the United States to qualified institutional buyers ("QIBs") within the meaning of Rule 144A under the Securities Act ("Rule 144A"). Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

An investment in the Notes involves a high degree of risk. Prospective investors should have regard to the factors described under the heading "Risk Factors" on page 9.

This Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under Directive 2003/71/ EC, as amended (including the amendments made by Directive 2010/73/EU) (the "**Prospectus Directive**"). This Prospectus constitutes a prospectus for the purposes of the Prospectus Directive. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to Notes that are to be admitted to trading on the regulated market of the Irish Stock Exchange (the "**Main Securities Market**") or on another regulated market for the purposes of Directive 2004/39/EC (the "**Markets in Financial Instruments Directive**") or that are to be offered to the public in any member state of the European Economic Area ("**EU Member States**"). Application has been made to the Irish Stock Exchange for the Notes to be admitted to its official list (the "**Official List**") and trading on the Main Securities Market. In addition, application will be made after the Closing Date to the Securities and Exchange Commission of Ghana and the Ghana Stock Exchange for the Notes to be admitted to the main market of the Ghana Stock Exchange. Admission of the Notes to listing on the Ghana Stock Exchange is expected to be obtained within four weeks of the Closing Date. The Notes will not, however, be traded or cleared through the Ghana Stock Exchange.

The Notes are expected to be rated B+ (negative) by Fitch Ratings Ltd ("**Fitch**"), B (stable) by Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**") and B1 (stable) by Moody's Investors Service, Inc. ("**Moody's**"). All references to Fitch, Standard & Poor's and Moody's in this Prospectus are to the entities as defined in this paragraph. Each of Fitch and Standard & Poor's is established in the European Union and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**CRA Regulation**"). Moody's is not established in the European Union and has not applied for registration under the CRA Regulation. However, Moody's Investors Service Ltd. (an entity which is established in the European Union and registered under the CRA Regulation) has endorsed the ratings of Moody's, in accordance with the CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

The Notes will be offered and sold in registered form in denominations of US$200,000 or any amount in excess thereof which is an integral multiple of US$1. Notes that are offered and sold in reliance on Regulation S (the "**Unrestricted Notes**") will be represented by beneficial interests in a global Note (the "**Unrestricted Global Note**") in registered form without interest coupons attached, which will be registered in the name of Citivic Nominees Limited, as nominee for, and will be deposited on or about the Closing Date with, Citibank, N.A., London, as common depositary for, and in respect of interests held through, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). Notes that are offered and sold in reliance on Rule 144A (the "**Restricted Notes**") will be represented by beneficial interests in a global Note (the "**Restricted Global Note**" and, together with the Unrestricted Global Note, the "**Global Notes**") in registered form without interest coupons attached, which will be deposited on or about the Closing Date with Citibank, N.A., London, as custodian (the "**Custodian**") for, and registered in the name of Cede & Co. as nominee for, The Depository Trust Company ("**DTC**"). Interests in the Restricted Global Note will be subject to certain restrictions on transfer. Beneficial interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC, Euroclear and Clearstream, Luxembourg and their participants. Except as described herein, certificates will not be issued in exchange for beneficial interests in the Global Notes.

Joint Lead Managers

Barclays **Citigroup**

Co-Managers

EDC, Member of the Ecobank Group **Strategic African Securities Limited**

Dated 6 August 2013

RESPONSIBILITY STATEMENT

The Republic accepts responsibility for the information contained in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

To the best of the knowledge and belief of the Republic, the information contained in this Prospectus is true and accurate in every material respect and is not misleading in any material respect, and this Prospectus, insofar as it concerns such matters, does not omit to state any material fact necessary to make such information not misleading. The opinions, assumptions, intentions, projections and forecasts expressed in this Prospectus with regard to the Republic are honestly held by the Republic, have been reached after considering all relevant circumstances and are based on reasonable assumptions.

IMPORTANT NOTICE

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Republic or the managers listed in the section entitled "Plan of Distribution" (the "**Managers**"). Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Republic since the date hereof. This Prospectus may only be used for the purpose for which it has been published.

This Prospectus does not constitute an offer of, or an invitation by, or on behalf of, the Republic or the Managers to subscribe for, or purchase, any of the Notes in any jurisdiction in which such offer or invitation is unlawful. This Prospectus does not constitute an offer, and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful. The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Republic and the Managers to inform themselves about and to observe any such restrictions.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Republic or the Managers that any recipient of this Prospectus should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Republic.

The Managers have not separately verified the information contained in this Prospectus. Accordingly no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers or any of them as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Republic in connection with the Notes or their distribution.

For a description of certain restrictions on offers, sales and deliveries of the Notes, see "Plan of Distribution".

The Republic of Ghana is a foreign sovereign state. Consequently, it may be difficult for investors to obtain or realise upon certain judgments. See "Risk Factors—The Republic of Ghana is a foreign sovereign state and it may be difficult for investors to obtain or realise upon judgments of courts in England or the United States against the Republic".

The Notes have not been approved or disapproved by the US Securities and Exchange Commission, any State securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

IN CONNECTION WITH THE ISSUE OF THE NOTES, BARCLAYS BANK PLC AS STABILISING MANAGER (THE "**STABILISING MANAGER**") (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVERALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER ALLOTMENT SHALL BE CONDUCTED BY THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

This Prospectus may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

Each purchaser or holder of interests in the Notes will be deemed, by its acceptance or purchase of any such Notes, to have made certain representations and agreements as set out in "Transfer Restrictions".

Notwithstanding anything herein to the contrary, from the commencement of discussions with respect to the transaction contemplated by this Prospectus, all persons may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transaction described herein and all materials of any kind (including opinions and other tax analyses) that are provided to such persons relating to such tax treatment and tax structure, except to the extent that any such disclosure could reasonably be expected to cause this transaction not to be in compliance with securities laws. For the purposes of this paragraph, the tax treatment of this transaction is the purported or claimed US federal income tax treatment of this transaction and the tax structure of this transaction is any fact that may be relevant to understanding the purported or claimed US federal income tax treatment of this transaction.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER RSA 421-B WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

PRESENTATION OF ECONOMIC AND OTHER INFORMATION

Annual information presented in this Prospectus is based upon the calendar year (which is the fiscal year for the Republic), unless otherwise indicated. Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be the sum of the figures which precede them. Statistical information reported herein has been derived from official publications of, and information supplied by, a number of agencies and ministries of the Republic, including the Ministry of Finance, the Bank of Ghana (the "**BOG**"), Ghana Statistical Services, the National Development Planning Commission (the "**NDPC**") and Ghana Investment Promotion Centre. Some statistical information has also been derived from information publicly made available by third parties such as the International Monetary Fund (the "**IMF**") and the World Bank (the "**World Bank**"). Where such third party information has been so sourced, the source is stated where it appears in this Prospectus. The government confirms that it has accurately reproduced such information and that, so far as it is aware and is able to ascertain from information published by third parties, it has omitted no facts which would render the reproduced information inaccurate or misleading.

Similar statistics may be obtainable from other sources, but the date of publication, underlying assumptions, methodology and, consequently, the resulting data may vary from source to source. In addition, statistics and data published by one ministry or agency may differ from similar statistics and data produced by other agencies or ministries due to differing underlying assumptions, methodology or timing of when such data is reproduced. Certain historical statistical information contained herein is provisional or otherwise based on estimates that the Republic and/or its agencies believe to be based on reasonable assumptions. The Republic's official financial and economic statistics are subject to internal review as part of a regular confirmation process. Accordingly, the financial and economic information set out in this Prospectus may be subsequently adjusted or revised. While the Republic does not expect such revisions to be material, no assurance can be given that material changes will not be made.

All references in this document to "Ghana Cedi", "Cedi" and "GHS" are to the currency of the Republic of Ghana; to "US Dollars", "US$" and "$" are to the currency of the United States of America; to "Euro" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended by the Treaty of European Union; and to "Ghanaian Authorities" are to the Ghanaian Ministry of Finance, the Bank of Ghana and the Ghanaian Statistical Service. For ease of information, certain financial information relating to the Republic of Ghana included herein is presented as translated into US Dollars at the US Dollar/Ghana Cedi rates of exchange deemed appropriate by the Bank of Ghana. Unless otherwise specified, such rates were applicable as of the end of such specified period(s). Such translations should not be construed as a representation that the amounts in question have been, could have been or could be converted into US Dollars at that or any other rate. References to "SDR" are to the Special Drawing Right, a unit of account having the meaning ascribed to it from time to time by the Rules and Regulations of the IMF. References in this document to "billions" are to thousands of millions. References to "Ghana" or the "Republic" are to the Republic of Ghana and to the "government" are to the government of Ghana. On 1 July 2007, the Cedi was redenominated by the BOG, converting 10,000 Cedi to one new Ghana Cedi. The redenominated currency is known as the Ghana Cedi ("**GHS**"). See "Monetary and Financial System—Foreign Exchange Rates and International Reserves". All Ghana Cedi amounts shown in this Prospectus are shown in the redenominated Ghana Cedi.

Certain figures included in this Prospectus differ from previously published figures for a number of reasons, including continuing implementation of a debt management system and ongoing statistical revisions. Also, certain monetary amounts included in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an exact arithmetic aggregation of the figures that precede them.

FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements, which involve risks and uncertainties. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the government's intentions, beliefs or current expectations concerning, among other things, the general political and economic conditions in the Republic of Ghana. All forward-looking statements are based upon information available to the Republic on the date of this Prospectus, and the Republic undertakes no obligation to update any of these in light of new information or future events. The Republic derives many of its forward-looking statements from its budgets and forecasts, which are based upon many detailed assumptions. While the Republic believes that its assumptions are reasonable, it cautions that it is very difficult to predict the impact of known factors, and, of course, it is impossible to anticipate all factors that could affect the Republic's actual results. These factors include, but are not limited to:

External factors, such as:

- the impact of changes in international oil prices;
- the impact of changes in other international commodity prices including cocoa and gold;
- interest rates in financial markets outside Ghana;
- the impact of changes in the credit rating of Ghana;
- economic conditions in Ghana's major export markets;
- the impact of possible future regional instability;
- changes in the amount of remittances from non-residents; and
- the decisions of international financial institutions and donor countries regarding the amount and terms of their financial assistance to Ghana; as well as

Internal factors, such as:

- general economic, political and business conditions in Ghana;
- present and future exchange rates of the Ghanaian currency;
- the levels of foreign currency reserves;
- the impact of possible future social and political unrest;
- the impact of natural disasters, health epidemics and agricultural blights;
- the level of domestic and external debt;
- domestic inflation;
- the ability of Ghana to implement important economic reforms;
- the ability of Ghana to upgrade its infrastructure;
- the levels of foreign direct and portfolio investment; and
- the levels of domestic interest rates in Ghana.

ENFORCEMENT OF CIVIL LIABILITIES

The Republic of Ghana is a foreign sovereign state. Consequently, it may be difficult for investors to obtain or realise upon judgments of courts in England or the United States against the Republic. The Republic has submitted to the jurisdiction of the courts of England and waived any immunity from the jurisdiction (including sovereign immunity) of such courts and any objection to venue, in connection with any action arising out of or based upon the Notes brought by any holder of Notes. Investors may effect service of process within the United Kingdom upon the Republic through its High Commissioner in London. The Republic has not, however, waived immunity from execution or attachment in respect of certain of its assets. See "Terms and Conditions of the Notes—Governing Law and Submission to Jurisdiction—Consent to Enforcement and Waiver of Immunity".

The Republic's waiver of immunity is, however, limited. Such a waiver constitutes only a limited and specific waiver for the purposes of the Notes, and under no circumstances shall it be interpreted as a general waiver by the Republic or a waiver with respect to proceedings unrelated to the Notes.

The enforceability in Ghana of final judgments of English courts is subject to the rules governing enforcement in Ghana of civil judgments of foreign courts specified in the Courts Act, 1993 ("**Act 459**") and the Foreign Judgments and Maintenance Orders (Reciprocal Enforcement) Instrument, 1993 ("**L.I. 1575**"). In accordance with Act 459 and L.I. 1575, the courts of Ghana would recognise and enforce a judgment obtained in the following courts of the United Kingdom, which are duly registered with the High Court of Ghana: the High Court of England, the High Court of Northern Ireland and the Court of Session in Scotland.

The courts of Ghana would recognise and enforce a judgment obtained in the following countries and named courts, which are duly registered with the High Court of Ghana: in France, the Cours De Cessation and the Cours D'Appel; in Italy, the Corte D'Appello and the Corte D' Cessazione; and in Spain, the Tribunal Supreme, the Audiencia Territorial, the Juez de Primera and the Instencia.

Judgments of the courts to which an appeal lies from these courts may also be enforced by registration in Ghana.

To be capable of enforcement by registration, the foreign judgment:

(a) must be final and conclusive between the parties; and

(b) there must be payable under it a sum of money, not being a sum payable in respect of taxes or other charges of a similar nature or in respect of a fine or other penalty; and

(c) must have been given after the coming into operation of the order directing that judgments from that country may be enforced by registration.

In respect of the aforementioned provisions, a judgment is deemed to be final and conclusive even though an appeal may be pending against it or that it may still be subject to appeal in the original court.

The courts of Ghana would not recognise or enforce a judgment obtained from a court in other jurisdictions, including the Unites States, unless new proceedings are instituted in Ghana, and the merits of the judgment are re-examined.

Ghanaian courts may enter and enforce judgments in Ghana Cedi or in foreign currency. Choice of law clauses made by parties to a transaction are recognised under Act 459; however, under the Evidence Decree, 1975, NRCD 323, (the "**Evidence Decree**"), foreign law is presumed to be the same as Ghana law. Consequently, the party alleging the difference between Ghana law and the foreign law has the burden of rebutting the presumption. In original actions brought before Ghanaian courts, there is doubt as to the enforceability of liabilities based on the US federal securities laws. US federal securities laws must be specifically pleaded as the governing law in proceedings before a Ghanaian court.

EXCHANGE RATES

The currency of Ghana is the Cedi. The following table sets forth information on the weighted average transaction exchange rates between the Cedi and the US dollar for each of the periods specified.

	Average	High	Low	Period End
	(GHS:US$1.00)			
2008	1.07	1.21	0.98	1.22
2009	1.42	1.49	1.28	1.43
2010	1.43	1.47	1.42	1.47
2011	1.51	1.55	1.49	1.55
2012	1.81	1.89	1.65	1.88
2013 (through 29 July)......................................	1.95	1.99	1.88	1.99

Source: BOG

As at 29 July 2013, the US Dollar to Ghana Cedi exchange rate was GHS1.99: US$1.00.

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Overview

This Overview must be read as an introduction to this Prospectus. Any decision to invest in the Notes should be based on a consideration of this Prospectus as a whole. This Overview does not purport to be complete and is qualified in its entirety by the more detailed information elsewhere in the Prospectus. Prospective investors should also carefully consider the information set forth in the "Risk Factors" below prior to making an investment decision. Capitalised terms not otherwise defined in this Overview have the same meaning as elsewhere in this Prospectus. See "The Republic of Ghana" and "The Economy", amongst others, for a more detailed description of the Issuer. References in this Overview to a "Condition" are to the numbered condition corresponding thereto set out in the Terms and Conditions of the Notes.

The Republic of Ghana

General

The Republic of Ghana lies in West Africa, on the Gulf of Guinea, and is bordered by Côte D'Ivoire to the west, Togo to the east, and Burkina Faso to the north. The population of Ghana is approximately 25 million, with approximately 50.9 per cent. of the population living in urban areas. The metropolitan area of Accra, the capital of Ghana and its largest city, has an estimated population of over 1.8 million.

After a prolonged period of instability, Ghana has recently been one of the more stable democracies in Africa, with democratically elected governments since 1992. The government held its most recent presidential and parliamentary elections on 7 December 2012, which resulted in the election of incumbent President John Dramani Mahama of the National Democratic Congress (the "**NDC**"). The next presidential and parliamentary elections are scheduled to be held in December 2016. On 6 March 2013, Ghana commemorated the 56th anniversary of its independence from British colonial rule.

Economy

The Ghanaian economy is in its twelfth consecutive year of expansion, combining improvements in macroeconomic management and strong export growth, notwithstanding ongoing power shortages and high global oil prices. Ghana's overall economic growth and relatively stable macroeconomic environment facilitated its upgrade to a lower middle-income economy in late 2010. The economy continues to expand in key sectors, including oil production in commercial quantities, high commodity prices including cocoa, gold and oil, increased exports volumes and steady remittance flows. Important economic indicators reveal an overall increase in macroeconomic stability:

- *Gross Domestic Product*. Real gross domestic product ("**GDP**") grew by 7.9 per cent. in 2012, compared to 15 per cent. in 2011 and 8 per cent. in 2010. The decrease has mainly been driven by the fact that the 2011 GDP reflected revenues from oil production, and also reflects a rising deficit due to an increase in public sector wages and costly energy subsidies. Historically, Ghana's economy has relied heavily on gold production and agriculture, in particular the production of cocoa, as the primary drivers of GDP growth. Since the Republic began producing oil in 2010, oil has become an additional driver of GDP growth.

- *Inflation*. The Consumer Price Index ("**CPI**") declined from 12.7 per cent. in December 2007 to a low of 8.6 per cent. in 2011. Increased global oil prices in 2012 pushed the CPI up to 9.4 per cent. in June 2012. Since then, the upward inflationary trend has continued, with the CPI increasing to 11.4 per cent. in June 2013.

- *Interest Rates*. The BOG increased its prime interest rate, from 15 per cent. in July 2012 to 16 per cent. on 22 May 2013. The relatively stable real interest rates have allowed for the increased provision of financial services and private sector credit has risen from 21 per cent. of GDP in 2007 to 23.2 per cent. of GDP in 2012.

- *Exchange Rate*. Since 2009, the Cedi has maintained relative stability against the major international currencies, although the Cedi depreciated sharply in 2012 due to a high demand for foreign reserves. Between January 2013 and June 2013, the Cedi cumulatively depreciated by 1.1 per cent. against the British Pound, 6.6 per cent. against the Euro and 3.4 per cent. against the US Dollar. The depreciation against the British pound and the Euro was driven in large part by the weakness of the US Dollar. Based on an IMF study titled "Estimation of a Behavioural Equilibrium Exchange Rate Model for Ghana", developments in the real exchange rate indicate that the country has maintained its export competitiveness.

- *Gross International Reserves*. Between 2008 and 2012, gross international reserves increased significantly, from US$2 billion at the end of 2008 to over US$5.3 billion at the end of 2012. The increase is attributable primarily to increased export earnings, receipts of foreign aid, increased foreign direct investments and debt relief.

- *Fiscal Deficit*. The overall fiscal deficit amounted to 6.6 per cent. of GDP in 2008, 5.8 per cent. at the end of 2009, 6.5 per cent. at the end of 2010 and was reduced to 4 per cent. at the end of 2011. However, the fiscal deficit increased to 11.8 per cent. at December 2012 due to shortfall in grant disbursement, unanticipated higher spending on wages resulting from the implementation of a new salary structure, higher interest cost and increased subsidies as a result of the challenges stemming from the rupture of the West African Gas Pipeline (the "**WAGP**").

- *Domestic Debt*. Domestic debt as a percentage of GDP increased from 13.38 per cent. at December 2008 to 14.67 per cent. at December 2012.

Ghana obtained its first sovereign rating of B with a positive outlook from Fitch and B from Standard & Poor's in late 2003. Fitch affirmed Ghana's B+ with a stable outlook in 2012, while Standard & Poor's rated Ghana B with a stable outlook in its 2012 annual reviews. Fitch downgraded Ghana's rating to B+ with a negative outlook in February 2013. Moody's rated Ghana B1 with a stable outlook. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

Reforms

The government has adopted a policy emphasising the private sector. The goal is for the state to focus on creating an environment conducive to increased private sector activity, and developing the social and other supportive infrastructure to promote income generation and poverty reduction. In 2010, the government published the Ghana Shared Growth and Development Agenda ("**GSGDA**"), a medium-term framework focused on accelerated employment creation and income generation for poverty reduction and shared growth. The GSGDA focuses on seven themes: ensuring and sustaining macroeconomic stability, enhanced competitiveness of Ghana's private sector, accelerated agricultural modernisation and natural resource management, oil and gas development, infrastructure, energy and human settlements development, human development, employment and productivity and transparent and accountable governance. The GSGDA provides strategies for accomplishing the aforementioned objectives, each of which supports the goal of achieving sustaining economic stability while placing the economy on a path of higher growth. Specifically, the GSGDA aims to attain a per capita income of at least US$3,000 by 2020, while also achieving the Millennium Development Goals ("**MDGs**"). In connection with the GSGDA, Ghana initiated a comprehensive programme that supports the goal of reducing poverty and accelerating economic growth through improvements in infrastructure and productivity. The term of the GSGDA is set to end at the end of 2013, at which point the government plans to implement a successor development programme.

As of 31 December 2012, the divestiture of 153 state-owned enterprises ("**SOEs**") (or parts of SOEs) had been approved under the government's privatisation programme, and 140 divestures had been completed. In recent years these privatisations have decreased, primarily because the few SOEs that remain to be privatised would require extensive preparation involving major restructuring and in some cases redefinitions of mandates. Government policy is to divest the remaining SOEs when there is no longer a public policy need for the government to be a shareholder. A programme of structural and policy reforms in the financial sector has also been implemented aimed at positioning the sector for accelerated growth. The reforms have allowed for the entry of new private sector banks, which has helped to increase competition in the sector.

Some of the other most critical structural reforms the government continues to pursue include (i) comprehensive reforms of Ghanaian tax legislation with a view to broadening the tax base by bringing a substantial portion of the shadow economy into the reporting economy, (ii) reform of the energy, mining and agriculture sectors, (iii) reform of social benefits and pensions and (iv) addressing infrastructure bottlenecks to promote growth.

Summary of Risk Factors Relating to the Republic and the Notes

An investment in the Notes involves significant risks, including:

- an investment in a developing country such as Ghana is subject to substantially greater risks than an investment in a more developed country;

- the Notes may be negatively affected by events in other emerging markets, including those in sub-Saharan Africa;

- power shortages continue to negatively impact economic growth;

- if Ghana is not able to invest significantly in its infrastructure, its economic growth targets may not be achievable;

- Ghana relies exclusively on imported oil for domestic consumption and is therefore vulnerable to oil price increases;
- decreases or fluctuations in oil production or oil prices could adversely affect Ghana's economy;
- decreases in the market price for gold, which in the past has fluctuated widely, could adversely affect Ghana's economy;
- cocoa is a significant export product and Ghana is therefore vulnerable to decreases in crop production, demand for and price of cocoa and other agricultural commodity products;
- political instability or a change in government may negatively affect the economy;
- challenge to the December 2012 election results could result in new elections;
- continued decline in the Cedi could materially impair the Republic's ability to service its debt, including the Notes;
- high inflation could have a material adverse effect on Ghana's economy and its ability to service its debt, including the Notes;
- the Republic's dependence on external sources of financing could have a material adverse effect on the Republic's ability to service the Notes;
- high levels of debt and continued borrowing could have a material adverse effect on Ghana's economy and its ability to service its debt, including the Notes;
- natural disasters such as floods and droughts have negatively affected the Republic in the past and may negatively affect it in the future;
- Ghana may not achieve its growth objectives if the government does not invest in initiatives aimed at increasing the productivity of the country's labour force;
- financial and statistical information may be unreliable;
- failure to address actual and perceived risks of corruption adequately may adversely affect Ghana's economy and ability to attract foreign direct investment;
- a significant portion of the Ghanaian economy is informal and is not recorded;
- the global economic crisis could adversely impact the Ghanaian economy;
- health risks could adversely affect Ghana's economy;
- an investment in the Notes may not be suitable for all investors;
- events in other emerging markets, including those in sub-Saharan Africa and Saharan Africa, may negatively affect the Notes;
- the Republic's credit ratings are subject to revision or withdrawal, either of which could adversely affect the trading price of the Notes;
- legal investment considerations may restrict certain investments;
- the liquidity of the Notes may be limited and trading prices may fluctuate;
- fluctuations in exchange rates and interest rates may adversely affect the value of the Notes;
- definitive Notes not denominated in an integral multiple of US$200,000 or its equivalent may be illiquid and difficult to trade;
- the terms of the Notes may be modified, waived or substituted without the consent of all the Holders of the Notes;
- the Republic of Ghana is a foreign sovereign state, and it may be difficult for investors to obtain or realise upon judgments of courts in England or the United States against the Republic;

- payments made in certain EU Member States may be subject to withholding tax under the EC Council Directive 2003/48/EC on the taxation of savings income (the "**Directive**"); and
- a number of non-EU countries and certain dependent or associated territories of certain EU Member States have agreed to adopt similar measures to the Directive.

For a more complete discussion of applicable risk factors, see "Risk Factors" beginning on page 9.

Selected Economic Information

	2008	2009	2010	2011	2012
The Economy					
GDP (GHS millions)	30,179	36,598	46,042	59,816	73,109
GDP (US$ millions)	28,204	25,773	32,186	39,517	40,680
GDP per capita (US$)	732.2	1,116.5	1,363.9	1,579.7	1,570.0
Fiscal Deficit (%. of GDP)	6.6	5.8	6.5	4.0	11.8
Real GDP Growth Rate (per cent.)	8.4	4.0	8.0	15.0	7.9
Yearly Inflation (per cent.)	16.5	19.3	10.7	8.7	9.2
Ghana Cedi / US$ Exchange Rate	1.22	1.43	1.47	1.55	1.88
Balance of Payments (US$ millions)					
Current Account	(3,543.1)	(1,398.4)	(2,769.7)	(3,546.3)	(4,921.6)
Capital and Financial Account	2.943.3	4,314.3	4,064.6	4,479.3	3,651.3
Overall Balance of Payments	(940.8)	1,158.8	1,462.7	546.53	(1,210.9)
Reserves					
Gross International Reserves (US$ millions)	2,036	3,164	4,645	5,383	5,349
Gold (US$ millions)	244	305.6	397.0	439.3	467.9
Public Finance					
Total Government Revenues and Grants (GHS millions)	5,623.2	6,881.3	8,810.9	12,908.0	16,668.4
Total Government Expenditures (GHS millions)	8,012.3	8,416.8	11,532.2	13,429.7	20,944.7
Government Overall Balance (GHS millions)	(1,982.9)	(2,118.6)	(2,999.9)	(2,388.2)	(8,648.7)
Government Overall Balance (% of GDP)	(6.6)	(5.8)	(6.5)	(4.0)	(11.8)
Domestic Primary Balance (GHS millions)	(1,773.2)	122.5	33.6	1,602.0	(1,172.1)
Public Debt (US$ millions)					
Domestic Public Debt	4,038.2	4,295.8	5,682.76	7,697.13	9,997.2
External Public Debt	4,035.07	5,007.88	6,254.55	7,652.95	8,835.56
Gross Public Debt (% of GDP)	32.3	36.86	38.89	38.49	49.25

Source: Government of Ghana, Ghana Statistical Services and IMF World Economic Outlook Database

The Offering

Issuer	The Republic of Ghana.
Notes Being Issued	7.875 per cent. Notes due 7 August 2023 in the aggregate principal amount of US$1,000,000,000. The Notes comprise (a) US$750,000,000 in aggregate nominal amount of Notes (the "**Offered Notes**") to be issued by the Republic and subscribed for cash and (b) US$250,000,000 in aggregate nominal amount of Notes (the "**Exchange Notes**") to be issued by the Republic pursuant to the Exchange Offer (as defined in "Exchange Offer" below). The Exchange Notes and the Offered Notes will form a single series of Notes.
Issue Price of Notes	99.151 per cent. of the principal amount of the Notes.
Issue Date	7 August 2013.
Maturity and Redemption	The Notes will mature on 7 August 2023 and will be redeemed at par on that date. The Notes are not redeemable prior to maturity.
Interest	The Notes will bear interest from and including 7 August 2013 to but excluding 7 August 2023 at the rate of 7.875 per cent. per annum, payable semi-annually in arrear on 7 February and 7 August in each year commencing on 7 February 2014.
Status	The Notes will be direct, unconditional and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and will rank pari passu, without any preference among themselves, and with all other present and future unsecured and unsubordinated obligations of the Issuer, save only for such obligations as may be preferred by mandatory provisions of applicable law.
Negative Pledge and Events of Default	So long as any of the Notes remains outstanding, the Issuer has undertaken that it will not secure any of its present or future Public External Indebtedness (as defined in Condition 4) without, at the same time or prior thereto, securing the Notes equally and rateably therewith, except in certain limited circumstances as set out in Condition 4. Condition 10 provides that Noteholders who hold not less than 25 per cent. in aggregate principal amount of the Notes then outstanding may declare the Notes to be immediately due and payable at their principal amount if, *inter alia*, the Issuer is in default in relation to any External Indebtedness or guarantee thereof in excess of US$25,000,000; the Issuer declares a moratorium in respect of its External Indebtedness; or the Issuer ceases to be a member of the IMF or ceases to be eligible to use the general resources of the IMF; all as more particularly described in Condition 10. A declaration of acceleration may be rescinded in certain circumstances by the resolution in writing of the holders of at least 50 per cent. in aggregate principal amount of the outstanding Notes in accordance with the procedures in Condition

	10.
Withholding Tax	All payments by the Issuer under the Notes are to be made without withholding or deduction for or on account of Taxes (as defined in Condition 8) unless the withholding or deduction for taxes is required by law. In such circumstances, the Issuer may be required to pay additional amounts so that Noteholders will receive the full amount which otherwise would have been due and payable under the Notes; all as more particularly described in Condition 8.
Noteholder Meetings	A summary of the provisions for convening meetings of Noteholders to consider matters relating to their interests as such is set out in Condition 13.
Listing	Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on the Main Securities Market. In addition, application will be made after the Closing Date to the Securities and Exchange Commission of Ghana and the Ghana Stock Exchange for the Notes to be admitted to the main market of the Ghana Stock Exchange. Admission of the Notes to listing on the Ghana Stock Exchange is expected to be obtained within four weeks of the Closing Date.
Settlement	The Notes will initially be represented by two Global Certificates. The Restricted Global Certificate will be issued in respect of Notes offered and sold in reliance on Rule 144A. The Unrestricted Global Certificate will be issued in respect of the Notes offered and sold in reliance on Regulation S.
Form and Denomination	The Notes will be in registered form and will be offered and sold in a minimum denomination of US$200,000 and integral multiples of US$1 thereof.
Transfer Restrictions	The Notes have not been registered under the Securities Act, and are subject to certain restrictions on transfers. See "Transfer Restrictions" and "Plan of Distribution".
Use of Proceeds	The Republic expects the net cash proceeds of the issue of the Offered Notes to amount to US$741,955,086, of which the Republic expects to use approximately US$400 million for capital expenditures and approximately US$341 million to refinance outstanding domestic debt. The Republic will issue the Exchange Notes in exchange for certain of its US$750,000,000 8.5 per cent. Notes due 2017 (the "**2017 Notes**"). See "Exchange Offer" below.
Fiscal Agent	Citibank, N.A., London Branch.
Registrar	Citigroup Global Markets Deutschland AG.
Further Issues	The Issuer may from time to time, without notice to or the consent of the registered holders of the Notes, issue additional securities

	that will form a single series with the Notes, subject to certain conditions set out in Condition 14.
Governing Law	The Agency Agreement, the Deed of Covenant and the Notes (including any non-contractual obligations arising from or in connection with any of them) are governed by, and will be construed in accordance with, English law.

RISK FACTORS

An investment in the Notes involves a high degree of risk. You should carefully consider the risks described below as well as the other information contained in this Prospectus before buying any of the Notes. Any of the following risks could materially adversely affect the Republic's economy and your investment in the Notes. The risks described below are not the only risks the Republic faces. Additional risks and uncertainties not currently known to the Republic or that the Republic currently deems to be immaterial may also materially affect the Republic's economy and its ability to fulfil its obligations under the Notes. In any such case, you may lose all or part of your investment in the Notes.

Risks Relating to the Republic of Ghana

An investment in a developing country such as Ghana is subject to substantially greater risks than an investment in a more developed country

Investing in securities of emerging markets issuers such as Ghana is subject to substantially greater risks than investments in securities of issuers from more mature markets. Although progress has been made in reforming Ghana's economic, political and judicial systems since the country's current constitution came into effect in 1993, there still remain gaps in the legal infrastructure and regulatory framework that are essential to support market institutions, the effective transition to a market economy and broad-based social and economic reforms. As a consequence, an investment in Ghana carries risks that are not typically associated with investing in more developed countries and this is reflected in Ghana's below-investment grade sovereign credit ratings. These risks include, but are not limited to, higher volatility and more limited liquidity in respect of the Notes, greater political risk, a narrow export base, budget deficits, trade deficits, current account deficits, corruption, lack of adequate infrastructure vital to accelerate economic growth and changes in the political and economic environment.

The Notes may be negatively affected by events in other emerging markets, including those in sub-Saharan Africa

Investing in securities involving emerging markets, such as the Republic, generally involves a higher degree of risk than investments in securities of issuers from more developed countries. Risks associated with the sub-Saharan region of Africa in particular include civil unrest and conflict, the outbreak of disease, and a lack of regional integration for infrastructure and trade needs. Although economic conditions are different in each country, the perceived or actual market influences of one country may be perceived to impact the economy of another, as such investors' reactions to developments in one country may affect the securities of issuers in other countries, including the Republic. Thus, the price of securities bearing Ghanaian risk, such as the Notes, could be affected negatively by events elsewhere, especially in emerging markets and even more particularly in the sub-Sahara region. Some of these risks may be compounded by incomplete, unreliable or unavailable economic and statistical data on Ghana, including elements of the information provided in this Prospectus. See "—Financial and statistical information may be unreliable".

Power shortages continue to negatively impact economic growth

Ghana has a total installed power capacity of 2,412 megawatts ("**MW**"). According to a June 2013 World Bank report on Ghana's power sector, hydroelectricity currently accounts for 50 per cent. of total power generated in the country. Reliance on Lake Volta's water levels by both the Akosombo and Kpong Dams makes Ghana's power supplies vulnerable to rainfall in the Volta catchment area. In late 1997 the water level of Lake Volta fell drastically, leading to an electricity crisis in 1998 which forced many industries to reduce their output and temporarily halted Ghana's export of electricity. Declines in rainfall during 2006 and 2007 led to falling water levels on Lake Volta and necessitated significant power rationing to ensure safe management of the Akosombo Dam. As a result, Ghana's Volta Aluminium Company ("**VALCO**"), an aluminium smelter, suspended its operations.

In late 2012, the WAGP, which operates the pipeline that delivers natural gas to Asogli Power Plant (a 200 MW gas-run power plant) and plants run by the Volta River Authority (the "**VRA**"), announced a total cut-off of gas supply to onshore stations due to damage to a portion of the pipe in Lome. The gas cut-off led to a shutdown of 310 MW of power from the national grid.

Power rationing continues to represent a major challenge in the Ghanaian economy. Power rationing has forced some mining companies in Ghana to reduce their electricity usage from the national grid, which in turn adversely affects production. Manufacturers and other businesses have had to face the cost of increased use of generators and thermal sources of energy. Increased reliance on thermal generation of electricity also increased Ghana's dependence upon oil imports and the corresponding vulnerability to increases in oil prices. See "—Ghana relies exclusively on imported oil for domestic consumption and is therefore vulnerable to oil price increases". If gas supply is not expedited, Ghana will continue to rely on Light Crude Oil

("**LCO**") generation, which is nearly three times more expensive than gas-fired generation, to power its thermal generation plants, which account for 50 per cent. of total power generated. Hence, the average cost of electricity generation might increase significantly, which in turn could jeopardise economic growth and adversely impact Ghana's fiscal accounts if these cost increases are not fully passed on to electricity consumers.

The government is working with the VRA and the Electricity Company of Ghana to maximise current power generation and transmission capacity, as well as with a number of private sector investors to install additional short and medium-term capacity. The government expects to complete the 400 MW Bui hydroelectric dam before the end of 2013, while General Electric, Asogli Power Plant and other independent power producers plan to produce over 3,000 MW of power from different sources to the national grid. If the plans to increase power production are successful, the improvements will contribute to reducing the power shortages by providing Ghana with less expensive alternative sources of energy. See "—Ghana relies exclusively on imported oil for domestic consumption and is therefore vulnerable to oil price increases" for a discussion of certain concerns related to energy.

The government compensates state owned utilities for the losses they incur in respect of utility tariffs which are at below cost-recovery levels. The IMF estimates that without adjustments, compensation to state owned energy companies could exceed the budgeted amount by 1 per cent. of GDP in 2013. Inconsistent power supply has led to public opposition to utility tariff increases, which are needed in order to fund investment in public utilities. In May 2013, the Public Utilities Regulatory Commission ("**PURC**") announced a major tariff review process for utility service providers.

Sufficient and sustainable additional capacity is not guaranteed, nor can the government guarantee that there will not be continuing disruptions to the electricity supply. Power shortages have had a significant negative impact on Ghana's industrial sector output and adversely affected the country's budgetary position by increasing expenditures.

If Ghana is not able to invest significantly in its infrastructure, its economic growth targets may not be achievable

Many economic activities, including agriculture, mining, processing, development and exploration, depend to varying degrees on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs and can foster higher private sector investment and increase productivity. Ghana's current economic growth rate may not be sustainable due to the inadequate state of Ghana's infrastructure. In order to make vital improvements in cargo transportation, processing and handling, Ghana must further develop infrastructure in areas of high need such as utilities, roads, railways and ports. Infrastructure deficiencies have been identified as a major constraint to increasing traditional as well as non-traditional agricultural exports. In 2010, the government adopted a new growth strategy, the GSGDA. The GSGDA focuses on support for infrastructure, private sector development, agriculture, human development and natural resources management. See "The Economy—General—Overview" for more information on the GSGDA initiative.

According to a report by the World Bank's Africa Infrastructure Country Diagnostic 2010, Ghana would require US$2.3 billion annually over ten years to address its infrastructure deficit. The report further disclosed that Ghana faced a US$1.1 billion efficiency gap per year, even though the country spent US$1.2 billion per annum on infrastructure. The government has not been able to achieve its infrastructure targets due to, among other things, labour inefficiency, inadequate resources and equipment failure. If the government does not achieve stated infrastructure objectives, the government might not be able to meet estimates for GDP growth within the government's forecast periods.

Ghana relies exclusively on imported oil for domestic consumption and is therefore vulnerable to oil price increases

Although Ghana commenced oil production from its own reserves in December 2010, the country continues to rely exclusively on imported oil to meet its energy and transport requirements. Recently, oil imports have risen due to shortages in gas supply. See "—Power shortages continue to negatively impact economic growth". Accordingly, a rise in the international price of oil significantly affects Ghana's economy because, among other things, a higher oil price increases the Republic's costs of imports and thereby increases the Republic's trade and current account deficits and exerts upward pressure on prices. If high oil prices are sustained for a period of time and tariffs are not adjusted, the Republic's budgetary position could be materially adversely affected. In addition, Ghana has only one operating refinery, and that refinery has a history of closures, and, while it has recently recommenced operations, it is operating below capacity. Therefore, Ghana imports significant quantities of refined oil and petroleum products, which is costly. See "The Economy—Industry—Oil and Gas".

Oil prices and markets historically have been volatile, and they are likely to continue to be volatile in the future. Prices of oil are subject to wide fluctuations in response to relatively minor changes in the supply of, and demand for, oil, market uncertainty and a variety of additional factors that are beyond the Republic's control. These factors include, but are not limited to, political conditions in the Middle East and other regions, internal and political decisions of OPEC and other oil producing nations to decrease or increase production of crude oil, domestic and foreign supplies of oil, consumer demand, weather conditions, domestic and foreign government regulations, transport costs, the price and availability of alternative fuels and overall economic conditions.

Ghana emerged as a new oil producer in December 2010 and anticipates further development at the oilfields that it recently discovered. If the Republic fails to manage investment in and development of its oil and gas sector, it will continue to be highly dependent on imported oil to meet its energy needs.

Decreases or fluctuations in oil production or oil prices could adversely affect Ghana's economy

Ghana discovered oil in 2007 and began meaningful commercial production of crude oil only in 2011. In 2012, crude oil accounted for approximately 7 per cent. of Ghana's GDP and approximately 22 per cent. of its export earnings. Oil has therefore only recently become a significant contributor to Ghana's public revenues, and it is expected to become more important in the future. As such, Ghana does not have a history of managing public finances which are subjected to uncertainty and variability resulting from unexpected fluctuations in oil prices.

Oil prices and markets historically have been volatile, and such volatility is likely to continue in the future. Prices of oil are subject to wide fluctuations in response to relatively minor changes in the supply and demand, market uncertainty and a variety of additional factors that are beyond the Republic's control. These factors include, but are not limited to, political conditions in the Middle East and oil-producing other regions, internal and political decisions of OPEC and other oil-producing nations to decrease or increase production of crude oil, domestic and foreign supplies of oil, consumer demand, weather conditions, domestic and foreign government regulations, transport costs, the price and availability of alternative fuels and overall economic conditions. Many countries are actively seeking to develop alternative sources of energy and reduce their dependence on oil as a source of energy. Any such long-term shift away from fossil fuels could adversely affect oil prices and demand and the resulting oil revenue of Ghana.

The level of oil production is also subject to many uncertainties. Political instability in Ghana, changes in oil production quotas by OPEC, changes in the regulatory framework for oil production in Ghana, and other such factors will affect the level of oil production in Ghana. At present Ghana has only one major producing oil field, and its revenues are therefore subject to risks associated with production at that field. For example, during 2012, production levels did not reach full capacity of 120,000 barrels per day, and instead averaged approximately 72,000 barrels per day, due to technical issues at the field. Production levels only increased to current levels of approximately 100,000 barrels per day as a result of the application of certain stimulation measures. A decrease in the production of oil also normally will lead to a decrease in oil revenues.

Reductions in oil revenues, whether due to lower production or lower prices, will have a material adverse effect on the Ghanaian economy and could impact the Republic's ability to service the Notes.

Decreases in the market price for gold, which in the past has fluctuated widely, could adversely affect Ghana's economy

Gold constituted the largest source of export earnings in 2012, making up approximately 41.7 per cent. of total export earnings. In recent years, high global commodity prices have benefitted gold exports, although gold prices decreased in 2012. The gold mining industry is largely foreign-owned and hence the government's income from gold is predominantly composed of royalties from gold sales as opposed to direct export earnings. Historically, the market price for gold has fluctuated widely (between US$864 per ounce and US$1,645.3 per ounce in the last five years) and has been affected by numerous factors over which Ghana has no control, including:

- the demand for gold for industrial uses and for use in jewellery;
- actual, expected or rumoured purchases and sales of gold by central banks;
- speculative trading activities in gold;
- the overall level of forward sales by other gold producers;
- the overall level and cost of production by other gold producers;
- international or regional political and economic events or trends;
- the strength of the US Dollar (the currency in which gold prices generally are quoted) and of other currencies;
- financial market expectations regarding the rate of inflation; and

- interest rates.

In addition, gold is sold throughout the world principally in US Dollars, but the production costs of the Ghanaian producers are incurred principally in Cedi. As a result, any significant and sustained appreciation of the Cedi against the US Dollar may materially increase the production costs per ounce in US Dollar terms, decrease export revenues from gold sales and thus decrease the Republic's royalties.

Additionally, total gold production levels are subject to operating risks at the mines which are outside the control of the Republic. If gold prices should fall and remain at low levels for any sustained period, the Republic's economy would be adversely affected as a result of a reduction in the Republic's royalties from gold sales.

Cocoa is a significant export product and Ghana is therefore vulnerable to decreases in crop production, demand for and price of cocoa and other agricultural commodity products

Cocoa constituted the third largest source of export earnings in 2012, with cocoa beans making up approximately 16.2 per cent. of total exports and 3 per cent. of GDP. In 2012, agriculture constituted 22.7 per cent. of GDP, of which only 3 per cent. was cocoa. Agriculture outside of the cocoa crop accounts for a significant portion of the economy. According to the most recent 2010 Population and Housing Census (the "**2010 Census**"), 41.6 per cent. of the labour force was employed in agriculture.

In recent years, the surge in global cocoa prices has benefitted the country's cocoa sector. In 2012, cocoa beans and cocoa products contributed 20.9 per cent. of total exports. Weather conditions have historically caused volatility in the agricultural commodities industry by causing crop failures or significantly reduced harvests, which can adversely affect the supply of Ghana's agricultural commodities. In addition, the supply of agricultural commodities can be affected by factors such as plant disease, crop yields and fires.

The cocoa crop year is split across calendar years because the main cocoa crop season begins in October and ends in February, while a second, smaller crop season runs from May to August. Cocoa output fell to 879,239 tonnes in 2011/12 crop years, due to dry weather and the growing cycle of the cocoa plant. Cocoa production during the 2012/13 crop year is expected to remain approximately the same. Attempts to diversify Ghana's agricultural production, including into higher income generating crops such as mango, pineapple, bananas and cashews, have so far yielded minimal results due to, among other things, the lack of a food grading system and the unavailability of appropriate handling facilities inland and holding houses at ports to keep fruit fresh for export. A decrease in the production, demand for or price of cocoa and other agricultural commodity products on which Ghana relies could adversely affect Ghana's economy.

Political instability or a change in government may negatively affect the economy

Ghana has experienced periods of political and economic instability in the past. During the periods immediately prior to and following previous elections in 1992, 1996, 2000, 2004 and 2008, Ghana experienced periods of instability characterised by exchange rate volatility, high inflation and fiscal overruns. Since the NDC came to power in 2008, however, the government has implemented broad economic reform programmes focused on achieving macroeconomic stability and an environment conducive to sustainable economic growth, and the government conducted the 2012 election in an environment of economic stability. These positive trends may not be sustainable over the longer term and could be impacted by the next election in 2016.

The most critical structural reforms to be fully implemented or continued include (i) comprehensive reforms of Ghanaian tax legislation with a view to broadening the tax base by bringing a substantial portion of the shadow economy into the reporting economy, (ii) reform of the energy, mining and agriculture sectors and (iii) reform of social benefits and pensions. Future political instability in the executive or legislative branches could hamper efforts to implement necessary reforms. There can be no assurance that the political initiatives necessary to achieve these or any other reforms described elsewhere in this Prospectus will continue, will not be reversed or will achieve their intended aims.

Any significant changes in the political climate in Ghana, including changes affecting the stability of the Ghanaian government or involving a rejection or reversal of reform policies favouring privatisation, industrial restructuring and administrative and regulatory reform, may have negative effects on the economy and, as a result, a material adverse effect on Ghana's capacity to service the Notes.

Challenge to the December 2012 election results could result in new elections

Political stability and economic conditions in Ghana may be influenced by the legal challenge to the December 2012 presidential election, at which the incumbent candidate, President John Dramani Mahama of the NDC party, was elected. Although independent observers were largely satisfied with the conduct of the elections, the opposition party, the New Patriotic

Party (the "**NPP**"), has instituted an election petition in the Supreme Court of Ghana, alleging irregularities in the electoral process. In the event that the Supreme Court finds that violations or irregularities did take place and that the violations or irregularities affected the result, then the court has the authority to refer the claims to the Electoral Commission of Ghana (the "**Electoral Commission**"), which would conduct a vote recount. If neither candidate has over 50 per cent. of the vote after such a recount, the Electoral Commission has the authority to order a run-off election between the two presidential candidates with the largest number of votes. A run-off election could result in the incumbent President Mahama being voted out of office should he not win the run-off election. This could cause significant disruption to the political agenda in Ghana and adversely affect the economy. Although the timing of these proceedings remains uncertain, the government anticipates that the Supreme Court will issue its decision in the near future.

Continued decline in the Cedi could materially impair the Republic's ability to service its debt, including the Notes

The external value of the national currency, the Ghana Cedi, is generally determined on the basis of supply and demand conditions in the global foreign exchange market. The BOG intervenes when necessary in order to maintain orderly conditions in the foreign exchange market. Although the monetary authorities expect to continue to gear their monetary policy towards maintaining price stability, and Ghana's major export revenues are US Dollar denominated, there can be no assurance that the exchange rate will remain stable.

The possible depreciation of the Cedi against the US Dollar, or the decline of the level of foreign reserves as a result of the BOG's intervention in the currency markets, could materially impair the Republic's ability to service its external debt, 40.56 per cent. of which was, in 2012, either linked to the US Dollar or denominated in US Dollars. Given Ghana's limited foreign-exchange reserves, its high dependence on commodity exports and the fact that Ghana pays for its key imports, such as oil, in US Dollars, the Cedi will remain vulnerable to external shocks which could lead to a sharp decline in its value, as occurred in 2012 when the Cedi depreciated by over 20 per cent. against the US Dollar compared to 2011 and over 50 per cent. compared to 2008 as a result of fiscal expansion in the run up to the 2012 election, increased debt and fiscal deficit, weak cocoa and gold prices and the high price of imported oil.

High inflation could have a material adverse effect on Ghana's economy and its ability to service its debt, including the Notes

Historically, inflation in Ghana has fluctuated significantly from year to year. In recent years, the annual inflation rate increased from 8.6 per cent. as at 31 December 2011 to 8.8 per cent. as at 31 December 2012, as a result of increased petroleum prices. For more information on historical inflation rates, please see "Monetary and Financial System—Monetary Policy—Inflation". Although tighter monetary policies have historically helped to curb inflation, the impact on inflation of higher fuel and other import prices is beyond the government's control. Although tighter monetary and/or fiscal policies may help to curb inflation, the impact on inflation of higher food, fuel and other import prices is beyond Ghana's control. There can be no assurance that the inflation rate will not rise in the future. Significant inflation could have a material adverse effect on the Republic's economy and the ability to service the government's debt, including the Notes.

The Republic's dependence on external sources of financing could have a material adverse effect on the Republic's ability to service the Notes

Ghana's internal debt market remains illiquid and underdeveloped as compared with markets in most western countries and thus its internal debt market cannot be relied upon as a future source of funding. See "Monetary and Financial System—The Financial Sector and Capital Markets". In the wake of the emerging markets crisis in 2000, loans from multilateral organisations such as the IMF comprised Ghana's most significant source of external financing. Consequently, unless the international capital markets or syndicated loan markets continue to be available to Ghana, the government would have to rely to a significant extent on official or multilateral borrowings to finance part of the budget deficit, fund its payment obligations under domestic and international borrowings and support foreign exchange reserves. These borrowings, if required, may be conditional on Ghana's satisfaction of certain requirements, which may include, among other things, implementation of macroeconomic, strategic and institutional and structural reforms. If Ghana does not have reasonable access to the international capital markets or syndicated loan markets in the event of an international crisis (as occurred in 2000) or due to adverse domestic developments, a failure by official creditors and of multilateral organisations such as the IMF to grant adequate financing could put pressure on Ghana's budget and foreign exchange reserves and have a material adverse effect on its ability to service the Notes. Moreover, Ghana's economy has been backed by significant inflows of donor aid and remittances by Ghanaian nationals living abroad. There can be no guarantee that donor aid or remittances will continue to be made available in the future at current levels.

In addition, increasing costs of fuel and utility subsidies could have a material adverse effect on the government's ability to service its debt, including the Notes. Ghana's current utility tariff policy may not be financially sustainable. The

PURC has failed to increase retail tariffs and the Electricity Company of Ghana ("**ECG**") is expected to incur losses of US$60 million in 2013, compared to US$44 million in 2012. If the government fails to reform its tariff regime, ECG losses will continue to increase, will contribute to the 2013 budget deficit and may have a material adverse effect on the government's ability to service its debt, including the Notes.

High levels of debt and continued borrowing could have a material adverse effect on Ghana's economy and its ability to service its debt, including the Notes

Ghana has historically financed its deficits through a combination of divestiture receipts, foreign borrowing, overdrafts and the issuance of domestic debt. The government financed 81.1 per cent. of the 2012 budget deficit through domestic borrowing, while external sources financed the remaining 18.9 per cent. At the end of December 2012, Ghana's total public debt increased by 22.7 per cent., from US$15.35 billion (40.8 per cent. of GDP) in 2011 to US$18.83 billion (49.4 per cent. of GDP) in 2012. Domestic debt grew by 30 per cent. between 2011 and 2012, constituting 53 per cent. of the total public debt, as compared to 47 per cent. for external debt. According to the IMF, the Republic's rising wage bill, if not addressed, will increase the country's debt to levels that pose a risk to its transformation agenda. As a result of the deterioration of the fiscal deficit, in February 2013, Fitch downgraded Ghana's credit outlook from stable to negative. The government recently instituted new measures, including levies and taxes, in order to avoid a repeat in the deterioration of the fiscal position that occurred in 2012. If the government does not carefully manage its debt strategy, debt levels may once again rise to an unsustainable level, which may negatively impact Ghana's sovereign credit rating or may impair the Republic's ability to service the Notes.

Natural disasters such as floods and droughts have negatively affected the Republic in the past and may negatively affect it in the future

Like other countries in Africa, Ghana has historically been affected by a variety of natural disasters, including floods and droughts. Natural disasters such as floods may lead to casualties, the destruction of crops and livestock, the outbreak of waterborne disease and the destruction of infrastructure, such as roads and bridges. Droughts may negatively affect the supply of agricultural commodities, the food supply in general and the generation of hydroelectric power. See "—Power shortages continue to negatively impact economic growth". Expenditures associated with natural disaster relief efforts adversely affect the Republic's budgetary position and, as a result, may impair the Republic's ability to service the Notes.

Ghana may not achieve its growth objectives if the government does not invest in initiatives aimed at increasing the productivity of the country's labour force

Various factors impede Ghana's labour productivity, such as poor infrastructure, the high incidence of malaria infections giving rise to increased sickness and disability costs, limited access to healthcare, especially in rural areas, and insufficient vocational training. If the government does not invest in initiatives which have the effect of ameliorating all or most of these factors, Ghana may not achieve its growth and fiscal objectives, which may impair the Republic's ability to service the Notes.

Financial and statistical information may be unreliable

Although a range of government ministries, along with the BOG, produce statistics on Ghana and its economy, there can be no assurance that these statistics are as accurate or as reliable as those compiled in more developed countries. In addition, comparing national and international data sources can yield inconsistencies. Prospective investors should be aware that figures relating to Ghana's GDP and many other aggregate figures cited in this Prospectus may be subject to some degree of uncertainty. Furthermore, standards of accuracy of statistical data may vary from ministry to ministry and from period to period due to the application of different methodologies. In this Prospectus, data are presented as provided by the relevant ministry to which the data is attributed, and no attempt has been made to reconcile such data to the data compiled by other ministries or by other organisations, such as the IMF. In addition, Ghana has experienced variable rates of inflation. Unless indicated, the information and figures presented in this Prospectus have not been restated to reflect such inflation and, as a result, period-to-period comparisons may not be meaningful. Prospective investors should be aware that none of these statistics has been independently verified by any party.

Failure to address actual and perceived risks of corruption adequately may adversely affect Ghana's economy and ability to attract foreign direct investment

Although Ghana implemented and is pursuing major initiatives to prevent and fight corruption and unlawful enrichment, corruption remains a significant issue in Ghana, as it is in many other emerging markets. Ghana is ranked 64 out of 176 countries in Transparency International's 2012 Corruption Perceptions Index and placed 64 out of 185 in the World Bank's

Doing Business 2013 report. In recent years, Ghana implemented various measures to prevent and fight corruption and unlawful enrichment. In particular, in May 2013, the Republic's Commission on Human Rights and Administrative Justice announced the National Anti-Corruption Action Plan ("**NACAP**"), which sets forth a 10-year national strategy to combat and condemn corruption. In addition, the Attorney General enforces regulations regarding contract procurement decisions through a government procurement act. Despite various reform efforts, corruption continues to be a serious problem impacting Ghana. There are currently no formal charges recorded pursuant to the Republic's anti-money laundering laws; however, there are several cases before the court regarding government contracts. Failure to address these issues, continued corruption in the public sector and any future allegations of or perceived risk of corruption in Ghana could have an adverse effect on Ghana's economy and may have a negative effect on Ghana's ability to attract foreign investment.

A significant portion of the Ghanaian economy is informal and is not recorded

A significant portion of the Ghanaian economy, estimated to be anywhere between 75 per cent. and 85 per cent., is comprised of the informal, or shadow, economy. The informal economy is not recorded and is not taxed at all or is only partially taxed, resulting in not only lack of revenue for the government but also ineffective regulation, unreliability of statistical information (including the understatement of GDP and the contribution to GDP of various sectors) and inability to monitor or otherwise regulate a large portion of the economy. Lack of effective regulation and enforcement in this sector also gives rise to other issues including health and safety issues. Although the government is attempting to address the informal economy by streamlining certain regulations, particularly tax laws, there can be no assurances that such reforms will adequately address the issues and bring the informal economy into the formal sector.

The global economic crisis could adversely impact the Ghanaian economy

The global recession and financial crisis in 2008 and 2009 impacted Ghana particularly through the resulting fluctuations in oil prices and increased investor aversion to risk, which resulted in a withdrawal of portfolio capital and reduced access of private sector borrowers to external credit lines. The impact of the global recession is primarily evidenced by a reduction in external reserves, the weakening of the Cedi towards the end of 2008, falling commodity prices, reduced net capital inflows and the bad debt exposure of Ghanaian banks.

The real GDP growth of the country rose to 15 per cent. in 2011, from 8 per cent. in 2010, 4 per cent. in 2009 and 8.4 per cent. in 2008. If the global economy further weakens, this may have an adverse effect on the economy in Ghana.

Health risks could adversely affect Ghana's economy

HIV/AIDS, tuberculosis (which is exacerbated in the presence of HIV/AIDS), malaria and typhoid are major healthcare challenges in Ghana and other West African countries. According to Ghana's National AIDS Control Programme, as of 2012, the Republic had an HIV/AIDS prevalence of approximately 1.37 per cent. among its population of adults aged between 15 and 49 years old, which represents an estimated 235,982 persons. There can be no assurance that the prevalence of HIV/AIDS, malaria, typhoid or other diseases in Ghana will not have a material adverse effect on the country's economy.

Risks Relating to the Notes

An investment in the Notes may not be suitable for all investors

Generally, investment in emerging markets such as Ghana is only suitable for sophisticated investors who fully appreciate the significance of the risks involved in, and are familiar with, investing in emerging markets. Investors are urged to consult their own legal and financial advisers before making an investment. Such risks include, but are not limited to, higher volatility and more limited liquidity in respect of the Notes, a narrow export base, budget deficits, lack of adequate infrastructure necessary to accelerate economic growth and changes in the political and economic environment. Emerging markets can also experience more instances of corruption by government officials and misuse of public funds than do more mature markets, which could affect the ability of governments to meet their obligations under issued securities.

Investors should also note that emerging markets such as Ghana are subject to rapid change and that the information set out in this Prospectus may become outdated relatively quickly.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus or any applicable supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Events in other emerging markets, including those in sub-Saharan Africa and Saharan Africa, may negatively affect the Notes

Economic distress in any emerging market country may adversely affect prices of securities and the level of investment in other emerging market issuers as investors move their money to more stable, developed markets. Financial problems or an increase in the perceived risks associated with investing in emerging market economies could dampen foreign investment in Ghana, adversely affect the Ghanaian economy or adversely affect the trading price of the Notes. Even if the Ghanaian economy remains relatively stable, economic distress in other emerging market countries could adversely affect the trading price of the Notes and the availability of foreign funding sources for the government. Adverse developments in other countries in sub-Saharan Africa, in particular, may have a negative impact on Ghana if investors perceive risk that such developments will adversely affect Ghana or that similar adverse developments may occur in Ghana. Risks associated with sub-Saharan Africa include political uncertainty, civil unrest and conflict, corruption, the outbreak of diseases and poor infrastructure. Investors' perceptions of certain risks may be compounded by incomplete, unreliable or unavailable economic and statistical data on Ghana, including elements of the information provided in this Prospectus. See "—Financial and statistical information may be unreliable".

The Republic's credit ratings are subject to revision or withdrawal, either of which could adversely affect the trading price of the Notes

The Notes are expected to be rated B+ (negative) by Fitch, B (stable) by Standard & Poor's and B1 (stable) by Moody's. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Other than pursuant to Article 16 of the Prospectus Directive, the Republic has no obligation to inform Noteholders of any revision, downgrade or withdrawal of its current or future sovereign credit ratings. A suspension, downgrade or withdrawal at any time of a credit rating assigned to the Republic may adversely affect the market price of the Notes.

Each of Fitch and Standard & Poor's is established in the European Union and registered under the CRA Regulation. Moody's is not established in the European Union and has not applied for registration under the CRA Regulation. However, Moody's Investors Service Ltd. (an entity which is established in the European Union and registered under the CRA Regulation) has endorsed the ratings of Moody's, in accordance with the CRA Regulation. In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit-rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement or certification, as the case may be, has not been withdrawn or suspended).

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent the Notes are legal investments for it, the Notes can be used as collateral for various types of borrowing and other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

The liquidity of the Notes may be limited and trading prices may fluctuate

The Notes have no established trading market. While application has been made to list the Notes on the Irish Stock Exchange and any one or more of the Managers may make a market in the Notes, they are not obligated to do so and may discontinue any market making, if commenced, at any time without notice. There can be no assurance that a secondary market will develop for the Notes or, if a secondary market therein does develop, that it will continue. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Republic.

Fluctuations in exchange rates and interest rates may adversely affect the value of the Notes

The Issuer will pay principal and interest on the Notes in US Dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than US Dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the US Dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the US Dollar would decrease the Investor's Currency-equivalent yield on the Notes, the Investor's Currency equivalent value of the principal payable on the Notes and the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities (including where the investor is domiciled) may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal. In addition, investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

Definitive Notes not denominated in an integral multiple of US$200,000 or its equivalent may be illiquid and difficult to trade

The Notes have denominations consisting of a minimum of US$200,000 plus integral multiples of US$1 in excess thereof. It is possible that the Notes may be traded in amounts that are not integral multiples of US$200,000. In each, such holder who, as a result of trading such amounts, holds an amount which is less than US$200,000 in his account with the relevant clearing system at the relevant time may not receive a Certificate in respect of such holding (should Certificates be printed) and would need to purchase a principal amount of Notes such that its holding amounts to US$200,000.

If Certificates are issued, holders should be aware that Certificates which have a denomination that is not an integral multiple of US$200,000 may be illiquid and more difficult to trade than Notes denominated in an integral multiple of US$200,000.

The terms of the Notes may be modified, waived or substituted without the consent of all the Holders of the Notes

The Terms and Conditions of the Notes contain provisions for convening meetings of Holders of Notes to consider matters affecting their interest. The provisions permit defined majorities to bind all Holders of Notes including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

The Republic of Ghana is a foreign sovereign state, and it may be difficult for investors to obtain or realise upon judgments of courts in England or the United States against the Republic

The Republic of Ghana is a foreign sovereign state. Consequently, it may be difficult for investors to obtain or realise upon judgments of courts in England or the United States against the Republic. The Republic has irrevocably submitted to the jurisdiction of the courts of England and waived any immunity from the jurisdiction (including sovereign immunity) of such courts and any objection to venue, in connection with any action arising out of or based upon the Notes brought by any holder of Notes. The Republic has not, however, waived immunity from execution or attachment in respect of certain of its assets. See "Terms and Conditions of the Notes—Governing Law and Submission to Jurisdiction—Consent to Enforcement and Waiver of Immunity" and "Enforcement of Civil Liabilities".

The Republic's waiver of immunity is, however, limited. Such a waiver constitutes only a limited and specific waiver for the purposes of the Notes and under no circumstances shall it be interpreted as a general waiver by the Republic or a waiver with respect to proceedings unrelated to the Notes.

The enforceability in Ghana of final judgments of English courts is subject to the rules governing enforcement in Ghana of civil judgments of foreign courts specified in Act 459 and L.I. 1575. In accordance with Part V, Sub-Part I of Act 459 and Part I of L.I. 1575, the courts of Ghana would recognise and enforce a judgment obtained in the High Court of England and courts to which appeals lie from the High Court of England which has been duly registered with the High Court of Ghana. The courts of Ghana would neither recognise nor enforce a judgment obtained from a court in certain other jurisdictions, including the Unites States, unless new proceedings are instituted in Ghana and the merits of the judgment are re-examined.

In original actions brought before Ghanaian courts, there is doubt as to the enforceability of liabilities based on the US federal securities laws. Ghanaian courts may enter and enforce judgments in foreign currencies. Choice of law clauses made by parties to a transaction are recognised under the Act 459, however, under the Evidence Decree, foreign law is presumed to be the same as Ghanaian law. The party alleging the difference between the Ghanaian law and the foreign law has the burden of rebutting the presumption. US federal securities laws must be pleaded as the governing law in proceedings before a Ghanaian court.

Payments made in certain EU Member States may be subject to withholding tax under the EU Savings Directive

Under the Directive, EU Member States are required, from 1 July 2005, to provide to the tax authorities of another EU Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other EU Member State. However, for a transitional period, Luxembourg and Austria will (unless during that period they elect otherwise) instead operate a withholding system in relation to such payments. The current rate of withholding under the Directive is 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to exchange of information procedures relating to interest and other similar income. The Luxembourg government has announced that Luxembourg will elect out of the withholding system in favour of automatic exchange of information with effect from 1 January 2015.

A number of non-EU countries and certain dependent or associated territories of certain EU Member States have agreed to adopt similar measures to the EU Savings Directive

If a payment were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Republic nor any paying agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Republic is, however, required to maintain a paying agent in an EU Member State, if any, that will not be obliged to withhold or deduct tax pursuant to the Directive. Holders of the Notes should consult their own tax advisers regarding the implications of the Directive in their particular circumstances.

USE OF PROCEEDS

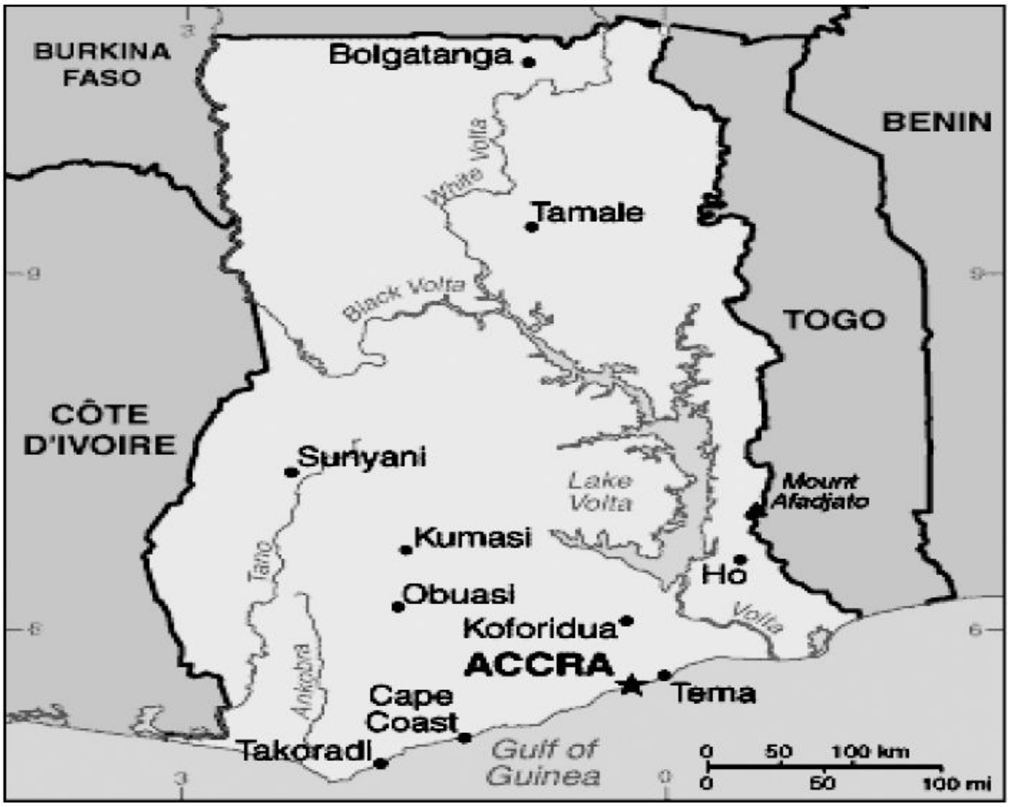
The Republic expects the net cash proceeds of the issue of the Offered Notes to amount to US$741,955,086, of which the Republic expects to use approximately US$400 million for capital expenditures and approximately US$341 million to refinance outstanding domestic debt. The Republic expects the total expenses of the issue to amount to approximately US$2 million.

The Republic will issue the Exchange Notes in exchange for certain of its 2017 Notes. See "Exchange Offer" below.

THE REPUBLIC OF GHANA

Area and Population

The Republic of Ghana lies in West Africa and covers a total land area of 238,537 square kilometres. Situated on the Gulf of Guinea, Ghana has a coastline of 539 kilometres and is bordered by Côte D'Ivoire to the west, Togo to the east and Burkina Faso to the north. Ghana's terrain is comprised largely of lowlands, except for a range of hills on the eastern border. Rivers and streams, including the Volta River, traverse the coastal plain in the south, the heavily forested hills in the west and the savannah in the north. Lake Volta, in the east, is one of the largest artificial lakes in the world.



The population of Ghana is approximately 25 million, with approximately 50.9 per cent. of the population living in urban areas. Accra, the capital of Ghana and its largest city, has an estimated population of over 1.8 million. Other important cities in Ghana include Kumasi, a commercial and transport centre in central Ghana with an estimated population of nearly 2 million, and Tamale, located in the Northern region, with an estimated population of over 371,000.

The climate of Ghana is tropical, but temperatures vary with season and elevation. Except in the north, two rainy seasons occur, from April to June and from September to November. In the north the rainy season begins in June and lasts until September. Annual rainfall ranges from about 40 inches in the north to about 80 inches in the southeast. In most areas the highest temperatures occur in March, and the lowest in August. The average annual temperature is about 30 degrees Celsius (86 degrees Fahrenheit).

The official language of Ghana is English, although indigenous languages are widely used. Among the most prevalent of these languages are Asante, Ewe, Fante, Bono (Brong), Dagomba, Dangme, Dagaare (Dagaba) and Ga. Approximately 71.2 per cent. of the Ghanaian population are Christian, 17.6 per cent. are Muslim and 5.2 per cent. practice indigenous beliefs.

Ghana is generally classified as a lower middle-income developing country. The following table sets forth selected comparative statistics as of 2012 published by the World Bank:

	Ghana	**Nigeria**	**Côte D'Ivoire**	**South Africa**	**US**
GNI(1) per capita (current US$)	1,550	1,430	1,220	7,610	50,120
GDP Growth (annual %)	7.9	6.6	9.5	2.5	2.2
Population Growth (annual %)	2.2	2.8	2.3	1.2	0.7
Life Expectancy at Birth (years)	64	52	55	53	79
Literacy Rate, Adult Total (% of people ages 15 and above)	67	61	56	n/a	n/a
Primary School Enrolment (% net)	82.6	58	61	85	95
Infant Mortality Rate (per 1,000 live births)	52	78	81	35	6

(1) GNI per capita is the gross national income, converted to US Dollars using the World Bank Atlas method, divided by the midyear population.

Source: World Bank, World Development Indicators 2012

The leading cause of death in Ghana, especially among children under five years old and pregnant women, is malaria. In response, the government has committed itself to the Roll Back Malaria Initiative of the World Health Organisation (the "**Roll Back Malaria Plan**"). The primary objectives of the government's Roll Back Malaria Plan include improving malaria case management to ensure early case recognition and appropriate response, increasing the use of preventive strategies, increasing the amount of collaboration among departments and programmes in the health sector, other government sectors and the private sector, and increasing the availability of funds for malaria research. Ghana's current malaria control programme aims at reducing death and illness due to the malaria disease by 75 per cent. by the year 2015, in line with the attainment of the MDGs. The government plans to achieve this goal through overall health sector development, improved strategic investments in malaria control, and increased coverage towards universal access to malaria treatment and prevention interventions.

History

The Republic of Ghana is named after the ancient empire of Ghana, which occupied parts of present day Mali and Mauritania. Several other major civilisations have flourished in the general region of what is now Ghana, including the Akyem peoples and the Ashanti kingdoms.

The Portuguese were the first Europeans to arrive in present-day Ghana, an area which became known as the Gold Coast due to its rich supply of the mineral. In the late fifteenth century, the Portuguese constructed a permanent trading post at Elmina on the central part of the coast in order to protect their interests in the trade of gold, ivory and pepper. The Portuguese position on the Gold Coast remained intact for almost a century, although gold was soon surpassed by slaves as the principal export of the area.

During the seventeenth and eighteenth centuries, Dutch, British, Danish and Swedish competitors built fortified trading stations in the Gold Coast, and both the Dutch and the British formed trading companies. In an early struggle, the Portuguese lost their key trading post at Elmina to the Dutch and left the Gold Coast permanently. Over the next 150 years the various European powers struggled to establish and maintain a position of dominance, and by the end of the nineteenth century the British had become the dominant European power on the Gold Coast. In 1901 the suppression of a resistance by the Ashanti peoples further strengthened British rule.

In 1956, British Togoland, formerly a German colony, was incorporated into Ghana following a UN-sponsored plebiscite. Also in 1956, the government of Gold Coast, led by Prime Minister Dr. Kwame Nkrumah, requested and was granted independence from the British Commonwealth. On 6 March 1957, the former British colony of Gold Coast became the independent state of Ghana. Ghana was the first British colony in Africa to achieve independence. On 1 July 1960, Ghana became a republic, with Nkrumah as its first President.

In February of 1964, Ghana, led by Nkrumah, adopted a one-party system of government. In February of 1966, however, Nkrumah's republican government was overthrown by a military coup which installed a government comprising the military and the police forces that remained in power until September of 1969, when it handed over power to another constitutionally elected government, thereby restoring parliamentary rule. After 22 months in office, the second parliamentary democracy succumbed to military rule, which lasted from January 1972 until October 1979, when the military government was compelled by political pressure to usher in a third republican parliamentary regime.

Parliamentary democracy was once more set aside in December of 1981 as a result of yet another military coup. However, the military government set up the National Commission for Democracy (the "**NCD**"), a group which was charged with formulating a programme for the effective realisation of democracy. The NCD organised forums at which Ghanaians could advance their views as to what form of government they wanted, and eventually filed a report which indicated that the people wanted a multi-party system of government. This led to the appointment of a Committee of Experts to draw up constitutional proposals for the consideration of a Consultative Assembly. The Assembly prepared a draft constitution, and the final draft was approved by the people in a referendum on 28 April 1992. The new constitution came into effect on 7 January 1993.

On 6 March 2007 Ghana commemorated the 50th anniversary of its independence from colonial rule with a Golden Jubilee celebration.

The Constitutional System

The 1992 Constitution (the "**Constitution**"), a hybrid of the Westminster and US system of government, establishes that Ghana is a unitary republic with sovereignty residing in the Ghanaian people. In its Directive Principles, the Constitution emphasises Ghana's dedication to the promotion of democracy, the realisation of freedom and justice, the protection of the unity and territorial integrity of Ghana, the promotion of access by all citizens to public facilities and services, the cultivation of respect for fundamental human rights and freedoms, the integration of the peoples of Ghana, the prohibition of discrimination and prejudice on the grounds of place of origin, circumstances of birth, ethnic origin, gender or religion, the eradication of corrupt practices and the promotion of political tolerance. Towards the achievement of those objectives, the Constitution directs the State to take appropriate measures to foster a spirit of loyalty to Ghana, to achieve reasonable regional and gender balance in recruitment and appointment to public offices, to provide facilities and encouragement for the free mobility of people, goods and services throughout Ghana and to make democracy a reality by decentralising the administrative and financial machinery of government and by affording all possible opportunities to the people to participate in decision-making at every level in national life and in government.

The Constitution directs the government to take all necessary steps to establish a sound and healthy economy and to provide educational facilities and, to the greatest extent feasible, make those facilities available to all citizens. The government is also directed by the Constitution to promote respect for international law, treaty obligations and the settlement of international disputes by peaceful means. Further, the Constitution confirms Ghana's involvement in and commitment to the principles of the United Nations, the Organisation of African Unity, the Commonwealth and the Treaty of the Economic Community of West African States.

The Republic's political system is principally based on the separation of executive, legislative and judicial powers and a system of checks and balances.

Executive authority is vested in the President, together with the Council of State. The President is Head of State, Head of government, and Commander-in-Chief of the Armed Forces of Ghana, and is elected by direct vote for a four-year term and may be re-elected only once. The President is responsible for appointing not fewer than ten and not more than nineteen Ministers of State, who, together with the President and the Vice President comprise the Cabinet, which assists the President in the determination of general policy of the government. According to the Constitution, more than half of the presidentially appointed Ministers of State must be appointed from among members of Parliament.

Legislative functions are vested in Parliament, which currently consists of a unicameral body of 275 members (increased from 200 members in 2004), elected for a four-year term in single-seat constituencies. To become law, legislation must have the support of the majority of the members of Parliament present and voting along with the assent of the President, who has a qualified veto over all bills except those to which a vote of urgency is attached. The President's veto can be overridden by a vote of two-thirds of the members of Parliament.

The Judiciary is comprised of the Superior Courts of Judicature and such lower courts or tribunals as Parliament may establish. The Superior Courts are the Supreme Court, the Court of Appeal, the High Court and Regional Tribunals. The Constitution provides that the Supreme Court is to consist of the Chief Justice and not fewer than nine other justices. At present, the Supreme Court consists of the Chief Justice and ten other Justices. The Chief Justice is appointed by the President acting in consultation with the Council of State and with the approval of Parliament. The other Supreme Court Justices are appointed by the President acting on the advice of the Judicial Council, of which the Chief Justice is the Chairman, in consultation with the Council of State and with the approval of Parliament. The Justices of the Court of Appeal and of the High Court and Chairmen of Regional Tribunals are appointed by the President acting on the advice of the Judicial Council.

Ghana's legal system is based on English common law and customary law. Ghana's courts are used extensively for civil, business and criminal cases, and the judiciary is generally seen as largely independent of political influences.

Current Government and Politics

Although Ghana's military heavily influenced the country's politics throughout its history, the country has been under democratic rule since 1992. Ghana is a presidential representative democratic republic, with executive, legislative and judicial branches of government. Following the 1992 constitutional referendum, parliamentary and presidential elections took place in 1992 and every fourth year thereafter. High voter turnout characterises elections. Voter turnout was 80.15 per cent. for the 2012 presidential election. Ghana has 23 registered political parties, including the following seven main parties: the NDC, the NPP, the Progressive People's Party (the "**PPP**"), the Great Consolidated Popular Party (the "**GCPP**"), the People's National Convention (the "**PNC**"), the Convention People's Party (the "**CPP**") and the United Front Party (the "**UFP**").

Historically, political parties in Ghana have traced their ideological roots to either Dr. Kwame Nkrumah, Ghana's first President, or to his opponents Dr. Kofi Abrefa Busia and Dr. J.B. Danquah. The NDC is a party that originated from the Provisional National Defence Council (the "**PNDC**"), the military regime government that was in power prior to the enactment of Ghana's 1992 Constitution. The NPP, formed in 1992 and tracing its ideological roots to Busia and Danquah, is generally regarded as a right-leaning political force and is committed to a market-based economy.

The most recent presidential and parliamentary elections took place on 7 December 2012. The elections resulted in success for the NDC, as the voters elected incumbent President John Dramani Mahama. President Mahama first became the country's president while serving out the remaining five-month term of the former President John Alta Mills, who died in office in July 2012. In the presidential election, President Mahama received 50.7 per cent. of the votes, the candidate for the NPP received 47.74 per cent., the candidate for the PPP received 0.59 per cent., the candidate for the GCPP received 0.35 per cent., the candidate for the PNC received 0.22 per cent., the candidate for the CPP received 0.18 per cent., the independent candidate received 0.14 per cent. and the UFP candidate received 0.08 per cent. of the vote.

Following the December 2012 presidential election, the NPP challenged the election results in an ongoing election petition at the Ghana Supreme Court. The election petition dominates the current political scene, attracting high public interest. The Supreme Court may reach a decision in July or August of this year, the outcome of which has the potential to undermine political stability. A range of national and international institutions and governments quickly acknowledged President Mahama's election, declaring that conduct at voting stations was free and fair. However, NPP candidate Mr. Akufo Addo and his legal team allege irregularities during the electoral process. Judges are considering a number of issues, the main two of which are (1) whether violations or irregularities took place at the election; and (2) whether such violations or irregularities affected the overall result of the election. If the Ghana Supreme Court finds that violations or irregularities did take place and that the violations or irregularities affected the result, then the court has the authority to refer the claims to the Electoral Commission, which would conduct a vote recount. If neither candidate has over 50 per cent. of the vote after such a recount, the Electoral Commission has the authority to order a run-off election between the two candidates with the highest votes. The President would continue to serve unless and until losing the run-off election. The Constitution in Article 64(2) provides that any action the President takes while in office will remain valid notwithstanding the results of any new election. If the court finds no evidence of violations or irregularities, or that any violations or irregularities found did not affect the result of the election, then there will be no recount, the election will stand, and President Mahama will remain in power and complete his term.

The presidential election court case has caused political uncertainty, which could affect Ghana's economic prospects. The costs associated with holding a new election may jeopardise already tight government finances. The disruption of a finding in favour of the opposition would delay Ghana's policy agenda and could harm growth prospects, especially if the result causes instability in certain sectors. Regardless of the result, the government does not expect a major breakdown in either social stability or in the economy, and, while the dispute could have a detrimental impact on the economy, it does not expect the country to experience a serious breakdown in security. The government believes that its political institutions and respect of rule of law are sufficient to weather any fallout from the case.

The following table shows a breakdown of the distribution of seats in Parliament as of 1 July 2013.

Political Party	**Seats**
National Democratic Congress (NDC)	147
New Patriotic Party (NPP)	123
Progressive People's Party (PPP)	0
Great Consolidated Popular Party (GCPP)	0
People's National Convention (PNC)	1
Convention People's Party (CPP)	1
United Front Party (UFP)	0
Independent	3
Total	275

Source: Ghanaian Authorities

The next presidential and parliamentary elections are scheduled for December 2016.

In addition to the national government, Ghana is subdivided into ten regions for political and administrative purposes. A Minister of State, appointed by the President with the approval of Parliament, heads each region and acts as a direct representative of the government. The regions are further subdivided into district assemblies, which are classified as either metropolitan, municipal or district, depending on population. The district assemblies are responsible for delivering basic services to the population in their areas of jurisdiction, and receive their funding from the District Assemblies Common Fund, which is financed by the national government. Under the Constitution, the district assemblies have deliberative, legislative and executive powers and are the highest political authority in their districts, subject to the other provisions of the Constitution. December 2010 was the most recent election for 216 district assemblies.

International Relations

WTO Membership

Ghana has been a member of the World Trade Organisation (the "**WTO**") since 1 January 1995. In connection with Ghana's WTO membership, the government is committed to supporting the progressive elimination of export subsidies as well as the substantial reduction of trade-distorting domestic support, while ensuring that it retains the right to support its own producers. As part of Ghana's goal of providing access to its citizens of foreign services that are not readily available in the country, the government is committed to engage in successive WTO Services negotiations to obtain improved market access in partner WTO countries.

Regional Relations

Ghana is active in West African regional politics and has a commercial strategy to become the gateway of the region, taking advantage of its location and political stability to establish a transport hub for the region. See "The Economy—Infrastructure".

Ghana is a strong advocate of regional integration and is part of the Economic Community of West African States ("**ECOWAS**"), a group comprised of 15 member states that was established under the Treaty of Lagos in 1975 with the principal objective of establishing a customs union and a common market to promote the free movement of goods and people within West

Africa. Ghana's involvement in ECOWAS has led to its participation in various regional agreements and projects, such as the plan to adopt a common external tariff (see "Balance of Payments and Foreign Trade—Trade Policy") and the construction of the WAGP, which provides Ghana with natural gas from reserves in Nigeria.

In December 2000, following the 1994 formation of a monetary union among the predominantly francophone countries of ECOWAS, Ghana and five other ECOWAS members signed an agreement to create a second monetary union in the region. The creation of the West African Monetary Institute ("**WAMI**") in Accra, an interim organisation that tried to pave the way for the creation of a West African central bank and the introduction of a common monetary unit, represented a first step towards monetary integration. However, WAMI has repeatedly postponed the creation of the new currency because an insufficient number of member countries are meeting the convergence criteria. WAMI recently announced that it expects a single currency to take effect by January 2015.

Ghana is an active member of the African Union ("**AU**"), the successor to the Organisation of African Unity ("**OAU**"), which formally launched in July 2002 at a meeting in South Africa of African heads of state. The AU is modelled on the EU and has plans for a parliament, a central bank, a single currency, a court of justice and an investment bank. These plans include the Pan-African Parliament, which inaugurated in March 2004 and has since held a number of sessions, although it does not yet play a legislative role.

In April 2005, Ghana was one of the first countries to undergo a peer review examination by New Partnership for Africa's Development. The peer review committee's conclusions from this examination were generally positive. The committee did identify, however, areas in which Ghana needed improvement, including, among others: improved public service delivery and efficient use of public resources by the public sector; improved infrastructure; the continuance of the decentralisation process in order to create opportunities for the participation of citizens in local governance; improved collection, collation and analysis of statistical data; improved coordination in economic planning and budget formation; reduced dependency on external sources, through the diversification of the production base; revised and updated laws relating to accounting, tax, and companies' administration; reduced delays in the administration of justice; reduced length of time required for business start-up and registration; enhanced corporate social responsibilities; the pursuit of policies to reduce regional disparities in development; and improved quality of primary and secondary education. In response to the committee's report, the government developed a "Programme of Activities" for addressing the identified issues.

EU Relations

The EU is Ghana's main trading partner, and Ghana participates in political, trade and cooperation relations with the EU through the "Cotonou Agreement", the revised draft of which the EU and 79 countries in Africa, the Caribbean and the Pacific (the "**ACP**") signed in March 2010. The initial objectives of the economic and trade cooperation were to enable the ACP countries to manage the challenges of globalisation and to adapt to new conditions of international trade. The revised Cotonou Agreement adapts the cooperation to reflect new challenges, such as climate change, food security, regional integration, state fragility and aid effectiveness.

US Relations

The United States is among Ghana's principal trading partners. In February 2012, the United States completed a five-year compact with Ghana as a result of the Millennium Challenge Account ("**MCA**"), which Ghana entered on 1 August 2006. The MCA is a development assistance programme in which the US agreed, through the Millennium Challenge Corporation ("**MCC**"), to provide assistance to developing countries that satisfy certain criteria. The criteria can be classified into three broad categories: good governance, economic freedom and investment in people. In addition, in order to receive assistance a country must score above the median on corruption, and above the absolute threshold on either civil liberties or political rights indicators, regardless of how well it ranks on all the other indicators. The US$547 million MCA compact is aimed at reducing poverty through strategic investments in Ghana's infrastructure and agricultural sectors. The MCC partnership expects to provide economic opportunities for approximately 1.2 million Ghanaians. Projects resulting from the MCC partnership include upgrades to roads and highways, farmer and enterprise training, water and sanitation improvements and rural education development. Throughout the partnership, Ghana demonstrated clear ownership of the MCC compact's development and implementation.

In April 2013, the US government approved the second disbursement of US$745 million for the MCA programme. The programme approved the funds for use principally for power generation, distribution and improvement on the country's energy sector. Out of the estimated cost, the government expects that the MCC will bear US$565 million, while the government plans to bear the remainder, along with the private sector. In April 2013, a US multinational conglomerate corporation, General

Electric Company, announced that it intends to build a 1,000 megawatt power generating plant in Ghana to support the government's efforts at increasing the nation's power generating capacity to 5,000 MW by 2016.

Relations with China and Japan

Ghana has strong diplomatic relations with Asian countries, in particular with Japan and China, which are important bilateral partners for both foreign trade and development assistance. Japan has historically been one of Ghana's most important bilateral development partners and has provided considerable aid for development projects. In June 2013, Ghana and Japan announced a pledge to deepen bilateral relations for the mutual benefit of both countries. President Mahama and the Japanese Prime Minister, Mr. Shinzo Abe, expressed their resolve to work closely when they held a bilateral meeting ahead of the 5th Tokyo International Conference on African Development. Prime Minister Abe lauded Ghana for its economic strides, particularly in the areas of good governance and economic stability. In 2005, Japan cancelled approximately US$1 billion of Ghana's bilateral debt in connection with the Heavily Indebted Poor Countries Initiative ("**HIPC**"). See "Public Debt—Relations with Multilateral Financial Institutions" for more information on the HIPC initiative.

Ghana's relations with China have become increasingly important in recent years, with significant Chinese funding of Ghanaian infrastructure projects. In November 2011, China opened the fourth office of the China-Africa Development Fund in Accra. China has provided significant development assistance, funding projects such as the construction of the National Theatre, the Afefi Irrigation Project, the Dangme East District Hospital, Police and Military Barracks and the improvement of the Accra-Kumasi Road. In addition, the Chinese government has written off most of Ghana's debt to China, which has amounted to approximately US$83 million. In addition to grants, China has also provided a considerable amount of financial assistance in the form of loans. For example, the government secured funding of US$622 million from the Chinese government for construction of the 400 MW Bui hydroelectric dam by the Chinese construction company, Sino-Hydro Corporation, see "Economy—Principal Sectors of the Economy—Industry—Electricity and Water". In 2011, Ghana signed a US$3 billion commercial term loan facility agreement for infrastructure development with the Chinese Development Bank (the "**CDB**"). See "The Economy—Principal Sectors of the Economy—Industry—Oil and Gas".

THE ECONOMY

General

Overview

The Ghanaian economy has grown in recent years, largely due to contributions from recently discovered oil and gas resources, which have attracted large foreign direct investment inflows, as well as the strong performance of the services sector. Although Ghana has succeeded in reducing levels of poverty and has recently reached lower middle-income status, the economy still relies heavily on agriculture and natural resources, particularly for exports, and most jobs are in the informal sector. The government has adopted an ambitious transformation agenda, centred on economic diversification, shared growth and job creation, and macroeconomic stability. Since 2010, the government's primary policy framework for achieving economic growth and development has been the GSGDA. The GSGDA seeks to lay the foundation for the structural transformation of the economy within the decade ending 2020 through industrialisation, especially, manufacturing, based on modernised agriculture and sustainable exploitation of Ghana's natural resources, particularly minerals, oil and gas. See “Overview—The Republic of Ghana—Reforms”. The NDPC is currently finalising a successor programme to the GSGDA for the period 2014 to 2017. The NDPC expects to complete the GSGDA successor programme by the end of 2013.

The Ghanaian economy is in its twelfth consecutive year of expansion, combining improvements in macroeconomic management and strong export growth. GDP growth averaged around 8.6 per cent. between 2007 and 2011. GDP growth in 2012 was 7.9 per cent., compared to 15 per cent. in 2011 and 8 per cent. in 2010. GDP growth in 2011 resulted from the first full year of oil production from the “Jubilee Field”, off Ghana’s Cape Coast, see “—Principal Sectors of the Economy—Industry—Oil and Gas”. Agriculture, services and industry grew by 1.3 per cent., 10.2 per cent. and 7 per cent. of GDP in 2012, respectively. Inflation decreased from a high of 18.1 per cent. in 2008 to 8.8 per cent. in 2012, with relative stability recorded by both the food and non-food components of the inflation basket. The large budget deficits that characterised the late 1990s have decreased significantly in recent years. The overall fiscal deficit was reduced from 9 per cent. of GDP in 2000 to 4 per cent. of GDP in 2011. However, the deficit rose to 11.8 per cent. of GDP at the end of 2012, due in large part to the government’s effort to rationalise public sector wages, as well as higher interest payments on domestic and foreign debt, increased infrastructure costs, fuel subsidies and shortfalls in both corporate taxes from petroleum operations and grants from the development partners and subsidies. As at June 2013, inflation was 11.4 per cent.

Ghana’s overall growth and relatively stable macroeconomic environment facilitated its transition from a low-income economy to a lower-middle-income economy, with a robust services and industry base driving growth. According to the World Bank, in 2010, lower middle-income economies had average incomes of US$1,006 to US$3,975. In 2010, Ghana had a per capita income of US$1,343 with a GDP value of US$32.5 billion. As a result, Ghana now ranks with Egypt, India, and Nigeria in terms of average income. In 2012, the per capita income in Ghana was US$1,550. The effects of recent economic growth since 2000 have had a significant impact on poverty reduction; however, the impact has not been experienced evenly across the country. Disparities remain between urban and rural communities, as well as between the northern and the southern regions of the country, with inadequate access to potable water and modern sanitation in many rural communities.

Ghana’s most important trading partner is the EU, with a significant amount of exports going to the United Kingdom, the Netherlands, Germany, France and Italy. Outside Europe, the US, China and Japan represent important trading partners. International donors and development partnership agreements such as the MCA, see “The Republic of Ghana—International Relations—US Relations”, play an important role in Ghana’s economy, and total donor resource inflow comprised approximately 4.6 per cent. of GDP in 2012.

Ghana relies substantially on imported oil based products to meet its energy requirements. Recently, oil imports have risen due to increasing demand for energy and power shortages caused by the inability of the country’s power stations to meet increased demand. Because of Ghana’s important and increasing reliance on imported oil for domestic consumption, the international price of oil significantly affects Ghana’s economy and has contributed to the country’s recent budget and trade deficits. The WAGP, which transports natural gas from Nigeria to Ghana, became fully operational in 2009. The natural gas from the WAGP has subsequently played a critical role in providing the VRA’s alternative and less costly source of fuel for thermal energy generation. In June and August 2007, United Kingdom-based firm Tullow Oil Plc (“**Tullow**”) and its US partners, Kosmos Energy and Anadarko Petroleum, announced two significant offshore oil discoveries in the Jubilee Field. See “—Principal Sectors of the Economy—Industry—Oil and Gas”. The Jubilee Field currently produces approximately 100,000 barrels per day, with the prospects of other new fields coming on stream, including the named Tweneboa-Enyera-Ntomme (“**TEN**”) fields and North and South Tano fields. The government is optimistic that these recent oil discoveries and developments will have a significant positive effect on the economy and eventually reduce Ghana's reliance on oil imports. The oil sector contributed 6.7 per cent. of GDP in 2011 and 6.8 per cent. of GDP in 2012.

Economic History

Ghana's economy has historically relied heavily on agriculture, particularly on the production of cocoa, although in recent years services have overtaken agriculture to become the most important sector of the economy. Following a cocoa boom in the 1920s, Ghana financed the development of its infrastructure and a network of social service institutions which were among the most advanced in Africa. The 1930s global depression and the disruption of exports during the Second World War marked a decade-long pause in the economic progress of the colony. Throughout the war years, however, the British government continued to purchase the cocoa crop in accordance with previous purchase arrangements. War-time rationing limited the opportunities for spending the earnings from the British purchases of cocoa, which resulted in the Gold Coast's emergence post-war as one of the biggest holders of reserves in the British Empire.

It was against this background of accumulated national savings that the colony was able to finance a university as early as 1947, along with developments in infrastructure such as the new harbour and industrial city of Tema. These investments continued in the early years after independence with projects such as the Volta River power system and a paved highway to link Accra and Tema. At the same time that Ghana's social and economic infrastructure was undergoing a transformation, there was a rural-urban drift of the younger generation. The costs of social change were being paid for out of the profits from a long cyclical boom in the cocoa industry, a guaranteed bullion gold price and a newly emerging timber export business. This reliance on agriculture and gold prices made Ghana's economy particularly vulnerable to changes in prices for such commodities and exchange rates.

Following independence in 1957, economic policies in Ghana generally followed the dominant model in developing economies of the time, emphasising controls over interest rates, exchange rates, commodity prices, state ownership of enterprises and import substitution as the vehicles for economic development with social equity. By the early 1980s, economic conditions in Ghana had deteriorated, manifested in unsustainable government budget deficits, high inflation, an overvalued exchange rate, depleted foreign exchange reserves, loss-making public enterprises, declining economic growth and commodity shortages. Until recently, Ghana's economy was characterised by a pattern of cyclical fluctuation, depending on movements in the prices for Ghana's three primary products, which were cocoa, timber and gold. In the early 1960s, Ghana was the world's largest producer of cocoa, with annual output of 450,000 tonnes, but output fell to an all-time low of 159,000 tonnes in the 1983/84 crop year as a result of low producer prices, causing farmers to produce less, and dry weather, which led to bush fires that destroyed many cocoa farms. In the 2010/11 crop year, production reached an all-time high of just over 1 million tonnes.

Since 1983, various policies and programmes have been introduced in Ghana's economy, designed to reverse this economic decline. Ghana embarked on a prolonged period of stabilisation and a structural adjustment programme with assistance from the IMF and the World Bank. The structural adjustment programme was designed to control inflation through demand management and to reverse the decline in production, particularly in agriculture, build up the infrastructure, stimulate exports, curb the consumption of luxury imports, and restore domestic and external balances. The foreign exchange market reform involved the gradual liberalisation of the market, the licensing of foreign exchange bureaus, and the determination of exchange rate by market forces. Administrative controls on interest rates were abolished and the process of privatisation of public enterprises begun. The results of these reforms were positive. GDP continued to grow after 1983, reflected in an average real GDP growth rate of 4.4 per cent. per year between 1995 and 1999 despite the electricity crisis in 1998 which forced many industries to reduce their output and temporarily halted Ghana's export of electricity. Between 2000 and 2003, real GDP growth continued to average 4.4 per cent. a year, despite the low growth rate in 2000 attributable to the macroeconomic instability created by a collapse in the Cedi which occurred as a result of weak cocoa and gold prices combined with the high price of imported oil. The Ghanaian economy is in its twelfth consecutive year of expansion, combining improvements in macroeconomic management and strong export growth. GDP growth averaged around 8.6 per cent. between 2007 and 2011. GDP growth in 2012 was 7.9 per cent., compared to 15 per cent. in 2011 (which represents the full year of oil production in Ghana) and 8 per cent. in 2010.

Ghana has long battled with high inflation rates, generally experiencing annual rates in the double-digits. The early part of the 1990s was characterised by rising inflation, and the year-end inflation rate peaked at 59.5 per cent. in 1995. The government's aim of halting the rising trend in inflation has compelled the BOG to tighten monetary policy. The tightened fiscal and monetary policies have helped to curb inflation, but the impact of high fuel and other import prices has been difficult to control. Although the government achieved its goal of consistent single-digit levels of inflation from 2009 through 2012, the inflation level rose to 11.4 per cent. in June 2013. The June 2013 rise in inflation has primarily been a result of the increase in oil prices due to the government's reduced oil subsidies.

Ghana Poverty Reduction Strategy

In February 2003, Ghana published its Poverty Reduction Strategy ("**GPRS I**"), setting the overall framework for medium-term poverty reduction and growth in the country. In 2005, Ghana published the GPRS II, highlighting the policy objectives and the detailed activities for the period 2006-2009. Following the attainment of relative macroeconomic stability and modest economic growth under the GPRS I, the overarching goal of Ghana's socioeconomic development agenda under the GPRS II was to attain middle-income status (with a per capita income of at least US$1,000) within a decentralised democratic environment by the year 2015, to be complemented by adopting an overall social protection policy aimed at ensuring sustained poverty reduction.

GPRS II represented a shift of strategic focus from the GPRS I, which focused primarily on the anti-poverty objectives of the UN's MDGs. GPRS II's central goal was to accelerate the growth of the economy so that Ghana could achieve middle-income status within a measurable planning period. The shift from GPRS I to GPRS II represented a shift in objectives, from one of stability to one of accelerated growth with stability. Ghana completed GPRS II in 2009. The country attained lower middle-income status in 2010, with a per capita income of US$1,307.

Ghana Shared Growth and Development Agenda, 2010-2013

The GSGDA (2010-2013) is the medium-term development strategy that succeeded GPRS II in 2010. Ghana set the GSGDA's full implementation objective for the end of 2013. The GSGDA emphasises the country's need for macroeconomic stabilisation, greater public sector efficiency and executive transparency and accountability. The GSGDA agenda aims to provide an environment that will allow Ghana to reduce poverty and socio-economic inequalities through agricultural, private sector, infrastructure and human resource development. Specifically, the GSGDA supports continuing and strengthening the policies initiated since 2009 in order to (i) ensure and sustain macroeconomic stability, (ii) enhance competitiveness in Ghana's private sector, (iii) accelerate agricultural modernisation and sustainable natural resource management, (iv) develop the oil and gas institutional framework, (v) develop infrastructure and human settlements, (vi) foster human development, productivity and employment and (v) achieve transparent and accountable governance. The government plans to implement a successor plan to the GSGDA in 2014.

The government states that the GSGDA's goal was to lay the foundation for a structural transformation of the economy within the decade ending 2020 through industrialisation, especially manufacturing based on modernised agriculture and sustainable exploitation of Ghana's natural resources, particularly minerals, oil and gas. Officials implementing the GSGDA estimated that the total resources required to finance the investment plan for the medium to long-term was US$23,891 million, with an overall financing gap of US$12,501 million. This estimate consisted primarily of investment and services costs and does not include wages, salaries and administrative expenses associated with project implementation.

The national budgets for the fiscal years beginning in 2010 and ending in 2013 sought to implement the GSGDA plan in phases. In order to ensure conformity with the plan, the Ministry of Finance guides the ministries, departments and agencies ("**MDAs**") to prepare their annual budgets based on the GSGDA's identified themes. Through the Multi-Donor Budget Support ("**MDBS**"), development partners have supported programmes and projects in specific sectors such as energy, road construction and water. The government has also scaled up the amount of domestic resources dedicated to its sectors identified in the GSGDA. Furthermore, the government contracted a two tranche (10 year and 15 year) US$3 billion Chinese Development Bank loan, part of which the government plans to use to develop the country's oil and gas infrastructure (due to be completed by the end of 2013) and improve road, rail, port and harbour infrastructure.

Principal Sectors of the Economy

Ghana's economy has historically relied heavily on agriculture, and the agricultural sector has in the past been the primary driver of growth in GDP. In recent years, however, the industrial and services sectors have become increasingly important and have outpaced agriculture as drivers of growth in GDP, with the services sector recently becoming the most important contributor to GDP and to GDP growth.

The following table illustrates the composition of GDP (as a percentage of total GDP) by sector for the periods indicated:

	2008	2009	2010	2011	2012
			(%)		
Services	**48.6**	**49.2**	**51.1**	**49.1**	**50.0**
Trade, Repair of Vehicles, Household Goods	6.0	5.9	6.2	5.9	5.6
Hotels and Restaurants	6.0	6.2	6.0	5.4	5.3
Transport and Storage	11.4	10.5	10.6	10.7	11.3
Information and Communication	2.2	1.8	1.9	1.8	1.8
Financial and Insurance Activities	3.8	4.3	5.2	4.4	5.0
Real Estate, Professional, Administrative and Support Service	4.1	4.1	4.5	4.6	4.8
Public Administration and Defence, Social Security	6.3	7.0	7.0	7.0	7.2
Education	3.9	4.2	4.3	4.1	4.0
Health and Social Work	1.3	1.4	1.6	1.3	1.3
Community, Social and Personal Service Activities	3.6	3.7	4.0	3.9	3.7
Industry	**20.4**	**19.0**	**19.1**	**25.6**	**27.3**
Mining and Quarrying	2.4	2.1	2.3	8.4	8.8
o/w Crude Oil	0.0	0.0	0.4	6.7	6.8
Manufacturing	7.9	6.9	6.8	6.9	6.9
Electricity	0.5	0.5	0.6	0.5	0.5
Water and Sewage	0.8	0.7	0.8	0.8	0.7
Construction	8.7	8.8	8.5	8.9	10.5
Agriculture	**31.0**	**31.8**	**29.8**	**25.3**	**22.7**
Crops	22.4	23.6	21.7	19.1	16.9
o/w Cocoa	2.5	2.5	3.2	3.6	3.0
Livestock	2.1	2.0	2.0	1.8	1.7
Forestry and Logging	3.7	3.7	3.7	2.8	2.5
Fishing	2.7	2.5	2.3	1.7	1.6

Source: Ghana Statistical Services

The following table illustrates the percentage of real GDP growth rate by sector for the periods indicated:

	2008	2009	2010	2011	2012
			(%)		
Services	**8.0**	**5.6**	**9.8**	**9.4**	**10.2**
Trade, Repair of Vehicles, Household Goods	9.5	5.4	13.3	11.0	5.8
Hotels and Restaurants	9.1	(3.8)	2.7	3.6	13.0
Transport and Storage	3.8	4.4	8.0	11.0	9.8
Information and Communication	19.5	3.9	24.5	17.0	23.4
Financial and Insurance Activities	10.8	9.3	16.7	1.0	23.0
Real Estate, Professional, Administrative and Support Service	0.0	0.2	13.9	14.0	13.1
Public Administration and Defence; Social Security	12.7	11.7	3.4	7.4	4.2
Education	13.0	12.4	5.3	3.8	6.7
Health and Social Work	4.4	15.2	11.2	5.0	7.9
Community, Social & Personal Service	9.2	7.5	10.7	13.0	4.0
Industry	**15.1**	**4.5**	**6.9**	**41.1**	**7.0**
Mining and Quarrying	2.4	6.8	18.8	206.5	5.0
o/w Crude Oil	0	0	0	6.8	9.1
Manufacturing	3.7	(1.3)	7.6	17.0	5.0
Electricity	19.4	7.5	12.3	(0.8)	11.1
Water and Sewage	0.8	7.7	5.3	2.9	2.0
Construction	39.0	9.3	2.5	17.2	11.2
Agriculture	**7.4**	**7.2**	**5.3**	**0.8**	**1.3**
Crops	8.6	10.2	5.0	3.7	1.0
o/w Cocoa	3.2	5.0	26.6	14.0	(6.9)
Livestock	5.1	4.4	4.6	5.1	5.0
Forestry and Logging	(3.3)	0.7	10.1	(14.0)	(1.4)
Fishing	17.4	(5.7)	1.5	(8.7)	4.7

Source: Ghana Statistical Services

Services

Services are the most important sector of the economy, accounting for nearly 50 per cent. of GDP in 2012. The services sector experienced growth of 10.2 per cent. in 2012. The growth was reflected in all sub-sectors, but was particularly driven by increases in information and communication, financial and insurance activities, and hotels and restaurants.

Transport, Storage and Communication

The transport and storage sub-sector accounted for 11.3 per cent. of Ghana's GDP in 2012 and registered 9.8 per cent. of growth, only a small decline from the 11 per cent. GDP growth recorded in 2011. The GDP growth is attributable in part to the civil conflict in the neighbouring Côte d'Ivoire, which has led to diversion of the transit trade through Ghana's ports and may thus not be sustained once stability has been restored in Côte d'Ivoire.

Trade, Repair of Vehicles, Household Goods and Hotels and Restaurants

The trade, repair of vehicles, household goods and hotels and restaurants sub-sectors contributed 10.9 per cent. of Ghana's GDP in 2012 and registered 14.6 and 18.8 per cent. of growth in 2011 and 2012, respectively. The growth is partially attributable to the tourism industry (including business travellers), which has been a growing area within the services sector in recent years. Tourism contributed 4.7 per cent. to GDP in 2012 and is an increasingly important source of foreign exchange earnings. The industry is a strategic area of focus in the government's accelerated growth strategy, and recent improvements are attributable primarily to increased investment. For example, Ghana's hotel industry has been rejuvenated by private investment. Recent years have shown consistent growth in international tourist arrivals, although much of the tourism is concentrated in a few areas. The main sources of tourism are other African countries, the UK, Germany, the Netherlands and the United States, with Ghanaians based overseas alone accounting for a significant number of tourist arrivals. In recent years, tourists from Asian countries, particularly from Korea, account for an increasing number of arrivals. Ghana recorded 698,069 tourist arrivals in 2008, 802,779 in 2009, 931,224 in 2010 and 1,080,220 in 2011.

Finance and Insurance

The finance and insurance sub-sector contributed 5 per cent. of GDP in 2012, and in 2011 and 2012 the sub-sector registered growth of 1 per cent. and 23 per cent., respectively. Financial services have seen significant development since reforms that the government initiated in 1989. This is reflected in the increased number of bank and nonbank financial institutions and product innovation, supported by an improved payment infrastructure. This has led to the establishment of a stock market and several other financial services that were previously unavailable. The BOG regulates the banking and non-banking financial sub-sectors, and the Ghana Securities and Exchange Commission (the "**Ghana SEC**") regulates the securities market. There are 26 licensed banks in Ghana, which is a relatively high number, but the banking sector is centred around Accra and only an estimated 30 per cent. of the population currently have access to formal banking facilities. See "Monetary and Financial System—The Financial Sector and Capital Markets—Banking Sector".

Industry

Ghana's industry sector contributed approximately 27 per cent. of GDP in 2012. The industry sector has faced significant challenges in recent years because of high production costs resulting from the steep rise in crude oil prices and the current energy shortage. Despite these challenges, however, the sector experienced growth of 7 per cent. in 2012, substantially less than the 41.1 per cent. growth rate experienced in 2011. The government attributes this decrease to the inclusion in GDP of Ghana's then new oil production for the first time in 2011.

Mining and Quarrying

In the mining and quarrying sub-sector, Ghana experienced growth in 2012 of 5 per cent., down from 206.5 per cent. in 2011, in part due to the energy shortages that necessitated production cut backs, as well as the fact that 2011 was the first full year of oil production. The growth was fuelled in part by gold exports, which registered significant growth of about 14.7 per cent. in value terms, although this was attributable to an increase in the market price rather than a significant increase in production volume, which increased by 9 per cent. in 2012. Gold and other minerals account for a significant portion of export earnings.

The recent upsurge in illegal mining is an increasingly sensitive issue in Ghana. In June 2013, Ghanaian authorities arrested 169 Chinese citizens for alleged illegal gold mining. The arrests are the result of Ghana's newly formed international task force, which has the authority to seize equipment of unlicensed operators, to deport all non-Ghanaians involved in small-scale mining and to revoke the licences of Ghanaians who have sub-leased their mining concessions to non-Ghanaians.

Ghana's gold reserves lie in the Ashanti region, including large deposits in the Obuasi mine, and in the Western and Central regions, where the mining is largely alluvial. In 2003, Ashanti Goldfields, Ghana's largest gold mining company, merged with South Africa's AngloGold to become AngloGold-Ashanti. As part of the merger, the government of Ghana, Ashanti Goldfields' second-largest shareholder, made an agreement with the new company which included an extension of the lease of the Obuasi mine to the new company until 2054 in return for, among other things, the payment of royalties to the government of 3 per cent. of revenue from operations in Ghana and the commitment to invest a significant amount of capital into the Obuasi mine in order to increase its productivity. The merged company, called AngloGold Ashanti, is one of the largest gold producers in the world.

In addition to its gold production, Ghana exports manganese. The total value of manganese exports decreased by 21.2 per cent. in 2012 to US$97.3 million, due to an inadequate rail infrastructure. Ghana Manganese Company Limited is one of the primary providers of manganese mining services in the Republic.

Bauxite, an aluminium ore, is another important export. The mineral is used to produce aluminium ingots, which comprised nearly 0.5 per cent. of Ghana's exports in 2012, compared to 0.7 per cent. in 2011. Bosai Minerals Group Co., Ltd., a Chinese company, owns 80 per cent. of Ghana Bauxite Company Limited. Ghana Bauxite Limited decreased its bauxite exports in 2012 due to the company's decision to haul ore by road instead of by rail.

In 2012, Ghana's diamond exports totalled 194,950 carats, a decrease from 317,540 carats in 2011. Ghana's diamonds are mainly utilised for manufacturing. Much like the gold mining industry in Ghana, the diamond mining industry is predominantly foreign owned, and thus, Ghana's revenues from increased diamond exports are derived mainly from royalties and taxes.

The following table sets forth exports of selected products in the Mining and Quarrying sub-sector for the periods indicated:

	2008	2009	2010	2011	2012
Gold (thousands of ounces)	2,599.74	2,658.76	3,117.57	3,144.38	3,429.86
Diamonds (thousands of carats)	612.28	348.25	311.35	317.54	194.95
Manganese (thousands of tonnes)	1,051.06	811.23	893.51	783.93	1,407.50

Source: BOG

Manufacturing

Among Sub-Saharan African countries of its size, Ghana has a relatively broad and diverse industrial base, covering aluminium smelting, timber and agricultural processing, brewing, cement manufacturing, oil refining, textiles, electronics and pharmaceuticals. In the early 1980s, only one fifth of industrial capacity in Ghana's factories was in use. Manufacturing production improved through the 1980s and 1990s, but contracted in 1998 after being hit by energy shortages that forced most factories to run below capacity. Steel and aluminium producers, who rely heavily on power supplies, were hit particularly hard. There was a significant rebound in 1999 and 2000, but manufacturing growth slowed again in 2001. Since 2008, manufacturing growth has fluctuated in part due to frequent energy shortages and competition from less costly imports. In 2012 the manufacturing sub-sector experienced growth of 5 per cent., down from 17 per cent. the previous year, in part due to the current energy shortages.

Electricity and Water

Hydroelectricity is the primary source of Ghana's power. There are three important companies in the electricity and water sub-sector, which account for approximately 1.2 per cent. of Ghana's GDP: the VRA, the ECG and Ghana Water Company Limited ("**GWCL**"), all of which the government wholly-owns. The VRA generates electricity from both hydro- and oil-fired generation facilities, and the ECG distributes electricity produced by the VRA to the southern portion of the country. In line with power sector reforms, a fourth company, the Ghana Grid Company Limited ("**GRIDCo**") began operation in 2006 as the exclusive operator of the National Interconnected Transmission System and in 2008 all transmission functions which VRA performed. GWCL is the main producer and distributor of piped water in Ghana. VRA operates the power plant located at Akosombo which has a generating capacity of 1,020 MW. The Akosombo generation station and a smaller hydroelectric station in Kpong are responsible for supplying half of the electricity used in the country. Thermal power stations in Takoradi and Tema, which are majority owned by VRA, account for the rest of electricity output. VALCO purchases 60 per cent. of the electricity produced for running its smelter. The Akosombo power plant also exports electricity to the neighbouring countries of Benin and Togo.

PURC determines tariffs for both electricity and water, with the objective of full cost recovery. Despite this objective, however, tariff collection remains a challenge in the sub-sector as many consumers, including public enterprises, accumulate arrears or take advantage of unbilled consumption. Ghana has faced electricity shortages periodically from the 1990s through the present due to incidents such as droughts leading to low levels of water at Akosombo dam, rendering the dam inoperable. More recently, the Republic has faced additional electricity shortages due to damage to the WAGP, in which the VRA is part owner. Despite power shortages and tariff collection difficulties, the electricity sector did experience growth in 2012, and Ghana is now exporting electricity to neighbouring countries in limited quantities. Ghana overcame some of the shortages it once faced through LCO generation and installation of new hydroelectric turbines.

In April 2013, the President of Ghana announced the release of 132 MW of power from the Takoradi Three Thermal Plants ("**T-3**") into the national pool, and the planned release of an additional 133 MW from the Bui hydroelectric dam before the end of the second quarter of 2013. At the time of the President's announcement, experts estimated the cost of the 132 MW T-3 at US$256 million. In May 2013, the government of Ghana, after working with Sinohydro, a Chinese state-owned hydropower engineering and construction company, and the World Bank, commissioned the first tranche of 133 MW from the Bui hydroelectric dam at Bui in the Brong Ahafo region. The Bui dam located on the Black Volta River has helped Ghana mitigate its power shortage. The Bui dam, at full capacity, is a 400 MW capacity hydroelectric power source. The Bui Power Authority states that the full capacity of the plant will be available by the fourth quarter of 2013. While the government has developed projects aimed at addressing the current energy crisis, significant ongoing investment in infrastructure will still be necessary in order for the electricity and water sub-sector to continue to grow.

In 2010, 86 per cent. of the population had access to an adequate amount of water from an improved source, such as from a household connection, public standpipe, borehole, protected well and spring or rainwater collection. The water and sewage sector of the economy grew at a rate of 2 per cent. of GDP in 2012, compared to 2.9 per cent. in 2011, due in part to the water system's aging infrastructure. Approximately 80 per cent. of the urban population has access to a potable water supply. Most of the rural areas are supplied with water through local government authorities, and the water supply coverage is lower than in urban areas, at around 69 per cent.

The government considers the energy sector to be a strategic sector. As a result, government policy aims to maintain strong ownership in energy. The government is pursuing a programme of liberalising the energy sector, which includes institutional reforms so that energy sector SOEs become more commercially oriented and financially self-sustaining. Since the government decoupled generation (VRA) and transmission (GRIDCo), (both of which VRA previously handled alone), energy sector restructuring is largely complete. The industry is open to Independent Power Producers ("**IPPs**"), some of which have started operations (for example, Sunon Asogli Power). Ghana's Energy Commission (the "**Energy Commission**") is the licensing authority for service providers in the electricity and downstream natural gas sectors. The Energy Commission Act, 1997 (Act 541) requires all operators in the wholesale supply, transmission or distribution of electricity or natural gas obtain a licence from the Energy Commission, and defines penalties for any person who provides any such service without a licence from the Energy Commission. Despite these reforms, the sector's failure to adjust utility tariffs to reflect market prices significantly restricts the government's objective of financial self-sustainability in the energy sector.

Oil and Gas

Discovery of Oil. Since its discovery of oil in 2007 and emergence as a viable oil producer in 2010, oil production has quickly become a significant sector of the economy. Ghana currently has approximately 25 offshore crude oil discoveries at different stages of appraisal and development, and commercial reserves estimated at 1,538 million barrels and proven reserves of 875 million barrels. Ghana's commercial gas reserves are estimated at 3,732 trillion cubic feet, and it expects to begin commercial gas production by the end of 2013. In 2007, UK-based firm Tullow and its US partners, Kosmos Energy Ltd. and Anadarko Petroleum Corporation, announced major offshore oil discoveries off Ghana's Cape Coast ("**Jubilee Field**"), near the Côte d'Ivoire border. Jubilee Field development began immediately after its discovery, and, in December 2010, oil production officially launched and Ghana started producing oil in commercial quantity. Tullow currently holds a 35.5 per cent. stake in the Jubilee Field, with Ghana's state-run Ghana National Petroleum Corporation ("**GNPC**") holding 13.6 per cent., investment group Kosmos holding 24.1 per cent., Anadarko Petroleum Corp holding 24.1 per cent. and PetroSA holding 2.7 per cent. The first consignment from the Jubilee Field was 650,000 barrels, which sold above US$90 per barrel on the world market in January 2011. Ghana's oil exports amounted to US$2.78 billion in 2011, and US$2.98 billion in 2012, and the government's revenues from oil exports were US$444.12 million in 2011 and US$541.07 million in 2012. The Jubilee Field estimated daily output is approximately 100,000 barrels per day, short of Tullow's expected production plateau capacity of 120,000 barrels per day.

In March 2009, explorers discovered an additional large oil field, TEN. The TEN site is still in development, with projected output for late 2016. The TEN oil project is located in the Deepwater Tano Block, 60 kilometres offshore of Ghana and approximately 30 kilometres west of the Jubilee Field. Tullow, a UK explorer with most of its licences in Africa, and its partners, Andarko Petroleum, Kosmos Energy and GNPC, plan to invest US$4 billion in the project. In 2010, the World Bank launched an Oil and Gas Capacity Building Project, in which the World Bank approved a credit of US$38 million to the government of Ghana to implement a plan to improve public management and regulatory capacity, enhance sector transparency by strengthening institutions and monitoring the oil sector and support the development of indigenous technical and professional skills that the petroleum sector needs. In 2011, Ghana entered into a US$3 billion loan agreement with the CDB to finance the development of key infrastructure, including for the country's oil industry. The terms of the loan agreement provide, among other things, that the government will repay the loan from oil revenues earmarked for the annual budget. In May 2013, the government approved a plan of development for TEN, which includes the drilling and completion of up to 24 development wells, with half of the wells designed as producers and the remainder for water and gas injection to support ultimate field discoveries. In addition, the Bulk Oil Storage and Transportation Company will commence the construction of a petroleum terminal in 2013 (funded under the US$3 billion CDB loan), which will develop petroleum and liquefied petroleum gas storage tanks, pipeline, coal bed methane and related facilities.

Source: http://www.oxfamamerica.org/articles/the-coming-oil-boom-in-ghana

In 2011, oil displaced cocoa as Ghana's second-most valuable export, with shipments worth US$2.78 billion. As of May 2013, Ghana was ranked as the world's 53rd producer of crude oil, and as the world's 42nd country for proven reserves. The government intends to ensure increased local refining capacity in order to meet both domestic demand as well as exports. To that end, the government is currently working on developing its refining capacity.

Refining. Notwithstanding its recent discovery of oil, Ghana still relies on imports of crude oil and refined products to supply domestic demand for petroleum products and thermal power. Prior to 2009, Tema Oil Refinery ("**TOR**") refined the bulk of the domestic market crude oil. In recent years, however, Ghana has imported mostly refined products to serve the domestic market because TOR has not been fully operational. Before 2011, TOR secured a greater percentage of its crude oil from Nigeria through a bilateral take-or-pay agreement that offered high quality crude oil at market prices, subject to preferential payment terms. The remainder of TOR's crude inputs came from oil-marketing companies or market traders, who import crude oil through competitive tender organised until recently by the National Petroleum Tender Board. Imported refined petroleum then supplied the remainder of the domestic market, based on competitive tender. However, currently, Ghana imports almost all refined petroleum products, due to TOR's operational challenges.

TOR suspended operations in July 2012 to undertake repair works to its main plant, which broke down as a result of challenges with power supply. After securing approximately half of a US$67 million facility from the government as part of its Plant Sustainability and Profit Enhancement Programme, the state refinery has recently recommenced operations with capacity to refine 45,000 barrels of crude oil per day and is currently refining approximately 30,000 barrels of crude oil per day. TOR intends to increase its capacity further to 65,000 barrels of crude oil per day.

Regulatory Framework. The Petroleum Exploration and Production Law, 1984 (PNDCL 84) provides the framework for petroleum management, development and exploration. The government established the Petroleum Commission in 2010 to regulate, monitor and manage petroleum activities and petroleum resources, and to coordinate the policies relating to petroleum. The GNPC is a state-owned company that is responsible for exploring, licensing and distributing petroleum-related activities in Ghana. The government mandates the GNPC to contract with private oil exploration companies, and in the current production sharing model, the GNPC, the government and oil companies are each parties to oil production contracts. The government and private companies operate the Jubilee Field under a joint venture structure. Tullow is the field operator for oil production; however, the government is a member of committees that oversee Tullow's operations through GNPC.

Ghana's petroleum industry has two fiscal regimes: a royalty and tax regime, and a production sharing regime between the government and investors. Under the royalty and tax regime, the Republic charges private oil companies corporate income tax on income (35 per cent.), and royalties on oil production (5 per cent.). The production-sharing arrangement between the government and the Jubilee Field partners provides that the GNPC receives a 10 per cent. carried interest and a 3.6 per cent. participation interest in the oil production, bringing the government's total equity interest to 13.6 per cent.

The Ghana Revenue Authority ("**GRA**") is responsible for collecting all petroleum revenues. The government manages its oil wealth by transferring to the GNPC an amount not exceeding 55 per cent. of the net cash flow from the carried and participating interests after deducting the equity financing cost, on an annual basis and subject to parliamentary approval. The government allocates 70 per cent. of the remaining net receipts to the annual budget. Spending of oil revenues follows a rule-based approach, with spendable revenue calculation based upon a seven-year moving average of oil prices and three-year moving average of production. In 2011, parliament passed the Petroleum Revenue Management Act (the "**PRMA**"), establishing the Ghana Heritage Fund and the Ghana Stabilisation Fund for the purpose of receiving the remaining 30 per cent. of net oil receipts. Of the 30 per cent. of net oil receipts, the Ghana Heritage Fund receives approximately 30 per cent. (9 per cent. of total net oil receipts) for future generations and the Ghana Stabilisation Fund receives the remaining 70 per cent. (21 per cent. of total net oil receipts). The government established the Ghana Stabilisation Fund to sustain public expenditure capacity in periods of revenue shortfalls. The government established the Ghana Heritage Fund as an endowment to support the welfare of future generations.

Since 2004, the government has liberalised regulation in the energy sector. In February 2005, the government adopted a new pricing mechanism aimed at full cost recovery in the petroleum industry. Consequently, prices increased by an average of 50 per cent. at that time, and subsequently increased further in response to rising world oil prices. Despite the increases in oil prices, the government continued to subsidise petroleum prices, which led to petroleum price under-recoveries in 2012. However, premium gasoline and diesel prices each increased by 20 per cent. in February 2013, with the government indicating that it plans to entirely phase out all subsidies on premium gasoline and diesel products by the end of 2013. In 2013, the government budgeted GHS1,022.2 million for the payment of fuel and utility subsidies. Of this amount, the government plans to use GHS586.2 million for the payment of promissory notes issued in 2012 for the VRA to import crude oil.

Construction

Construction is another significant industry sub-sector, contributing 10.5 per cent. of GDP in 2012. The sub-sector comprises roads, highways and bridges, coastal works and housing. Road construction has been significant in recent years, as many of Ghana's roads are being rehabilitated and a number of new roads are being built. Approximately 48 per cent. of Ghanaian roads are currently paved. In order to encourage investment in the construction sub-sector, the government plans to provide tax incentives to investors in transport infrastructure and services. Construction to expand airport capacity with a view towards increasing passenger and freight handling is expected to increase, primarily as a result of government efforts to promote such investments, see "—Infrastructure".

Both foreign and local companies contribute to the construction sub-sector in Ghana. Foreign firms who have the requisite machinery and expertise undertake most of the large construction works, such as highways and coastal works, while local construction companies play an important role in the construction of access and feeder roads. Growth in the construction sub-sector is partially dependent on the availability of donor project funding and the government's speed in awarding contracts.

Agriculture

The agricultural sector of Ghana's economy has decreased in significance in recent years, now accounting for 20 to 25 per cent. of GDP and employing around 50 per cent. of the estimated workforce. Cocoa is the major export crop, accounting for approximately 16.2 per cent. of export earnings, followed by non-traditional products such as horticulture, fish and pineapples. Ghana's agricultural sector experienced growth of 1.3 per cent. in 2012, as compared to 0.8 per cent. in 2011. The agriculture sector has declined as growth has slowed in forestry, logging and fishing. Although the agricultural sector is not significantly affected by the current energy shortage in the country and the sector has experienced growth over recent years, Ghana's reliance on agriculture leaves the country vulnerable to shocks caused by fluctuations in world commodity prices, disease, and weather patterns. Cocoa output for the 2012/13 crop year is expected to remain flat in volume terms, primarily because the natural growth cycle of the plants will result in a lower crop yield this year.

Crops and Livestock

Crops and livestock is Ghana's most significant agricultural sub-sector, accounting for 18.6 per cent. of GDP in 2012. While Ghana's crops and livestock have traditionally been used for domestic consumption, they may contribute to non-traditional exports and therefore may become a key element of accelerating overall economic growth. Ghana's most important crops have traditionally included corn, rice, yams, cassava, and other root crops. More recently, Ghana has focused on the production of higher income-generating crops such as mango, pineapple, bananas, and cashews, raising Ghana's non-traditional exports from US$1.2 billion in 2008 to US$2.6 billion in 2012. Ghana has converted most of its pineapple production to the variety popular in Europe and is now the third-largest supplier of high-end pineapples to Europe with export revenues exceeding US$4.7 million in 2012. Banana exports are also growing. Ghana is currently exporting approximately 20 times the amount of bananas it exported in 2000 and is positioned to increase these exports further, as the World Trade Organisation recently mandated a change in EU banana-import rules, which previously favoured bananas from Latin America and the Caribbean. Multinational firms (including Dole, the world's largest fresh produce company) have invested in local businesses to ensure their ability to source high-quality produce from Ghana. The Ministry of Food and Agriculture's Horticultural Export Industry Initiative and related horticultural programmes funded by a number of Ghana's development partners also contribute to increasing the competitiveness of Ghana's agricultural exports. However, any significant increase in agricultural exports will require the establishment of a food grading system and the construction of inland handling facilities and holding facilities at ports to keep produce fresh for export. See "Risk Factors—Cocoa is a significant export product and Ghana is therefore vulnerable to decreases in crop production, demand for and price of cocoa and other agricultural commodity products". Livestock production is limited due to poor grazing vegetation and because it is not as lucrative as other agricultural ventures. Cattle farms are mainly owned by commercial farmers while other farms, such as those for sheep and pigs, are predominantly owned by smaller local farmers.

The government increased its contributions to the fertiliser subsidy, agriculture mechanisation and livestock and fisheries development programmes in 2012, which resulted in GDP growth of 1.3 per cent. in the agriculture sub-sector. In 2013, the government plans to distribute 180,000 tonnes of subsidised fertiliser to farmers.

Cocoa

Cocoa in Ghana is mainly produced by farmers on small plots of land in the forest areas of Ashanti, BrongAhafo, Central, Eastern, Western and Volta regions. The main cocoa crop season begins in October and ends in February, while a second, smaller crop season runs from May to August. Most of the cocoa crop is exported as beans, although there are some cocoa-processing plants and more are under construction. In the early 1960s, Ghana was the world's largest producer of cocoa, with annual output of 450,000 tonnes, but output fell to an all-time low of 159,000 tonnes in the 1983/84 crop year as a result of low producer prices and dry weather, which led to bush fires that destroyed many cocoa farms. Production has since recovered significantly, particularly owing to considerable increases in producer prices and better agricultural practices. Ghana produces high quality cocoa, and its exported beans generally sell at a premium to the world market price.

Cocoa production reached an all-time high in 2010/11 of 1,024,533 tonnes, which enabled Ghana to claim the position of the world's second largest cocoa producer, behind neighbouring Côte D'Ivoire. In 2011/12 cocoa production fell, largely as a result of the cocoa plant growing cycle, to 879,239 tonnes. The growing cycle of cocoa plants has had a significant effect on production during the past two growing seasons. As a result, in 2012/13, production is expected to stay the same as the previous season. Production is still relatively high by historical standards, however, and, because weather has affected other cocoa-exporting countries, prices have remained strong.

Ghana's cocoa production is regulated by the Ghana Cocoa Board ("**Cocobod**"), an organisation that is owned by the government. Cocobod does not purchase any of the cocoa which is exported, but is responsible for assuring the quality of the product. To ensure the high quality of Ghana's cocoa exports, the Cocobod oversees horticulture practices and regulates the use of pesticides. In addition, Cocobod sets the producer prices for cocoa farmers and, through a subsidiary, oversees the marketing of cocoa. The operations of the Cocobod are funded through the receipt of a percentage of the revenue received from cocoa exports, but all profits after covering expenses are passed onto the government in the form of export taxes. Cocobod has steadily raised producer prices in recent years and seeks to ensure that farmers retain at least 70 per cent. of the revenue from the cocoa they produce.

The following table sets forth data relating to the production of cocoa for the crop years indicated:

	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Cocoa Production[(1)] (tonnes)	614,531	680,626	710,642	632,024	1,024,553	879,239
Cocoa Exports (tonnes)	545,922	563,951	508,206	529,378	630,216	718,634
Producer Prices (hundreds of GHS per tonne)	915	1,200	1,632	2,400	3,200	3,280
Average Value of Exports (hundreds of GHS per tonne)	1,787	2,172	2,799	3,012	3,218	3,051
Cocoa Beans Processed (tonnes)	121	123	140	212	230	222

(1) Figures for cocoa production represent total purchases of cocoa in Ghana, for exports or for internal consumption, which were recorded by Cocobod.

Source: Ministry of Finance / International Cocoa Organisation.

Forestry and Logging

In recent years, forest reserve depletion has become a concern in Ghana, and the government has confronted conflicting policy decisions in its goal to preserve forests and its need to export timber for hard currency. In 2001, the government launched a National Forest Development Programme in order to halt depletion and restore the depleted forest cover. Government efforts to conserve some of the nation's virgin forests led to an embargo on timber and timber products export, resulting in a forestry and logging sub-sector decrease of 4.1 per cent. in 2007 and 3.3 per cent. in 2008. In 2010, the forestry and logging sub-sector grew by 10.1 per cent., due in part to the government's implementation of forest plantation programmes. The plantation programmes resulted in Ghana planting seedlings on 12,314.8 hectares of land. In addition, such plantation programmes created 470,359 man days of temporary by-day jobs (equivalent to 1,881 full-time jobs) and 12,595 full-time jobs. In 2011, the forestry and logging sub-sector decreased by 14 per cent. when compared to 2010, primarily due to a decline in reforestation activities. In 2012, the forestry and logging sub-sector improved from its 14 per cent. decline in 2011 to a decline of 1.4 per cent. This improved performance was primarily due to Ghana planting trees on 3,698 hectares of land under the National Plantation Development Programme, which created over 10,000 full time jobs.

Fishing

In Ghana's fishing sub-sector, marine fishing is more important than inland fishing. Ghana possesses a total coastline of 539 kilometres with an exclusive economic zone of 200 nautical miles. Although the fish catch has been rising in recent years, it is still insufficient to satisfy national demand. Nonetheless, some of the catch, such as tuna and shrimp, are exported. In 2012 the fishing sub-sector recorded 4.7 per cent. growth, a significant improvement from the 8.7 per cent. reduction experienced in 2011.

Role of the Government in the Economy and Privatisation

After gaining independence in 1957, Ghana brought most of the economy under government control, and by the early 1980s publicly-owned enterprises were involved in almost all sectors of the economy. An SOE reform programme was launched in 1988 as part of a broad reform programme to liberalise the economy. The SOE reform programme consists of a divestiture programme intended to reduce the size of the public sector as well as measures to improve the performance of enterprises which remain state-owned.

In 2006, the government adopted a policy of using the flotation of shares on the GSE as the preferred method of divestiture. However, the policy allowed for divestiture by direct sale in situations where investments required qualified strategic investors whose participation brought needed management skills, financing and technology. Each of the following modes of divestiture has been used in the past, although most divestitures prior to 2006 were negotiated transactions with a single buyer:

- the sale to private sector investors of the SOE's assets, with the government assuming responsibility for the discharge of the SOE's liabilities;
- the sale of shares by public flotation;
- the entry by the government into a joint venture with private sector investors (usually by transferring all or some of the SOE's business and assets to a newly formed vehicle, and the government and investors taking equity stakes in that vehicle);
- the leasing to private sector investors of an SOE's assets; and
- liquidation.

Examples of SOEs that have been privatised through public flotations are:

- State Insurance Company Limited;
- GOIL Limited; and
- Ghana Commercial Bank.

Examples of enterprises which have been sold to private investors and subsequently have been modernised and brought back into production include:

- Golden Tulip Hotel (formerly Continental Hotel);
- West Africa Mills Company;
- Tema Steel Company (formerly GIHOC Steel);
- Ghana Agro-Food Company (formerly TFCL);
- The Coca-Cola Bottling Company of Ghana Limited (formerly GIHOC Bottling);
- Suhuma Company Limited (formerly known as Gliskten West Africa Company); and
- Ghana Oil Palm Development Company Limited.

To implement and execute government policies relating to divestiture programmes, the Divestiture of State Interests (Implementation) Law of 1993 (PNDC Law 326) established the Divestiture Implementation Committee ("**DIC**"). The DIC's membership is comprised of ministers of state and trade unions, and institutional and private sector representatives. The members of the DIC meet regularly to consider, among other things, specific transactions negotiated by the Secretariat, submitting recommendations to the President for approval. The DIC is assisted by specialised sub-committees on mining, cocoa and coffee plantations and railways. The DIC's functions under the law are:

- to plan, monitor, coordinate and evaluate all divestitures;
- to arrange for the effective communication of government policies and objectives for any divestiture;
- to develop criteria for the selection of enterprises to be divested and assume responsibility for preparing such enterprises for divestiture;
- to make appropriate consultations for successful processing of all divestiture programmes; and
- to ensure consistency in procedures for divestiture, in particular with regard to valuation, invitation for bids, negotiation of sales and settlement of accounts.

Current Status of Privatisation

The first divestitures under the privatisation programme were completed in 1990 and 1991. As of 31 December 2012, the divestiture of 153 SOEs (or parts of SOEs) had been approved, and 140 divestures have been completed. In recent years the divestiture process has slowed down, primarily because the few SOEs that remain to be privatised would require extensive preparation involving major restructuring and in some cases redefinitions of mandates. Government policy is to divest the remaining SOEs when there is no longer a public policy need for the government to be a shareholder. In 2013, the government plans several divestitures, including for Gihoc Aboso Glass Company, Bonsa Tyre Factory, Bolga Meat Factory, Bolga Catering

Rest House, Erdec Hotel (Koforidua), Gihoc Paints and Paga Motel. In addition to its efforts to divest these companies, the DIC plans to pursue a strategy to divest residual properties of companies that it did not fully divest in previous years. The government aims to use privatisation to gradually decrease SOEs' dependence on the national budget. The key remaining sectors in which the government continues to hold significant ownership interests are described below.

Banking

The government's ownership position in the banking sector is as follows:

Banking Institution	**Government Ownership**
Ghana Commercial Bank	21.4%
National Investment Bank	52.6%
Agricultural Development Bank	51.8%

Source: Ministry of Finance

In 2012, the government announced its intention to reduce its participation in the banking sector and to create increased opportunity for private sector investment. In line with this policy, the government's stake in Ghana Commercial Bank has dropped from 32 per cent. to 21 per cent., with the government allowing its position to be diluted through the lapse of its pre-emptive rights.

Insurance

The government wholly owned the State Insurance Company until its privatisation in 2007. Currently, the government wholly owns Ghana Reinsurance Company. Previously, the government mandated the Ghana Reinsurance Company to receive 20 per cent. of insurance premiums as reinsurance. In 2008, the Insurance Act of 2006 removed the mandatory reinsurance requirement.

Information and Communication

Ghana's telecommunications industry consists of six privately-owned companies: MTN, Tigo, Vodafone (in which the Republic owns 30 per cent.), Airtel, Glo and Expresso. The telecommunications industry has grown significantly in recent years, resulting in growth in the information and communication sub-sector. The information and communication sub-sector accounted for 1.8 per cent. of GDP in each of 2012 and 2011. From year-to-year, the sub-sector grew by 23.4 per cent. in 2012, 17 per cent. in 2011 and 24.5 per cent. in 2010. In December 2008, the total telephone subscription for both cellular and fixed lines was 11,713,699, representing 52.4 per cent. telephone density. The total telephone subscription for both cellular and fixed lines as of December 2012 was 25,903,408, representing 105 per cent. telephone density. As of December 2012, people in Ghana used an estimated 25 million cellular phones. With over 11 million subscribers as of December 2012, the MTN service is the largest cellular phone service provider. It is followed by Vodafone, which had over 5.2 million clients as of December 2012.

Energy

The Ministry of Energy and Petroleum ("**MOEP**") oversees the oil, gas and renewable energy sectors. MOEP formulates, monitors and evaluates programmes, policies and projects for the power sub-sector and the energy sector in general. The key energy sector holdings of the government are:

- the VRA, which generates, transmits and distributes electricity across Ghana. The VRA holds the country's equity interest in the WAGP, see "—Infrastructure";
- GRIDCo, which transmits electricity from wholesale suppliers (generating companies) to bulk customers, including the Electricity Company of Ghana, Northern Electricity Department ("**NED**") and the mines;
- ECG, the distributor of electricity for the southern portion of the country. ECG's electricity is supplied by the VRA;
- the Bulk Oil Storage and Transportation Company Limited ("**BOST**") is responsible for the storage of petroleum products. It is a private limited liability company; however, the government of Ghana is its sole shareholder;

- GNPC, which is responsible for the exploration, development, production and disposal of petroleum and gas in Ghana; and
- TOR, the only refinery in Ghana. It has a throughput capacity of about 45,000 barrels a day, although technical and financial difficulties have impaired its ability to operate at full capacity. Prior to the suspension of its operations in 2012, TOR met approximately 60 per cent. of domestic demand. In the past, there was a government policy of subsidising costs of petroleum to the consumer by setting below market prices. This resulted in losses for TOR, which were subsidised by the government. This government policy has changed and prices are currently set at rates which reflect international market prices.

Infrastructure

Ghana has approximately 66,220 kilometres of roads, of which approximately 41 per cent. are in good condition, 27 per cent. are in fair condition and 32 per cent. are in poor condition. Road transport is the principal domestic carrier, accounting for the majority of Ghana's moved freight. In order to build a comprehensive cold chain to facilitate horticultural exports, the MCA built and rehabilitated 1,500 kilometres of feeder and trunk roads. Traffic congestion has been a problem in recent years, contributing to non-punctuality at the workplace and an increase in the number of traffic accidents. The government is working to reduce the traffic problems. The government instituted a public transport system in October 2003, called the Metro Mass Transit ("**MMT**"). The government owns 45 per cent. of the MMT. The MMT offers the citizenry urban, rural and bus hiring services. The MMT is available in all the 10 regional capitals of the country, as well as in some major municipal and district capitals. The public transport system has not taken over all public transportation, as wholly private buses and mini-buses continue to compete for passengers. Currently, certain buses are assigned to specific routes with precise time schedules. However, operators' inability to conform to timetables represents the major transport challenge. In addition to its services to regular commuters, the MMT also rents out some of its buses to groups organising events such as weddings and funerals.

A 947-kilometre railway network connects Accra, Kumasi, other important mining areas, and Sekondi-Takoradi. The total railway network is 1,300 kilometres. The railway network also provides passenger services from the interior of Ghana to the main seaports at Sekondi-Takoradi and Tema (near Accra). The government plans to extend the railroad north and to connect to the proposed inland port at Boankra by rail, although much of the current rail network is in poor condition and will require considerable investment to modernise. The government plans to use a portion of its US$3 billion CDB loan to reconstruct the Western Corridor Railway in order to ease transportation difficulties. The 2013 budget provides for the reconstruction as part of the disbursement of the CDB loan facility.

The main waterways include the Volta, Ankobra and Tano Rivers, which provide 168 kilometres of year-round navigation, and Lake Volta, which provides 1,125 kilometres of arterial and feeder waterways. The main ports are at Sekondi-Takoradi and Tema, which together handle more than 85 per cent. of Ghana's exports and imports. Tema and Sekondi-Takoradi have benefited from a significant increase in traffic since the outbreak of civil conflict in Côte D'Ivoire, which forced that country's landlocked neighbours to seek alternative routes. Ghana dredged, upgraded and modernised ports at both Tema and Sekondi-Takoradi, by acquiring modern tugboats, creating an electronic data interchange, adding waste reception facilities and recently constructing Shed 9, a dedicated fruit terminal. Further expansion works are ongoing in the two harbours in order to create space for more ships. Authorities expect the project at the Sekondi-Takoradi to last at least three years from 2013.

There are four airports in Ghana. The largest is Accra's Kotoka International Airport ("**KIA**"), from which there are direct flights to Europe, the US, Southern Africa and most countries in the West African sub-region. Following the various expansion works, KIA is currently capable of handling more passengers than in past years. In 2012, 2.269 million passengers travelled through KIA. Ghana is well served by several international airlines including Lufthansa, KLM, British Airways, Kenya Airways, Alitalia, South African Airways, Delta, Virgin Atlantic and Emirates. In 2011, KIA completed three new boarding gates, increasing the total number of boarding gates to five and easing passenger flow. In 2011, KIA also commenced a third phase of expansion and modernisation, including constructing a new bay to accommodate wide boarding aircrafts, which the airport expects to complete by 2014. The first two phases of the KIA rehabilitation project included an extension to the runway to accommodate wide bodied aircrafts and aprons, rehabilitation and expansion of terminal buildings (for arrivals and departures) facilities, communication aids, navigational aids and radar systems. In addition, the government signed a memorandum of understanding with China Airports Construction Corporation to undertake a feasibility study for a 16,000 acre location of a new international airport in Prampram, in the Greater Accra region.

Ghana has a modest telephone system which is Internet accessible, and although many rural communities are not yet connected, expansion of the services is underway. As of May 2013, an estimated 26.93 million cellular subscriptions were in use in the country, and cellular phone users now far outnumber fixed-line services. There are currently six licensed service providers: MTN, Vodafone, Tigo, Airtel, Glo and Expresso. The MTN service, with 11 million subscribers at the end of 2012, is the largest provider. In April 2012, Glo Mobile Ghana, a subsidiary of Globacom Limited, Africa's fastest growing telecommunications company, launched its commercial operations in Ghana. As of July 2011, the company had spent US$750 million in infrastructure development including modern broadband technology, next generation networks, over 1,600 modern base transceivers, as well as a high-capacity Glo 1 submarine fibre-optic cable that connects Ghana directly to Europe, with a dedicated extension to the United States. There are currently over 100 Internet service providers, and in 2012 there were an estimated 3.5 million Internet users in Ghana, mainly in urban areas.

Energy in Ghana is largely generated by the VRA, a government-owned company which produces electricity from both hydro- and oil-fired generation facilities. The VRA and the ECG, another state-owned enterprise, then distribute energy to consumers. Weak ECG performance was one of the main factors that led the government to decide to transfer responsibility for power distribution in northern Ghana to the VRA through the creation of NED in 1986. Access to the electricity network is only available to 72 per cent. of the population, although this proportion is relatively high compared to other sub-Saharan African countries.

Hydroelectricity is the main source of domestically generated power, and reliance on water levels at Ghana's main power stations makes power supplies vulnerable to rainfall. In 2006, the water level of Lake Volta fell, leading to electricity shortfalls that necessitated significant power rationing.

The Republic initiated the Bui dam project in April 2008, which is a hydroelectric project to generate approximately 400 MW in additional electricity. Authorities expect that the dam will be complete in November 2013, at an estimated cost of US$800 million. The government designed the new dam to have four generating power units upon completion, one of which the government completed and commissioned in May 2013.

In late 2012, the WAGP, which operates the pipeline that delivers natural gas to Asogli Power Plant (a 200 MW gas-run power plant) and plants that the VRA runs, experienced a total cut-off of gas supply to onshore stations due to damage to a portion of the pipe in Lome. The gas cut-off led to a shutdown of 310 MW of power from the national grid. The shortage of energy resulting from these incidents caused an energy crisis and has had a significant negative impact on Ghana's industrial sector. Some of Ghana's mining companies have had to significantly reduce their electricity demand, and manufacturers and other businesses have had to face the cost of increased use of generators and thermal sources of energy. Moreover, VALCO recently resumed its operations at only 20 per cent. capacity, after several years of closed operations. See "Risk Factors—Power shortages continue to negatively impact economic growth"; "—Principal Sectors of the Economy—Industry—Electricity and Water".

The government is working closely with the VRA and the ECG to maximise current power generating capacity and on installing additional capacity. The natural gas from the WAGP has played a critical role in providing the VRA's alternative and less costly source of fuel for thermal energy generation. See "Risk Factors—Ghana relies exclusively on imported oil for domestic consumption and is therefore vulnerable to oil price increases" for more detail.

The GWCL is the main distributor of piped water in Ghana. Approximately 80 per cent. of the urban population has access to a potable water supply. Most of the rural areas are supplied with water through local government authorities, and the water supply coverage is lower, at around 69 per cent. Altogether, about 86 per cent. of Ghana's population has access to an improved water source, and about a quarter to modern sanitation.

Infrastructure Development

In connection with the GSGDA, Ghana has initiated a comprehensive programme that aims to reduce poverty and accelerate economic growth through improvements in transportation procedures and infrastructure, see "—General—Ghana Shared Growth and Development Agenda, 2010-2013". Under the transport infrastructure component of the programme, the Ministries, Departments and Agencies in the transport sector have worked together to prepare a National Transport Policy, the primary goals of which include:

- *Establish Ghana as a transport hub in the West African Region*, through the liberalisation of policy affecting the aviation sector, along with improvements in the infrastructure and equipment at Kotoka International Airport and the regional airports in Ghana.
- *Create a sustainable, accessible, affordable, reliable, effective and efficient transport system that meets user needs*, through the use of investment which is better targeted to serve the needs of the population, the development

of mass transport projects in urban areas, the development of non-motorised transport infrastructure to encourage cycling and the increased utilisation of inland water bodies and maritime facilities.

- *Integrate land use, transport planning, development planning and service provision,* through the establishment of consultation mechanisms among transport sector MDAs, which will allow for the implementation of decentralised management, financing and maintenance of local transport infrastructure and services.

- *Create a vibrant investment and performance-based management environment that maximises benefits for public and private sector investors*, by encouraging the private sector to invest in transport infrastructure and services through the use of tax incentives and bonds, by increasing user charges such as fuel levies and tolls in order to transfer the costs of transport services and maintenance to the users and by investing public funds in ways that will maximise social and environment benefits important to users and the country.

- *Develop and implement comprehensive and integrated policy, governance and institutional frameworks*, including the adoption of the National Transport Policy and the establishment of an institutional framework which separates the functions of policy formulation, regulation, asset management and services.

- *Ensure sustainable development in the transport sector,* through the use of strategic assessments of all transport policies, and by ensuring that all projects comply with existing environmental, health and safety regulations, through the use of sanctions against those who fail to observe environmental regulations.

- *Develop adequate human resources and apply new technology,* by increasing the range of professional and managerial courses available at tertiary institutions, increasing the range of vocational training courses available to transport personnel and developing a strategy to research transport sector performance.

The Labour Market

The labour market in Ghana can be divided into six segments: the public sector, private formal sector, private informal sector, semi-public/parastatal sector, NGOs (local and international) and other international organisations. In 2010, the total workforce in Ghana, which consists of employable individuals who are 15 years and older, comprised approximately 9.78 million people. As of 2010, the public sector and the private formal sector respectively employed 6.3 per cent. and 7 per cent. of the workforce. The private informal sector, the largest employer, employs approximately 85 per cent. while the remaining sectors each employ less than 1 per cent. of the workforce. Given that a significant part of Ghana's workforce is employed in the informal sector, available data on the labour market is limited. The government plans to use the district assemblies to collect and aggregate national population data. With these data, the Republic aims to create a national database, which the government expects will help it to track the population and bring more workers into the formal sector.

Despite the lack of complete or reliable information, the government has made use of employment surveys, advertised job vacancies and the 2010 Census in order to develop estimates of labour market statistics. According to the 2010 Census, a total of 632,994 people or 5.8 per cent. of the economically active population (i.e. 15 years and above) were unemployed.

The following table sets forth the estimated regional rates of unemployment of the labour force for 2010:

	Economically Active Population (15+)			Unemployed Population (15+)		
	Total	Male	Female	Total	Male	Female
Ghana	10,876,470	5,288,880	5,587,590	632,994	283,346	349,648
Western Region	1,020,672	517,284	503,388	60,111	29,140	30,971
Central Region	931,433	427,575	503,858	52,840	23,553	29,287
Greater Accra Region	1,963,885	968,071	995,814	162,606	76,248	86,358
Volta Region	912,225	429,547	482,678	37,222	16,800	20,422
Eastern Region	1,178,774	572,205	606,569	66,636	29,726	36,910
Ashanti Region	2,073,016	1,006,795	1,066,221	143,998	59,523	84,475
Brong Ahafo Region	1,030,010	508,796	521,214	44,468	18,626	25,842
Northern Region	1,024,013	509,358	514,655	37,836	17,279	20,557
Upper East Region	454,937	213,546	241,391	15,378	7,109	8,269
Upper West Region	287,505	135,703	151,802	11,899	5,342	6,557

Source: Ghana Statistical Services (based on the 2010 Census)

In the 2010 Census, the government estimated the rate of unemployment of the adult labour force to be 5.8 per cent. and the youth unemployment rate to be 21.5 per cent.

Ghana's labour market is generally regarded as rigid, as evidenced by the high costs associated with laying off employees in the formal and public sectors. Organised labour has significant representation and is often involved in policy decisions relating to the labour market. For example, in 2006, public sector employees in the healthcare industry threatened to strike, which eventually led to a complete reformulation of the pay scale for government employees, having a significant impact on the government's budget deficit in 2006. In a bid to reduce the occurrence and threat of strikes in 2010, the government undertook to organise all of the public sector pay structures together under the Single Spine Salary Structure ("**SSSS**") to improve wage management. This realignment resulted in unanticipated payments of arrears to certain sectors of the government workforce and has contributed to the increased budget deficit in 2012. See "—Wages" and "Public Finance—Public Accounts".

Employment by Industry

The following table shows estimates of the percentage of persons employed in selected industries for the period indicated:

	2010
Industry:	
Agriculture, Forestry and Fishing	41.6%
Mining and Quarrying	1.1%
Manufacturing	10.8%
Electricity, Gas, Steam and Air Conditioning Supply	0.2%
Construction	3.1%
Wholesale, Retail, Repair of Motorcycles and Vehicles	18.9%
Transportation and Storage	3.5%
Financial and Insurance Activities	0.7%
Education	3.9%
Public Administration and Defence; Compulsory Social Security	1.5%
Accommodation and Food Service Activities	5.5%
Total Estimated Size of Labour Force (number of workers)	10,373,678

Source: Ghana Statistical Services (based on the 2010 Census)

Wages

Each year, pursuant to the Labour Act, 2003, employers meet with the government and organised labour groups to fix the minimum wage. The daily national minimum wage was raised to GHS5.24 (approximately US$2.76) in 2013, up from GHS4.48 in 2012, GHS3.73 in 2011 and GHS3.11 in 2010. Although the National Labour Commission is responsible for monitoring compliance with minimum wage laws, a significant proportion of the workforce working in the private and informal sectors of the economy earns less than the minimum wage.

In the public sector, wages have increased significantly in recent years, with total government expenditures on public wages rising. As of 2012, the wage bill rose to GHS6.67 billion (53.8 per cent. of tax revenue), compared to GHS4.53 billion (47 per cent. of tax revenue) in 2011. The wage bill increased from GHS2.48 billion (53.2 per cent. of tax revenue) in 2009 to GHS3.18 billion (50.6 per cent. of tax revenue) in 2010. The 2009 to 2012 public sector wage increase amounts to over 57 per cent., after adjusting for inflation. At 9.1 per cent. of GDP in 2012, Ghana's public sector wage bill is higher than the African regional average. The government established a Fair Wages and Salaries Commission ("**FWSC**") to ensure fair, transparent and systematic implementation of the SSSS. The FWSC began a process to migrate public sector workers to the SSSS, with the primary purpose of ensuring equal pay for work of equal value, and eliminating ad hoc negotiations for adjustments of wages and salaries. The government's implementation of the SSSS is also designed to reduce pay disparities and attract much needed skills and to ensure improved productivity. Ghana's implementation of the SSSS has almost doubled the wage bill from GHS2.48 billion in 2009 to over GHS6.67 billion in 2012. As of December 2012, more than 99 per cent. of public sector workers had been migrated onto the SSSS. As a result of the SSSS, the average public sector worker receives an increase in the take home pay at close to sub-regional levels. Prior to the implementation of SSSS in 2010, Ghana's public sector salary levels were among the lowest in Africa. However, SSSS increased the public sector wage bill significantly over a short period of time.

Pensions

Employees in Ghana's public and private formal sector participate in a government-sponsored social security system that is managed by the Social Security and National Insurance Trust ("**SSNIT**"). The legislature passed a new law in 2008, the National Pensions Act (Act 766) to introduce pension reforms through a newly established National Pensions Regulatory Authority ("**NPRA**") and to administer a new three-tier pension scheme that pushed the social security contribution to 18.5 per cent. from 17.5 per cent. (13 per cent. by the employer and 5.5 per cent. by the employee). The new structure is as follows:

- Tier 1: SSNIT-administered mandatory defined public social security scheme (13.5 per cent., out of which 2.5 per cent. is a levy for the National Health Insurance Scheme);
- Tier 2: Mandatory defined contribution and privately-managed occupational pension scheme (5 per cent.); and
- Tier 3: Voluntary occupational and personal private pension scheme.

In order to receive social security benefits under the current pension scheme, retirees must meet certain criteria, including a requirement that they work for twenty years (i.e. 240 months). Benefits start at 50 per cent. of the employee's best three-year-average income, and with each year of work in excess of twenty years, benefits increase by 1.5 per cent., up to a limit of 80 per cent. The voluntary retirement age is age 55, and the mandatory retirement age is age 60. Approximately 1,000 workers retire and become pensioners every month, and the government expects that number to increase in the next few years.

Health Care

The Ministry of Health is responsible for the overall policy formulation, monitoring and evaluation, resource mobilisation and regulation of health services. Ghana Health Service is an autonomous agency that is responsible for implementing national policies under the control of the Ministry of Health. As part of the health sector reform process, the government established the Ghana Health Service with the goal to deliver an equitable, efficient, accessible and responsive health care system.

In 2003, the government implemented a national health insurance plan to enable citizens make contributions into a fund so that in the event of illness, contributors would have access to affordable basic health care. Each of the 216 districts in Ghana has at least one health facility. There are 3,217 health care providers in the country, of which 96 are government hospitals, 156 are private hospitals, 22 are quasi-government and the remaining are clinics. Quasi-governmental hospitals are available to public employees.

The leading cause of death in Ghana, especially among children under five years old and pregnant women, is malaria. Between 2009 and 2010, total malaria cases seen at Ghana's outpatient department increased from 3.69 million to 3.74 million, while the proportion of malaria cases to total outpatient department cases also increased from 32.5 per cent. to 34 per cent. Despite this increase, admissions for malaria and the number of deaths declined in 2011, primarily due to early detection and treatment. However, under-five malaria case fatalities increased from 1.1 per cent. in 2010 to 2.8 per cent. in 2011, following a continuous decline from 2.4 per cent. in 2007 to 1.1 per cent. in 2010. In response, the government has committed itself to the Roll Back Malaria Plan. The primary objectives of the government's Roll Back Malaria Plan include improving malaria case management to ensure early case recognition and appropriate response, increasing the use of preventive strategies, increasing the amount of collaboration among departments and programmes in the health sector, other government sectors and the private sector, and increasing the availability of funds for malaria research.

According to the Joint United Nations Programme on HIV/AIDS ("**UNAIDS**"), the body coordinating the international fight against HIV/AIDS, adult HIV/AIDS prevalence in Ghana was estimated at 1.5 per cent. in 2011, compared to approximately 4.9 per cent. for the Sub-Saharan Africa region. While the rate of HIV/AIDS infection in Ghana is low compared to many other African countries, the government is taking the threat posed by the pandemic seriously and has committed 2 per cent. of the healthcare budget to the treatment and prevention of HIV/AIDS.

The government's objective is to expand and sustain a high coverage of quality services for promoting health, preventing diseases, treating the sick and rehabilitating the disabled. The Ministry of Health's five-year capital investment plan (2012-2016) anticipates investments in four areas: infrastructure, equipment, transport and information and communications technologies. It is aimed at improving geographical access (through infrastructure and transportation improvements), better facilities and equipment, resource allocation and management.

Education

Ghana had one of the most highly developed education systems in West Africa until the 1970s, when it was significantly affected by the general economic decline experienced in the country. Since the mid-1980s the government has undertaken a series of reforms in response to the deterioration of the education system. The reforms have been met with relative success, evidenced by increased literacy rates and school enrolment, although significant regional and gender-based discrepancies persist.

The Republic has a number of tertiary education institutions, including nine public universities, four medical schools, one dental school, ten polytechnics and 38 teacher training colleges. Demand for tertiary education is high and growing but supply has lagged behind demand, and the backlog and inadequacies of some of the programmes in the public universities has led to the creation of private universities. The curricula of private universities are geared more towards business and information technology courses, whereas the public institutions focus more on the arts and sciences. The increase in private universities has eased some of the pressure on the public education sector, but the cost of attendance serves as a deterrent to many potential students.

BALANCE OF PAYMENTS AND FOREIGN TRADE

Balance of Payments

Ghana's current account deficit widened from US$2.15 billion in 2007 to US$4.92 billion (12.3 per cent. of GDP) in 2012 on account of a worsening trade balance and increased net outflows from the Income and Services Accounts. In particular, the current account deficit expanded by 39 per cent. between 2011 and 2012, primarily as a result of, increasing imports, a rising public sector wage bill and energy subsidies. The expected budget deficit for 2013 is GHS8,010.8 million (9 per cent. of GDP). The government plans to finance the deficit from both domestic and foreign sources. Net domestic financing of the deficit is estimated at GHS5,474.8 million (6.2 per cent. of GDP), and financing from foreign sources is estimated at GHS2,536 million (2.8 per cent. of GDP).

Exports from Ghana increased significantly during the past five years from US$4.17 billion in 2007 to US$13.54 billion in 2012, aided by favourable commodity prices prior to 2012 and increased production, as well as the oil production from the Jubilee Field, which began in 2010. However, imports outpaced exports, rising from US$8.07 billion in 2007 to US$17.76 billion in 2012, due in large part to increased oil and non-oil imports. Outflows (net payments) from the Services and Income Accounts for employee compensation, investment income and dividends also increased. Over this period, private remittance inflow increased from US$1.83 billion to US$2.15 billion.

During the five-year period increase, the capital and financial account experienced high net inflows of foreign direct investment and portfolio inflows which moderated increased net payments of short-term capital. Foreign direct investment increased from US$1.27 billion in 2007 to US$5.63 billion in 2012, and portfolio investment increased from US$289.34 million in 2007 to US$1.1 billion in 2012. On the other hand, short-term capital, which recorded net inflows of US$977.01 million in 2007, registered a net outflow of US$1.7 billion in 2012.

Ghana's gross international reserves increased from US$2.84 billion in 2007 to US$5.35 billion in 2012 (3.0 months of imports).

Capital transfers (largely foreign aid) have been declining for some time now, amounting to approximately US$0.3 billion in 2012.

The government used official reserves to finance its overall balance of payments deficit of US$1.21 billion.

The following table sets out Ghana's balance of payments and related statistics for the years 2008 through the first quarter of 2013:

	2008	2009	2010	2011	2012	Q1 2013*
			(US$ millions)			
CURRENT ACCOUNT BALANCE	**(3,543.09)**	**(1,398.44)**	**(2,769.7)**	**(3,541.3)**	**(4,921.6)**	**(1,044.7)**
Trade Balance	**(4,998.76)**	**(2,206.60)**	**(2,962.0)**	**(3,052.3)**	**(4,221.4)**	**(260.1)**
Merchandise Exports (f.o.b.)	**5,269.74**	**5,839.63**	**7,960.1**	**12,785.4**	**13,541.4**	**3,874.6**
Cocoa beans and products	1,487.00	1,866.01	2,219.5	2,870.9	2,828.6	766.5
Gold	2,246.25	2,551.33	3,803.5	4,920.2	5,643.3	1,462.1
Timber and Timber products	316.80	179.89	189.5	165.7	121.4	40.0
Oil	n/a	n/a	n/a	2,778.5	2,976.1	1,108.7
Others (including non-traditional)	1,219.69	1,242.40	1,747.6	2,050.1	1,972.0	497.4
Merchandise Imports (f.o.b.)	**(10,268.50)**	**(8,046.23)**	**(10,922.1)**	**(15,837.7)**	**(17,762.8)**	**(4,134.7)**
Non-oil	(7,911.75)	(6,557.26)	(8,686.2)	(12,672.3)	(14,432.6)	(3,221.4)
Oil	(2,356.75)	(1,488.97)	(2,235.9)	(3,165.4)	(3,330.2)	(913.3)
Services (net)	**(497.16)**	**(1,173.44)**	**(1,595.2)**	**(1,856.3)**	**(975.4)**	**(955.0)**
Receipts	1,800.90	1,769.68	1,477.3	1,810.1	3,259.4	458.8
Payments	(2,298.06)	(2,943.12)	(3,072.5)	(3,666.4)	(4,234.8)	(1,413.8)
Income (net)	**(258.67)**	**(96.38)**	**(535.0)**	**(1,230.1)**	**(2,130.4)**	**(274.6)**
Receipts	85.57	101.12	52.9	55.4	55.3	16.6
Payments	(344.24)	(197.50)	(587.9)	(1,285.5)	(2,185.7)	(291.2)
Current Transfers (net)	**2,211.50**	**2,077.98**	**2,322.4**	**2,597.4**	**2,405.6**	**445.0**
Official	241.11	289.62	199.7	228.7	258.1	7.5
Private	1,970.39	1,788.36	2,122.7	2,368.8	2,147.5	437.5
Services, Income and Current Transfers (net)	**1,455.67**	**808.16**	**192.3**	**(489.0)**	**(700.2)**	**(784.6)**
CAPITAL & FINANCIAL ACCOUNT	**2,943.29**	**4,314.28**	**4,064.6**	**4,479.3**	**3,651.3**	**1,352.0**
Capital Account(net)	**463.31**	**563.85**	**337.5**	**445.1**	**283.4**	**0.0**
Capital transfers	463.31	563.85	337.5	445.1	283.4	0.0
Financial Account(net)	**2,479.98**	**3,750.43**	**3,727.1**	**4,034.3**	**3,367.9**	**1,352.0**
Direct Investments	2,111.59	2,890.19	2,527.4	3,222.3	3,293.4	750.0
of which						
Other Investments	368.39	860.24	1,199.73	812.01	74.43	602.00
of which						
Official Capital (net)	486.62	1,086.20	879.6	649.6	981.7	316.3
Disbursement	717.87	1,246.22	1,057.86	888.8	1,341.7	371.4
Amortisation	(231.25)	(160.02)	(178.23)	(239.2)	(360.0)	(55.1)
Other Private Capital (net)	195.61	(135.16)	(493.4)	(359.1)	(310.0)	(180.0)
Short-term capital (net)	(264.83)	(47.16)	193.0	403.9	(1,695.0)	262.0
Portfolio Investments	(49.01)	(43.64)	620.5	117.6	1,121.8	246.3
Government Oil Investments (net)	n/a	n/a	n/a	0.0	(24.0)	(42.6)
ERRORS AND OMISSIONS	**(340.95)**	**(1,757.06)**	**167.8**	**(391.5)**	**(59.5)**	**(443.6)**
OVERALL BALANCE	**(940.75)**	**1,158.78**	**1,462.7**	**546.5**	**(1,210.9)**	**(136.3)**
FINANCING	**940.75**	**(1,158.78)**	**(1,462.7)**	**(546.5)**	**1,210.9**	**136.3**
Changes in international reserves	940.75	(1,158.78)	(1,462.7)	(546.5)	1,210.9	136.3

Source: BOG

**Provisional data*

Foreign Trade

Direction of Trade

Ghana's main trading partner remains the European Union, accounting for almost half of total exports and imports. France, the Netherlands and Italy are the most important export destinations, and the United States, the Netherlands and the United Kingdom are important sources of imports. Ghana's regional trade with members of ECOWAS also accounts for a large portion of its exports and imports.

The following table sets out the geographic distribution of Ghana's imports and exports, by per cent., for the years 2008 to 2012:

	2008		2009		2010		2011		2012	
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
					(%)					
Industrial Countries	**38.5**	**25.6**	**38.7**	**25.7**	**47.5**	**28.0**	**47.7**	**43.5**	**45.9**	**31.4**
France	2.4	3.7	3.7	3.3	6.8	3.4	2.8	13.8	2.4	8.8
Germany	3.6	1.6	3.3	1.5	2.9	1.8	3.1	1.5	2.7	1.4
Italy	1.9	1.5	1.8	1.3	2.3	0.8	1.9	6.6	2.2	7.1
Japan	2.0	0.7	2.4	1.8	1.8	1.0	1.6	0.5	1.5	0.6
Netherlands	3.2	10.5	3.1	10.4	2.8	9.4	3.3	8.3	8.2	5.7
UK	4.1	4.9	4.1	5.2	4.5	4.0	4.9	3.5	4.1	2.2
US	6.2	2.6	6.8	2.2	8.3	3.0	10.1	4.0	9.1	2.1
Others	15.1	4.8	13.5	4.7	18.1	4.7	20.0	5.3	15.6	3.5
Other Europeans	**8.0**	**13.9**	**8.0**	**18.7**	**8.8**	**13.3**	**9.0**	**14.5**	**8.7**	**14.9**
Rest of the World	**53.5**	**55.8**	**53.3**	**50.9**	**43.7**	**58.7**	**43.3**	**42.0**	**45.4**	**53.8**
o/w China	10.8	1.6	10.7	1.1	12.7	1.2	15.8	1.6	13.1	3.7

Source: IMF Direction of Trade Statistics and BOG estimates

Composition of Trade

The most significant export items in 2012 were gold, oil, cocoa (beans and products), cashew nuts, butane, beauty and skincare products, coffee, manganese and non-traditional exports such as preserved and processed fish, plastic wares, and crude palm kernel oil. The most significant import items in terms of value are cement clinker, bulldozers and excavators, oil, rice, sugar, frozen meats and construction machinery.

The following table sets out the composition of selected exports and imports for the years 2008 to 2012:

	2008		2009		2010		2011		2012	
	GHS millions	%	GHS millions	%	GHS millions	%	GHS millions	%	GHS millions	%
Exports	5,269.73	100.0	5,839.68	100.0	7,960.10	100.0	12,785.27	100.0	13,541.66	100.0
Gold	2,246.25	42.6	2,551.36	43.7	3,803.52	47.8	4,920.22	38.5	5,643.27	41.7
Cocoa Beans	1,225.11	23.2	1,422.38	24.4	1,594.36	20.0	2,027.94	15.9	2,192.70	16.2
Timber and Timber ...	316.79	6.0	179.84	3.1	189.47	2.4	165.66	1.3	121.43	0.9
Aluminium Ingots	0.0	0.0	0.0	0.0	0.0	0.0	88.78	0.7	71.77	0.5
Cocoa Products	261.89	5.0	443.65	7.6	625.19	7.9	842.94	6.6	635.92	4.7
Residual Oil/Cracked	117.00	2.2	0.0	0.0	68.37	0.9	21.52	0.2	0.0	0.0
Electricity	58.92	1.1	95.90	1.6	124.94	1.6	65.71	0.5	51.82	0.4
Crude (Jubilee) Oil	n/a	n/a	n/a	n/a	n/a	n/a	2,778.52	21.7	2,976.05	22.0
Diamonds	19.79	0.4	7.34	0.1	11.31	0.1	18.32	0.1	10.37	0.1
Bauxite	21.72	0.4	11.08	0.2	15.15	0.2	7.09	0.1	22.25	0.2
Manganese	55.03	1.0	49.37	0.8	58.21	0.7	117.17	0.9	92.77	0.7
Non-Traditional Commodities & Others	947.23	18.0	1,078.76	18.5	1,469.58	18.5	1,731.40	13.5	1,723.31	12.7
Imports	10,268.51	100.0	8,046.25	100.0	10,922.11	100.0	15,837.73	100.0	17,762.79	100.0
Oil	2,356.75	23.0	1,488.97	18.5	2,235.93	20.5	3,165.45	20.0	3,330.23	18.7
Non-Oil	7,911.76	77.0	6,557.28	81.5	8,686.18	79.5	12,672.28	80.0	14,432.56	81.3

Source: BOG

Trade Policy

Ghana's trade policy aims to provide clear and transparent guidelines for domestic and international trade. The government designed the trade policy with the goal to ensure a consistent and stable policy environment within the context of the Republic's long-term strategic growth plans.

All foreign trade transactions which involve foreign exchange are governed by the Foreign Exchange Act, 2006, Act 723 (the "**Foreign Exchange Act**"), see "Monetary and Financial System—Foreign Exchange Regulations".

Ghana is a member of the WTO and ECOWAS. The Republic currently establishes its own tariff regime by legislation on an annual basis; however, the government plans to change its regime in 2014 in order to adopt the ECOWAS unified tariff regime. Under the ECOWAS common external tariff ("**CET**"), members are required to simplify and harmonise customs tariff rates into five bands: zero duty on essential social goods, 5 per cent. duty on primary raw materials, 10 per cent. duty on intermediate goods, 20 per cent. duty on finished goods and 35 per cent. duty on special goods for economic development. Tariff rates for the items covered under exceptions are within the 0 per cent. to 20 per cent. range, but will require some increase or decrease to align with the CET.

In addition to tariffs, imports are affected by a variety of other fees and charges. Ghana levies a 12.5 per cent. value-added tax ("**VAT**") and a 2.5 per cent. National Health Insurance Levy on the duty-inclusive value of all imports and locally-produced goods, with a few selected exemptions. In addition, Ghana imposes a 0.5 per cent. ECOWAS surcharge on all goods originating from non-ECOWAS countries and charges 0.4 per cent. of the sum of the free on board ("**FOB**") value of goods and VAT for the use of the automated clearance system, the Ghana Community Network. Further, under the Export Development and Investment Fund Act, Ghana imposes a 0.5 per cent. duty on all non-petroleum products imported in commercial quantities. Ghana also applies a 1 per cent. processing fee to all duty-free imports. Finally, all imports into Ghana are subject to destination inspection and an inspection fee of 1 per cent. of cost, insurance and freight, and excise taxes at varying rates apply to the import of certain products.

Foreign Direct Investment

Total registered FDI, which represents inflows of the FDI component of projects registered with the Ghana Investment Promotion Centre, was US$5.63 billion in 2012. This represents a significant decrease over 2011, in which registered FDI totalled US$7.68 billion. The government attributes the recent decrease in FDI to (i) transaction costs due to high licensing regimes, unavailability of skilled labour and inadequate infrastructure and (ii) political risk due to uncertainty in an election year and financial risk due to currency instability. The FDI value from January to May 2013 totalled US$517.36 million. According to the Ghana Investment Promotion Centre, the cumulative aggregate of FDI in Ghana between 2008 and 2012 was over US$18.96 billion. Annual FDI recorded by the Ghana Investment Promotion Centre varies significantly from year-to-year due to single large investments in certain years.

There are no restrictions or limitations on direct investments, repatriation of capital, dividends, capital gains or profits. There are also no restrictions on outward direct investments. Banks are, however, required to submit reports to the BOG.

The following table shows total registered FDI for the periods indicated in US$ millions:

2008	**2009**	**2010**	**2011**	**2012**
3,733	628	1,279	7,686	5,630

Source: Ghana Investment Promotion Centre

The following table shows a breakdown of registered FDI by country of origin for the top six countries by value of FDI during 2011 and 2012:

	Registered FDI		
	2011	**2012**	**Total 2011/2012**
		(US$ millions)	
South Korea	4,774.22	9.04	4,783.26
Lebanon	78.85	1,486.20	1,565.05
UK	122.82	868.42	991.24
US	108.16	500.06	608.22
China	125.92	30.85	156.77
UAE	0.98	2.57	3.55
Other	2,474.65	2,733.56	5,208.21
Total	**7,685.6**	**5,630.7**	**13,316.3**

Source: Ghana Investment Promotion Centre

South Korea was a significant contributor to FDI in 2011 due to two large Korean-sponsored projects during that year. One of the 2011 projects included South Korea's investment in Ghana's oil pipeline construction to transport fuel to the northern regions of the Republic, which was largely complete by the beginning of 2012. In addition, in 2011, South Korea was a significant investor in Ghana's tuna fishing industry. Lebanon's investment in Ghana results from the significant Lebanese population living in the Republic, which has historically been involved in the manufacturing sector, particularly in textiles and plastics. In 2012, Lebanese investors contributed US$1.49 billion to a manufacturing project (accounting for nearly 26 per cent. of total registered FDI that year).

The following table shows the number of projects and the total investment cost by sector for the periods indicated:

	2008		**2009**		**2010**		**2011**		**2012**	
	US$ mill.	**No. of Projects**	**US$ mill.**	**No. of Projects**	**US$ mill.**	**No. of Projects**	**US$ mill.**	**No. of Projects**	**US$ mill**	**No. of Projects**
Manufacturing....	236.4	49	98.1	59	109.0	60	358.5	76	2,000.8	53
Liaison and Service	293.0	84	210.7	87	619.8	152	635.53	220	694.7	160
Tourism.............	3.9	22	60.6	21	6.0	24	5.0	25	36.1	21
Building and Construction.......	2,097.3	24	118.6	19	123.1	30	6,067.0	49	2,699.2	55
Export Trade	6.2	18	1.3	4	19.4	18	8.5	24	20.3	13
Agriculture	260.0	16	104.0	14	345.0	15	512.6	10	13.9	12
General Trade	836.2	73	35.1	52	56.6	86	98.5	110	165.7	86
Total Investment	**3,733.0**	**286**	**628.4**	**256**	**1,278.9**	**385**	**7,685.6**	**514**	**5,630.7**	**400**

Source: Ghana Investment Promotion Centre Quarterly Reports

MONETARY AND FINANCIAL SYSTEM

Role of The Bank of Ghana

The BOG is the central bank of Ghana. It was established by the British Parliament just before the declaration of Ghana's independence in 1957, and it traces its roots to the Bank of the Gold Coast. The BOG has overall supervisory and regulatory authority in all matters relating to banking and non-banking financial business and its purpose is to achieve a sound, efficient banking system in the interest of depositors and other customers of these institutions and the economy as a whole.

The governing body of the BOG is the Board of Directors, which consists of one representative from the Ministry of Finance, the Governor of the Bank and the First and Second Deputy Governors and eight other directors, each of which except the representative from the Ministry of Finance are appointed by the President acting in consultation with the Council of State. Members of the Board, other than the Governor and the two Deputy Governors, are appointed for a period of three years but are eligible for re-appointment. The Governor and the Deputy Governors are each appointed for terms of four years each and are also eligible for re-appointment.

The functions and responsibilities of the BOG are defined in the Bank of Ghana Act, 2002, Act 612 (the "**BOG Act**"), which is the governing law relating to the central bank. The BOG Act provides that the primary objective of the BOG is to maintain stability in the general level of prices. Without prejudice to the BOG's primary objective, the BOG is additionally directed to support the general economic policy of the government and to promote economic growth and effective and efficient operation of banking and credit systems in the country, independent of instructions from the government or any other authority.

The BOG Act further provides that the BOG shall perform the following functions: (i) formulate and implement monetary policy aimed at achieving the objectives of the BOG; (ii) promote by monetary measures the stabilisation of the value of the currency within and outside Ghana; (iii) institute measures which are likely to have a favourable effect on the balance of payments, the state of public finances and the general development of the national economy; (iv) regulate, supervise and direct the banking and credit system and ensure the smooth operation of the financial sector; (v) promote, regulate and supervise payment and settlement systems; (vi) issue and redeem the currency notes and coins; (vii) ensure effective maintenance and management of Ghana's external financial services; (viii) license, regulate, promote and supervise non-banking financial institutions; (ix) act as banker and financial adviser to the government; (x) promote and maintain relations with international banking and financial institutions and, subject to the Constitution or any other relevant enactment, implement international monetary agreements to which Ghana is a party; and (xi) do all other things that are incidental or conducive to the efficient performance of its functions.

The BOG is the sole custodian of state funds both in and outside of Ghana. As the banker for the government, the BOG receives, collects, pays and remits money and securities on behalf of the government, and may act as banker to any government institution or agency. Except as otherwise determined by agreement with the Minister of Finance, the Bank does not receive remuneration from the government for these services. Further, the BOG is entrusted with the issue and management of government loans publicly issued upon the terms and conditions that are agreed upon between the government and the BOG.

In counteracting any unusual movements in the money supply and prices in the country, the BOG is directed, after consultation with the Minister of Finance, to use its instruments of control (described above) to maintain and promote balanced growth of the national economy. The BOG may, in consultation with the Minister of Finance, formulate exchange rate policy, and the Bank is responsible for holding all foreign exchange of the State.

Except as authorised by its board, and for the purposes of supporting the BOG's core functions, the BOG is not permitted to (i) engage in trade or have a direct interest in any commercial, agricultural, industrial or any other undertaking except an interest that the BOG may acquire in the course of the satisfaction of debts due to it; (ii) purchase the shares of a company except shares of a financial institution; (iii) advance money on mortgage or otherwise on the security of immovable property; (iv) become the owner of an immovable property except insofar as it is necessary for its own business premises; (v) draw or accept bills payable otherwise than on demand; (vi) pay interest on deposits; or (vii) accept for discount or as guarantee for an advance made by the BOG, bills or notes signed by members of the bank's board of directors or by the bank's officials or other employees.

In 2008, the BOG announced the minimum capital requirement for obtaining a Class 1 Banking Licence (Universal Banking Licence) at GHS60 million, up from GHS7 million. The recapitalisation exercise was part of the BOG's strategy to deepen Ghana's financial sector. All the 26 banks in the country have achieved the minimum capitalisation requirement of GHS60 million.

In February 2010, the BOG established a Collateral Registry under the Borrowers and Lenders Act, 2008 (Act 773) to enable financial institutions to secure their credit facilities in an efficient and transparent manner and ultimately improve upon the overall credit delivery system in the country. The new law empowered lenders to dispose of assets of defaulters thirty days from the date of default, without resorting to legal courts.

Monetary Policy

The ultimate goal of the BOG's monetary policy, which is enshrined in the BOG Act, is to maintain price stability. The Bank's Monetary Policy Committee (the "**MPC**"), modelled after that of the Bank of England, sets the policy rate every two months, and communicates its decision to the public, "independent of the instruction from government or any other authority" (BOG Act). This has supported a shift in macroeconomic policy from one of considerable fiscal relaxation and monetary accommodation to one of fiscal and monetary prudence, by using interest rates to steer expectations. In pursuit of its monetary policy objectives the BOG relies on open market operations and utilises adjustments in the monetary policy rate, reserve requirements and the money supply.

To strengthen the connection between liquidity management and inflationary expectations and the transmission of monetary policy actions, the central bank introduced a "policy rate" in March 2002, now known as the Monetary Policy Rate (the "**MPR**"). It is the rate at which the central bank provides overnight funds to banks, which should influence the interbank market rate and interest rates generally, on a basis consistent with its monetary policy. In reaching its decision on the MPR, the MPC meets over two days to examine and analyse a considerable amount of data on the economy, including the fiscal outlook, monetary and inflation developments, external sector, financial stability, fiscal outlook and the real sector performance of the economy. The MPC holds a press conference at the end of each bi-monthly meeting. Statistical information in the form of reports is released to the general public at a later date. At its most recent meeting, held in May 2013, the MPC increased the MPR by 100 basis points, to 16 per cent. The BOG has scheduled another MPC meeting from 29 to 31 July 2013.

In November 2010, Ghana Statistical Services rebased its national accounts, changing the base year from 1993 to 2006. Until 2010, the Republic used a 1993 measure of economic activity that did not fully reflect growth in areas such as banking and telecommunications. In rebasing its accounts, the government updated its systems of national accounts compilation methodology, revised and improved its data sources and restructured its economic classifications by adopting the International Standard Industrial Classification revision 4 system. These measures have led to changes in the size of the GDP, growth rates, contributions by sector and related indicators that use the GDP.

Money Supply

Reserve money decreased in the first half of 2013 by 7.2 per cent. following a seasonal surge of 21.3 per cent. in the fourth quarter of 2012. Seasonal factors influencing money supply include variations in agricultural output and variable remittance flows. At the end of 2012, reserve money had risen by 36 per cent., compared with a growth of 31.1 per cent. over the end of 2011. By the close of June 2013, year-on-year reserve money growth decreased to 18.5 per cent., compared with 45.1 per cent. at the end of June 2012.

On an annual basis, M2+ ("**Broad Money**") growth at end-May 2013 was 17.1 per cent., down from 34.7 per cent. recorded for the same period a year earlier. The slowdown in Broad Money growth over the period was underpinned by a downturn in credit growth to the private sector by the banking system, which decreased to 30 per cent. in May 2013, compared to 44.7 per cent. in 2012. Net foreign assets of the banking system over the 12-month period to May 2013 fell by 19.3 per cent., compared with an increase of 7 per cent. over the same period to May 2012.

The increase in total liquidity is reflected mainly in increased deposit growth (quasi-money in particular, which is comprised of time and savings deposits of sectors other than the central government). Quasi-money rose by 18.9 per cent. in May 2013, and 21 per cent. over the same period in 2012.

In 2012, the narrow money supply expanded by 28 per cent., compared to 36.1 per cent. in 2011. The decrease in expansion of narrow money was largely the result of the BOG's tightened policies. Broad Money grew at 24.3 per cent. year over year in 2012.

The following table sets out information regarding selected monetary aggregates for the periods indicated:

	Year			Year on Year Growth Rate	
	2010	**2011**	**2012**	**May 2012**	**May 2013**
	(GHS million)			(%)	
Net Foreign Assets	5,754	7,880	6,953	7.0	(19.3)
Bank of Ghana	5,241	6,670	5,781	(11.9)	4.5
Commercial Banks	513	1,210	1,172	119.9	(76.1)
Net Domestic Assets of which:	7,909	10,315	15,667	56.1	36.4
Net Claims on Government	4,249	5,181	7,716	56.7	43.0
Claims on Private sector (including public enterprises)	8,436	10,066	14,832	44.7	30.0
Broad Money Supply (M2+)	13,663	18,195	22,620	34.7	17.1
Total Liquidity (M2)	10,935	14,241	17,503	28.9	21.8
Narrow Money Supply (M1)	6,402	8,714	11,157	34.8	23.6
Currency with Non-Bank Public	2,927	3,763	4,919	30.4	24.4
Demand Deposits	3,475	4,951	6,238	30.8	23.1
Quasi-Money	4,533	5,527	6,347	21.0	18.9
Foreign Currency Deposits	2,728	3,954	5,117	53.9	3.9
Foreign Currency Deposits (US$ million)	1,851	2,550	2,722	0	(3.1)

Source: Ghanaian Authorities

Financial Deepening and Intermediation

The Broad Money to nominal GDP ratio is widely used as an indicator of financial sector deepening, where higher values represent a more developed financial sector. Broad Money (as a percentage of GDP) rose from 27.7 per cent. in 2008 to 30.9 per cent. in 2012.

The rapid increase in financial depth in recent times is the result of many factors, including, but not limited to, demand and supply side incentives. A significant increase in access to financial services has contributed to increases in deposits within the banking system (especially quasi-money). Although currency outside banks increased, the currency ratio fell from 26 per cent. in 2008 to 24 per cent. in May 2013, reflecting a faster pace in deposit increases.

Inflation

In July 2013, the Ghana Statistical Services also introduced a rebased calculation of the CPI which, along with other changes, updated the relative weights of the items in the consumption basket and moved the CPI base year from 2002 to the average prices of 2012. CPI indices and rates of inflation under the new calculation vary slightly from indices and rates calculated for the same periods under the old calculation. In general, rates of inflation under the new calculation are slightly higher than they would be if calculated using the old methodology. As at the end of June 2013, the average yearly rate of inflation under the rebased CPI was 11.4 per cent. CPI information in this Prospectus does not reflect the July 2013 CPI rebase, and is calculated using a base year of 2002. Although the government achieved its goal of consistent single-digit levels of inflation from 2009 through 2012, the inflation level rose to 11.4 per cent. in June 2013, primarily as a result of the increase in oil prices due to the government's reduced oil subsidies.

The following table shows the Consumer Price Index as at the end of the periods indicated, calculated prior to the rebasing of the CPI calculation:

	Consumer Price Index (CPI)					
	Inflation over 12 Months[(1)]			Yearly Inflation[(2)]		
	Combined	Food	Non-Food	Combined	Food	Non-Food
	(%)					
2006	10.9	9.1	12.9	10.5	6.4	15.1
2007	12.8	10.5	14.4	10.7	9.5	11.7
2008	18.1	16.7	19.1	16.5	15.2	17.5
2009	16.0	11.8	18.8	19.3	15.7	21.8
2010	8.6	4.5	11.2	10.7	6.1	13.9
2011	8.6	4.3	11.2	8.7	4.0	11.7
2012	8.8	3.9	11.6	9.2	4.6	11.9

(1) Inflation over 12 months is calculated as the index as of 31 December of the year in question minus the index as of 31 December of the preceding year, divided by the index as of 31 December of the preceding year.

(2) Yearly inflation is calculated as the average of the monthly indices for the year in question minus the average of the monthly indices for the preceding year divided by the average of the monthly indices for the preceding year.

Source: Ghana Statistical Services

Interest Rates

Against a backdrop of falling inflation, lower inflation expectations and stable macroeconomic conditions, the MPC of the BOG was able to reduce its policy interest rate from 18 per cent. in December 2009 to 12.5 per cent. in December 2011. The lower rates were an ancillary benefit of stable macroeconomic conditions and lower inflation. The policy interest rate has since increased, reaching 16 per cent. in May 2013.

The following table sets out month-end interest rates from the BOG from December 2010 through June 2013:

	Treasury Bill Discount Rate (91 Days)	Interest Rate Equivalent	Monetary Policy Rate	Inflation Over 12 Months[(1)]
		(%)		
Dec. 2010	11.89	12.26	13.50	8.58
Mar. 2011	11.75	12.11	13.50	9.13
Jun. 2011	10.30	10.57	12.50	8.59
Sep. 2011	9.19	9.40	12.50	8.40
Dec. 2011	10.40	10.67	12.50	8.58
Mar. 2012	12.23	12.61	13.50	8.80
Jun. 2012	21.25	22.44	15.00	9.40
Sep. 2012	21.82	23.08	15.00	9.40
Dec. 2012	21.86	23.12	15.00	8.84
Mar. 2013	21.67	22.92	15.00	10.60
Jun. 2013	21.83	23.09	16.00	11.4*

(1) Inflation over 12 months is calculated as the index as of 31 December of the year in question minus the index as of 31 December of the preceding year, divided by the index as of 31 December of the preceding year.

* Over 11 months, through May.

Source: Ghanaian Authorities

Mandatory Reserves

In order to promote growth of credit to the private sector, in August 2006 the BOG abolished former secondary reserve requirements. Under current regulations, banks must hold 9 per cent. of their eligible deposits as primary reserves at the central bank.

Open Market Operations

Open market operations are the BOG's main instrument for adjusting the banking system reserves supply and are a function of prevailing market conditions.

Foreign Exchange Regulations

The BOG is the licensing, regulatory and supervisory authority on all foreign exchange dealings. In April 2007, the BOG published the operational guidelines for the Foreign Exchange Act, which became effective at the end of December 2006. The Foreign Exchange Act, which governs foreign exchange transactions in Ghana, places emphasis on flexible exchange rate dealings and served to liberalise controls on capital markets insofar as they involve foreign exchange. For example, the Foreign Exchange Act permits non-residents to invest in money market instruments with maturity periods of three or more years, which has allowed foreign investors to purchase the government's domestic debt, including the Cedi-denominated 5-year treasury bonds issued in December 2006, see "Public Debt—Domestic Debt".

All foreign exchange transactions between residents and non-residents are accounted for through the banking system. Under the Foreign Exchange Act, the guidelines for foreign exchange transactions in Ghana are as follows:

- Residents and non-residents are permitted to open Foreign Currency Accounts with domestic banks. Such accounts may be credited with transfers in foreign currency from abroad or other foreign currency accounts and balances are freely transferable.
- Residents are allowed to open Foreign Exchange Accounts with banks. Transfers above US$10,000 (or equivalent) per year to meet payment obligations are not permitted unless accompanied by supportive documentation of the transaction. Importers, however, may transfer up to US$25,000 (or equivalent) per transaction from such accounts without initial trade documentation.
- The BOG guidelines for foreign exchange transactions require the repatriation of all export proceeds to local banks within sixty days of shipment. Export proceeds from cocoa and gold are surrendered to the BOG except in specified cases (such as mining leases) where the BOG may permit a portion of the foreign exchange earned to be retained in a Foreign Exchange Account or Foreign Currency Account at a domestic bank.
- In general, there are no restrictions on the purchase of capital market instruments by residents abroad. Non-resident purchases of domestic capital market instruments have no restrictions except in the banking sector where acquisition of more than a 10 per cent. stake requires approval from the BOG. Residents can also issue capital market instruments abroad. In all cases, however, domestic banks must submit reports of such transactions to the BOG.
- Sale and issue of money market instruments by non-residents are not permitted. However, purchases of such instruments abroad by residents have no restrictions. Non-residents are permitted to invest only in onshore money market instruments with maturity period of three or more years. In all such cases, banks are required to submit reports to the BOG.
- All foreign exchange transactions on credit operations—commercial and financial credit to residents from non-residents; loans by residents to non-residents and vice versa, and settlements of debts abroad by residents to non-residents have no restrictions. Banks are, however, required to submit reports of such transactions to the BOG.
- There are no restrictions on direct investments, repatriation of capital, dividends, capital gains or profits. There are also no restrictions on outward direct investments. Banks are, however, required to submit reports to the BOG.
- There are no restrictions on real estate transactions, neither on purchases abroad by residents, nor on purchases or sales in Ghana. Banks are, however, required to submit reports to the BOG.

Foreign Exchange Rates and International Reserves

The currency of Ghana is the Ghana Cedi. Ghana's exchange rate policy is primarily market-based, with intervention by the BOG to smooth out short-term fluctuations in the foreign exchange market. Gross international reserves have risen from US$2 billion at the end of 2008 to US$5.4 billion at the end of 2012. Although gross international reserves rose during the past six years, the Republic faced significant outflow in 2012 (US$1.2 billion), primarily as a result of an expanding current account deficit. The exchange rate is driven by the demand and supply on the foreign exchange markets and foreign exchange bureaus fix their rates on a daily basis. The market-based exchange rate policy is aligned with the broad monetary policy objective of the BOG, that is, to achieve price stability and build sustainable international reserves.

Foreign Exchange Rates

In 2000, Ghana experienced a currency crisis where the Cedi depreciated by approximately 50 per cent. against the US Dollar as a result of weak cocoa and gold prices and the high price of imported oil. Depreciation against foreign currencies remains a major concern for the BOG. The Cedi became increasingly stable until 2012, when it sharply declined in value, falling from 1.57 Cedi per US Dollar as at 3 January 2012 to 1.88 Cedi per US Dollar as at 31 December 2012. This decline was the result of several factors, including pressures in the foreign exchange market following a surge in import demand that accompanied GDP growth, premature redemption of portfolio investments by non-residents and divestments of foreign holdings in government bonds. As a result, the BOG took a number of measures in 2012 to tighten domestic liquidity, including increasing the MPR from 12.5 per cent. to 15 per cent. and requiring banks to hold mandatory reserves on foreign currency deposits in Cedi rather than foreign currency. These measures succeeded in absorbing excess liquidity and stabilising the Cedi.

In recent years, the British Pound and Euro strengthened due to international market developments. Between January 2013 and June 2013, the Cedi cumulatively depreciated by 1.1 per cent., 6.6 per cent. and 3.4 per cent against the British Pound, the Euro and the US Dollar, respectively, compared to depreciation of 16.6 per cent., 12.8 per cent, and 17.2 per cent, respectively, for the same period in 2012.

Improved export earnings and foreign exchange liquidity and sound fiscal and monetary policies allowed Ghana to accumulate external reserves between 2008 and 2011, and led to the relatively stable exchange rate for that period.

The following table sets forth the Ghana Cedi/US Dollar, British Pound and Euro closing exchange rate at the end of each of the periods indicated:

	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
GHS/US$	**0.9235**	**0.9707**	**1.2166**	**1.4281**	**1.4736**	**1.5506**	**1.8806**
% Change	1.10	4.88	20.21	14.81	3.09	4.97	17.52
GHS/£	**1.8103**	**1.9310**	**1.7854**	**2.2999**	**2.2543**	**2.5180**	**3.0527**
% Change	15.50	6.43	(8.16)	22.37	(2.02)	10.47	17.64
GHS/Euro	**1.2145**	**1.4405**	**1.7217**	**2.0546**	**1.9436**	**2.1034**	**2.4769**
% Change	12.30	15.78	16.33	16.20	(5.71)	7.60	15.08

Source: Ghanaian Authorities

International Reserves

Between 2008 and 2012, gross international reserves increased significantly, from US$2 billion at the end of 2008 to US$5.4 billion at the end of 2012. The increase is attributable primarily to increased export earnings, receipts of foreign aid, foreign direct investment and debt relief. The government aims to continue to increase reserves, which will reduce the country's vulnerability to external shocks. Currently the Republic faces diminishing reserve levels, making the economy susceptible to short-term stability risks.

The following table sets forth Ghana's gross international reserves in millions of US Dollars as at the end of the periods indicated:

	Gross International Reserves
	(US$ millions)
2008	2,036.2
2009	3,167.5
2010	4,644.9
2011	5,382.8
2012	5,348.8

Source: BOG

The Financial Sector and Capital Markets

Financial services have seen a significant improvement since reforms in 1989 led to the establishment of a stock market and several other financial services that were previously unavailable. The BOG regulates the banking and non-banking financial sub-sectors, and the Ghana SEC regulates the securities market. The regulatory role of Ghana's SEC, which operates under a full disclosure regime, has become increasingly important in recent years. The Ghana SEC is responsible for licensing and regulating all capital market operators and has the ability to intervene in the market in the event of an emergency, to correct lapses in the market, to correct irregularities and, as part of its enforcement powers, has the ability to impose penalties on market participants. As the capital markets in Ghana continue to expand, the staff and other resources of the Ghana SEC will need to be increased if the organisation is to play a meaningful role in the surveillance of the market.

The Ghanaian financial system is made up of four core sectors: (i) banking and non-banking financial institutions; (ii) capital market operators comprising the Ghana Stock Exchange, brokerage firms and investment dealers; (iii) insurance companies (life and non-life) and insurance brokerage firms; and (iv) pension funds. Separate regulatory bodies oversee each such sector: the BOG, the SEC, the National Insurance Commission and the NPRA, respectively.

Banking Sector

Banking in Ghana is currently governed by the Banking Act, 2004 (Act 673) (the "**Banking Act**"). The Banking Act restricts banking business in the country to corporate bodies which are incorporated in Ghana and have obtained a licence from the BOG. The Banking Act requires that all banks maintain a capital ratio of at least 10 per cent., and the BOG is empowered to prescribe a higher ratio for a particular bank or for all banks during a specified period. The BOG plans to adopt additional regulatory capital ratios.

The following table sets forth the non-performing loans and capital adequacy ratios of the banking industry for the periods indicated:

	2010	2011	2012
		(%)	
Capital Adequacy Ratio	19.13	17.41	18.56
Non-Performing Loans Ratio	16.12	14.15	13.20
Non-Performing Loans Ratio, Excluding Loss Category	6.58	5.86	5.62

Source: Ghanaian Authorities

The government's operating role in the sector has diminished in recent years as a result of policy reforms which have allowed for increased competition and the entry of new banks, although it has retained a significant but declining ownership interest in Ghana Commercial Bank, which is the country's largest commercial bank, see "The Economy—Role of the Government in the Economy and Privatisation—Current Status of Privatisation—Banking". In line with the BOG's policies, the banking system has improved capitalisation, soundness and liquidity, and the industry's expanding loan portfolio has improved in quality.

Largely as a result of structural and policy reforms implemented since 2000, including the introduction of a universal banking concept in 2003, the banking industry has experienced significant growth in recent years. Universal banking replaced the existing three-pillar banking model, which segmented the financial sector into development, merchant and commercial banking. Under the current banking system, licensed banks may engage in both commercial banking and investment banking. There are currently 26 universal banks which are diversified in geographic origin, corporate character and reach in the global financial markets. In addition to the universal banks, Ghana has a rural banking system in which 138 banks, which are licensed only for domestic banking, operate throughout the country.

Deposit money banks' total credit to the private sector and public institutions over the twelve-month period to May 2013 increased by GHS3,769.7 million (34.6 per cent.) compared with GHS3,418 million (46 per cent.) recorded for the same period in 2012. The private sector accounted for 84.4 per cent. of the total credit flow in the period, up from 80.3 per cent. recorded for the same period in 2012.

As a percentage of GDP and in real growth terms, deposit money banks' credit to the private sector has remained robust. Private sector credit rose to 14.8 per cent. of GDP by May 2013, up from 13.3 per cent. in May 2012. Real private sector growth rate was 19.6 per cent. for the period ended May 2013, compared to 27.5 per cent. for the period ended May 2012.

In 2007, the Credit Reporting Act (Act 726) (the "**Credit Reporting Act**") was enacted to provide a legal framework for the licensing, operation and supervision of credit bureaus in Ghana. Prior to the introduction of the Credit Reporting Act, borrowers were not sufficiently protected from the misuse of their private information and as a result were hesitant to reveal such information to banks. The Credit Reporting Act established a comprehensive, reliable credit reporting system, which has increased the willingness of borrowers to share information with banks, thus increasing the demand for and supply of private credit facilities. The BOG plays a supervisory role in order to ensure that proper standards of conduct, registration and licensing are maintained.

The BOG recently instituted new procedures to counter money laundering, whereby suspicious transactions are reviewed and third-party transfers are checked against a list of suspected organisations, and parliament adopted the Money Laundering Act (749) (the "**Money Laundering Act**") in 2007. The US Department of Treasury provided assistance to the BOG in support of the Money Laundering Act. Furthermore, the BOG has revised its procedures for recording and reporting monetary data to improve timeliness and provide an improved basis for policy analysis and greater transparency in communications with the public.

Despite recent improvements in the banking sector, disparities in the availability of services persist. The banking industry is heavily concentrated in Accra, and only approximately 30 per cent. of the country's population has bank accounts, leaving approximately 70 per cent. outside of the formal banking sector. As a result, savings levels are low, at approximately 17.7 per cent. of GDP.

The Ghana Stock Exchange

The Ghana Stock Exchange (the "**GSE**" or the "**Exchange**") was incorporated in July 1989 as a private company limited by guarantee under Ghana's Companies' Code. Trading on the floor of the Exchange commenced in November 1990, and the Exchange changed its status to a public company in April 1994. The Exchange is governed by a Council (the "**Council**") comprised of nine members, representing licensed dealing members, listed companies, independents and executives of the GSE. The Council acts as the Board of Directors with all powers and functions of a Board under the Companies Code, 1963 (Act 179) (the "**Companies Code**") and is responsible for setting the policies of the Exchange. The functions of the Council include preventing fraud and malpractice, maintaining good order among members, regulating stock market business and granting listing.

In 2003 and 2004, market capitalisation, trading volumes and values on the GSE increased significantly, mainly as a result of the AngloGold-Ashanti merger with the merged entity comprising approximately 75 per cent. of the overall market capitalisation, see "The Economy—Principal Sectors of the Economy—Industry". Tullow listed on the GSE in 2011, resulting in a doubling of the market capitalisation for the GSE. Since 2008, the GSE has exhibited significant volatility, with returns ranging from a high of 58.06 per cent. in 2008 to -46.58 per cent. in 2009. Starting from 2012, the market rebounded from -3.10 per cent. to 57.06 per cent. during the first five months of 2013.

Market capitalisation has increased consistently, from GHS15,941.92 million in 2009 to GHS57,264.22 million in 2012, reflecting a compounded annual growth rate of 53.1 per cent. However, volume and value traded have been inconsistent, with volume traded peaking at 531 million in 2008 and declining to 218 million in 2012. Similarly, value traded has fluctuated between a high of GHS446.56 million in 2011 and a low of GHS74.19 in 2009.

The government of Ghana's medium-term notes are listed on the GSE. The standard maturities are 2-, 3- and 5-years. The total value of government bonds listed was GHS5.9 billion as of December 2012.

The GSE does not restrict foreign investors, however, to acquire a 10 per cent. stake of banking stock on the market, investors must seek the BOG's approval. The GSE allows full remittance of funds with respect to capital gains, original and principal amounts, interest and related earnings.

The following table sets forth the number of listed equities, market capitalisation, trading volumes and values on the GSE for the periods indicated:

	2009	2010	2011	2012	June 2013
Number of Listed Companies	35	35	34	34	34
Market Capitalisation (GHS millions)	15,941.9	20,116.7	47,347.2	57,264.2	55,924.8
Trading Volumes (shares millions)	96.8	330.6	419.8	218.1	187.9
Value Traded (GHS millions)	74.2	151.3	446.6	102.2	206.1

Source: Ghana Stock Exchange Market Report

The Financial Sector

In the past two decades, a programme of structural and policy reforms in the financial sector has been implemented, aimed at positioning the sector for accelerated growth. The reforms have opened the financial sector to competition and have allowed for the entry of new banks, which has helped to reduce the dominance of state-owned enterprises in the sector.

The government has developed a strategic plan for the financial sector aimed at consolidating gains made from the earlier structural and policy reforms in the financial sector. One of the targeted priority policy areas seeks to develop an efficient domestic capital market which is supported by a payment infrastructure and settlement system that would make the financial system more competitive. The government has made progress in competitive reforms, such as implementing the Real Time Gross Settlement ("**RTGS**") system for high value inter-bank settlements, the Central Securities Depository ("**CSD**") system and the introduction of biometric smart cards. However, the financial sector continues to require efforts to promote corporate bonds and to enhance secondary market activities in order to further develop the market.

Commercial banks and other financial institutions dominate Ghana's financial sector. Commercial bank assets constitute 74.6 per cent. of total financial system assets, while the other financial institutions constitute approximately 25 per cent. There are currently 26 commercial banks in Ghana.

Other financial institutions include savings and loans companies, rural and community banks, credit unions and micro-finance companies, pension funds and financial NGOs. These financial institutions serve a significant portion of the population, specifically low income and rural people.

Rural and Community Banks

There are currently 135 rural and community banks ("**RCBs**") in Ghana providing domestic banking services in the rural areas. Members of the community generally own RCBs, and their operations are generally limited to specific areas. Individual ownership is limited to 30 per cent. of paid-up capital to ensure that no single individual has a commanding controlling share of any RCB. RCBs account for approximately 4 per cent. of the total assets of the banking industry in Ghana. By July 2012, the total assets of RCBs amounted to GHS1,272.7 million, an 11.4 per cent. increase from the end-December 2011 level of GHS1,054.9 million, and amounting to approximately 5 per cent. of the total assets of the banking system. Total liabilities amounted to GHS939.6 million by July 2012.

Non-Bank Financial Institutions

Non-bank financial institutions ("**NBFIs**") play an increasingly significant role in Ghana's financial system by complementing commercial banks efforts providing financial services in the form of alternative instruments and products. These products and instrument include mortgages, consumer loans and other long-term facilities. The total assets of the NBFIs increased by 46.6 per cent. in 2012, to GHS2,616.02 million, up from GHS1,784.54 million in 2011 and GHS1,131.52 million in 2010. Of this amount, the assets of savings and loans companies constituted 49.5 per cent.; finance companies constituted 42 per cent., mortgage companies constituted 6.1 per cent. and leasing companies constituted 2.4 per cent.

Micro-Finance Institutions

Micro-finance has become increasingly popular in Ghana as an alternative to banks. In 2011, the BOG commenced a process to register all micro-finance institutions that meet certain capital requirements. As of the end of 2012, the BOG received more than 600 applications for micro-finance licences, and as of January 2013, 215 firms had been issued licences to operate as micro-finance institutions. Micro-finance institutions include credit unions, *susu* companies, financial NGOs, micro-insurance companies and micro-leasing companies. As of 2011, these institutions serve more than 5 million clients.

Pensions and Insurance

The largest non-bank financial institution is the state pension fund, SSNIT. Other non-bank financial institutions include insurance companies, discount houses and mortgage finance companies. Employees in Ghana's formal sector, both public and private, participate in a government-sponsored social security system which is managed by the SSNIT. The government passed a new law in 2008, the National Pensions Act, which introduced pension reforms by establishing the NPRA to administer a new three-tier pension scheme which increased social security contribution to 18.5 per cent. from 17.5 per cent. (13 per cent. by the employer and 5.5 per cent. by the employee). The new structure is made up of a Tier 1 mandatory public social security scheme administered by SSNIT (13.5 per cent.), a Tier 2 mandatory contribution privately-managed occupational pension scheme and a Tier 3 voluntary occupational and personal private pension scheme. The Tier 2 pension scheme has contributed to the GSE trading activities by pushing the year to date GSE composite index up by 57 per cent. as at May 2013. The Ghanaian insurance sector remains small, with low levels of penetration. The ratio of insurance premiums to GDP remains less than 2 per cent.

PUBLIC FINANCE

General

The government's budget process is currently governed by the 1992 Constitution, the Financial Administration Act, 2003 and the Appropriations Bill which is passed each year. The state budget consists of the revenues and expenditures of the national government and incorporates payments to the District Assemblies Common Fund, which is used to provide general budgetary support at the district level. The accounts of government-owned entities are not included in the national budget. However, the national budget reflects capital transfers to and distributions received from State-Owned Enterprises, including subsidies.

Ghana's fiscal policy objectives since 2001 have been in line with the overall macroeconomic goals of stability for accelerated growth and development. In this regard, far-reaching fiscal policy reforms have been implemented in order to increase efficiency in tax and expenditure administration. The government has also worked closely with the donor community, whose support to the Ghanaian economy is significant.

The Budget Process

The fiscal year for the government is the calendar year. There are four main phases of the budgetary cycle in Ghana: (i) planning and preparation, (ii) analysis and approval, (iii) audit and evaluation and (iv) implementation and monitoring. In the first phase, the government develops the macroeconomic framework for the country, incorporating policy measures and initiatives aimed at the attainment of the growth target, and the various Ministries, Departments and Agencies prepare draft estimates of their budgets. Typical macroeconomic objectives of Ghana's budget include attaining real GDP growth targets, decreasing the rate of inflation and the ratio of domestic debt to GDP, while maintaining an overall budget balance and increasing gross international reserves. All external government borrowing is subject to parliamentary approval.

In the second phase of Ghana's budgetary cycle, Analysis and Approval, draft budget estimates prepared by the MDAs are sent to parliamentary committees for examination. Following examination by parliamentary committees, the draft budget estimates are presented by the Ministry of Finance to Parliament for discussion and debate. The parliamentary debates on the budget are concluded with an approval by Parliament of the Appropriations Bill. Under the 1992 Constitution, the budget estimate of Ghana's revenues and expenditures for the upcoming year must be prepared and presented to Parliament at least one month before the end of the year. Despite the constitutional mandate, however, the 2006 budget was the first one presented to parliament before the beginning of the upcoming fiscal year since Ghana's independence in 1957. Prior to 2006, the practice had been to present and seek Parliament's approval of the estimates for the first quarter's expenditures by the end of December.

In the third phase of the budgetary cycle, Implementation and Monitoring, the Minister of Finance authorises the release of funds. In order to monitor government spending and ensure that MDAs do not incur excessive obligations for the government, the Ministry of Finance is responsible for the supervision of the spending of the MDAs through the use of quarterly and monthly expenditure ceilings and the imposition of sanctions to MDAs which exceed their ceilings. The Ministry of Finance is established under Section 11 of the Civil Service Law, 1993 (PNDCL 327) and is responsible for formulating and implementing fiscal and financial policies and generally for managing the economy. It also has ministerial oversight responsibilities for the cocoa sector and, on behalf of the government, oversees the development of programmes with multilateral institutions, such as the World Bank and the IMF, and bilateral development partners. It is a strategic Central Management Agency ("**CMA**"), and together with the National Development Planning Commission and the Public Services Commission, among others, is responsible for the central functions of government and provides a focal point in government for policy formulation and implementation.

In the fourth phase of the budgetary cycle, Audit and Evaluation, the government assesses the fiscal performance for the year in order to identify appropriate corrective measures for the ensuing year.

In fiscal years in which the amount of funds appropriated is insufficient or in which a need has arisen for expenditures for which no funds have been appropriated, the Constitution provides that a supplementary budget estimate shall be presented to Parliament for its approval. In the years 2009, 2011 and 2012, the government presented supplementary estimates to parliament in response to unanticipated increases in revenues and expenditures. The government has not presented and does not plan to present supplementary estimates in 2013.

Public Accounts

Since coming into office, the current government has made controlling the fiscal deficit an important goal of fiscal policy. The budget deficit, which stood at 6.6 per cent. of GDP in 2008, fell to 4 per cent. in 2011 due mainly to the government's fiscal consolidation measures, as well as adherence to budgetary constraints. In 2012, however, the fiscal deficit increased to 11.8 per cent. of GDP. The increase in the deficit is primarily attributable to shortfalls in revenue and grants resulting from the non-realisation of corporate taxes from oil companies and non-disbursement of programmed grants from development partners. Shortfalls in corporate income taxes amounted to GHS708.2 million in 2012. Shortfalls in grants from development partners were GHS389.4 million in 2012. Higher than expected spending on implementing the SSSS arrears, interest cost, utility and fuel subsidies, as well as higher spending on goods and services also contributed to the deficit.

Ghana has historically financed its deficits through a combination of divestiture receipts, foreign borrowing, overdrafts and the issuance of domestic debt. The government financed 81.1 per cent. of the 2012 budget deficit through domestic borrowing, while external sources financed the remaining 18.9 per cent. The recent increases in the government's domestic borrowing may negatively impact access to credit by the private sector by reducing the incentives for banks to seek lending opportunities to the private sector, in particular, to small and medium-sized enterprises.

The following table shows a summary of government operations for the periods indicated:

	2008	2009	2010	2011	2012
REVENUES			(GHS millions)		
Total Revenues and Grants	5,623.2	6,881.3	8,810.9	12,908.0	16,668.4
Total Revenue	**4,802.4**	**5,674.0**	**7,730.6**	**11,676.6**	**15,508.1**
Tax Revenue	**4,299.5**	**4,657.5**	**6,294.7**	**9,641.1**	**12,388.9**
Income & Property Taxes	**1,253.2**	**1,716.9**	**2,454.0**	**4,036.6**	**5,536.2**
Company Taxes	539.1	661.9	987.7	1,568.0	2,361.5
Personal Income Tax	594.9	846.3	1,114.8	1,493.3	2,368.3
Others	119.2	208.8	351.5	975.3	806.4
Taxes on Domestic Goods & Services	**1,532.9**	**1,598.6**	**1,992.6**	**2,982.3**	**3,507.6**
VAT	1,088.0	1,268.4	1,618.3	2,376.1	2,777.3
Domestic	417.2	472.5	648.6	987.4	1,061.2
Imports	670.8	795.9	969.7	1,388.7	1,716.1
Petroleum Tax	386.2	278.7	256.5	438.5	544.5
Excise Duty	58.7	51.5	117.9	167.7	185.8
International Trade Taxes	**719.4**	**762.7**	**1,146.1**	**1,516.0**	**1,990.1**
Import Duties	679.4	745.9	1,051.5	1,511.0	1,886.9
Export Duties	40.0	16.8	94.7	5.0	103.2
Import Exemptions	**475.7**	**318.5**	**386.4**	**634.6**	**779.0**
National Health Insurance Levy (NHIL)	318.3	319.0	388.0	550.2	714.0
Other Revenue Measures	69.0	88.0	137.3	135.0	128.4
Non-Tax Revenue	434.0	870.3	1,226.1	1,822.0	2,853.1
Grants	820.8	1,207.3	1,080.2	1,231.4	1,160.3
Project Grants	401.5	650.0	591.4	708.1	512.3
Programme Grants	257.2	398.9	288.3	280.9	502.5
HIPC Assistance (multilaterals)	95.2	96.2	122.6	140.2	56.7
Multilateral Debt Relief Initiative (MDRI)	66.9	62.2	78.0	102.2	88.8
EXPENDITURES					
Total Expenditures	**8,012.3**	**8,416.8**	**11,532.2**	**13,429.7**	**20,944.7**
Recurrent	**5,252.3**	**5,631.8**	**8,045.8**	**9,705.0**	**15,973.4**
Non-Interest Expenditures	**4,573.1**	**4,599.5**	**6,606.5**	**8,093.8**	**13,537.3**
Personal Emoluments	1,987.6	2,478.7	3,182.5	4,534.9	6,665.5
Goods & Services	648.5	621.2	961.8	723.9	1,321.8
Transfers	1,469.4	1,331.3	1,991.4	2,504.6	4,477.8
o/w TOR for Under-Recovery					
Reserve Expenditure Vote	467.6	168.3	470.8	330.5	1,072.1
Interest Payments	**679.2**	**1,032.3**	**1,439.4**	**1,611.2**	**2,436.2**
Domestic	481.9	773.5	1,124.3	1,307.9	1,879.7
External	197.3	258.8	315.0	303.3	556.4
Capital Expenditures (Total)	**2,481.2**	**2,497.0**	**3,168.6**	**3,724.7**	**4,971.3**
Capital Expenditures (Domestic financed)	1,564.8	701.8	1,134.0	1,962.8	2,436.7
Capital Expenditures (Foreign financed)	916.4	1,795.1	2,032.7	1,761.9	2,534.6
HIPC-financed Expenditure	**185.2**	**205.0**	**243.3**	**0.0**	**0.0**
MDRI-financed Expenditure	**93.6**	**83.0**	**74.5**	**0.0**	**0.0**
Balance (commitment)	**(2,389.2)**	**(1,535.5)**	**(2,721.4)**	**(521.7)**	**(4,276.3)**
Road Arrears (net change)	(46.9)	(76.0)	(187.5)	(312.1	(359.8)
Non-road Arrears	(95.4)	(550.6)	(454.1)	(1,536.5)	(3,306.3)
Tax Refunds	(26.1)	(31.2)	(45.5)	(89.2)	(163.7)
Divestiture Receipts	998.4	5.5	0.0	0.0	0.0
Divestiture Liabilities	(291.0)	0.0	0.0	0.0	0.0
Discrepancy	(132.7)	69.0	408.6	71.2	(542.5)
OVERALL BALANCE					
Overall Deficit (including divestitures)	(1,982.9)	(2,118.6)	(2,999.9)	(2,388.2)	(8,648.7)
			(% of GDP)		
Total Government Budget Balance	(6.6)	(5.8)	(6.5)	(4.0)	(11.8)
Total Revenues and Grants	18.6	18.8	19.1	21.6	22.8
Total Expenditures	26.5	23.0	25.0	22.5	28.6
Domestic Primary Balance	(5.9)	0.3	0.1	2.7	(1.6)

Source: Ministry of Finance

Revenues and Grants

The main sources of budgetary receipts are direct taxes, indirect taxes, international trade taxes, non-tax revenues and grants. Direct taxes include personal and self-employment income taxes, company taxes and other taxes such as the airport tax. Indirect taxes include the domestic and import VAT, petroleum taxes and excise taxes. International trade taxes are comprised of import duties and export duties. Other sources of receipts include revenues from divestitures of state-owned enterprises, and grant disbursements for general budgetary support and specific projects as well as receipts under the MDBS, MDRI and the HIPC, see "Public Debt—Relations with Multilateral Financial Institutions".

In recent years the government has made significant policy reforms aimed at increasing revenue collection. Specific measures undertaken include:

- the creation of a central revenue authority, the Revenue Agencies Governing Board ("**RAGB**") which is to increase and centralise the coordination of efforts to collect taxes;
- the establishment of a Large Taxpayers' Unit, which facilitates the payment of taxes by significant contributors;
- the creation of the Ghana Revenue Authority, which integrated the revenue agencies (IRS, VAT, CEPS) into one body to ensure efficiency in tax administration;
- in 2006, the government lowered the corporate tax rate to 25 per cent. (from 32.5 per cent. in 2004 and 28 per cent. in 2005, except for the natural resources sector, which has a corporate tax rate of 35 per cent.). The new rate applies to all sectors except income from non-traditional exports, which are taxed at 8 per cent.;
- regional incentives to encourage investment in less developed districts;
- the introduction of a single Taxpayer Identification Number and the automation of customs systems; and
- the upward adjustment of the VAT rate and the introduction of new tax measures such as the Debt Recovery Levy and the National Reconstruction Levy.

These reforms have yielded broadly positive results, as evidenced by improved fiscal performance and by recent external assessments of Ghana's fiscal transparency. Tax revenue, which was around 12.4 per cent. of GDP at the end of 2006, increased to 16.3 per cent. of GDP in 2012, as a result of the policy reforms that the government has implemented in the past several years. The government has also improved tax revenue collection as a result of a policy decision to increase full audits and implement more aggressive tax collection methods, such as monitoring cash registers and creating a rent collection task force to collect landlord information and developing a taxpayer identification system. Since 2000, the burden of taxation has shifted significantly to indirect taxes (mainly consumption-related) as an effort to minimise any adverse impact on production. Despite recent reforms aimed at improving revenue collection, the majority of Ghanaians do not pay any income tax.

In addition to improved revenue collection, reforms such as the institution of the multi-donor budget support framework, together with the commitment on the part of the government to further structural and institutional reforms, have had a positive impact on financial flows from development partners. The general trend in donor support has been downwards. Total grants, which constituted 3.4 per cent. of GDP and 19.9 per cent. of total revenues and grants in 2006, have decreased to 1.6 per cent. of GDP and 7 per cent. of total revenues and grants in 2012, due to low disbursement of project grants.

Expenditures

Budget expenditures are divided into statutory payments and discretionary payments. Statutory payments, which must be made before the disbursement of funds for discretionary payments, include interest and principal payments on external and domestic debt, transfers to households (which consists of pensions, gratuities, transfers into the National Health Insurance Fund and Social Security contributions by the government), insurance, health and transfers to statutory funds such as the Road Fund, the District Assemblies Common Fund (which funds the expenditures of the local government units) and the Ghana Education Trust Fund. Discretionary payments include payments for wages and salaries, goods and services and investment outlays.

Since 2001, the regulatory framework for public finances has been strengthened through the passage of key legislation such as the Financial Administration Act, the Internal Audit Agency Act and the Public Procurement Act. Significant progress has also been made in the area of budget execution and reporting. Apart from the lack of timeliness in the release of fiscal data, basic systems for cash planning and commitment control have been installed and are functioning. Additionally, external oversight of budget execution has improved through the submission of Auditor-General reports to Parliament and the clearance of the backlog of outstanding audit reports.

To strengthen the capacity for budget monitoring and control, the government adopted the Ghana Integrated Financial Management Information System ("**GIFMIS**") in October 2010. The focus of the GIFMIS is to upgrade and install a new public sector financial business software as a financial management system for the accounting, control, audit and reporting of the budget. The government expects GIFMIS to improve the effectiveness of service delivery, the allocation of resources and transparency in government.

In an additional effort to improve expenditure management, the government has taken steps to gradually reduce subsidies to public utilities and the petroleum sector. In February and June, 2013 the government adjusted petroleum prices upward to eliminate subsidies on petroleum products. In addition, the government plans to adjust utility prices to cost recovery levels.

Results for Fiscal Year 2012

The following table sets forth a summary of the actual results for the year ended 31 December 2012:

	Results for 2012
	(GHS millions)
Total Revenues and Grants	16,668.4
Budget Revenues and Grants	16,927.6
Total Expenditures	20,944.7
Budget Expenditures	19,035.7
Total Deficit	8,648.7
Total Domestic Primary Deficit	1,172.1

Source: Ministry of Finance

Ghana's budget deficit increased to GHS8,648.7 million in 2012, from GHS2,388.2 million in 2011. As a percentage of GDP, the deficit increased from 4 per cent. in 2011 to 11.8 per cent. in 2012.

Total revenues (including grants) in 2012 amounted to GHS16,668.4 million, as compared to GHS12,908.0 million in 2011, representing an increase of nearly 29.1 per cent. The increase in total receipts is attributable primarily to improved tax administration. Ghana received a total of GHS1,160.3 million in grants in 2012, comprising nearly 7 per cent. of total receipts for the year. Tax revenue also increased significantly in 2012, from GHS9,641.0 million in 2011 to GHS12,388.9 in 2012, an increase of over 28.5 per cent.

Total expenditures in 2012 amounted to GHS20,944.7 million, as compared to GHS13,429.7 million in 2011, representing an increase of 56 per cent. The increase in expenditures is attributable primarily to recurrent non-interest expenditures, which increased from GHS8,093.8 billion in 2011 to GHS13,537.3 in 2012, an increase of over 67.3 per cent. The largest component of the increase in recurrent spending was public-sector salaries, which increased by nearly 47 per cent. as compared to 2011. Also contributing to the budget deficit were shortfalls in revenue and grants, as well as high interest cost on servicing external and internal debts.

The 2013 Budget Statement

The 2013 Budget Statement and Economic Policy of the government of Ghana for the 2013 Financial Year (the "**2013 Budget Statement**") was presented to Parliament on 5 March 2013, and Parliament approved it on 15 March 2013.

The macroeconomic framework for 2013 is guided by the overall objectives of the GSGDA, see "The Economy—General—Ghana Shared Growth and Development Agenda, 2010-2013". The growth target under the GSGDA for the medium-term, including the 2013 fiscal year, is 9 per cent. annually, and is based on the following assumptions: population growth rate of 2.2 per cent. per annum or less; macroeconomic stability, especially by containing inflation within a single digit range; a stable Cedi exchange rate with prudent management that will keep the depreciation of the Cedi below 4 per cent. per annum; reduced cost of investment loans; containment of fiscal deficits; an aggressive domestic revenue mobilisation; an efficient expenditure re-prioritisation in favour of development expenditure; and growth in aggregate investment, see "The Republic of Ghana—International Relations".

The 2013 Budget Statement is based on the following macroeconomic forecasts for the fiscal year:

- real GDP growth of 8 per cent.;

- average inflation rate of 8.9 per cent.;
- accumulation of gross international reserves to a least three months of import cover for goods and services;
- an overall budget deficit of 9 per cent. of GDP; and
- end period inflation of 9 per cent.

Over the medium-term, the government aims fiscal policy at ensuring fiscal prudence and debt sustainability through improved revenue mobilisation, rationalising and enhancing the efficiency of public expenditures and reviewing financing methods. The government also plans to focus on fiscal policy that will ensure transparent, effective and efficient natural resource revenue management, and continue with the ongoing reforms to strengthen financial management and management of financial risks.

The following table sets forth a summary of the budget for the year ending 31 December 2013:

	2013
REVENUES	(GHS millions)
Total Revenues and Grants	22,533.4
Total Revenue	21,275.0
Tax Revenue	17,090.8
Income & Property Taxes	7,825.0
Company Taxes	3,432.7
Personal Income Tax	2,908.5
Others	1,144.4
Taxes on Domestic Goods & Services	5,576.2
VAT	3,768.0
Domestic	1,482.9
Imports	2,285.0
Petroleum Tax	657.8
Excise Duty	246.0
International Trade Taxes	3,689.7
Import Duties	2,593.5
Export Duties	25.0
Import Exemptions	1,071.1
National Health Insurance Levy (NHIL)	753.6
Communication Service Tax	150.8
Non-Tax Revenue	4,019.9
Grants	1,258.5
Project Grants	454.5
Programme Grants	456.7
HIPC Assistance (multilaterals)	173.4
Multilateral Debt Relief Initiative (MDRI)	173.8
EXPENDITURES	
Total Expenditures	28,163.4
Recurrent	20,581.5
Non-Interest Expenditures	17,387.2
Personal Emoluments	7,465.4
Goods & Services	1,742.4
Transfers	7,452.8
o/w TOR for Under-Recovery Reserve .. Expenditure Vote	726.6
Interest Payments	3,194.4
Domestic	2,574.2
External	620.2
Capital Expenditures	7,581.9

Capital Expenditures (Domestic financed) ..	3,731.3
Capital Expenditures (Foreign financed)	3,850.5
Balance (commitment)	(5,629.9)
Road Arrears (net change)...	(250.0)
Non-road Arrears	(1,820.2)
Tax Refunds	(310.7)
Divestiture Receipts	0
Divestiture Liabilities	0
Discrepancy	0
OVERALL BALANCE	
Overall Deficit (GHS millions, including divestitures) .	(8,010.8)
(% of GDP)	
Total Government Budget Balance	(9.0)
Total Revenues and Grants..............................	25.4
Total Expenditures	31.7
Domestic Primary Balance	(0.2)

Source: Ministry of Finance (based on the 2013 Budget Statement presented to Parliament on 5 March 2013)

PUBLIC DEBT

Overview

For reporting purposes relating to external and domestic debt, Ghana defines public debt to include debts incurred by the government and government-guaranteed debts.

The Ministry of Finance classifies debt as external or domestic by origin.

The following table shows total public sector debt outstanding as at the end of the periods indicated:

	2008	2009	2010	2011	2012	May 2013
			(US$ millions)			
Domestic Debt	4,038.20	4,295.80	5,682.76	7,697.13	9,997.20	10,719.86
External Debt.........................	4,035.07	5,007.88	6,254.55	7,652.95	8,835.56	9,270.29
Total Public Debt	**8,073.27**	**9,303.68**	**11,937.31**	**15,350.08**	**18,832.77**	**19,990.15**

Source: Ghanaian Authorities

The following table shows external debt as a percentage of GDP for the periods indicated:

	2008	2009	2010	2011	2012
			(% of GDP)		
External Debt.........................	14.3	19.4	19.4	19.4	21.7

Source: Ghanaian Authorities

Debt Management

Prior to the debt forgiveness associated with the HIPC and MDRI programmes, the vast majority of Ghana's financing was provided by grants and concessionary loans from multilateral organisations and development partners. As such, Ghana's debt management strategy has traditionally focused on its domestic debt portfolio. The broad objectives of government of Ghana's debt management strategy are outlined each year in the annual budget presentation. The Debt Management Division at the Ministry of Finance has formulated a debt management framework based on international best practices. Its objectives include:

- obtaining adequate funding to meet the government's budgetary needs;
- minimising funding costs;
- maintaining the government's long-term debt sustainability;
- forecasting government cash needs as accurately as possible and determining public sector borrowing requirements;
- improving cash management efficiency by implementing a Treasury Single Account for government at the BOG;
- supporting initiatives to deepen the domestic market and increase issuance capacity;
- supporting the BOG's initiatives to develop a national electronic payments system;
- developing a foreign investor segment for domestic securities and the capacity to issue sovereign bonds in international capital markets;
- maintaining credible and reliable financing sources for contingent needs;
- reducing refinancing risk by lengthening portfolio duration;
- lengthening duration and developing benchmark securities;

- developing new medium-term investor segments including domestic pension and social security funds and foreign investors;
- managing the issuance calendar;
- strengthening the role of primary dealers and balancing privileges with obligations;
- creating a liquid secondary market for government securities;
- fostering the development of an active corporate bond market priced over benchmark government securities; and
- building additional capacity for improved debt management through training, investment in market data sources (e.g. Bloomberg), and an enhanced IT platform.

The Ministry of Finance is developing its own domestic debt management capacity distinct from that of its fiscal agent, the BOG. By utilising embedded advisors with specialised expertise, the Ministry of Finance has been able to provide improved technical assistance and review its progress. With the Ministry of Finance's sponsorship, the advisors have developed solid working relationships with key stakeholders in public financial management, including the BOG, Controller and Accountant General, Ghana Revenue Authority and many line ministries. Some of the Ministry of Finance's achievements during this period include:

- the creation of more dependable periodic financial reports;
- forecasting cash needs in a more disciplined fashion;
- the implementation of a formal loan and fiscal agency agreement with the BOG;
- a reduction in refinancing risk;
- the development of a medium-term investor base including domestic banks and insurance companies, SSNIT and foreign investors;
- publication of a half-yearly issuance calendar;
- lower borrowing costs through continued macroeconomic stability and improved budget efficiency; and
- evolution of an extended domestic yield curve with the establishment of markets for the following medium-term securities 3-year and 5-year bonds.

Domestic Debt

At the end of May 2013, Ghana’s total outstanding domestic debt stood at US$10.72 billion, a slight increase from the US$10 billion outstanding at the end of 2012. The Republic attributes much of the increase to the greater need for funding to infrastructure development and issuance of longer dated domestic debt instruments (3-year and 5-year bonds), coupled with decreased revenues due to (i) payments of arrears in wages under the new SSSS, (ii) lower commodity prices resulting in lower export revenues and (iii) lower donor distributions.

The maturity profile of Ghana’s domestic securities transformed dramatically from 2008 to May 2013 as the government pursued debt management objectives to reduce refinancing risk and develop a medium-term benchmark yield curve.

The shift in the maturity structure of recent issuances is consistent with the government’s debt management objective of extending its debt profile into the medium- and long-term. The shift to a longer maturity structure accelerated after the Foreign Exchange Act became effective at the end of 2006 and permitted non-residents to invest in domestic government instruments with a minimum maturity of three years. As at May 2013, non-resident investors held 26 per cent. of the domestic debt stock.

Foreign Investor Participation in the Domestic Debt Market

Foreign investors first participated in a special five-year government bond auction in December 2006, followed by monthly three-year auctions and a second five-year auction in July 2007. In addition, the range of securities created by the shift to a longer maturity structure and the resulting benchmark yield curve is expected to ultimately foster the development of a domestic corporate and municipal bond market where corporations, MDDAs, and state-owned and quasi-state-owned institutions are able to issue their own debt instruments at spreads above the domestic risk-free rate.

The following table shows outstanding domestic debt as at the end of the periods indicated:

	2008	2009	2010	2011	2012	May 2013
			(US$ millions)			
Short-Term Instruments	**1,588.98**	**1,776.68**	**2,132.48**	**2,756.65**	**3,050.82**	**2,994.90**
91-Day Treasury Bills	698.27	454.55	439.49	794.75	1,901.24	1,438.48
182-Day Treasury Bills	551.08	1,236.52	915.06	837.62	603.45	808.12
1-Year Treasury Notes	231.95	85.62	777.92	1,124.27	546.13	748.30
Short-term advance	107.68	0	0	0	0	0
Medium-Term Instruments	**1,468.02**	**1,474.84**	**2,597.42**	**3,633.76**	**5,077.42**	**6,048.85**
2-Year Floating Treasury Notes	5.80	0	0	0	0	0
2-Year Fixed Treasury Notes	442.41	700.76	1,129.25	761.74	912.57	1,647.95
3-Year Floating Treasury Note (SADA)	0	0	0	0	107.74	104.84
3-Year Fixed Rate bonds	623.39	439.17	1,133.43	1,780.10	2,640.52	2,653.00
3-Year Stock (SBG)	0	0	0	19.41	15.92	15.49
3-Year Stock (SSNIT)	0	0	0	105.07	86.15	274.05
5-Year GOG Bonds	222.62	188.08	184.28	450.98	887.30	863.34
5-Year Jubilee Bond	16.40	13.86	20.17	22.09	21.84	0.79
GOG Petroleum Financed Bonds	66.28	56.00	54.86	51.91	42.57	41.42
TOR Bonds	91.11	76.98	75.42	442.45	362.80	353.02
NPRA Stock	0	0	0	0	0	94.93
Long-Term Instruments	**849.06**	**946.35**	**875.79**	**1,224.03**	**1,676.51**	**1,488.85**
Long-Term government Stocks	349.20	524.03	462.01	856.72	1,375.32	1,195,78
Revaluation Stocks	408.39	345.03	338.05	295.66	242.44	235.90
Other government Stocks	0.81	0.69	0.67	0.64	0.52	0.51
Telekom Malaysia Stocks	90.66	76.60	75.05	71.01	58.23	56.66
Standard Loans	**132.14**	**97.93**	**77.08**	**82.69**	**192.45**	**187.27**
Total	**4,038.20**	**4,295.80**	**5,682.76**	**7,697.13**	**9,997.20**	**10,719.86**

Source: Ghanaian Authorities

The following table shows a breakdown of domestic debt by holder category as at the end of the periods indicated:

	2008	2009	2010	2011	2012	May 2013
			(US$ millions)			
Banking System	**2,605.98**	**2,886.27**	**3,554.91**	**4,476.68**	**4,700.30**	**4,901.96**
Bank of Ghana	1,464.28	1,235.96	979.84	1,685.52	1,949.95	1,844.97
Deposit Money Banks	1,141.70	1,650.31	2,575.07	2,791.16	2,750.36	3,056.99
Non-Bank Sector	**920.44**	**960.07**	**957.60**	**1,644.22**	**2,454.99**	**2,824.70**
SSNIT	211.70	172.65	138.11	308.24	400.77	433.04
Insurance Companies	33.04	36.93	26.49	25.29	24.56	31.46
Other Holders	675.69	750.50	793.01	1,310.69	2,029.66	2,265.28
Foreign Sector	**363.24**	**337.68**	**1,073.00**	**1,471.44**	**2,627.62**	**2,805.14**
Jubilee Bond	**16.40**	**13.86**	**20.17**	**22.09**	**21.84**	**0.79**
Other Standard Loans	**132.14**	**97.93**	**77.08**	**82.69**	**192.45**	**187.26**
Total Domestic Debt	**4,038.20**	**4,295.80**	**5,682.76**	**7,697.13**	**9,997.20**	**10,719.86**

Source: Ghanaian Authorities

External Debt

At the end of May 2013, Ghana's external debt stood at US$9.27 billion, an increase from US$8.84 billion at the end of 2012. The Republic largely attributes this increase in external debt to disbursements for infrastructure development.

The following tables set out Ghana's external public debt by creditor as at the end of the periods indicated:

	OLD STOCK CLASSIFICATION			
	2008	**2009**	**2010**	**2011**
	(US$ millions)			
Long-Term External Debt Total	**4,035.07**	**5,007.88**	**6,254.55**	**7,652.95**
Short-Term External Debt Total	n/a	n/a	n/a	n/a
External Debt Total	**4,035.07**	**5,007.88**	**6,254.55**	**7,652.95**
Multilateral creditors	**2,028.31**	**2,461.77**	**3,057.69**	**3,696.08**
Of which:				
IDA	1,319.69	1,536.29	1,830.66	2,225.92
IBRD	0	0	0	0
IMF	163.07	269.98	388.02	481.71
African Development Bank Group	230.14	270.65	466.25	569.50
IFAD	117.41	122.72	122.16	141.63
Others	197.99	262.12	250.59	277.33
Bilateral creditors	**1,168.72**	**1,687.24**	**2,169.19**	**2,955.33**
Of which:				
Paris Club	**774.95**	**1,138.83**	**1,363.03**	**1,891.67**
Austria	55.34	60.02	64.04	80.26
Belgium	143.07	200.06	204.89	223.73
France	82.25	188.39	259.44	313.06
Finland	0	4.33	8.12	12.18
Germany	93.37	116.14	127.65	220.54
Netherlands	257.64	327.24	317.60	328.91
Spain	71.39	77.59	76.04	280.23
United Kingdom	5.57	0	0	0
United States	50.70	149.53	291.48	406.30
Others	15.62	15.54	13.78	26.46
Non-Paris Club	**393.27**	**548.41**	**806.16**	**1,063.67**
China	173.66	331.36	548.61	783.28
Kuwaiti Development Fund	48.45	49.29	52.49	51.55
India	95.32	94.95	89.27	85.61
Korea	42.05	44.00	49.99	49.89
Saudi Development Fund	12.67	11.33	11.25	11.82
South African	18.16	14.53	11.05	10.14
Israel	2.95	2.95	43.52	71.38
Federal Republic of Nigeria	0	0	0	0
Other Creditors	**838.54**	**858.87**	**1,027.67**	**1,001.53**
International Capital Market	750.00	750.00	750.00	750.00
German Commercial Creditors	0	35.89	21.80	16.19
Korean Commercial Creditors	55.04	39.31	23.59	7.86
Egypt	0	21.77	186.55	186.55
Others	33.50	11.89	45.73	40.94

	NEW STOCK CLASSIFICATION	
	2012	**April 2013**
	(US$ millions)	
Long-Term External Debt Total	**8,835.56**	**9,509.97**
Short-Term External Debt Total	**n/a**	**n/a**
External Debt Total	**8,835.56**	**9,509.97**
Multilateral creditors	**4,225.14**	**4,359.10**
Of which:		
IDA	2,395.89	2,557.93
IBRD	0	0
IMF	704.79	691.81
African Development Bank Group	727.76	725.43
IFAD	148.36	137.36
Others	248.34	246.56
Official Bilateral	**936.98**	**882.27**
Of which:		
Paris Club	**596.81**	**552.36**
Austria	12.02	12.67
Belgium	15.78	15.68
France	225.82	202.51
Germany	238.68	231.86
Italy	26.31	26.14
Spain	77.69	63.00
Sweden	0.51	0.51
Non-Paris Club	**340.17**	**329.91**
China	234.66	228.57
Kuwait	42.03	40.42
Korea PR	52.66	55.02
Saudi Arabia	10.81	5.90
Export/Suppliers/Buyers Credits	**950.01**	**1,106.02**
Belgium	247.44	308.47
Canada	161.05	218.95
France	19.82	27.52
Finland	12.34	12.26
Israel	122.13	119.98
Netherlands	314.91	348.22
United States of America	72.32	70.62
Commercial	**1,703.88**	**1,809.22**
ABSA Bank	4.58	4.58
Citibank	0	22.40
Credit Agricole	81.99	73.10
Deutsche Bank Sociedad Anonima Es	79.37	74.54
Export-Import Bank of China	255.63	255.63
Export-Import Bank of USA	185.17	259.55
Hospital Engineering GmBH	0	5.43
International Capital Market	750.00	750.00
NEDBANK	3.65	10.32
Samsung Corporation	0	7.86

	NEW STOCK CLASSIFICATION	
	2012	April 2013
	(US$ millions)	
Societe Generale	22.50	22.50
Belfius Bank NV/SA	192.70	5.64
CDB	5.68	192.70
Others	122.62	124.97
Other Concessional	**1,019.56**	**1,353.35**
Austria	84.09	80.88
Belgium	62.26	52.94
China	440.20	496.39
Egypt	186.55	186.55
India	101.97	77.73
Netherlands	2.48	32.42
United Kingdom	0	216.42
United States of America	142.00	210.04

Source: Ghanaian Authorities

The following table sets out Ghana's external debt by currency composition as at the end of the periods indicated:

	2006	2007	2008	2009	2010	2011	2012
	(% of total debt)						
Special Drawing Rights (SDR)	38.94	34.72	40.58	36.25	33.32	31.02	31.14
United States Dollar (USD)	35.53	43.89	32.25	32.40	37.00	38.64	40.56
Euro (EUR)	17.03	14.63	17.23	21.59	18.34	18.97	17.81
Great Britain Pound (GBP)	0.08	0.03	0.00	0.00	0.00	0.00	0.06
Japanese Yen (YEN)	1.21	0.69	0.73	0.67	0.85	0.75	0.57
Chinese Yuan Renminbi (CNY)	1.11	1.47	2.31	3.15	3.29	3.63	2.63
Others	6.10	4.57	6.90	5.94	7.21	6.99	7.22
Total	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

Source: Ghanaian Authorities

The following table sets out debt service projections for Ghana's external debt by type of creditor for the years 2013 to 2022. The data contained in the table does not assume any refinancing of existing debt.

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
					(US$ millions)					
Principal Payments										
Multilateral.......	29.64	35.67	43.61	51.17	57.21	63.27	71.47	75.04	89.74	105.34
Bilateral............	155.85	151.13	167.80	159.39	183.53	190.12	192.37	201.16	204.53	204.35
Commercial	294.39	306.54	563.51	658.02	1564.54	793.90	778.54	758.77	667.67	412.29
Total Principal Payments	**479.87**	**493.34**	**774.92**	**868.58**	**1,805.277**	**1,047.30**	**1,042.38**	**1,034.98**	**961.94**	**721.98**
Multilateral	36.15	38.76	40.02	40.47	40.77	40.70	40.19	39.56	38.68	37.77
Bilateral............	35.32	34.55	35.39	34.43	33.40	30.69	27.58	24.47	21.14	17.95
Commercial	190.97	221.09	242.08	250.18	228.01	138.96	113.08	87.43	63.05	45.53
Total Interest Payments	**262.44**	**294.40**	**317.49**	**325.08**	**302.19**	**210.35**	**180.86**	**151.45**	**122.87**	**101.24**
Debt Service										
Multilateral	65.78	74.43	83.63	91.63	97.98	103.97	111.66	114.60	128.42	143.11
Bilateral............	191.16	185.68	203.20	193.82	216.93	220.81	219.96	225.63	225.67	222.29
Commercial	485.36	527.62	805.58	908.21	1792.55	932.86	891.62	846.20	730.73	457.83
Total Debt Service	**742.30**	**787.74**	**1,092.41**	**1,193.66**	**2,107.45**	**1,257.65**	**1,223.24**	**1,186.43**	**1,084.82**	**823.23**

Source: Ghanaian Authorities

Since its new Constitution came into effect in 1993, Ghana has not defaulted on any external debt in respect of which it is liable. Debts of state-owned enterprises are legal obligations of the Republic only when explicitly guaranteed pursuant to the constitutional authority of the Minister of Finance.

Relations with Multilateral Financial Institutions

Ghana continues to maintain relationships with multilateral financial institutions. In July 2009, the Republic entered a three-year extended credit facility with the IMF under which the IMF provided the country with US$581.28 million. The programme was successfully completed and terminated in July 2012.

In support of Ghana's transition to a lower middle-income oil producing economy, the World Bank recently approved the Ghana Oil and Gas Capacity Building Project (US$38 million) and the Ghana Public Private Partnership Project (US$30 million).

In June 2012, the government and its development partners agreed on a ten-year compact, the Leveraging Partnership for Shared Growth and Development (the "**Compact**"). The Compact aims to take into account the challenges that Ghana faces as it begins its transition as a lower middle-income economy, as well as the country's transition to becoming an oil producing and exporting economy.

Specifically, the objectives of the Compact are as follows:

- to contribute to accelerated and inclusive economic growth and sustained poverty reduction by assisting Ghana to establish middle-income status;
- to reduce dependence on official development assistance and to increase levels of domestic resource mobilisation and reliance on alternative development funding;

- to ensure predictability and minimise the risk of abrupt reductions in inflows of official development assistance and other forms of development finance;
- to focus development assistance on issues and sectors of significant strategic importance for national development; and
- to increase accountability, transparency and effectiveness of development assistance to Ghana so that it delivers results and value.

Ghana's development partners agreed to align their support to the priorities and strategic interventions the government has identified under the Compact.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes which, upon issue, will represent the terms and conditions applicable to all Notes, and, subject to completion and amendment, will be endorsed on each Note Certificate and will be attached and (subject to the provisions thereof) apply to each Global Note (capitalised terms as defined below).

The US$1,000,000,000 7.875 per cent. Notes due 2023 (the "**Notes**", which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 14 (*Further Issues*) and forming a single series with the Notes) of the Republic of Ghana (the "**Issuer**") are issued subject to and with the benefit of a Fiscal Agency Agreement dated 7 August 2013 (such agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") made between the Issuer, Citigroup Global Markets Deutschland AG as registrar (the "**Registrar**"), Citibank, N.A., London Branch as fiscal agent and principal paying agent (the "**Fiscal Agent**"), Citibank, N.A., London Branch as transfer agent (the "**Transfer Agent**") and the other initial paying agents named in the Agency Agreement (together with the Fiscal Agent, the "**Paying Agents**") and the other agents named in it (together with the Fiscal Agent, the Registrar, the Transfer Agent and the other Paying Agents, the "**Agents**").

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement are available for inspection during normal business hours by the holders of the Notes (the "**Noteholders**") at the Specified Office (as defined in the Agency Agreement) of each of the Paying Agents. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. References in these Conditions to the Fiscal Agent, the Registrar, the Paying Agents and the Agents shall include any successor appointed under the Agency Agreement.

1. Form, Denomination and Title

1.1. Form and Denomination

The Notes are issued in registered form in denominations of US$200,000 and integral multiples of US$1 in excess thereof, each an "Authorised Denomination". A note certificate (each a "**Certificate**") will be issued to each Noteholder in respect of its registered holding of Notes. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Noteholders (the "**Register**") which the Issuer will procure to be kept by the Registrar.

1.2. Title

Title to the Notes passes only by registration in the Register. The holder of any Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions "**Noteholder**", and in relation to a "**Note**", "**holder**" means the person in whose name a Note is registered in the Register (or, in the case of a joint holding, the first named thereof).

2. Transfers of Notes and Issue of Certificates

2.1. Transfers

Subject to Condition 2.4 (*Closed Periods*) and Condition 2.5 (*Regulations*), a Note may be transferred by depositing the Certificate issued in respect of that Note, with the form of transfer on the back duly completed and signed, at the Specified Office of the Registrar or any of the Transfer Agents together with such evidence as the Registrar or Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided however that a Note may not be transferred unless the principal amount of the Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the Notes not transferred, are Authorised Denominations.

2.2. Delivery of new Certificates

Each new Certificate to be issued upon transfer or exchange of Notes will, within five business days of receipt by the Registrar or the Transfer Agent of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Note to the address specified in the form of transfer. For the purposes of this Condition 2.2, "**business day**" shall mean a day on which banks are open for business in the city in which the Specified Office of the Registrar or the Transfer Agent with whom a Certificate is deposited in connection with a transfer is located.

Where some but not all of the Notes in respect of which a Certificate is issued are to be transferred a new Certificate in respect of the Notes not so transferred will, within five business days of receipt by the Registrar or the Transfer Agent of the original Certificate, be mailed by uninsured mail at the risk of the holder of the Notes not so transferred to the address of such holder appearing on the Register or as specified in the form of transfer.

2.3. Formalities free of charge

Registration of transfer of Notes will be effected without charge by or on behalf of the Issuer, the Registrar, or any Transfer Agent but upon payment (or the giving of such indemnity as the Registrar or any Agent may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

2.4. Closed Periods

No Noteholder may require the transfer of a Note to be registered during the period of 15 calendar days ending on the due date for any payment of principal or interest on that Note.

2.5. Regulations

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder upon request.

3. Status

The Notes constitute direct, unconditional and (subject to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of the Issuer and (subject as provided above) rank and will rank pari passu, without any preference among themselves, and with all other present and future unsecured and unsubordinated obligations of the Issuer, save only for such obligations as may be preferred by mandatory provisions of applicable law.

4. Negative Pledge

4.1. Negative Pledge

So long as any Note remains outstanding (as defined in the Agency Agreement) the Issuer will not, save for the exceptions set out below in Condition 4.3 (*Exceptions*) create, incur, assume or permit to subsist any Security upon the whole or any part of its present or future assets, undertaking or revenues to secure (i) any of its Public External Indebtedness; (ii) any Guarantees in respect of Public External Indebtedness; or (iii) the Public External Indebtedness of any other person; without at the same time or prior thereto securing the Notes equally and rateably therewith or providing such other arrangement (whether or not comprising Security) as shall be approved by an Extraordinary Resolution of Noteholders.

4.2. Interpretation

In these Conditions:

(a) "**Guarantee**" means any obligation of a person to pay the Indebtedness of another person including, without limitation: an obligation to pay or purchase such Indebtedness; an obligation to lend money or to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness; an indemnity against the consequences of a default in the payment of such Indebtedness; or any other agreement to be responsible for such Indebtedness;

(b) "**Extraordinary Resolution**" means a resolution passed at a meeting of Noteholders (whether originally convened or resumed following an adjournment) duly convened and held in accordance with Schedule 6 (*Provisions for Meetings of the Noteholders*) to the Agency Agreement by a majority of not less than three quarters of the votes cast;

(c) "**Indebtedness**" means any obligation (whether present or future) for the payment or repayment of money which has been borrowed or raised (including money raised by acceptances and leasing);

(d) "**person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, trust or other juridical entity, state or agency of a state or other entity, whether or not having a separate legal personality;

(e) "**Public External Indebtedness**" means any Indebtedness which (i) is payable, or at the option of the relevant creditor may be payable, in any currency other than the lawful currency from time to time of the Republic of Ghana, and (ii) is in the form of, or is represented by, bonds, notes or other securities with a stated maturity of more than one year from the date of issue which are, or are capable of being, quoted, listed or ordinarily purchased or sold on any stock exchange, automated trading system, over the counter or other securities market; and

(f) "**Security**" means any mortgage, pledge, lien, hypothecation, security interest or other charge or encumbrance including, without limitation, anything analogous to the foregoing under the laws of any jurisdiction.

4.3. Exceptions

The following exceptions apply to the Issuer's obligations under Condition 4.1 (*Negative Pledge*):

(a) any Security upon property to secure Public External Indebtedness of the Issuer or any Guarantee by the Issuer of Public External Indebtedness of any other person incurred for the purpose of financing the acquisition or construction of such property and any renewal and extension of such Security which is limited to the original property covered thereby and which (in either case) secures any renewal or extension of the original secured financing;

(b) any Security securing Public External Indebtedness of the Issuer or any Guarantee by the Issuer of Public External Indebtedness of any other person incurred for the purpose of financing all or part of the costs of the acquisition, construction or development of a project; *provided that* (A) the holders of such Public External Indebtedness or Guarantee expressly agree to limit their recourse to the assets and revenues of such project or the proceeds of insurance thereon as the principal source of repayments of such Public External Indebtedness and (B) the property over which such Security is granted consists solely of such assets and revenues; and

(c) any Security securing the Public External Indebtedness of the Issuer or any Guarantee by the Issuer of Public External Indebtedness of any other person which was in existence on 6 August 2013.

5. Interest

5.1. Interest Rate and Interest Payment Dates

The Notes bear interest from and including 7 August 2013 (the "**Issue Date**") to but excluding the Maturity Date (as defined in Condition 7.1 (*Redemption at Maturity*)) at the rate of 7.875 per cent. per annum (the "**Rate of Interest**"), payable semi annually in arrear on 7 February and 7 August in each year (each an "**Interest Payment Date**"), subject as provided in Condition 6.4 (*Payment on Business Days*). Each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date is herein called an "**Interest Period**".

5.2. Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) seven days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 12 (*Notices*) (except to the extent that there is any subsequent default in payment).

5.3. Calculation of Interest

The amount of interest payable in respect of each Note for any Interest Period shall be calculated by applying the Rate of Interest to the principal amount of such Note, dividing the product by two and rounding the resulting figure to the nearest cent (half a cent being rounded upwards). If interest is required to be calculated for any period other than an Interest Period, it will be calculated on the basis of a year of 360 days consisting of 12 months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed.

6. Payments

6.1. Payments in respect of Notes

Payment of principal and interest will be made by transfer to the registered account of the Noteholder or by a cheque in US Dollars drawn on a bank that processes payments in US Dollars mailed to the registered address of the Noteholder if it does not have a registered account. Payment of principal will only be made against presentation and surrender of the relevant Certificate at the Specified Office of any of the Paying Agents. Interest on Notes due on an Interest Payment Date will be paid to the holder shown on the Register at the close of business on the date (the "**record date**") being the fifteenth day before the due date for the payment of interest.

For the purposes of this Condition 6.1, a Noteholder's "**registered account**" means the US Dollar account maintained by or on its behalf with a bank that processes payments in US Dollars, details of which appear on the Register at the close of business, in the case of principal, on the second Business Day (as defined below) before the due date for payment and, in the case of interest, on the relevant record date, and a Noteholder's "**registered address**" means its address appearing on the Register at that time.

6.2. Payments subject to Applicable Laws

Payments in respect of principal and interest on Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*).

6.3. No commissions

No commissions or expenses shall be charged to the Noteholders in respect of any payments made in accordance with this Condition 6.3.

6.4. Payment on Business Days

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day, for value the first following day which is a Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed, on the due date for payment or, in the case of a payment of principal, if later, on the Business Day on which the relevant Certificate is surrendered at the Specified Office of an Agent.

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day, if the Noteholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition 6.4 arrives after the due date for payment.

In this Condition 6.4 "**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business in London, New York City and, in the case of presentation of a Certificate, in the place in which the Certificate is presented.

6.5. Partial Payments

If the amount of principal or interest which is due on the Notes is not paid in full, the Registrar will annotate the Register with a record of the amount of principal or interest in fact paid.

6.6. Agents

The names of the initial Agents and their initial Specified Offices are set out in the Agency Agreement. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents *provided that* there will at all times be:

(a) a Fiscal Agent, a Registrar and a Transfer Agent; and

(b) a Paying Agent in a Member State of the European Union (if any) that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any termination or appointment and of any changes in Specified Offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 12 (*Notices*).

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

7. Redemption and Purchase

7.1. Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 7 August 2023 (the "**Maturity Date**").

7.2. Purchases

The Issuer may at any time purchase Notes in the open market or otherwise at any price.

7.3. Cancellations

All Notes purchased as contemplated by Condition 7.2 (*Purchases*) shall be cancelled and may not be held, reissued or resold.

8. Taxation

8.1. Payment without Withholding

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note:

(a) presented for payment by or on behalf of a holder who is liable to the Taxes in respect of the Note by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note; or

(b) presented for payment more than 30 days after the Relevant Date (as defined below), except to the extent that the relevant holder would have been entitled to such additional amounts if it had presented such Note for payment on the last day of such period of 30 days assuming, whether or not such is in fact the case, that day to have been a Business Day (as defined in Condition 6 (*Payments*)); or

(c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(d) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a Member State of the European Union.

8.2. Interpretation

In these Conditions:

(a) "**Relevant Date**" means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Fiscal Agent on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 12 (*Notices*); and

(b) "**Relevant Jurisdiction**" means the Republic of Ghana or any political subdivision or any authority thereof or therein having power to tax in respect of payments made by it of principal and interest on the Notes.

8.3. Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition 8 (*Taxation*).

9. Prescription

Claims in respect of principal and interest will become void unless made within 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date, as defined in Condition 8 (*Taxation*).

10. Events of Default

10.1. Events of Default

If any of the following events ("**Events of Default**") shall have occurred and be continuing:

(a) *Non-payment*

(i) the Issuer fails to pay any principal on any of the Notes when due and payable and such failure continues for a period of 15 days; or

(ii) the Issuer fails to pay any interest on any of the Notes or any amount due under Condition 8 (*Taxation*) when due and payable, and such failure continues for a period of 30 days; or

(b) *Breach of Other Obligations*

the Issuer does not perform or comply with any one or more of its other obligations in the Notes, which default is incapable of remedy or is not remedied within 45 days following the service by any Noteholder on the Issuer of notice requiring the same to be remedied; or

(c) *Cross-default*

(i) the acceleration of the maturity (other than by optional or mandatory prepayment or redemption) of any External Indebtedness of the Issuer; or

(ii) any default in the payment of principal of any External Indebtedness of the Issuer shall occur when and as the same shall become due and payable if such default shall continue beyond the initial grace period, if any, applicable thereto; or

(iii) any default in the payment when due and called upon (after the expiry of any applicable grace period) of any Guarantee of the Issuer in respect of any External Indebtedness of any other person,

provided that the aggregate amount of the relevant External Indebtedness in respect of which one or more of the events mentioned in this paragraph (c) have occurred equals or exceeds US$25,000,000 or its equivalent; or

(d) *Moratorium*

a moratorium on the payment of principal of, or interest on, the External Indebtedness of the Issuer shall be declared by the Issuer; or

(e) *IMF Membership*

the Issuer shall cease to be a member of the International Monetary Fund ("**IMF**") or shall cease to be eligible to use the general resources of the IMF; or

(f) *Validity*

(i) the validity of the Notes shall be contested by the Issuer; or

(ii) the Issuer shall deny any of its obligations under the Notes (whether by a general suspension of payments or a moratorium on the payment of debt or otherwise); or

(iii) it shall be or become unlawful for the Issuer to perform or comply with all or any of its obligations set out in the Notes, including, without limitation, the payment of interest on the Notes, as a result of any change in law or regulation in the Republic of Ghana or any ruling of any court in the Republic of Ghana whose decision is final and unappealable or for any reason such obligations cease to be in full force and effect; or

(g) *Consents*

if any authorisation, consent of, or filing or registration with, any governmental authority necessary for the performance of any payment obligation of the Issuer under the Notes, when due, ceases to be in full force and effect or remain valid and subsisting,

then the holders of at least 25 per cent. in aggregate principal amount of the outstanding Notes may, by notice in writing to the Issuer (with a copy to the Fiscal Agent), declare all the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality. Notice of any such declaration shall promptly be given to all other Noteholders by the Issuer.

If the Issuer receives notice in writing from holders of at least 50 per cent. in aggregate principal amount of the outstanding Notes to the effect that the Event of Default or Events of Default giving rise to any above mentioned declaration of acceleration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn, the Issuer shall, give notice thereof to the Noteholders (with a copy to the Fiscal Agent), whereupon the relevant declaration shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations which may have arisen before the Issuer gives such notice (whether pursuant to these Conditions or otherwise). No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Noteholder in relation thereto.

10.2. Interpretation

As used herein:

"**External Indebtedness**" means Indebtedness expressed or denominated or payable or which, at the option of the relevant creditor, may be payable in a currency other than the lawful currency from time to time of the Republic of Ghana.

11. Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the Specified Office of the Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12. Notices

All notices to the Noteholders will be valid if mailed to them at their respective addresses in the Register at the time of publication of such notice by pre-paid first class mail (or any other manner approved by the Registrar (or the Fiscal Agent on its behalf), which may be by electronic transmission) and for so long as the Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require, shall be sent to the Companies Announcement Office of the Irish Stock Exchange. Any such notice shall be deemed to have been given on the fourth business day after being so mailed.

13. Meetings of Noteholders and Modification

13.1. Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by the Issuer upon the request in writing of Noteholders holding not less than 10 per cent. of the aggregate principal amount of the Notes for the time being outstanding. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that at any meeting the business of which includes the modification or abrogation of certain of these Conditions or certain of the provisions of the Agency Agreement (including any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of payments under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "**Reserved Matter**")) the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two thirds, or at any adjourned meeting not less than one third, of the principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting.

In addition, the Agency Agreement contains provisions relating to Written Resolutions. A "**Written Resolution**" is a resolution in writing signed by or on behalf of the holders of at least 75 per cent. of the aggregate principal amount of the outstanding Notes, in the case of a Reserved Matter, or 66 2⁄3 per cent. of the aggregate principal amount of the outstanding Notes, in the case of a matter other than a Reserved Matter. Any Written Resolution may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders. Any Written Resolution shall be binding on all of the Noteholders, whether or not signed by them.

13.2. Modification

The Fiscal Agent may agree, without the consent of the Noteholders, to any modification of any of these Conditions or any of the provisions of the Agency Agreement either (i) for the purpose of curing any ambiguity or of curing, correcting or supplementing any manifest or proven error or any other defective provision contained herein or therein or (ii) in any other manner which is, in the sole opinion of the Issuer, not materially prejudicial to the interests of the Noteholders. Any modification shall be binding on the Noteholders and shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12 (*Notices*).

14. Noteholders' Committee

14.1. Appointment

The Noteholders may, by a resolution passed at a meeting of Noteholders duly convened and held in accordance with the Agency Agreement by a majority of at least 50 per cent. in aggregate principal amount of the Notes then outstanding, or by notice in writing to the Issuer (with a copy to the Fiscal Agent) signed by or on behalf of the holders of at least 50 per cent. in aggregate principal amount of the Notes then outstanding (as defined in the Agency Agreement), appoint any person or persons as a committee to represent the interests of the Noteholders if any of the following events has occurred:

(a) an Event of Default;

(b) any event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 10 (*Events of Default*) become an Event of Default; or

(c) any public announcement by the Issuer, to the effect that the Issuer is seeking or intends to seek a restructuring of the Notes (whether by amendment, exchange offer or otherwise),

provided, however, that no such appointment shall be effective if the holders of more than 25 per cent. of the aggregate principal amount of the outstanding Notes have either (A) objected to such appointment by notice in writing to the Issuer (with a copy to the Fiscal Agent) during a specified period following notice of the appointment being given (if such notice of appointment is made by notice in writing to the Issuer) where such specified period shall be either 30 days or such other longer or shorter period as the committee may, acting in good faith, determine to be appropriate in the circumstances, or (B) voted against such resolution at a meeting of Noteholders duly convened and held in accordance with the Agency Agreement. Such committee shall, if appointed by notice in writing to the Issuer, give notice of its appointment to all Noteholders in accordance with Condition 12 (*Notices*) as soon as practicable after the notice is delivered to the Issuer.

14.2. Powers

Such committee in its discretion may, among other things, (i) engage legal advisers and financial advisers to assist it in representing the interests of the Noteholders, (ii) adopt such rules as it considers appropriate regarding its proceedings, (iii) enter into discussions with the Issuer and/or other creditors of the Issuer, (iv) designate one or more members of the committee to act as the main point(s) of contact with the Issuer and provide all relevant contact details to the Issuer, (v) determine whether or not there is an actual or potential conflict of interest between the interests of the holders of the Notes then outstanding and the interests of the holders of debt securities of any one or more other series issued by the Issuer and (vi) upon making a determination of the absence of any actual or potential conflict of interest between the interests of the holders of the Notes then outstanding and the interests of the holders of debt securities of any one or more other series issued by the Issuer, agree to transact business at a combined meeting of the committee and such other person or persons as may have been duly appointed as representatives of the holders of securities of each such other series. Except to the extent provided in this Condition 14.2, such committee shall not have the ability to exercise any powers or discretions which the Noteholders could themselves exercise.

15. Further Issues

The Issuer may from time to time without the consent of the Noteholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the amount of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes, *provided that* such additional securities shall be issued under a separate CUSIP and/or ISIN unless such additional securities are issued **in a "qualified reopening"** for U.S. federal income tax purposes).

16. Governing Law and Submission to Jurisdiction

16.1. Governing Law

The Notes (including any non-contractual obligations arising from or in connection with them) are governed by, and will be construed in accordance with, English law.

16.2. Jurisdiction

The Courts of England have exclusive jurisdiction to settle any dispute, claim, difference or controversy, arising from or connected with the Notes (including a dispute regarding the existence, validity or termination of and any non-contractual obligations arising out of or in connection with these Notes) or the consequences of their nullity (a "**Dispute**"). The Issuer agrees that the Courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary. This Condition 15.2 is for the benefit of the Noteholders only. As a result nothing in this Condition 15.2 prevents any Noteholder from taking proceedings related to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent proceedings in any number of jurisdictions.

16.3. Appointment of Process Agent

The Issuer has appointed the High Commissioner of the Republic of Ghana in London, presently located at 13 Belgrave Square, Westminster, London SW1X 8PN as its agent for service of process and hereby undertakes that, in the event of the High Commissioner of the Republic of Ghana ceasing so to act or ceasing to be located in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

16.4. Consent to Enforcement and Waiver of Immunity

The Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Proceedings.

To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process in respect of any Proceedings and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction (and consents generally for the purposes of the State Immunity Act 1978 to the giving of any relief or the issue of any process in connection with any Proceeding). The Issuer does not hereby waive such immunity from execution or attachment in respect of (a) property used by a diplomatic or consular mission of the Issuer, (b) property of a military character and under the control of a military authority or defence agency of the Issuer or (c) property located in the Republic of Ghana and dedicated to a public or governmental use (as distinct from property dedicated to a commercial use) by the Issuer.

17. Rights of Third Parties

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

18. Currency Indemnity

If any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

THE GLOBAL NOTES

The Global Notes contain the following provisions which apply to the Notes in respect of which they are issued whilst they are represented by the Global Notes, some of which modify the effect of the Terms and Conditions of the Notes. Terms defined in the Terms and Conditions of the Notes have the same meaning in paragraphs 1 to 6 below.

1. Accountholders

For so long as any of the Notes are represented by one or more Global Notes, each person (other than another clearing system) who is for the time being shown in the records of DTC or Euroclear or Clearstream, Luxembourg (as the case may be) as the holder of a particular aggregate principal amount of such Notes (each an "**Accountholder**") (in which regard any certificate or other document issued by DTC or Euroclear or Clearstream, Luxembourg (as the case may be) as to the aggregate principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of such aggregate principal amount of such Notes (and the expression "Noteholders" and references to "holding of Notes" and to "holder of Notes" shall be construed accordingly) for all purposes other than with respect to payments on such Notes, the right to which shall be vested, as against the Republic, solely in the nominee for the relevant clearing system (the "**Relevant Nominee**") in accordance with and subject to the terms of the Global Notes. Each Accountholder must look solely to DTC or Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the Relevant Nominee.

2. Cancellation

Cancellation of any Note following its purchase by the Republic will be effected by reduction in the aggregate principal amount of the Notes in the register of Noteholders.

3. Payments

Payments of principal and interest in respect of Notes represented by a Global Note will be made, in the case of payment of principal, against presentation and surrender of such Global Note to or to the order of the Fiscal Agent, or such other Agent as shall have been notified to the holders of one or more Global Note for such purpose.

Holders of book-entry interests in the Notes held through DTC will receive, to the extent received by the Fiscal Agent, all distributions of amounts with respect to book-entry interests in such Notes from the Fiscal Agent through DTC. Distributions in the United States will be subject to relevant US tax laws and regulations.

A record of each payment made will be entered in the register of Noteholders by or on behalf of the Fiscal Agent and shall be prima facie evidence that payment has been made.

4. Notices

So long as the Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled Accountholders in substitution for notification as required by Condition 12 (*Notices*) as set forth herein. See "Terms and Conditions of the Notes". Any such notice shall be deemed to have been given to the Noteholders on the day after the day on which such notice is delivered to DTC.

Whilst any of the Notes held by a Noteholder are represented by a Global Note, notices to be given by such Noteholder may be given by such Noteholder (where applicable) through DTC and otherwise in such manner as the Fiscal Agent and DTC may approve for this purpose.

The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any notice shall be deemed to have been given on the day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

5. Registration of Title

Registration of title to Notes in a name other than that of the Relevant Nominee will not be permitted unless DTC notifies the Republic that it is unwilling or unable to continue as a clearing system in connection with a Global Note or DTC ceases to be a clearing agency registered under the US Securities Exchange Act of 1934, (the "**Exchange Act**") and in each case a successor clearing system is not appointed by the Republic within 90 days after receiving such notice from DTC or becoming aware that DTC is no longer so registered. In these circumstances, title to a Note may be transferred into the names of holders notified by the Relevant Nominee in accordance with the Conditions, except that Certificates in respect of Notes so transferred may not be available until 21 days after the request for transfer is duly made.

The Registrar will not register title to the Notes in a name other than that of the Relevant Nominee for a period of 15 calendar days preceding the due date for any payment of principal, or interest in respect of the Notes.

6. Transfers

Transfers of book-entry interests in the notes will be effected through the records of Euroclear, Clearstream, Luxembourg and DTC and their respective participants in accordance with the rules and procedures of Euroclear, Clearstream, Luxembourg and DTC and their respective direct and indirect participants, as more fully described under "*Clearing and Settlement Arrangements*".

CLEARING AND SETTLEMENT ARRANGEMENTS

The Republic has obtained the information in this section from sources it believes to be reliable, including from DTC, Euroclear and Clearstream Luxembourg. The Republic takes no responsibility, however, for the accuracy of this information. Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the following procedures in order to facilitate transfers of interests in the Unrestricted Global Note and in the Restricted Global Note among participants of DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Republic nor the Fiscal Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

DTC

DTC is a limited-purpose trust company organised under the New York Banking Law, a "banking organisation" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participating organisations ("**DTC Participants**") and to facilitate the clearance and settlement of securities transactions between DTC Participants through electronic book-entry changes in accounts of its DTC Participants, thereby eliminating the need for physical movement of certificates. DTC Participants include securities brokers and dealers, brokers, banks, trust companies and clearing corporations and may include certain other organisations, Indirect access to the DTC system also is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly ("**Indirect DTC Participants**").

Because DTC can only act on behalf of DTC Participants, who in turn act on behalf of Indirect DTC Participants and certain banks, the ability of a person having a beneficial interest in a note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate of such interest. The Rules applicable to DTC and its Participants are on file with the US Securities and Exchange Commission.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg hold securities for participating organisations, and facilitate the clearance and settlement of securities transactions between their respective participants, through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg interface with domestic securities markets. Euroclear and Clearstream, Luxembourg participants are recognised financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organisations and include the Managers. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Book-Entry Ownership

Euroclear and Clearstream, Luxembourg

The Unrestricted Global Note will have an ISIN and a Common Code and will be registered in the name of a nominee for, and deposited with a common depositary on behalf of Euroclear and Clearstream, Luxembourg. The address of Euroclear is 1 Boulevard du Roi Albert II. B1210 Brussels, Belgium, and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy. L-1855, Luxembourg.

DTC

The Restricted Global Note will have a CUSIP number and will be deposited with a custodian (the "**Custodian**") for and registered in the name of Cede & Co., as nominee of DTC. The Custodian and DTC will electronically record the principal amount of the Notes held within the DTC system. The address of the DTC is 55 Water Street, New York, New York 10041, USA.

Relationship of Participants with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the holder of a Note evidenced by a Global Note must look solely to Euroclear, Clearstream, Luxembourg or DTC (as the case may be) for his share of each payment made by the Republic to the holder of such Global Note and in relation to all other rights arising under the Global Note, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or DTC (as the case may be). The Republic expects that, upon receipt of any payment in respect of Notes evidenced by a Global Note, the common depositary by whom such Global Note is held, or nominee in whose name it is registered, will immediately credit the relevant participants' or account holders' accounts in the relevant clearing system with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Note as shown on the records of the relevant clearing system or its nominee. The Republic also expects that payments by direct participants in any clearing system to owners of beneficial interests in any Global Note held through such direct participants in any clearing system will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Republic in respect of payments due on the Notes for so long as the Notes are evidenced by such Global Note and the obligations of the Republic will be discharged by payment to the registered holder of such Global Note in respect of each amount so paid. None of the Republic, the Fiscal Agent or any agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Note or for maintaining, supervising or reviewing any records relating to such ownership interests.

Settlement and Transfer of Notes

Subject to the rules and procedures of each applicable clearing system, purchases of Notes held within a clearing system must be made by or through direct participants, which will receive a credit for such Notes on the clearing system's records. The ownership interest of each actual purchaser of each such Note (the "**Beneficial Owner**") will in turn be recorded on the direct and indirect participants' records. Beneficial Owners will not receive written confirmation from any clearing system of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in Notes held within the clearing system will be affected by entries made on the books of participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes, unless and until interests in any Global Note held within a clearing system are exchanged for interests evidenced by a definitive note certificate.

No clearing system has knowledge of the actual Beneficial Owners of the Notes held within such clearing system and their records will reflect only the identity of the direct participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the clearing systems to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Note to such persons may be limited. Because DTC can only act on behalf of DTC Participants, who in turn act on behalf of Indirect DTC Participants, the ability of a person having an interest in a Restricted Global Note to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by a lack of physical certificate in respect of such interest.

Investors that hold their interests in the Notes through DTC will follow the settlement practices applicable to global bond issues. Investors' securities custody accounts will be credited with their holdings against payment in same-day funds on the settlement date.

Investors that hold their interests in the Notes through Clearstream, Luxembourg or Euroclear accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. The interests will be credited to the securities custody accounts on the settlement date against payment in same-day funds.

Secondary Market Trading

Since the purchaser determines the place of delivery, it is important to establish at the time of trade where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desire value date.

Trading between DTC Participants

Secondary market trading between DTC Participants will be settled using the procedures applicable to global bond issues in same-day funds.

Trading between Euroclear and/or Clearstream, Luxembourg participants

Secondary market trading between Euroclear participants and/or Clearstream, Luxembourg participants will be settled using the procedures applicable to conventional Eurobonds in same-day funds.

Trading between DTC seller and Euroclear or Clearstream, Luxembourg purchaser

When Notes are to be transferred from the account of a DTC Participant to the account of a Clearstream, Luxembourg or Euroclear participant, the purchaser will send instructions to Clearstream, Luxembourg or Euroclear through a Clearstream, Luxembourg or Euroclear participant, as the case may be, at least one business day prior to settlement. Clearstream, Luxembourg or the Euroclear operator will instruct its respective depositary to receive the Notes against payment. Payment will include interest accrued on such beneficial interest on the Note from and including the last interest payment date to and excluding the settlement date. Payment will then be made by the depositary to the DTC Participant's account against delivery of Notes. After settlement has been completed, the Notes will be credited to the respective clearing system, and by the clearing system, in accordance with its usual procedures, to the Clearstream, Luxembourg or Euroclear participant's account. The securities credit will appear the next day (European time) and the cash debit will be back-valued to, and the interest on the Note will accrue from, the value date (which would be the preceding day when settlement occurred in New York). If settlement is not completed on the intended value date (i.e., the trade fails), the Clearstream, Luxembourg or Euroclear cash debit will be valued instead as of the actual settlement date.

Euroclear and Clearstream, Luxembourg participants will need to make available to the respective clearing system the funds necessary to process same-day funds settlement. The most direct means of doing so is to preposition funds for settlement, either from cash on-hand or existing lines of credit. Under this approach, participants may take on credit exposure to the Euroclear operator or Clearstream, Luxembourg until the interests in the Note are credited to their accounts one day later.

As an alternative, if Clearstream, Luxembourg or Euroclear has extended a line of credit to a Clearstream, Luxembourg or Euroclear participant, as the case may be, such participant may elect not to pre-position funds and may allow that credit line to be drawn upon to finance settlement. Under this procedure, Clearstream, Luxembourg participants or Euroclear participants purchasing interests in a Note would incur overdraft charges for one day, assuming they cleared the overdraft when the interest in the Note were credited to their accounts. However, interest on the Note would accrue from the value date. Therefore, in many cases, the investment income on the interest in the Note would accrue from the value date. Therefore, in many cases, the investment income on the interest in the Note earned during that one-day period may substantially reduce or offset the amount of such overdraft charges, although this result will depend on each participant's particular cost of funds.

Since the settlement is taking place during New York business hours, DTC Participants can employ their usual procedures for transferring interests in the Global Notes to the respective depositaries of Clearstream, Luxembourg or Euroclear for the benefit of Clearstream, Luxembourg participants or Euroclear participants. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the DTC Participants, a cross-market sale transaction will settle no differently than a trade between two DTC Participants.

Trading between Clearstream, Luxembourg or Euroclear Seller and DTC purchaser

Due to time zones differences in their favour, Clearstream, Luxembourg and Euroclear participants may employ their customary procedures for transactions in which interests in a Note are to be transferred by their respective clearing system, through its respective depositary, to a DTC Participant, as the case may be, at least one business day prior to settlement. In these cases, Clearstream, Luxembourg or Euroclear will instruct its respective depositary to deliver the interest in the Note to the DTC Participant's account against payment. Payment will include interest accrued on such beneficial interest in the Note from and including the interest payment date to and excluding the settlement date. The payment will then be reflected in the account of the Clearstream, Luxembourg participant or Euroclear participant the following day, and receipt of the cash proceeds in the Clearstream, Luxembourg or Euroclear participant's account would be back-valued at the value date (which would be the preceding day, when settlement occurred in New York). Should the Clearstream, Luxembourg or Euroclear participant have a line of credit in its respective clearing system and elect to be in debit in anticipation of receipt of the sale proceeds in its account, the back-valuation will extinguish any overdraft charges occurred over that one-day period. If settlement is not completed on the intended value date (i.e., the trade fails), receipt of the cash proceeds in the Clearstream, Luxembourg or Euroclear participant's account would instead be valued as of the actual settlement date.

Finally, day traders that use Clearstream, Luxembourg or Euroclear to purchase interests in a Note from DTC Participants for delivery to Clearstream, Luxembourg participants or Euroclear participants should note that these trades will automatically fail on the sale side unless affirmative action is taken. At least three techniques should be readily available to eliminate this potential problem:

- borrowing through Clearstream, Luxembourg or Euroclear for one day (until the purchase side of the day trade is reflected in their Clearstream, Luxembourg or Euroclear accounts) in accordance with the clearing system's customary procedures;
- borrowing the interests in the United States from a DTC Participant no later than one day prior to settlement, which would give the interests sufficient time to be reflected in their Clearstream, Luxembourg or Euroclear account in order to settle the sale side of the trade; or
- staggering the value date for the buy and sell sides of the trade so that the value date for the purchase from the DTC Participant is at least one day prior to the value date for the sale to the Clearstream, Luxembourg participant or Euroclear participant.

No trading and settlement on the Ghana Stock Exchange

It is anticipated that application will be made to the Ghana SEC and the Ghana Stock Exchange for the Notes to be admitted to the main market of the Ghana Stock Exchange. Prospective purchasers of Notes should note, however, that the Notes will not be registered in the Central Securities Depository of Ghana, and that, therefore, the Notes will not be traded on, or cleared or settled through, the Ghana Stock Exchange.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Notes offered hereby.

The Notes have not been registered under the Securities Act, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold (1) in the United States only to "qualified institutional buyers" ("**QIBs**") within the meaning of Rule 144A under the Securities Act and (2) outside the United States in offshore transactions pursuant to Regulation S under the Securities Act. Terms used herein that are defined in Rule 144A ("**Rule 144A**") or Regulation S ("**Regulation S**") under the Securities Act are used herein as defined therein, as applicable.

1. Transfer Restrictions

On or prior to the 40th day after the Closing Date, a beneficial interest in the Unrestricted Global Note may be transferred to a person who wishes to take delivery of such beneficial interest through a Restricted Global Note only upon receipt by the Registrar of a written certification from the transferor (in the form scheduled to the Agency Agreement) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. After such 40th day, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Note, as set out below.

The Restricted Global Note will bear a legend substantially identical to that set out below and neither a Restricted Global Note nor any beneficial interest in the Restricted Global Note may be transferred except in compliance with the transfer restrictions set forth in such legend.

A beneficial interest in the Restricted Global Note may be transferred to a person who wishes to take delivery of such beneficial interest through the Unrestricted Global Note only upon receipt by the Registrar of a written certification from the transferor (in the form scheduled to the Agency Agreement) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 (if available) under the Securities Act.

Any beneficial interest in either the Restricted Global Note or the Unrestricted Global Note that is transferred to a person who takes delivery in the form of a beneficial interest in the other Global Note will, upon transfer, cease to be a beneficial interest in such Global Note and become a beneficial interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global Note for so long as such person retains such an interest.

The Republic is a foreign government as defined in Rule 405 under the Securities Act and is eligible to register securities on Schedule B of the Securities Act. Therefore the Republic is not subject to the information provision requirements of Rule 144A(d)(4)(i) under the Securities Act.

2. Restricted Notes

Each prospective purchaser of Notes in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged as follows:

(a) such 144A Offeree acknowledges that this Prospectus is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes. Distribution of this Prospectus, or disclosure of any of its contents to any person other than such 144A Offeree and those persons, if any, retained to advise such 144A Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Regulation S is unauthorised, and any disclosure of any of its contents, without the prior written consent of the Republic, is prohibited; and

(b) such 144A Offeree agrees to make no photocopies of this Prospectus or any documents referred to herein.

Each purchaser of Restricted Notes within the United States, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged as follows:

(a) the purchaser (i) is a QIB, (ii) is acquiring the Notes for its own account or for the account of a QIB and (iii) is aware that the sale of the Notes to it is being made in reliance on Rule 144A. If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the herein acknowledgments, representations and agreements on behalf of each such account;

(b) the purchaser understands that such Restricted Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, such Restricted Notes have not been and will not be registered under the Securities Act or any other applicable State securities laws, the purchaser acknowledges that such Restricted Note is a "restricted security" (as defined in Rule 144(a)(3) under the Securities Act) and that (i) if in the future the purchaser decides to offer, resell, pledge or otherwise transfer such Restricted Notes, such Restricted Notes may be offered, sold, pledged or otherwise transferred only (A) in the United States to a person that the seller reasonably believes is a QIB purchasing for its own account in a transaction meeting the requirements of Rule 144A whom the seller has notified, in each case, that the offer, resale, pledge or other transfer is being made in reliance on Rule 144A, (B) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, (C) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) but only upon delivery to the Republic of an opinion of counsel in form and scope satisfactory to the Republic or (D) to the Republic; in each case in accordance with any applicable securities laws of any state of the United States, and (ii) no representation can be made as to the availability at any time of the exemption provided by Rule 144 for the resale of the Notes;

(c) the purchaser agrees that it will deliver to each person to whom it transfers Notes notice of any restriction on transfer of such Notes;

(d) the purchaser understands that the Restricted Notes offered hereby will bear a legend to the following effect, unless the Republic determines otherwise in accordance with applicable law:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) BUT ONLY UPON DELIVERY TO THE REPUBLIC OF AN OPINION OF COUNSEL IN FORM AND SCOPE SATISFACTORY TO THE REPUBLIC, OR (4) TO THE REPUBLIC, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALE OF THIS NOTE.

THIS NOTE AND RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS NOTE TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFERS OF RESTRICTED SECURITIES GENERALLY. BY ACCEPTANCE OF THIS NOTE, THE HOLDER HEREOF SHALL BE DEEMED TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.

(e) the purchaser understands that Notes offered in reliance on Rule 144A will be represented by a Restricted Global Note. Before any interest in a Note represented by a Restricted Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Note, it will be required to provide the Registrar with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws; and

(f) the purchaser understands that the Republic, the Registrar and the Managers and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

For so long as the Notes are held in global form, Noteholders may not require transfers to be registered during the period beginning on the third business day before the due date for any payment of principal or interest in respect of such Notes.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

3. Unrestricted Notes

Each purchaser of Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes in resales prior to the expiration of the distribution compliance period (within the meaning of Regulation S), by accepting delivery of this Prospectus and the Notes, will be deemed to have represented, agreed and acknowledged that:

(a) It is, or at the time Notes are purchased will be, the beneficial owner of such Notes and (i) it is not a US person and it is located outside the United States (within the meaning of Regulation S) and (ii) it is not an affiliate of the Republic or a person acting on behalf of such an affiliate.

(b) It understands that such Notes have not been and will not be registered under the Securities Act and it will not offer, sell, pledge or otherwise transfer such Notes except (i) to the Republic, (ii) in accordance with Rule 144A under the Securities Act to a person that it reasonably believes is a QIB purchasing for its own account or the account of a QIB whom it has notified, in each case, that the offer, resale, pledge or other transfer is being made in reliance on Rule 144A, (iii) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, or (iv) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) but only upon delivery to the Republic of an opinion of counsel in form and scope satisfactory to the Republic in each case in accordance with any applicable securities laws of any State of the United States.

(c) It understands that the Republic, the Registrar, the Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

(d) It understands that the Notes offered in reliance on Regulation S will be represented by the Unrestricted Global Note. Prior to the expiration of the distribution compliance period (within the meaning of Regulation S), before any interest in the Unrestricted Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Restricted Global Note, it will be required to provide the Registrar with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

(e) None of the Republic, the Managers or any person representing any such entity has made any representation to it with respect to any such entity or the offering or sale of any Notes, other than the information in this Prospectus.

(f) It understands that the Notes, while represented by the Unrestricted Global Note or if issued in exchange for an interest in the Unrestricted Global Note or for Note Certificates, will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”). THIS NOTE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF ANY US PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

TAXATION

Ghanaian Taxation

The following is a description of the material tax implications of the acquisition, ownership, disposal and redemption of Notes by a holder thereof under the laws of the Republic of Ghana. The following description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of Notes. Prospective purchasers of Notes should consult their own tax advisors concerning the tax consequences of their particular situations.

Section 3 of the Internal Revenue Act, 2000 (Act 592), as amended (the "**Act**") requires that income tax be paid on any income payable to resident and non-resident persons on income accruing in, derived from, brought into, or received in Ghana. In the case of non-resident persons, section 85 of the Act requires that the income tax payable be deducted as withholding tax from the gross amount payable to the non-resident person.

Resident and non-resident holders of Notes are liable to pay tax on the interest accruing on the Notes unless the Act provides an exemption. The Act defines a resident as:

- An individual who is a citizen of Ghana, other than a citizen who has a permanent residence outside Ghana for the whole year of assessment; an individual present in Ghana for a period or periods amounting in aggregate to 183 days or more in any 12 month period that commences or ends during the year of assessment; an employee or official of the government of Ghana posted abroad during the year of assessment; or a citizen who is temporarily absent from Ghana for a period not exceeding 365 continuous days where the citizen has a permanent home in Ghana.
- A company incorporated under the laws of Ghana; or a company that is managed and controlled in Ghana at any time during the year of assessment.
- A body of persons established in Ghana; a body of persons that has a resident person as a manager at any time during the year of assessment; or a body of persons that is controlled directly or indirectly by a resident person or persons at any time during the year of assessment. Body of persons include trusts, estates, cooperatives, governments, political subdivisions of governments or public international organisations.

Any person who does not fit into the above definition is therefore considered non-resident.

Interest

Section 10(1)(e) of the Act specifically exempts the taxation of "individuals" on interest accruing from Ghana government bonds. The Act does not define "individual" so the ordinary meaning of the word individual is used. However, the Act defines a person as "an individual, a company or body of persons". Section 10(1)(b - d) provides exemptions for certain categories of persons on non –business income. Section 10(1)(g) provides exemptions on interest income received by approved Unit Trust Schemes and Mutual Funds

Regulation 18 of the Internal Revenue Regulations 2001 (L.I.1675) (the "**Regulations**"), extended the exemption from the payment of tax on Ghana government bonds to non-resident persons. The combined effect of the Act and the Regulations is as follows:

- individuals are exempt from taxation of interest on bonds issued by the government of Ghana;
- the persons listed in Section 10(1)(b - d) and (g)(i)are exempt from taxation of interest on bonds issued by the government of Ghana; and
- non-resident persons are equally exempt from tax payment on interest on bonds issued by Ghana.

Companies resident in Ghana that hold bonds for their own account, including government bonds, are liable to pay income tax on interest payments on the bond; the Republic will make interest payments in respect of the Notes to the Fiscal Agent free and clear of, and without deductions or withholding in respect of, income tax payable in Ghana. Companies resident in Ghana are liable to declare and pay income tax in Ghana on such interest payments on the Notes.

Acquisition

The Act expressly imposes a gift tax on any person who receives by way of gift certain assets and benefits situated in Ghana. The tax is also payable by residents on gifts from outside Ghana whether or not the relevant gifts are brought into or received in Ghana. The Act extends the gift tax liability to cover any rights or interests in, to or over the specified assets, which include bonds.

The implication is that transfer by way of a gift of bonds and interests therein are subject to gift tax unless the Act provides an exemption. It is not expressly stated that non-resident persons are exempt from the payment of gift tax on bonds they receive as gifts where such bonds are situated in Ghana. The Act, however, provides an exemption to any person who receives a gift of specified assets (including bonds) in any of the following manners:

- by that person under a will or upon intestacy;
- by that person from that person's spouse, child, parent, brother, sister aunt, uncle, nephew or niece;
- by a religious body which uses the gift for the benefit of the public or a section of the public; or
- for charitable purposes.

For both resident and non-resident persons, gift tax is not payable on any asset or benefit the value of which is less than or equal to 50 Ghana Cedi.

Sale, Exchange and Redemption

The Act imposes capital gains tax on the capital gains of any person who realises a gain upon the disposition of any chargeable asset. Capital gains tax is payable by residents on capital gains from chargeable assets situated outside Ghana only where the relevant gains are brought into or received in Ghana. Section 97 lists the assets considered chargeable. The Act extends capital gains tax liability to include any rights or interests in, to or over chargeable assets.

The Act does not include bonds in the list of chargeable assets. Whether capital gains tax is payable on bonds is therefore open to interpretation. The Act does consider as chargeable the security of a company listed on the Ghana Stock Exchange after 20 years of existence and operation of the Ghana Stock Exchange.

US Taxation

The following is a description of the material US federal income tax consequences of the acquisition, ownership and disposition of Notes by a holder thereof. This description only applies to Notes held as capital assets and does not address, except as set forth below, aspects of US federal income taxation that may be applicable to holders that are subject to special tax rules, such as

- former citizens or long-term residents of the United States;
- financial institutions;
- insurance companies;
- real estate investment trusts;
- regulated investment companies;
- tax-exempt organisations;
- dealers or traders in securities or currencies; or
- those who hold Notes as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for US federal income tax purposes or have a functional currency other than the US Dollar.

Moreover, this description does not address the US federal estate and gift tax or alternative minimum tax consequences of the acquisition, ownership or disposition of Notes and does not address the US federal income tax treatment of holders that do not acquire Notes as part of the initial distribution at their initial issue price. This description does not also address the US tax consequences of participation in the Exchange Offer. Each prospective purchaser should consult its tax advisor with respect to the US federal, state, local and foreign tax consequences of acquiring, holding and disposing of Notes.

This description is based on the Internal Revenue Code of 1986, as amended (the "**Code**"), existing and proposed Treasury Regulations, administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of the foregoing are subject to change, possibly with retroactive effect, or differing interpretations which could affect the tax consequences described herein.

Treasury Department Circular 230 disclosure: To ensure compliance with requirements imposed by the Treasury Department, we inform you that: (i) any US federal tax advice contained in this document (including any attachment) is not intended or written by us to be used, and cannot be used, by any taxpayer for the purpose of avoiding tax penalties under the Internal Revenue Code; (ii) such advice was written in connection with the promotion or marketing of the transactions or matters addressed herein; and (iii) taxpayers should seek advice based on their particular circumstances from an independent tax advisor.

For purposes of this description, a US Holder is a beneficial owner of Notes who for US federal income tax purposes is

- a citizen or resident individual of the United States
- a corporation or other entity taxable as a corporation organised in or under the laws of the United States, any State thereof or the District of Columbia
- an estate the income of which is subject to US federal income taxation regardless of its source or
- a trust (1) that validly elects to be treated as a US person for US federal income tax purposes or (2)if a court within the United States is able to exercise primary supervision over its administration and one or more US persons have the authority to control all of its substantial decisions.

A Non-US Holder is a beneficial owner of Notes that is not a partnership and that is not a US Holder.

If a partnership (or any entity treated as a partnership for US federal income tax purposes) holds or owns the Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner and partnership should consult their own tax advisors as to the consequences of acquiring, holding and disposing of the Notes.

Interest

The Republic expects, and in this discussion assumes, that the Notes will be issued with no more than a de minimis amount of original issue discount. Thus, if you are a US Holder, interest paid to you on a Note, including any additional amounts, will be includible in your gross income as ordinary interest income in accordance with your usual method of tax accounting. In addition, interest on the Notes will be treated as foreign source income for US federal income tax purposes. For US foreign tax credit limitation purposes, interest on the Notes generally will constitute "passive category income", or, in the case of certain US holders, "general category income". The rules relating to foreign tax credits are extremely complex and US Holders should consult their own tax advisors regarding the availability of a foreign tax credit and the application of the foreign tax credit limitations to their particular situations.

Subject to the discussion below under the caption "US Backup Withholding Tax and Information Reporting", if you are a Non-US Holder, payments to you of interest on a Note generally will not be subject to US federal income tax unless the income is effectively connected with your conduct of a trade or business in the United States or, if you are eligible for the benefits of a US income tax treaty, attributable to a US permanent establishment or a fixed base, as the case may be.

Sale, Exchange, Retirement or Other Disposition

If you are a US Holder, upon the sale, exchange, retirement, or other disposition of a Note you will recognise taxable gain or loss equal to the difference, if any, between the amount realised on the sale, exchange, retirement or other disposition other than the accrued but unpaid interest which will be taxable as such, and your adjusted tax basis in the Note. Your adjusted tax basis in a Note generally will equal the cost of the Note to you. Any such gain or loss will be capital gain or loss. The gain or loss will be long-term capital gain or loss if the US Holder held the Note for more than one year at the time of the sale, exchange, retirement or other disposition. Under current law, long-term capital gains recognised by non-corporate US Holders are generally subject to a reduced US federal income tax rate. Any gain or loss realised on the sale, exchange, retirement or other disposition of a Note generally will be treated as US source gain or loss, as the case may be, for US federal income tax purposes. The deductibility of capital losses is subject to limitations.

Subject to the discussion below under the caption "US Backup Withholding Tax and Information Reporting", if you are a Non-US Holder, any gain you realise upon the sale, exchange, retirement or other disposition of a Note, other than accrued but unpaid interest which will be subject to the rules discussed above under the caption "Interest", generally will not be subject to US federal income tax, unless

- the gain is effectively connected with your conduct of a trade or business in the United States or, if you are eligible for the benefits of a US income tax treaty, attributable to a US permanent establishment or a fixed base, as the case may be; or
- if you are an individual Non-US holder, you are present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition and certain other conditions are met.

Tax on Net Investment Income

For taxable years beginning after 31 December 2012, US Holders that are individuals, estates or trusts and whose income exceeds certain thresholds generally are subject to a 3.8 per cent. tax on net investment income, including interest and capital gains from the sale or other taxable disposition of the Notes, subject to certain limitations and exceptions.

US Backup Withholding Tax and Information Reporting

US Holders are subject to information reporting requirements with respect to certain payments of principal of, and interest on, the Notes and to proceeds of the sale or redemption of the Notes if the interest, principal, or proceeds are paid within the United States or through certain US-related financial intermediaries. Backup withholding at a rate of 28 per cent. with respect to payments within the United States or through certain US-related financial intermediaries would generally apply unless the US Holder provides a correct taxpayer identification number, certifies that it is not subject to backup withholding, and otherwise complies with applicable requirements of the backup withholding rules.

Certain persons are exempt from information reporting and backup withholding, including corporations and financial institutions. The amount of any backup withholding from a payment to a US Holder will be allowed as a credit against such holder's US federal income tax liability and may entitle such holder to a refund provided that the required information is timely furnished to the IRS. A Non-US Holder generally may eliminate the requirement for information reporting and backup withholding by providing certification of its foreign status, under penalties of perjury, on a duly executed applicable IRS Form W-8 or by otherwise establishing an exemption.

Certain specified individuals and, to the extent provided by future guidance, certain domestic entities, who, at any time during the taxable year, hold interests in specified foreign financial assets (including obligations, such as the Notes, that are not held in an account maintained by a financial institution) having an aggregate value in excess of applicable reporting thresholds (which depend on the individual's filing status and tax home, and begin at a low of more than US$50,000 on the last day of the taxable year or more than US$75,000 at any time during the taxable year) are required to attach a disclosure statement on Form 8938 (Statement of Specified Foreign Financial Assets) to their US federal income tax return. No Form 8938 is required to be filed by a specified person who is not required to file a US federal income tax return for the taxable year. Investors are urged to consult their own tax adviser regarding these reporting requirements.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of Notes. Prospective purchasers of Notes should consult their own tax advisors concerning the tax consequences of their particular situations.

EU Savings Directive

Under Council Directive 2003/48/EC (the "**Directive**") on the taxation of savings income, each Member State of the European Union is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entity established in, that other Member State. However, for a transitional period, Austria and Luxembourg will (unless during such period they elect otherwise) instead operate a withholding system in relation to such payments. Under such a withholding system, the recipient of the interest payment must be allowed to elect that certain provision of information procedures should be applied instead of withholding. The current rate of withholding under the Directive is 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to exchange of information procedures relating to interest and other similar income. The Luxembourg government has announced that Luxembourg will elect out of the withholding system in favour of automatic exchange of information with effect from 1 January 2015.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted or agreed to adopt similar measures to the Directive.

A proposal for amendments to the Directive has been published, including a number of suggested changes which, if implemented, would broaden the scope of the rules described above. Investors who are in any doubt as to their position should consult their professional advisers.

If a payment under a Note were to be made by a person in a Member State or another country or territory which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Directive or any law implementing or complying with, or introduced in order to conform to the Directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts under the terms of such Note as a result of the imposition of such withholding tax. The Issuer is, however, required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive or any such law.

EXCHANGE OFFER

On 26 July 2013, the Republic announced an invitation (the "**Exchange Offer**") to holders of its US$750,000,000 8.5 per cent. Notes due 2017 (the "**2017 Notes**") to offer to exchange certain of such securities for up to US$250,000,000 in principal amount of Notes, subject to the terms and conditions set out in an Exchange Offer Memorandum dated 26 July 2013. On 2 August 2013 the Republic announced the results of the Exchange Offer. The Republic accepted US$219,490,000 in principal amount of 2017 Notes in exchange for US$250,000,000 in principal amount of Notes.

In connection with the Exchange Offer, the Republic entered into a dealer manager agreement dated 26 July 2013 with Barclays Bank PLC and Citigroup Global Markets Limited (the "**Dealer Managers**"), which contains certain provisions regarding payment for fees, expense reimbursement and indemnity arrangements.

PLAN OF DISTRIBUTION

Each of the managers named in the table below (the "**Managers**") has, pursuant to a Subscription Agreement (the "**Subscription Agreement**") dated 6 August 2013 severally and not jointly agreed to subscribe or procure subscribers for the principal amount of Notes set out opposite its name in the table below at the issue price of 99.151 per cent. of the principal amount of Notes, less, in the case of Barclays Bank PLC and Citigroup Global Markets Limited, (i) a combined management and underwriting commission and (ii) other expenses incurred in connection with the issue of the Notes and, in the case of the EDC Stockbrokers Limited and Strategic African Securities Limited, certain fixed fees.

Managers	**Underwriting Commitment**
	US$
Barclays Bank PLC	267,860,000
Citigroup Global Markets Limited	267,860,000
EDC Stockbrokers Limited	107,140,000
Strategic African Securities Limited	107,140,000
Total	750,000,000

The Republic has agreed to indemnify the Managers against certain liabilities (including liabilities under the Securities Act) incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the net subscription money in respect of the Notes to the Republic.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Managers have agreed to offer the Notes for resale in the United States initially only (1) to persons they reasonably believe to be QIBs purchasing for their own account or for the account of a QIB in reliance on Rule 144A, or (2) outside the United States in offshore transactions in reliance on Regulation S. Terms used in this paragraph have the respective meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act.

Each Manager has represented and agreed that, except as permitted by the Subscription Agreement, it has not offered and sold, and will not offer and sell, the Notes by means of any general solicitation or advertising in the United States or otherwise in any manner involving a public offering within the meaning of Section 4(a)(2) of the Securities Act. Accordingly, neither such Manager nor its affiliates, nor any persons acting on its or their behalf, have engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Notes, and such Manager, its affiliates and any persons acting on its or their behalf have complied and will comply with the offering restrictions requirement of Regulations S.

United Kingdom

Each Manager has represented and agreed, that:

(g) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the United Kingdom Financial Services and Markets Act 2000 ("**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Republic; and

(h) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Dubai International Financial Centre

Each Manager has represented and agreed that it has not offered and will not offer the Notes to any person in the Dubai International Financial Centre unless such offer is (i) an "Exempt Offer" in accordance with the Markets Rules 2012 of the DFSA and (ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module.

Ghana

The Securities and Exchange Commission Regulations, 2003 (L.I. 1728) requires that a prospectus or offer document issued in connection with or in respect of an offer or invitation to the public to acquire corporate securities is submitted to the Ghana SEC for examination and approval. However, as the Issuer is the government of Ghana the approval of this Prospectus is not necessary before this Prospectus is circulated and the Notes are offered and sold in Ghana. In practice, the Ghana SEC will usually be notified of the circulation of this Prospectus and the offer and sale of the Notes in Ghana.

Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, each Manager has represented and warranted that, save as set out below, it has not offered or sold, and will not offer or sell, any Notes in the Republic of Italy in a solicitation to the public and that sales of the Notes in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Accordingly, each Manager has represented and agreed that it will not offer, sell or deliver any Notes or distribute copies of this Prospectus and any other document relating to the Notes in the Republic of Italy except:

(a) to "Professional Investors", as defined in Article 31.2 of CONSOB Regulation No. 11522 of 1 July 1998, as amended ("**Regulation No. 11522**"), pursuant to Article 30.2 and 100 of Legislative Decree No. 58 of 24 February 1998, as amended ("**Decree No. 58**");

(b) that it may offer, sell or deliver Notes or distribute copies of any Prospectus relating to such Notes in a solicitation to the public in the period commencing on the date of publication of such Prospectus, provided that such Prospectus has been approved in accordance with the European Directive 2003/71/ CE, as implemented in Italy under Decree No. 58 and CONSOB Regulation No. 11971 of 14 May 1999, as amended ("**Regulation No. 11971**"), and ending on the date which is 12 months after the date of publication of such Prospectus; and

(c) in any other circumstances where an express exemption from compliance with the solicitation restrictions applies, as provided under Decree No. 58 or Regulation No. 11971.

Any such offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy must be:

(a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993 as amended (the "**Banking Act**"), Decree No. 58, Regulation No. 11522 and any other applicable laws and regulations;

(b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy or by Italian persons outside of Italy; and

(c) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

Hong Kong

Each of the Managers has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, the Notes other than (i) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "Prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue (in each case whether in Hong Kong or elsewhere), any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made under that Ordinance.

Singapore

This Prospectus has not been registered as a Prospectus with the Monetary Authority of Singapore. Accordingly, the Managers have represented, warranted and agreed that this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, each Manager has represented, warranted and agreed that Notes, debentures and units of Notes and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

South Africa

Each Manager has represented and agreed that:

(a) it has not and will not offer for sale, subscription, sell or transfer, whether directly or indirectly, within the Republic of South Africa, any Notes to any person, company or other juristic person resident in the Republic of South Africa except in accordance with: (i) all South African Reserve Bank Exchange Control Regulations or with the approval of the South African Reserve Bank (where applicable); (ii) the Companies Act, 1973 (as amended); (iii) the Banks Act, 1990, and the regulations promulgated in terms thereof (including but not limited to the Commercial Paper Regulations); (iv) the Financial Advisory and Intermediary Services Act, 2002; and (v) in circumstances which would not constitute an offer to the public within the meaning of the South African Companies Act, 1973 (as amended); and

(b) it shall not offer any Notes for subscription or sell any Notes to any single addressee for an amount of less than R1,000,000.

State of Qatar (excluding the Qatar Financial Centre)

Each Manager has represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, any Notes in the State of Qatar, except (i) in compliance with all applicable laws and regulations of the State of Qatar and (ii) through persons or corporate entities authorized and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar. This Prospectus has not been reviewed or approved beforehand by the Qatar Central Bank or the Qatar Financial Markets Authority and is only intended for specific recipients in compliance with the foregoing.

Switzerland

This Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Notes described therein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated facility in Switzerland or a simplified prospectus or a prospectus as such term is defined in the Swiss Collective Investment Scheme Act, and neither this Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Prospectus nor any other offering or marketing material relating to the offering, the Republic or the Notes has been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to the supervision by any Swiss regulatory authority, *e.g.*, Swiss Financial Markets Supervisory Authority FINMA, and investors in the Notes will not benefit from protection or supervision by such authority.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Manager has represented and agreed that the Notes have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

General

No action has been taken by the Republic or any of the Managers that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Manager has undertaken that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any offering circular, Prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

General Information

Contact Information

The address of the Republic is: Republic of Ghana, Ministry of Finance, 28th February Road, P. O. Box M40, Accra, Ghana. The telephone number of the Republic is +233 302 665587.

Listing

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on the Main Securities Market. The listing of the Notes is expected to be granted on or before 7 August 2013. The total expenses related to the admission to trading of the Notes are expected to be EUR 5,190.

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the Main Securities Market of the Irish Stock Exchange.

Indication of Yield

Based upon a re-offer price of 99.151 per cent. of the principal amount of the Notes, the yield of the Notes is 8.0 per cent. on an annual basis. The yield is calculated at the Issue Date. It is not an indication of future yield.

Authorisations

The Republic has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Notes. The Parliament of Ghana authorised the issue of the Notes on 26 June 2013 pursuant to the Loans Act 1970 (Act 335) and Article 181(5) of the Constitution of the Republic of Ghana.

Documents on Display

For so long as any Notes shall be outstanding, physical copies of: (i) the Republic's budget for the current fiscal year (ii) the Agency Agreement and (iii) the Deed of Covenant may be inspected during normal business hours at the specified offices of the Fiscal Agent.

Clearing Systems

The Notes have been accepted for clearance through Euroclear, Clearstream, Luxembourg and DTC. The Unrestricted Global Note has been accepted for clearance through Euroclear and Clearstream, Luxembourg under the Common Code No. 095693539 and the ISIN XS0956935398. The Restricted Global Note has been accepted for clearance through DTC. The CUSIP number for the Restricted Global Note is 374422 AB9, the Common Code No. is 095693997, and the ISIN is US374422AB97. The address of Euroclear is 1 Boulevard du Roi Albert II, B. 1210 Brussels, Belgium, the address of Clearstream, Luxembourg is Avenue J.F. Kennedy, L-1855, Luxembourg and the address of DTC is 55 Water Street, New York, NY, 10041, USA.

Litigation

The Republic is not involved in, and has not been involved for 12 months prior to the date of this Prospectus in, any governmental, legal or arbitration proceedings which may have or have had in the recent past a significant effect on its financial position nor, so far as the Republic is aware, is any such proceeding pending or threatened.

Material Change

Since 31 December 2012, there has been no significant change in the Republic's (a) tax and budgetary systems, (b) gross public debt or the maturity structure or currency of its outstanding debt and debt payment record (c) foreign trade and balance of payment figures (d) foreign exchange reserves including any potential encumbrances to such foreign exchange reserves as forward contracts or derivatives (e) financial position and resources including liquid deposits available in domestic currency and (f) income and expenditure figures.

Interest of Natural and Legal Persons

So far as the Issuer is aware, no person involved in the offer or the Notes has an interest material to the offer.

Legend Concerning US Persons

The Notes appertaining thereto will bear a legend to the following effect: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code". The sections referred to in such legend provide that a United States person who holds a Note will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange, or redemption will be treated as ordinary income.

Managers transacting with the Issuer

Certain of the Managers and their affiliates have engaged, and may in the future engage in investment banking and/or commercial banking transactions with, and may perform services to, the Issuer in the ordinary course of business.

ISSUER

Republic of Ghana
Ministry of Finance
28th February Road
P. O. Box M40
Accra, Ghana

FISCAL, TRANSFER AND PAYING AGENT

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Canada Square
London E14 5LB
England

REGISTRAR

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Frankfurter Welle
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