



GHANA FLASH-NOTE

Rising fuel prices - It's Mainly Fiscal ...

1) With oil prices down 22% from their level 12 months ago, Ghana's long-suffering consumers might have been anticipating a similar windfall to the bonanza their American counterparts have been enjoying.

Instead, on the day before Xmas eve the NDC majority rushed through Parliament the **Emergency Energy Sector Levy Bill (2015)** that imposed new taxes on petroleum products. The measure was promptly signed into law and followed, on Dec. 31st, by the **announcement that prices for gasoline, diesel and kerosene were to be hiked by 27%, 28% and 17% respectively**¹.

2) It was at precisely this juncture that consideration of Ghana's 2nd ECF Review was put on the calendar of the IMF's Executive Board² for Jan. 13th. The obvious inference is that **Ghana has now addressed the "finalization of required documentation"**, cited in by the IMF staff at the conclusion of their November mission to Accra - in a clause Rhombus identified as **a precondition for the satisfactory conclusion of the 2nd Review**³.

3) On this basis, **the disbursement of the next USD 117 million tranche under the IMF facility can now be regarded as a fait accompli**. However, having only just squeaked through the 2nd Review (covering the period Jul-Aug. 2015), **Mr. Terkper and his colleagues will have to submit to the next such evaluation almost immediately**.

¹ Past experience suggests that there will be an almost complete pass-through to transport costs with a further knock-on effect upon consumer prices that will not only alienate organized labour (a longstanding ally whom the ruling NDC will be keen to keep on-side in this election year), but add to the growing pressure on the exchange rate.

² i.e. 56 days after the staff concluded its last mission to Accra.

³ See Rhombus Advisors LLC, "[The IMF's 2nd ECF Review](#)", November 9, 2015.

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