



**GHANA FLASH-NOTE**

## **Reviewing Akufo-Addo's State of the Nation address**

1) Having assumed office only six weeks ago, the primary focus of Nana's maiden address was bound to be retrospectively dyspeptic .

After expressing "sincere appreciation to [his] predecessor for his leadership and his role in the transition", the new President wastes no time in **taking Mahama's administration to task for the its management of the economy**, announcing "our worst fears have been confirmed, plus a few additional, unpleasant surprises as well".

2) Focusing on the **fiscal picture**, he offers the appropriately blunt assessment:

*"(V)irtually all the targets under the IMF programme, as at December 2016, have been missed. Fiscal indiscipline, once again, reared its head in the 2016 election year [...] As compared to a target of 5.3% under the IMF programme, the fiscal deficit for 2016 was 9% of GDP on a cash basis and 10.2% of GDP on a commitment basis."*

3) Turning to the **debt situation**, he paints an even grimmer portrait, viz.:

*"The increasing fiscal deficits were financed by increased borrowing [...]"*

*"Ghana's total revenue is consumed by three main budgetary lines: wages and salaries, interest payments and amortization and statutory payments. These three items alone account for 99.6% of government revenue."*

4) Looking forward, we learn that the finance minister is to present his first budget at the beginning of March, when details of the **NPP's economic programme** will be unveiled. A number of the items Nana enumerated strike one as **highly ambitious**, most notably the planned launch of strategic initiatives as new pillars of growth, including:

- the establishment of **petrochemical industries**, an **iron and steel industry** and an integrated **aluminum industry**;
- the expansion of the domestic production of **pharmaceuticals**;
- the establishment of a vehicle assembly and **automotive industry**;
- the production of industrial salt; the establishment of **garment and textiles enterprises**;
- the **manufacture of machinery**, equipment and component parts.

5) Not only is this a **remarkably statist agenda** for a self-styled centre-right government; there is no indication of **Ken Ofori-Atta plans to fund such an expansionary programme**, particularly given the extremely limited fiscal space available.

It is worth pointing out that this ambitious agenda is being previewed a mere 24 hours after the Government was **obliged to shelve the GHS 700 million bond auction** scheduled for this month [under its Q1 issuance calendar targeting a cumulative GHS 1,700].

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