

Ghana**First Macroeconomic Stability for Competitiveness and
Growth Development Policy Financing****Chair Summary*****June 30, 2015**

Executive Directors considered the First Macroeconomic Stability for Competitiveness and Growth (MSCG1) (IDA/R2015-0168) credit in an amount equivalent to US\$150 million; the First Macroeconomic Stability for Competitiveness and Growth (MSCG1) policy-based guarantee (PBG) of up to US\$400 million equivalent; and a waiver of the requirement contained in Operational Policy 8.60, Development Policy Financing, paragraph 4 that in order to be eligible for an IDA guarantee, the IDA member must be in low or moderate risk of debt distress. They approved the credit, PBG, and waiver on the terms and conditions set out in the President's Memorandum and Recommendation.

Directors recognized the significant challenges Ghana faces in the aftermath of macroeconomic shocks following years of strong growth. They underscored the importance of the development policy financing for improved macroeconomic stability and more effective public spending, which will help Ghana enhance economy-wide competitiveness and sustain growth, consistent with Ghana's Second Shared Growth and Development Agenda and the World Bank Group's Country Partnership Strategy for Ghana.

Directors highlighted the importance of the Bank-financed program in strengthening institutions for more predictable fiscal outcomes and enhancing the productivity of public spending. They encouraged the adoption of measures for more efficient and effective social and infrastructure spending to support the poorest and most vulnerable. Directors noted the objective of eliminating subsidies on fuel used for electricity, and strongly supported measures to mitigate possible negative effects on the poor – including through cash transfers - and on Ghana's exports. They welcomed the contribution of the PBG in supporting the refinancing and buyback of Ghana's external and domestic debt without increasing the country's debt stock. Directors encouraged close coordination with the Ghanaian authorities during the process to ensure that proceeds are applied for the greatest impact in debt reduction and stabilization.

Directors noted that achievement of the project's development impact requires vigilance on the implementation of the stabilization program and continued close coordination with the International Monetary Fund (IMF) and other development partners. They encouraged the Bank to monitor and provide assistance on risk mitigation during the transition.

*This summary is not an approved record.