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**Mission Chief**

**Ghana ECF-Program**

**IMF**

**Washington D.C.**

Dear Mission Chief,

**Re: Bank of Ghana's Audited 2025 Financial Statements and Implications for the Ghanaian Economy**

It is my pleasure to write to you following the publication of the audited Financial Statements of the Bank of Ghana (BoG) for 2025 to express my concerns on the material implications that the findings from these statements may have for Ghana's macroeconomic stability, fiscal outlook, and post-programme policy credibility.

First of all, let me commend the Fund for your support to Ghana under the ECF arrangement and for the role played in helping restore macroeconomic stability following the crises Ghana faced between 2022 and 2023. As the programme comes to an end, it is imperative that greater attention is paid to safeguarding the durability of these gains. However, the publication of the 2025 financial statements of the Bank of Ghana has raised deep concerns, and I would like to draw the Fund's attention to significant fiscal, monetary, and governance risks arising from the statements, and to propose recommendations for strengthening fiscal-risk management, central bank balance sheet repair, and post-programme policy sustainability.

As you already know, our ECF arrangement has been anchored on restoring macroeconomic stability, ensuring debt sustainability, and laying the foundation for higher and more inclusive growth. These objectives remain highly relevant beyond the review cycle, especially as Ghana transitions from programme implementation to post-programme surveillance, market re-entry, and long-term fiscal credibility. I have no doubt that the Fund by now has made an assessment of the direct implications of the Bank's financial performance for the Government's current fiscal position, future fiscal obligations, debt sustainability, and the credibility of the post-programme policy framework.

This letter, therefore, reiterates issues that require urgent attention, especially the need to address key structural matters that could place significant strain on the Bank's balance sheet and the broader macroeconomic framework if left unaddressed. This has become necessary because there are indications that this NDC administration has missed key structural reform benchmarks under the programme since it assumed office in January 2025. As you know, programme conditionalities and reforms are legally binding under IMF programmes and this makes us wonder how the programme has continued to progress despite the weakening of reform momentum.

For fear of digressing on the key reason for this letter, let me, for now, park this issue of the weakened reform momentum as the programme winds-up and focus on the main reason why I am writing to you.

### **Analysis of the Bank's Financial Statements**

First, the Bank of Ghana remains in a severe negative equity position. Group negative equity increased from GH¢58.62 billion in 2024 to GH¢93.82 billion in 2025, while the Bank's own negative equity increased from GH¢61.32 billion to GH¢96.28 billion. This indicates that meaningful balance sheet repair has not yet commenced in substance, and that the Government remains exposed to a large and growing recapitalisation obligation.

Second, the Bank's reported loss worsened despite increased operating income. The Bank recorded a loss of GH¢15.63 billion in 2025, compared with GH¢9.49 billion in 2024. This deterioration occurred even though operating income increased, largely because operating expenses, particularly open market operation costs, revaluation losses, exchange losses, and gold-related losses, remained elevated. It should also be noted that an analysis based on comprehensive income suggests that the full impact on the Bank's capital position is more severe than what is reflected in the profit and loss account alone. While the Bank recorded a loss of GH¢9.49 billion in 2024, this was offset by GH¢13.5 billion of positive other comprehensive income, resulting in a net comprehensive gain of GH¢4.02 billion. In contrast, in 2025, the Bank recorded both a larger loss and a significant negative reserve movement, resulting in a total comprehensive loss of GH¢34.95 billion. This gets to GH¢44 billion when net gains from the sale of gold is added.

Third, the cost of Open Market Operations increased materially. The cost of open market operations rose sharply from GH¢8.60 billion in 2024 to GH¢16.73 billion in 2025 (structurally heavy constituting about 75% of total Bank operating income in 2025). This implies that monetary policy implementation continues to carry a very high quasi-fiscal cost, with OMO expenses constituting a substantial share of operating income. Without the one-off gain from the sale of gold reserves, OMO costs would have exceeded the Bank's operating income, raising serious questions about the sustainability of current policy operations. While the Bank explains this as the cost of stability following a decline in inflation, it is important to note that the scale of these costs suggests that underlying liquidity conditions and policy transmission challenges remain unresolved.

The cost of controlling inflation should therefore not only be interpreted from the high cost of sterilization, but also the near collapse of domestic production. This is why imported food such as maize, rice, soyabeans and other goods have become cheaper than those produced in Ghana. This has adverse effect on domestic job creation. This also suggests that monetary policy implementation continues to carry a high quasi-fiscal cost, which can weaken the central bank's income position and indirectly create future pressure on the Government.

Fourth, the Bank's policy solvency presentation requires careful interpretation. The Bank reports a positive policy solvency position of GH¢5.5 billion for 2025. However, this calculation includes a GH¢9.57 billion net gain from the sale of refined gold. Without this one-off gain, the underlying policy solvency position appears materially weaker and potentially negative. This raises concerns that the apparent improvement in policy solvency may not reflect a fundamental strengthening of operations, but rather the impact of non-recurring income.

Fifth, gold-related activities introduce volatility and transparency risks. The Bank recorded a GH¢9.57 billion gain from the sale of refined gold, while also recording GH¢9.05 billion in net losses on gold deals. The accounts further show a sharp increase in gold-related receivables and liabilities, suggesting complex and potentially recurring operational exposures. These developments warrant careful scrutiny to determine whether they reflect temporary transactions, structural policy tools, or quasi-fiscal operations with broader fiscal implications. The economic net benefit of the gold programme is therefore significantly smaller than the headline gains suggest.

Sixth, the revaluation account reserve declined sharply. The revaluation account reserve fell from GH¢25.80 billion in 2024 to GH¢2.18 billion in 2025, primarily due to GH¢23.62 billion in exchange and revaluation losses on gold, SDRs, and foreign securities being recorded through other comprehensive income. While this treatment is permitted, it transfers valuation losses to equity rather than profit and loss, thereby weakening the Bank's capital position. This demonstrates the high sensitivity of the Bank's balance sheet to exchange-rate movements and valuation effects.

Finally, the use of gold reserves raises important policy questions. You may recall that concerns were raised regarding the sale of approximately 18 tonnes of gold reserves, which generated about GH¢40.3 billion. The Bank indicated that this was undertaken to rebalance its reserve portfolio. However, the financial statements suggest that gains from these transactions also played a significant role in supporting income. The Bank itself acknowledges that its policy solvency position was supported by "substantial inflows from bullion gold sales." This raises the possibility that gold sales were not only a reserve management decision, but also an important factor in offsetting underlying losses.

## **Implications for Government's Fiscal Position**

These developments have important implications:

First, the Bank of Ghana's negative equity is effectively a deferred fiscal cost. Even if recapitalisation is phased over several years, it remains an obligation of the state. If Government issues bonds to recapitalise the Bank, this could increase gross public debt, future interest obligations, or rollover pressures. I can understand that we signed an MoU between the Ministry of Finance and the Bank of Ghana for a recapitalization of the Bank between 2026 and 2032, but this was based on the Bank's negative equity position of GH¢61.32 billion. This position is now worse at negative GH¢96.28 billion, and without an extension of the capitalization period, the fiscal cost to the government can only increase.

Second, high open market operation costs can create a feedback loop between monetary tightening and fiscal pressure. If sterilisation costs continue to exceed the Bank's recurring income, future central bank losses may require additional Government support. This could undermine fiscal consolidation gains achieved under the programme.

Third, gold-related gains should not be treated as a stable source of fiscal or central bank income. Gold sales can support liquidity and reserves management, but gains are sensitive to prices, exchange rates, timing of disposal, and accounting treatment. A fiscal framework that implicitly relies on such gains would be vulnerable.

Fourth, off-balance-sheet or memorandum-based treatments involving Government and IMF-related flows should be reviewed for fiscal transparency. Any arrangement that creates a government obligation, even if not immediately recognised in the statement of financial position, should be disclosed clearly in fiscal-risk statements and debt sustainability analysis.

## **Implications for IMF Programme and Post-Programme Durability**

The key concern is whether monetary policy can be sustained without generating recurring quasi-fiscal losses.

Additionally, Ghana's programme with the IMF is ending in a few months, but the effect of the programme will continue to define the economy in future. The Bank of Ghana's financial position is therefore directly relevant to programme objectives as well as the durability of programme gains. The key issue for macroeconomic stability is whether monetary policy can be implemented without generating recurring quasi-fiscal losses. If OMO costs remain structurally high, the central bank may continue to accumulate losses even while inflation declines.

Debt sustainability is another area of concern. The key issue is whether central bank recapitalisation and unresolved DDEP-related costs are fully captured in fiscal projections. If these costs are understated or deferred, the Government's future fiscal path may deteriorate. One of the objectives of the programme is to achieve inclusive

growth. The key issue here is whether fiscal space remains available for productive expenditure after accounting for financial-sector, central-bank, and debt-restructuring legacy costs. Large recapitalisation obligations could crowd out infrastructure, education, health, and social spending.

## **Recommendations**

I wish to recommend that you consider the following in your engagement with the Government of Ghana and the Bank of Ghana.

1. Require a transparent central bank recapitalisation plan based on the terms of the MOU signed between the Ministry of Finance and Bank of Ghana. The plan should specify the total recapitalisation amount, annual tranches, instrument type, maturity, coupon, budget treatment, parliamentary approval requirements, and expected path to restoring positive equity.
2. Include Bank of Ghana recapitalisation in fiscal-risk analysis. The Government's medium-term fiscal framework should explicitly recognise the central bank's negative equity as a contingent or direct fiscal obligation, depending on the agreed recapitalisation mechanism.
3. Develop a recurring policy solvency measure. The Bank should publish a policy solvency calculation that excludes one-off items such as refined gold sale gains, asset revaluations, exceptional cost recoveries, and non-recurring transactions.
4. Strengthen disclosure of quasi-fiscal operations. Gold programmes, foreign-exchange support operations, OMO costs, and Government-related receivables should be disclosed in a way that allows Parliament, investors, and citizens to distinguish monetary operations from fiscal interventions.
5. Review the governance of gold transaction. The Bank should publish clearer information on the purpose, approval framework, counterparties, settlement cycle, risk controls, and financial outcome of gold transactions. The secrecy that surrounded the sale of 18 tons of gold reserves remains a matter of grave concern.
6. Resolve the treatment of the DDEP effect on the Bank of Ghana. The final treatment should be reflected consistently in public debt statistics, fiscal accounts, and the Bank's financial statements.
7. Request an accounting treatment review. The Fund should encourage an independent technical review of material non-standard accounting treatments, including foreign exchange gains and losses routed through reserves, monetary gold accounting, IMF-related off-balance-sheet treatment, and Government receivable recognition.
8. Protect the prohibition on monetary financing. Post-programme safeguards should include continued monitoring of zero central bank financing of the budget, with clear reporting of any exceptions, arrears, overdrafts, or indirect financing arrangements. The advise by the IMF to the government to pass the amendments to the Bank of Ghana Act to allow monetary financing of the

government by the Bank was the greatest disservice to the country, and this would come hurting our economy if not addressed.

9. Create a post-programme fiscal-risk dashboard. The government should publish a quarterly dashboard covering central bank equity, OMO liabilities, Government deposits, Bank of Ghana claims on Government, recapitalisation progress, gold-related receivables and liabilities, and contingent liabilities.

## **Closing**

I wish to thank you for your attention and hope that these observations will inform ongoing engagements with the Ghanaian authorities.

You should treat the Bank of Ghana's 2025 financial statements as an important signal for post-programme fiscal surveillance. The reported figures suggest that Ghana's fiscal adjustment should not be assessed only through the central government budget balance, but also through the broader public-sector balance sheet, including central bank losses, quasi-fiscal costs, unresolved debt restructuring effects, and recapitalisation obligations. As a country we have made significant gains under the programme. However, the durability of that progress will depend on whether fiscal consolidation is supported by transparent recognition of all public-sector obligations, credible central bank recapitalisation, and strict safeguards against renewed monetary financing.

As you know, the NPP government took the pain of implementing difficult policies under the programme during our time in government, even at the risk of the anger of our people. We took the heavy lifting because we were convinced that those policies were necessary, and the return to economic growth has vindicated us. Our performance did not only provide lifeline for the NDC administration through foreign exchange and gold reserve accumulation, with gross international reserves at \$9 billion, the decline in inflation from 54% to 23%, a real GDP growth of 5.8%, improved financial ratios in the banking sector, surplus trade and current account balances, among others, but also significant structural reforms.

The sacrifices of our people must be commended and not be taken for granted as the government and the Bank of Ghana are currently doing. It is therefore our duty to ensure that the programme, which was started by us becomes successful and the gains are protected into the future for the benefit of the people of Ghana.

Whilst acknowledging the positive contributions of the IMF, World Bank, African Development Bank, and other bilateral and private sector partners, I wish to state that the Fund's inconsistent positions on some policies – forex interventions, monetary financing of government and the computation of fiscal data particularly the primary balance, have been unhelpful in building policy consensus in Ghana; and these will never be forgotten by us since it helped the NDC's propaganda narrative in early 2025, propaganda that is being broken down every day through the high cost of living imposed on the people and the government's failed promises.

I hope to receive a quick response from you.

Sincerely,

Signed.

**Dr. Mohammed Amin Adam (MP)**

**Ranking Member on the Finance Committee of Parliament**

**Copies:**

Director, IMF Africa Department, Washington D.C.

IMF Resident Representative, Accra.