

Dr. Frank Serebour  
President

Dr. Titus Kofi Beyuo  
General Secretary



# GHANA MEDICAL ASSOCIATION

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Our Ref:

Date: 6<sup>th</sup> December, 2022

Your Ref:

## STATEMENT ON DEBT EXCHANGE PROGRAMME

The Ghana Medical Association is troubled and alarmed by the negative impact that the Debt Exchange Programme announced by the Finance Minister will have on workers' pensions in particular and health care delivery in the country.

It is instructive to note that;

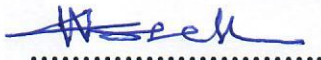
1. Tier 2 and Tier 3 pensions contributions held and managed by the various pensions schemes, especially public sector pension schemes are very heavily exposed (over 90 %) to government bonds including ESLA and Daakye bonds.
2. The cuts in bond interests, no coupon payments for 2023 and the spread of principal repayment as announced will result in significant loss in value of our pensions in real terms over the next 5-15 years and beyond.
3. With a maximum bond interest of 10% starting from the 3rd year, our investments in government bonds will return a negative real return for every time that inflation goes above 10%. Though the government aims for a single digit inflation in the medium to long term, historically that has been very difficult to achieve in Ghana even in the best of economic years.
4. All these, we believe, will further worsen the already dire situation workers and pensioners will face especially when their meagre pensions have lost significant value owing to the depreciation of the cedi, high inflation amongst others.

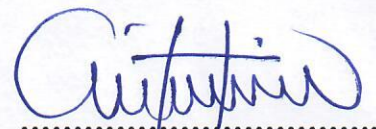
In addition to the afore stated, the GMA is also concerned about the negative effect of the debt exchange programme on Private Health facilities, Private Health Insurance, and Mutual schemes who have invested heavily with Government of Ghana bonds. This we believe will impact negatively on patient care, medication supply and claims management.

The GMA, having considered these, rejects the Debt Exchange Programme as announced by the Minister of Finance.

We therefore demand as a matter of urgency that government takes immediate steps to completely exempt pension and other related funds (including the GMA Fund who have investments in GOG instruments) and that no 'haircuts' should affect the principal and interests of such investments.

Failure of exempting workers pension funds from 'haircuts' or debt restructuring may result in actions that will disrupt the industrial harmony in the country.

  
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