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Impact of Debt Accumulation and Debt Restructuring on the Pension Space: A Case of Ghana

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ABSTRACT: The Ghanaian economy has experienced persistent accumulation of public debt over the past decades. Debt Servicing over the years usually causes distress to the domestic economy whilst several external interventions seem to be beneficial only for a short while due to controversial fiscal and monetary policy decisions of successive governments. The recent financial sector clean-up followed by the onset of the Covid-19 pandemic and the Russian-Ukraine war have exacerbated the country's debt burden which has culminated in a domestic debt restructuring programme aimed at securing an IMF bailout. Through thematic analysis, this research explored the debates and interviews organised by some selected Ghanaian TV stations with respect to the Domestic Debt Exchange Programme; with a research objective that sought to unravel the impact of the DDEP on stakeholders of the pensions space. The denouement of the study established four main themes by which the impacts were observed: namely, economic impact, social impact, psychological or emotional impact and reputational impact. The enormity of the impact presupposes going forward, government must perform an in-depth sensitivity analysis on the pensions space for prudent management of potential victims and repercussions. Additionally, with the exemption of pension fund, same will be negatively affected, how much more the inclusion of pensioners who are a vulnerable section of society, and institutional bondholders with whom pension schemes have invested funds.

KEYWORDS: Domestic Debt Exchange Programme, Debt Accumulation, Pension Funds, Pension Fund Custodians, Pension Fund Trustees, Public Debt.

INTRODUCTION

A broad overview of global pension systems reflects the tremendous impact of financial, economic, and political crisis on the former. The concept of pension is to prevent the replicating effect of income deterioration with time in the lifetime of an employee (Weller and Wolff 2005). This implies pensions provide an assurance of retirement income security during incapacitation, early retirement, or old age retirement. However, nearly 342 million representing close to 50% of the aged, globally, lack access to retirement income security (United Nations, 2007).

Economies world-wide are underpinned by pension funds which represent a significant portion of the GDP of nations. According to OECD (2020), the year 2020 climaxed with pension funds hitting about USD 35 trillion worldwide, funds in OECD and non-OECD areas amounted to USD 34.2 trillion and USD 0.8 trillion respectively. The funds grew at a higher rate than in the preceding year, 2019. Ghana's total pension funds under management increased from GHS 33.5 billion in 2020 to GHS 39.6 billion in 2021, out of which private pension schemes (Tiers 2 and 3) constituted 71% whilst the Basic National Social Security Scheme (Tier 1) accounts for 29% (NPRA Report 2021). Based on periodically reviewed investment guidelines, about 84% of the schemes' Assets Under Management (AUM) is currently invested into Government of Ghana Securities, whereas 7.3% of the Tier 1's AUM represents Government of Ghana bonds as of 2021.

The decision to invest pension funds in GoG securities is largely motivated by high return with an incommensurate low risk comparatively to the available options. From the Regulator's point of view, it can be inferred as a conservative and reasonable man's approach to investment to avoid a significant loss. This, in some sense assists government in its infrastructure and developmental agenda. As invaluable as it is, due to its primary owners being a vulnerable group of citizens (pensioners), pension funds are generally supposed to be unaffected amidst economic crises. Paradoxically, during the recent financial sector clean-up, Pension funds were offered a low and deferred interest rate on fixed deposits for banks subsumed into Consolidated Bank Ghana (CBG). GN Bank's Fixed Deposits remain outstanding owing to long standing valuation process by the Receiver and court process initiated by owners of GN contesting the revocation of its licence. Pension Funds invested in CIS joined the queue as newly assigned Fund Managers reconciled and valued CIS Assets. Succeeding the COVID-19 pandemic and the Russian-Ukraine war is the global macroeconomic crisis which has aggravated the country's already underperforming economy.

According to Bank of Ghana (2022) the country experienced an increase in total public debt from GHS 32.3 billion representing 55.5% of GDP in 2017 to almost GHS 49 billion representing 84% of GDP in 2022. Moreover, (Ministry of Finance, 2022) the nation's domestic and external debt values stand at GHS195.7billion and GHS271.7billion respectively, with a total public debt of GHS467.4billion. Additionally, IMF (2016) argues that the country has over a decade now been committing an average of 30% of its domestic revenue on debt servicing whilst the recent devastating effect of the surge in the cost of interest payments and Cedi depreciation have phenomenally impeded economic growth. With this, the World Bank (2022) predicts more than 20% increase in debt to GDP ratio from 84% in 2022. This economic downturn has caused government to institute a domestic debt restructuring programme to achieve a bailout from the IMF, failure of which is tantamount to economic misfortune.

Ghanaians, from the fourth quarter of 2022 to the first quarter of 2023 have received a series of government's communication with regards to the type of securities and the respective investors who are likely to be affected by the Domestic Debt Exchange Programme (DDEP). For instance, Ministry of Finance on 1st December 2022, relayed that, domestic debt holders would have their instruments exchanged for new bonds. Thus, domestic bonds existing as of 1st December 2022 will be interchanged for new bonds with maturities in 2027, 2029, 2032, and 2037, with annual coupons of 0% (2023), 5% (2024), and 10% for each of the remaining years till maturity. In this respect, further deliberations revealed treasury bills, and individual bondholders, are excluded with no haircut affecting principal of bonds. Furthermore, on 5th December 2022, Ministry of Finance (2022) affirmed how important its quest for financial assistance from the IMF is and noted that reaching a Staff Level Agreement (SLA) with the latter, to facilitate the attainment of macroeconomic stability is contingent on the success of the DDEP. In accordance with the ministry's memorandum, all eligible bond holders were invited to exchange the already existing bonds of about GH137.3billion issued by the State, and state SPV's: Daakye Trust Plc., and E.S.L.A Plc.

However, this resulted in a series of agitations from stakeholders such as Trade Union Congress (TUC), Financial Sector Industry Associations, Groups of Individual debt holders, Pensioners Associations etc. This triggered an avalanche of media engagements. The Government's renegotiation with all representative groups brought forth a revised exchange memorandum on 2nd February 2023. The new agreement according to (Ministry of Finance, 2023) gives individual bondholders the freewill to either participate or not and cautions same on limitations as regards tradability of old bonds after implementation of the DDEP. As well, all individual bondholders aged 59 and below, and retirees, would have an offer of bonds with maximum maturity of 5years with a 10% (instead of 15%) coupon rate, and 5 years (instead of 15years) with a 15% coupon rate, respectively. Although the Ministry of Finance (2023) indicates that there are ongoing negotiations with Organised Labour pertaining to exemption of pension funds, Kumah (2023) proffers a possible treatment of same with less emphasis on a complete exemption devoid of downside risk. It is against this backdrop that, this research seeks to comprehensively assess the extent of the debt crisis and the current DDEP to ascertain its possible effect on the nation's pension funds and other stakeholders in the pensions space. The research is organised as follows: Literature Review; Methodology, Data Analysis and Discussion of Findings; and Summary and Conclusion.

LITERATURE REVIEW: HISTORICAL, CONCEPTUAL AND THEORETICAL FRAMEWORK.

DOMESTIC AND EXTERNAL DEBT ACCUMULATION

Although there is limited empirical study on the relationship between public debt and pension funds, it is generally known that excessive debt accumulation could result in default in interest and coupon payments which can adversely affect return on pension fund investment. On the other hand, numerous studies have examined the effect of debt accumulation on economic growth. For instance, respectively, Rother (2010), Schelarek (2004) and El-Mahdy and Torayeh (2009) studied the relationship between public debt and economic growth in Europe, industrial economies, and Egypt, and established a zero correlation.

However, Anyanwu and Erhijakpor (2004) and Maghyereh (2003) posit that there is a negative impact of public debt on economic growth at a given threshold of Debt to GDP ratio. This denotes that irrespective of being a major tool for project development, debt build-up leads to high domestic and external coupon payments, higher taxation, and surge in inflation. Furthermore, Martey (2019) states that excessive debt negatively affects meeting debt obligations, credit ratings, and finally triggers exchange rate volatility alongside poor growth. Eventually, this could worsen the performance of financial institutions such as banks, insurance companies with no exception to pension funds and its stakeholder institutions.

Total debt is the summation of a country's public and private debt; short-term, medium term and long-term (Tuffour, 2012). The stockpile of debt for a given period is termed debt accumulation. Moreover, Domestic, and External debt constitute debt issued on the borrower's capital market and debt issued to foreign lenders out of the domestic capital market correspondingly (Ministry of Finance, 2021). In retrospect, Ghana's overdependence on domestic and external loans before and during the 1990s resulted in approximately 100% debt to GDP ratio which equates to debt unsustainability. Having entered a trajectory of economic crisis, the country got relieved by World Bank and IMF through the HIPC initiative in 2004. A further relief of debt owed IMF and other multinational organisations materialised in 2006 through the Multilateral Debt Relief Initiative (Kwakye 2012).

Howbeit, the discovery of oil in 2010 increased government's appetite for borrowing, mostly from external capital markets, to fund non-profit long-term capital-intensive projects. This increased the debt to GDP ratio from 26% to 48% in 2012. Also, Atuahene and

Impact of Debt Accumulation and Debt Restructuring on the Pension Space: A Case of Ghana

Frimpong (2023) attributes the rising debt to the 2008-2009 global financial crisis, the pay or take energy sector excess capacity contract in 2013-2017 which costed about USD 17 billion, corruption and reckless borrowing. Other factors such as persistent budget deficit financing, and the 2017-2019 financial sector clean-up which consumed almost GHS 25 million, followed by the onset of the Covid-19 pandemic and the Russian-Ukraine war have intensified the situation.

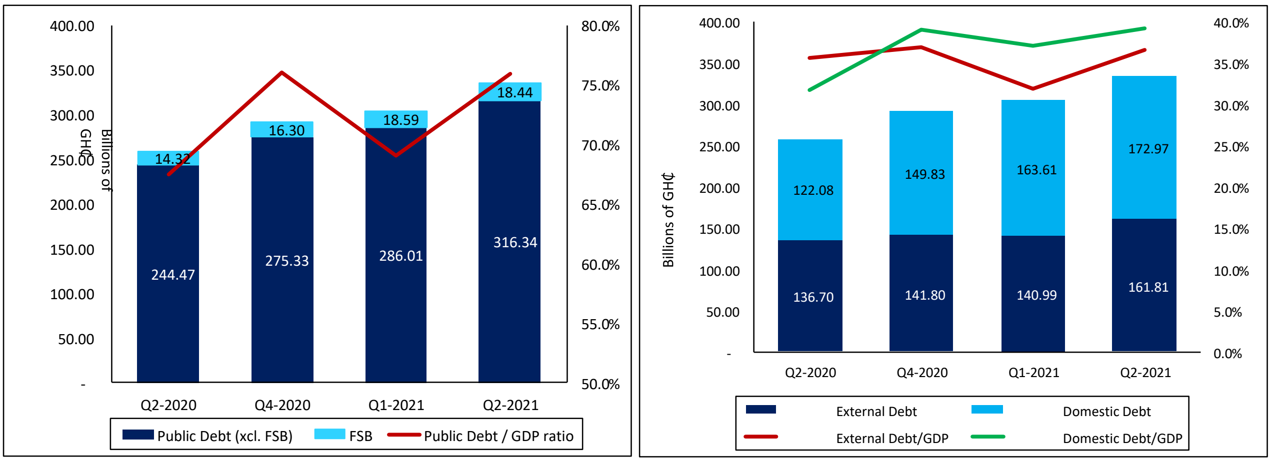

Figure 1:. (A) Public debt stock q2-2020 to q2-2021 versus (B) external and domestic debt stock q2-2020 to q2-2021 Source: (Ministry of finance, 2021).

The above figure (**A and B**) shows Ghana's public debt and public debt to GDP ratio alongside the external and domestic debt to GDP ratio for the second and fourth quarters and first and second quarters of 2020 and 2021 respectively. The nation experienced a public debt of GHS334.74 billion (USD58.8billion) as of the second quarter of 2021 with a corresponding public debt to GDP ratio of about 76.2% out of which GHS18.44 billion represents the amount of debt used to finance the Financial Sector bailout. There is a significant increase in public debt to GDP ratio from 69.3% (first quarter) to 76.19% (second quarter) in 2021. Furthermore, apart from first quarter of 2020, the remaining quarters have domestic debt contributing higher to the public debt stock than external debt.

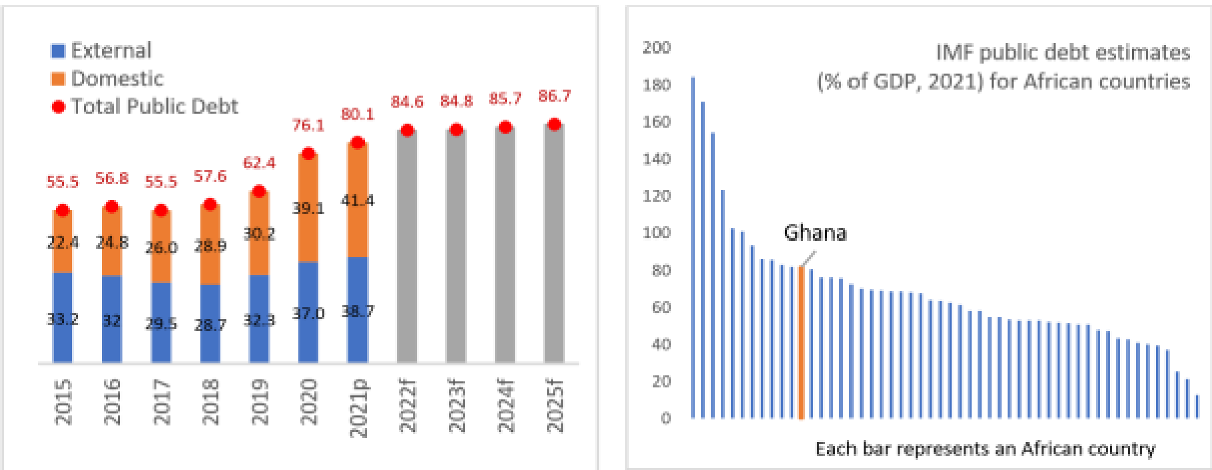

Figure 2: (A) Total public debt stock and public debt stock forecast versus (B) IMF public debt estimates for African countries. Source: (Ministry of finance, 2022; IMF 2022 cited by Raga et al.,2022). Note: P means provisional whilst f means forecast.

Public debt of Ghana surged by 17.7% between 2019 and 2021 which far outweighs a previous growth of 6.9% between 2015 and 2019 (**figure 2: A and B**). In the bargain, debt to GDP ratio increased to more than 80% in 2021 from 62% in 2019 which gives the country the 41st highest Debt to GDP ratio among its African counterparts.

Ghana's external debt increased astronomically from 5% in 2012 to 41% in 2021 (Caritas et al.,2022). The country's major fiscal problem lingers on a whooping domestic debt of GHS 195.7 billion intertwined with an external debt of GHS 271.7 billion (Atuahene ,2023). This poses a serious debt distress as the country currently spends over 70% of its revenue on debt repayments. As the IMF (2022) and World Bank (2022) forecast debt to GDP ratio of 107% and 90.7% correspondingly, many researchers have predicted a worse economic outlook as that of early 2000 which led to the HIPC Initiative. Hence, the urgent need for a bailout from the Bretton Woods Organisations which is conditional upon a debt exchange programme to cut-down sovereign debt sustainably.

DOMESTIC AND EXTERNAL DEBT RESTRUCTURING

Debt restructuring is defined as the exchange of accumulated debt instruments (bonds, loans etc.) with new instruments for the purposes of fiscal sustainability based on a mutual agreement between the debtor and creditor. This can be done for both domestic and external debt. However, there exists different approaches or theories of debt restructuring each of which can be implemented depending on the extent of debt crisis. Atuahene (2022) describes three main theories of debt restructuring that can be applied in Ghana's situation to be debt reduction, debt reprofiling and debt rescheduling.

Moreover, Forni et al (2016) studied the impact of debt restructuring and suggested that among the three relief strategies, some may be a good approach whilst others, a bad approach, and admonishes that the focus should be on debt reduction with a consequent economic growth. Additionally, Reinhert and Trebesch (2015) compared debt rescheduling to debt reduction based on a study of historical debt exchange happenings in the 1920s, 1980s and 1990s and propounded that the latter yields remarkable economic growth. According to Krugman's study in 1988, it is prudent for a debtor to issue new securities at a lower interest rate than to insensitively apply a "haircut" (debt reduction) on a debtholder's principal. Debt reduction means cutting down nominal face value of already existing instruments; debt reprofiling means increasing the maturity periods of securities at a constant face value whilst coupon rates are either reduced or maintained; and debt rescheduling reflects increasing maturity periods at a constant coupon rate without a haircut.

Furthermore, (IMF 2021; Raga et al.,2022) recounts countries with successful implementation of debt restructuring. Stemm (1987) and Trebesch (2011) studied how Albania, Argentina, Brazil etc., bounced back on a trajectory of sustainable development thanks to debt exchange. However, (Raga et al., 2022; Waibel, 2011) narrate instances where some creditors in The Republic of Congo, Brazil, and some poor countries instituted legal actions against their sovereign debtors. On the other hand, institutional and individual bondholders are exposed to various forms of risks during a DDEP. The effects may be economical, social, psychological, or emotional, and reputational. As it aims at reducing debt burden on the economy and attenuating the cost of external debt restructuring, the DDEP conversely exposes bondholders to income depletion, job insecurity, reduction in social capital in the form of a sense of belonging and trust in institutional and individual networking. These threats on the socio-economic wellbeing according to WHO (2007) precipitates emotional and psychological trauma; catalysts of poor mental health.

The exercise, alongside posing an adverse effect on fiscal and economic stability, replicates its effect on individuals; they experience stress, anxiety, and behavioural issues such as suicidal tendencies, alcohol abuse, and hypertension. Moreover, Yang et al (2018 p.205) and Stuckler et al., (2009) reveal that increased financial burden, rising unemployment, and uncertainty in performance of future social responsibilities make victims susceptible to psychological and emotional instability. According to Batra (2002), a successful debt exchange programme although must face several risks, it should either employ the contractual approach or statutory mechanism, all of which conform to standards of the Paris Club. The former is market oriented and allows all parties to participate in the amendment of terms and conditions with respect to the creditor-debtor contract. But the latter, which has been adopted by Ghana in its exchange programme allows the IMF to declare debt unsustainability whilst the borrower country secures legal protection and institutes a restructuring aimed at attaining a relief. This is substantiated by the fact that, ever since the country started negotiations with the IMF for a conditionality-bound loan of 3 billion US dollars, there has been constant engagement with stakeholders for debt renegotiation- a prerequisite for debt relief. Despite the risks of demonstrations, and series of retrogressive media engagements from some opposition political parties, the government reached a DDEP target of 85% of bondholders' stake in the domestic bond market which was finalised on 10th February 2023 (Parliament of Ghana, 2023).

PENSION FUND AND THE RECENT DEBT RESTRUCTURING PROGRAMME

Statistics from the past decade shows Ghana's 3 Tier Pension Scheme has had a positive growth trend even amidst crisis such as the covid-19 pandemic, financial sector clean-up and Russian-Ukraine war. National Pensions Regulatory Authority (2021) reports that in the year 2021, assets under management (AUM) increased to GHS 39.6 billion from GHS 33.5 billion (2020) representing a growth of 18% (GHS 6.1 billion). However, despite the exemption of pension funds in the DDEP, there remains a question of how the amount of pension funds in GoG securities in the old bond market with a potential of less demand and a possible failure of government to pay the principal at maturity will be treated. As of 2021, the percentage of pension funds invested in GoG securities had increased from 64% (2020) to 68.87%.

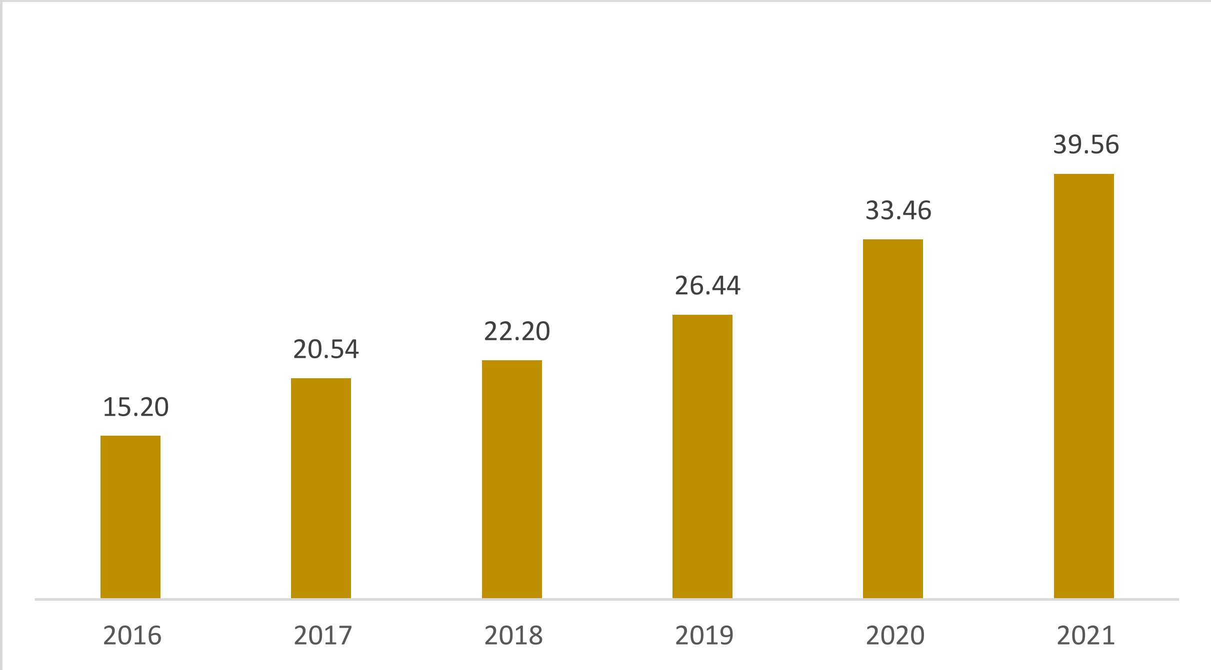

Figure 3: Growth trend of Pension Funds (GH¢ billion) Source: (NPRA Annual Report,2021).

Furthermore, out of a total of approximately GHS 97.75 billion of the eligible bonds (excluding pension funds) tendered in, nearly GHS 83 billion (85%) representing 64% of the total outstanding debt stock of about GHS130 billion was affected in the DDEP, leaving a remainder of about 36% outstanding debt stock (Ofori Attah, 2023). Moreover, (Parliament of Ghana, 2023) noted that, out of the 85%, the percentage composition of the three categories of bondholders namely category A (bondholders below 59 years), category B (pensioners), and category C (banks, insurance companies, and other institutional debt holders) is 6%, 0.43% and 78.4% respectively. The inclusion of pensioners in the exchange programme defeats the principle of retirement income security in that, most pensioners having no gainful employment depend on proceeds of their investments. Also, Adongo (2022) alleges that the banking sector is likely to lose an amount of GHS 70 billion because of the DDEP. This is likely to happen because according to Avle (2023), most banks invested significant amounts in GoG securities to attract high interest at a time when government securities traded at a relatively high interest rate. This presupposes that DDEP can result in liquidity issues and lead to insolvency of most financial institutions and financial intermediaries.

With the implementation of the DDEP, insurance companies are likely to default in claim payments. Also, in Ghana, some insurance companies have sister-pension fund Corporate Trustees. Circumstances where the Trust company is a subsidiary and dependent on the Insurance companies, then a crisis felt by the Insurer will certainly spell doom for the trust business. Furthermore, stakeholder-institutions in the pensions environment aside the regulator as posited by Salleris (2008) are likely to face financial instability and impeded access to credit. These institutions include Fund Managers-who give technical investment advice to Corporate Trustees, pension fund custodians (banks), and Corporate Trustees-fund administrators. According to NPRA (2021) there are 39 Fund Managers, 17 fund custodians and 23 Corporate Trustees in good standing. As of 2021, out of the 226 registered pension schemes, there were 44 master trust schemes and 69 employer sponsored schemes (**figure 4**). With respect to the various Schemes, liquidity to pay benefits will likely be affected; Tier 3 is more volatile in that it is voluntary and one of the immediate sources of relief when a worker is financially constrained, despite the tax burden for early withdrawal before 10 years. The current state of the economy is a rife situation to trigger incessant benefit withdrawal requests. Tier 2 benefit payments to retirees will be hampered or delayed unduly. Pensioners whose financial dependency is on their retirement benefits and other investments they made including individual investments into GoG bonds will be put in a vulnerable and possibly helpless state. As regards Corporate Trustees - Revenue is generated from administration of schemes as fees computed as a percentage of NAV of those schemes as well as proceeds from other investments made with reserve capital. With the DDEP implementation, Trustees who will certainly be affected from their scheme fees may also be exposed through their direct investments into GoG bonds thereby significantly affecting their liquidity positions; salary and other running costs may be left outstanding grinding operations to a halt. Additionally, equity holdings of pension schemes in institutions who are affected by the DDEP may diminish in value because of liquidity challenges arising from the DDEP.

There is a school of thought that employer sponsored schemes are already facing challenges of conflict of interest and poor administrative oversight, which perhaps caused three of the schemes to be wound-up and merged into master trust schemes in 2021.

Additionally, (Aboagye 2022; Graphic online, 2022) corroborates this with GN bank's unauthorized usage of pension funds of employees of Groupe Nduom by the administrative approval of Pentrust, when these institutions involved belonged to one individual. Rationally, when companies managing their employees' pension schemes are facing liquidity issues due to the DDEP, they may be tempted to illicitly touch pension funds.

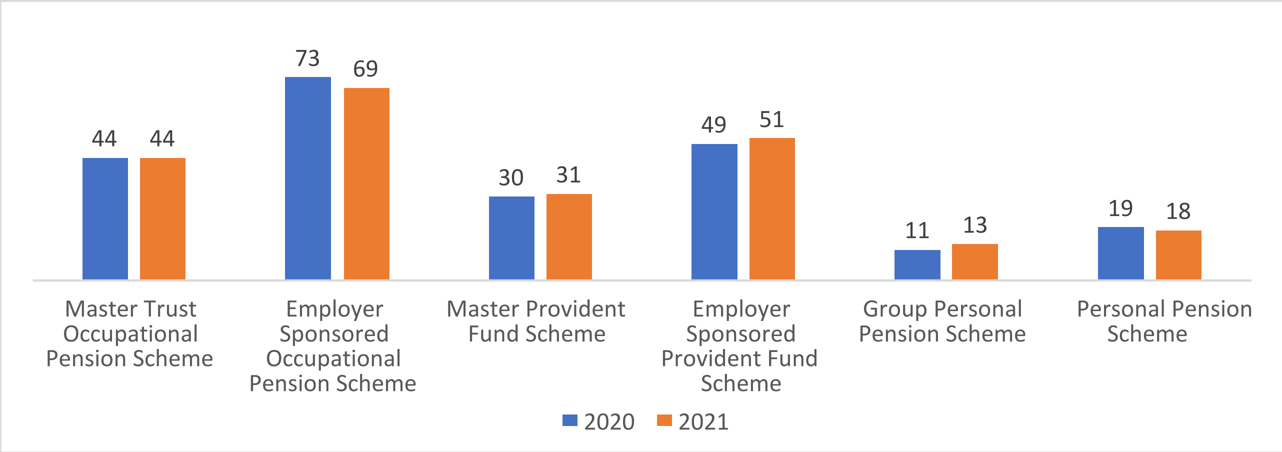

Figure 4: Total Private Pension Schemes in categories as of December 2021 Source: (NPRA Annual Report, 2021).

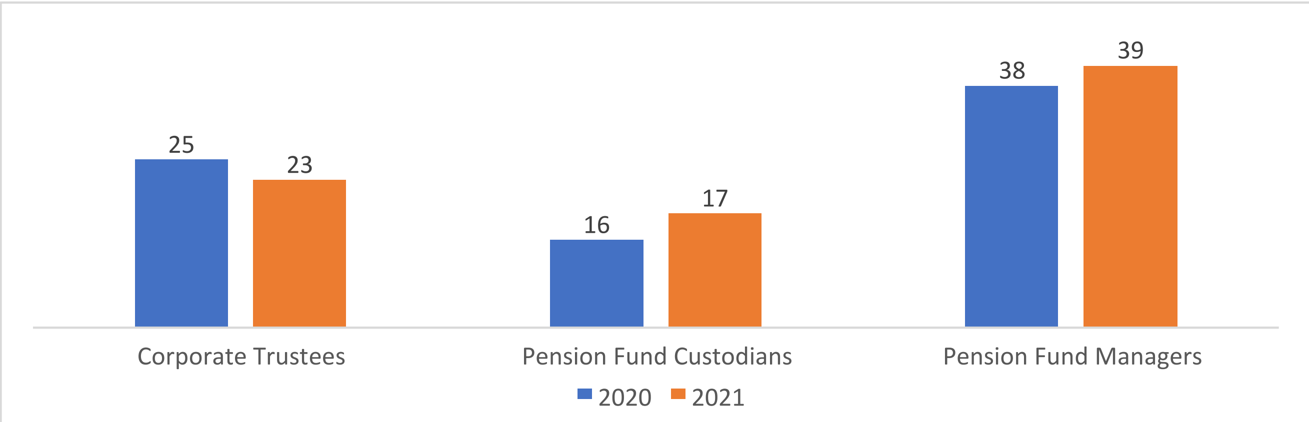

Figure 5: Approved Corporate Trustees and Service Providers Source: (NPRA Annual Report, 2021).

METHODOLOGY, DATA ANALYSIS AND DISCUSSION OF FINDINGS

Research methodology

Through qualitative research methodology, the study employed thematic analysis of media (TV) discussions and interviews based on expert opinions, with open-ended questions. This was to investigate what participants think about the impact of DDEP on pension funds, pensioners, and other stakeholders. Through purposive sampling, five (5) TV discussions by leaders of stakeholder institutions, CSOs, and pressure groups, centred on the Domestic Debt Exchange Programme were selected.

Ethical Protocol

As national television stations with professionalism at the centre of their service delivery, it is believed that the interview organisers followed requisite ethical procedures. Moreover, participants approved their interviews and were cognisant of the fact that interviews would be recorded and disseminated for public consumption and research purposes.

Interview process and platforms

The interviews and discussions were conducted by professional journalists of recognised national TV stations. The opinions of participants were solicited based on mutual agreement. Recordings of the various interviews were uploaded on the YouTube channels of the selected TV stations for public consumption. Although questions asked pertained to the impact of the DDEP on individual bondholders below age 59, individual bondholders above age 59 (pensioners), institutional investors, and the entire economy, the researcher assessed responses of participants and obtained relevant answers to the study-guide and its constituent semi-structured questions. This aided the exploration of relevant topics of interest under the major research objective. The following TV channels were sampled for the analysis; City News, Citi tube, City TV, Joy TV, and Joynews.

Data Analysis

This research employed thematic analysis as advised by (Braune and Clarke, 2006). The latter required transcription of TV interviews and discussions and passing it through various stages of coding and identification of themes. The research objective: impact of the DDEP on pension fund, pensioners, and stakeholders in the pensions space, informed the process. Moreso, a critical analysis of suggestions and concerns raised by participants helped to identify quotes that were in conformity with the overarching themes.

RESULTS AND FINDINGS

Four main themes were obtained, and they are as follows:

Economic impact: financial repression, economy, loss in instrument, sustainable.

Almost all respondents acknowledged the various forms of shocks that will be exerted on the economy which will have a replicating effect on the pensions space. Examples are as illustrated below:

- PROF. GODFRED BOKPIN: ‘’In our case, the approach is faulty, it has more to do with the approach and a certain appetite on the part of government to abuse the process and create financial repression in the economy and that is where the focus should be. In as much as we support Government in restructuring its debt, the approach, the scope, and the terms of the current debt exchange…it certainly cannot be justified on any serious grounds”.
  - In view of the above input, people are still of the opinion that government should have done a broader consultation with every stakeholder to appreciate how the programme will affect them and the entire economy. For instance, the supposedly non-negotiable inclusion of institutional bondholders most of which hold pension fund equities will end up crippling companies due to liquidity and capital adequacy issues and reduce return on schemes’ investments, now and in the future.
- PROF.ELIKPLIMI ABLOYOR: “What government has done so far is maturity extension and reduction in coupon payments, if government had not excluded individual bondholders, it would have destroyed the balance sheet of individuals as some people have taken loans using their treasury bonds as collateral; example, they would struggle to pay their loans……..in the midst of the debt restructuring we have seen an increase in subscription of treasury bills which assures government of a short term funding…Financial institutions hold assets for their own accounts or for proprietary trading; in this respect if there is a loss on the instrument of banks and other financial institutions, their capital will be affected; if they are forced to partake in the exercise, the value of their instrument will reduce given that the coupon payments have been reduced……The DDEP is worse than I expected, there was informational deficit; my questions are, how much debt will be sustainable? How many debt holders need to accept the offer for the debt issue to be sustainable? What level of Debt to GDP are we looking at after the DDEP? What is the immediate impact of the DDEP? Currently our debt to GDP is 75%, if you add SOEs, it will balloon to 100%.... based on the voluntary route taken by government if the acceptance rate is low, the DDEP will not be successful.”
  - From the perspective of the above participant, although the participation of individual bondholders such as pensioners and other active pension contributors is optional, some will have to forcefully join due to the fear of the bond in the old bond market becoming junk. This will likely lead to serious loan defaults in the pensions sector, especially Tier 1 students’ loans and the bank loans thereby triggering economic hardship. However, the exclusion of T-bills in the DDEP has caused an increase in the demand of the former, and this is a positive news for government because of its need of more capital to fund its short-term liabilities.
- RAYMOND ACQUAH: “The fiscal stability counsel will continue to closely monitor the impact of the debt exchange on financial institutions and the financial system as a whole…. Thus, protecting deposits, pension policy holders’ funds and assets”.
  - Due to the potential excruciating effect of the DDEP on the economy by virtue of the inclusion or exclusion of pension fund and its stakeholders in the exchange programme, there are institutions that are ready to assess the effect of the DDEP on key fiscal components of the economy.

Social impact: poverty, exhausting savings, paying school fees, feeding family, impact.

Most of the participants mentioned the implications of the DDEP on their social lives and specifically on the social lives of pensioners in case they are not excluded in the domestic debt exchange programme.

Examples of such assertions are stated below:

- DR. ADU ANANE ANTWI: “I plead for a total exemption; most of us (pensioners) do not work and this is our lifetime savings. I invested 99% of my gratuity into government securities because of its risk-free nature…...unfortunately I am not getting what I bargained for…I must pay my bills, children school fees…….’’.

- The extension of maturity of bonds and the reduction in coupon values will be a limitation to access to cash and a reduction in return on investment. This will lead to loss of income of pensioners and active pension fund contributors who are part of individual bondholders and their dependents, which in turn, will increase poverty and other social vices. Also, the inclusion of institutional bondholders such as banks will lead to job losses and increase in unemployment rate.
- SOPHIA AKUFFO (FORMER CHIEF JUSTICE): "I felt worried when I saw how deep the DDEP has cut the wrong group of people (pensioners)….and no robust social support system is available for them; that is why pensioners should have the means to support their medication, transportation etc.
- The inclusion of pensioners in the programme counteracts the importance of old-age income security and this will make them worse off in this period of economic downturn.

Psychological and emotional: empathetic, broken-hearted, crying, begging, show us some love.

All stakeholders, even those outside the pension space, describe how the DDEP has affected their financial plans with the resultant psychological effect being significant.

- SENYO HOSI (CONVENER, INDIVIDUAL BONDHOLDERS): The pensioners are broken-hearted; crying and begging the state when they have rather lent their money to government. "
- Pensioners and others are of the view that as the principal debtor, government should have employed a broad consultative framework to enable the relevant creditors, to also contribute their counter-opinion on the DDEP rather than the borrower frustrating its creditor. This form of frustrations and anxieties demonstrated by victims of the exercise is what WHO (2007) posits may lead to mental health issues.
- BAAH (CONVENER, TUC): Don't touch our pension fund…we have decided to go on strike by 27th December, we will be on strike until all our demands are granted...we will not sit down in this country to suffer because someone made a mistake".
- The emotive expressions of most of the pensioners who were engaged by the media showed that victims are experiencing emotional trauma. This can easily lead to serious health implications and a possible increase in old-age death rate.

Reputational damage: embarrassing, image, bad, picketing.

Some of the respondents are of the view that the lack of effective stakeholder engagement prior to the exercise, and the inclusion of pensioners; thereby leading to series of demonstrations, is a serious breach of image for the country and the pension space.

- SENYO HOSI**:** "The picketing of the pensioners is an embarrassing scene".
- These pensioners are a vulnerable group of people, and they must be allowed a peaceful, stress-free retirement.
- DR. ADU ANANE ANTWI: "This is a bad image to the country"
- There is a school of thought that the exercise will affect the image of the country and the pensions industry. This can influence institutions and nations that support the pensions industry with grants and donations to cut-off such supports.

DISCUSSION OF FINDINGS AND ANALYSIS

According to Kiger and Varpio (2020) thematic analysis is a prudent qualitative approach by which researchers explore to comprehend experiences, thoughts, and behaviours of respondents' data. There exists limited explicit study on the influence of debt restructuring on pension fund and pensioners. Against this backdrop, the research employed a thematic analysis of TV interviews and discussions on topical issues pertaining to the DDEP and unravelled four major themes namely, economic impact, social impact psychological and emotional impact, and reputational damage.

With respect to economic impact, all the respondents posit a negative implication of the programme on the already downgraded economy with a consequent adverse impact on pension funds and pensioners. For instance, Bokpin questions the approach- being government's inadequate engagement with relevant stakeholders; the scope- being the various category of bondholders including vulnerable pensioners who have been added, and the terms-which initially was mandatory but later became voluntary with Kumah (2023) implicitly informing of a possible junk status of old bonds due to non-participation of some bondholders. The unwillingness of the sole debtor (government) to honour payment of coupons and principal of old bonds and the possible low or no demand on the old bonds will cost bondholders greatly.

In respect of Agbloyor's submission, the inclusion of individual bondholders will cause a serious loan default which is tantamount to distressing financial institutions with which pension fund administrators of the Tier 1, Tier 2, and Tier 3 hold equities. This exposes The Social Security and National Insurance Trust to a profound default risk since according to (SSNIT Report, 2020), 6.96% and 0.41% of Tier 1 funds constitutes loans and receivables and student loans respectively. Pensioners who have no alternative source of income except investment return from bonds will be affected. Abloyor's input regarding the possible loss in instruments of financial institutions and eventual negative impact on institutional capital is no underestimation. Especially as research proves that funds of the defined Benefit scheme have equities in almost all sectors of the economy including listed and unlisted financial institutions, pharmaceuticals, manufacturing, oil, trading, hospitality, and others. Thus, pension fund custodians, Fund Managers, and Corporate Trustees who are habitual investors in government securities even though pension funds have been exempted will lose a portion of their investment income which may consequently lead to insolvency, laying off workers, with an implicit effect on contributors. Bank of Ghana (2022) outlines that government bond securities encapsulates BoG shares of GHS45.58billion; domestic banking sector shares of GHS133.3billion; institutional bondholders shares of 106.7billion; and individual bondholders shares of 58.7 billion. And (Atuahene and Frimpong, 2023) predicts losses in Present Value of all categories in an event of employing one, two or all the three debt restructuring mechanisms: debt reduction, debt reprofiling and debt rescheduling. This potential loss is ascertained as on February 14th, 2023, a combination of debt reprofiling and debt rescheduling was communicated to be government's approach. PV of the face value of GHS5,926,307,555, GHS423,012,028 and GHS 76,645,190,545 for categories A, B and C debtholders who participated in the DDEP will experience possible losses due to the extended period of maturity and the spread coupon payments for all categories. This, (Agbloyor and Nsafoah, 2023) corroborates that, bondholders were likely to lose 67% of their wealth should the programme be effective as of 24th December 2022 per the released agreement at that time. Although the DDEP will set a foundation for a short-term macroeconomic stability, continuous debt accumulation through debt rescheduling, coupled with government's fiscal indiscipline with respect to budget deficit and exchange rate depreciation may cause a recurrent distressed economy, as evidenced in the previous interventions attained from the IMF, World Bank etc.

On the other hand, respondents argue a possible social impact of the exchange programme on pensioners, and active contributors with no exception to other bondholders. For instance, Dr. Adu Anane exclaims his investment of a huge portion of his income into Government of Ghana bonds and the possible losses he will incur which will affect provision of necessities for his family. Moreover, since most pensioners are unemployed, a higher percentage of the 225,000 pensioners in Ghana (NPRA Report, 2021) who hold GOG bonds with their Tier 2 and Tier 3 lumpsums, and their families may be impacted. This will likely lead to old age poverty (reason for which pension was instituted), wards dropping out of school, and a consequent increase in crime rate. Active contributors of pension funds who are part of individual bondholders might have their incomes depleted with a replicating effect on their dependants. Moreover, despite governments admittance of no inclusion of pension funds, according to Kumah (2023) the funds will be treated differently, meanwhile, the fact that it is still a constituent of the old bond raises questions about its tradability and the possibility of ineffective investment performance which reduces income of beneficiaries and their dependents. Even so, there is a possibility of new retirees having difficulty in accessing their funds because government has not finished discussing how pension funds in the old bond market will be treated. This may cause failure or delay in implementation of pensioners' personal pension plans and aggravate old age poverty. Additionally, the exercise might tend to cause severe unaffordability of basic social support services for pensioners as Sophia Akuffo posits that, due to inadequate and ineffective social support system for the aged (pensioners) in terms of medication, transportation and the likes, such category of citizens must be treated with empathy.

Furthermore, as regards the psychological and emotional theme, Senyo Hossi recounts the fact that, most pensioners who are part of individual bondholders are disappointed, broken-hearted, and anguished. This could possibly lead to many untimely deaths of the old folks. Moreso, active pension fund contributors are obviously affected emotionally regardless of the exclusion of the funds. This is due to the relatively reduced return on their pension fund investments ascribed to the almost-crashed financial market. The possible future loss in income associated with pension funds belonging to the category of old bonds also leaves much to be desired. Baah's declaration of a potential strike action by the trade union congress is an affirmation of the emotional state of the minds of individuals and managers of institutions within the pensions space with other victims not being an exception.

Reputational damage was constantly reiterated by most of the participants as Senyo Hosi regards the series of demonstration and picketing by pensioners as a gross embarrassment to government. This is emphasised by Adu Anane who admits that the show of no mercy towards the aged pensioners is a compromise on the image of government and pension institutions. This can affect the latter's inclusion and ranking for social security development projects in Africa and the world. Donations and grants obtained from external entities to support pensions development may be impeded due to government's treatment to such vulnerable individuals. This causes a loss in confidence in the entire financial system a subset of which is the pensions space.

SUMMARY AND CONCLUSION

Invariably, it is the anticipation of citizens that governments employ efficacious fiscal and monetary policies to realise economic wellbeing. However, Ghanaian institutions and individuals over the past decades have been susceptible to periodic sovereign debt crisis. The research examined the historical debt accumulations alongside the corresponding debt restructuring with much focus on the recent Domestic Debt Exchange Programme and its explicit and implicit repercussions on pensioners, pension funds and institutions within Ghana's pensions space. The adoption of thematic analysis produced four main themes: Economic impact, social impact, psychological or emotional impact, and reputational impact. These themes based on respondents' expositions accentuate the extent of the dimensional impact of DDEP on the pensions space and the entire Ghanaian economy. Findings of the research prove the existence of direct and indirect negative effect of the DDEP on all stakeholders in the pensions space, and it is essential that, successive governments perform a thorough qualitative and quantitative methodological analysis to ascertain the short-, medium- and long-term impact of such exercise on the understudied subject area before the implementation of same or similar programme. This may inform in prudent policy decisions such as instituting regulatory measures, liquidity support, financial sector stability fund and recapitalization.

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