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- Public Finance and Fiscal Operations
  - The deficit and its financing
- Monetary and Financial Sector Developments
  - Credit and inflationary trends
- External Sector Developments
  - The foreign exchange market

Summary of Recommendations

- The annual year on year rate of inflation is expected to have fallen into single-digits as of March 2006. It is projected to remain there for the rest of the year.
- The present exchange rate regime contributes to the reduced competitiveness of Ghanaian products in <u>domestic</u> as well as international markets with adverse consequences for economic growth and employment generation.
- Lending rates are too high (even though deposit rates are not remunerative). Urgent action is needed to effect a reduction. The real lending rates, already burdensome are projected to rise sharply further from March 2006.
- Broad money (M2) growth was reported at below 11 per cent late last year. A higher range of 14-15 per cent is

consistent with increased economic growth and the single digit inflation target.

- Greater transparency is required in budget implementation. The composition of expenditure—efficiency, sectoral, spatial and gender—matters for the economic growth and poverty reduction objectives.

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