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Criticality Analysis of Key Economic Issues

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Center for Policy & Education

April 7– 12, 2025

CRITICALITY ANALYSIS OF KEY ECONOMIC ISSUES

April 7– April 12, 2025



Introduction

The objective of this report is to provide a clear and concise evaluation of the most important economic news stories in the preceding week, focusing on their factual accuracy, relevance and timeliness, and impact and significance.

2. Methodology

Selected publications are grouped under five central economic themes. These include:

- Economic Stability.
- Growth and Job Creation.
- Taxation and Revenue Mobilization.
- Trade and Investment.
- Infrastructure Digital Economy.

Evaluation

The analysis criteria are applied at this stage. News stories are evaluated based on the following:

Factual accuracy: can the facts in the news be verified; is the news published by other outlets; are there links and references to original sources.

Relevance and timeliness: is the news a developing story or does it provide updates on existing stories?

Impact and significance: does the news have a potential impact on society, policy and the economy; is it of high interest to the public?

3. Critical news stories

The week ending April 12, 2025, had the following news headlines:

1. Public Financial Management (Amendment) Act, 2025; Development.
2. Cement Shortages Emerge.
3. Mahama Launches 'Feed Ghana' Initiative.
4. Electricity and Water Tariff Increases Scheduled for May.
5. World Bank MD Engages Finance Ministry, Commits to Supporting Key Developmental Areas.

4. Trends on the critical news stories

A. Public Financial Management (Amendment) Act, 2025; Development.

- Finance Minister to Publish League Table Ranking Public Institutions on Budget Compliance – Daily Graphic.
- Ministry of Finance to Establish a Compliance Desk under New PFM Act Reforms – MyJoy News.
- Contracts will not be approved without commencement authorization – Finance Minister.

B. Cement Shortages Emerge.

- Cement shortage hits retailers hard as clinker crisis deepens - Citinews
- Focus on domestic production to address cement shortages, GhCCI urges the government.
- Cement dealers bemoan widespread shortage- Citinews.

C. Mahama Launches 'Feed Ghana' Initiative.

- Mahama launches Feed Ghana program to revamp agricultural sector – 3News.
- Feed Ghana will be research-driven and Climate-sensitive- President Mahama.
- Mahama outlines key interventions under Feed Ghana- Citinews.
- Mahama launches Feed Ghana programme to tackle food insecurity and reduce import- MyJoy News.

D. Electricity and Water Tariff Increases Scheduled for May.

- Utility tariffs to go up on May, 3- Daily Graphic.
- Electricity tariff up 14.75%, water 4.02%; Effective May 3- Citinews.
- Electricity tariffs up by 14.75%, water by 4.02% in latest review- MyJoy News.

E. World Bank MD Engages Finance Ministry, Commits to Supporting Key Developmental Areas.

- Managing Director of the World Bank Group Visits Ghana's Finance Ministry, Pledges Support for Key Sectors.
- World Bank Group MD visits Finance Ministry pledges support for key sector- MyJoy News.

5. Categorization of news stories under central economic themes

Economic Stability	Growth & Job Creation	Taxation & Revenue Mobilization	Trade & Investment	Infrastructure & Digital Economy
Ghana enacts Public Financial Management (Amendment) Act, 2025; Development.	Mahama Launches 'Feed Ghana' Initiative.	Electricity and Water Tariff Increases Scheduled for May.	World Bank MD Engages Finance Ministry, Commits to Supporting Key Developmental Areas.	Cement Shortages Emerge.



6. Criticality Analysis

1.Ghana enacts Public Financial Management (Amendment) Act, 2025; Development.

Ghana has taken a significant step toward tightening its fiscal management with the passage of the Public Financial Management (Amendment) Act, 2025. This revised law introduces several key measures aimed at enhancing budget discipline and improving transparency across government institutions.

A standout provision is the requirement that all new public projects must now receive explicit commencement authorization from the Ministry of Finance. This move is expected to curb the persistent issue of unapproved and unfunded projects, particularly in election years where fiscal slippages have historically been common. By centralizing this power, the government is seeking to restore order to the public investment process and reduce the accumulation of arrears.

Another innovation is the creation of a Compliance Desk within the Ministry of Finance, which will serve as an internal watchdog to monitor adherence to financial rules and regulations. Alongside this, a new League Table will publicly rank MDAs and MMDAs based on their compliance with PFM practices. This could foster healthy competition among institutions and improve accountability, though its effectiveness will depend largely on enforcement and the political will to act on poor performers. Civil society organizations like IMANI have consistently used the Auditor-General's reports to assess the compliance culture of MDAs with PFM laws and practices. Consistently, the Ministry of Finance has emerged as one of the most fiscally reckless institutions, largely due to its dual role as both a ministry and a central management agency. The creation of the Compliance Desk and the accompanying ranking system is a move to address this institutional conflict and end the Ministry's role in shielding other MDAs from accountability. MDAs that fail to comply with PFM rules and budget implementation guidelines will now be publicly called out. This milestone aligns closely with IMANI's longstanding advocacy on fiscal governance and accountability, particularly through its Fiscal Recklessness Index (FRI).

Key Reforms Introduced by the PFM (Amendment) Act, 2025 include;

- Enhanced Sanctions for Fiscal Mismanagement.

The Finance Minister now faces censure under Article 82 for fiscal rule breaches.

Ministers and Heads of Entities risk imprisonment for actions causing fiscal slippages.

- New Fiscal Responsibility Rules

Mandates a primary surplus of at least 1.5% of GDP annually (commitment basis).

Caps public debt at 45% of GDP by 2034 to ensure sustainability.

- Independent Fiscal Council

Establishes a legally autonomous Council to monitor compliance with fiscal rules, replacing the dissolved Presidential Fiscal Advisory Council.

- Stronger Oversight Mechanisms

The Finance Minister must seek Cabinet or Parliamentary approval before suspending fiscal rules, even during shocks.

- Unified Legal Framework

Repeals the 2018 Fiscal Responsibility Act and consolidates all fiscal rules under one law for clarity and enforcement.

However, the law provides little clarity on the Council's composition, independence, tenure, or mandate. While an improvement on the repealed Fiscal Responsibility Act, it's unclear how the Council fits within the fiscal governance architecture or whether it has any real enforcement power.

These changes come at a critical time, as Ghana continues to work through the conditions of its IMF program. Stronger fiscal governance is a core requirement under the Extended Credit Facility, and these reforms could help unlock further disbursements and reinforce donor confidence. Overall, while the true impact of the PFM amendments will depend on their implementation, they reflect an important institutional shift. If executed effectively, the Act could help Ghana rein in public spending, improve budget credibility, and lay a firmer foundation for long-term fiscal sustainability.

While the IMF's third review does highlight that the overall risk of debt distress remains high, the Debt Sustainability Analysis (DSA) shows that under the baseline scenario, both external and total public debt indicators are projected to improve steadily.

Specifically, the PV of public debt-to-GDP is expected to fall durably below the 55 percent benchmark by 2028, and all external debt burden indicators remain below their thresholds. The feasibility of the required fiscal adjustment—projected at 5.9 percent of GDP over three years—is also supported by strong political commitment and prior performance, such as meeting primary balance targets and implementing key revenue and expenditure measures. While downside risks exist, including potential slippages in implementation, commodity shocks, and pre-election spending pressures, the IMF notes that the program's assumptions remain realistic. Therefore, while risks to achieving the fiscal and debt ceiling targets in the amended PFM Act cannot be ruled out, the IMF's analysis suggests that these risks are manageable if program implementation remains on track.

2. Ghana Cement Shortages Emerge.

Ghana is currently experiencing a cement shortage, disrupting construction activities across key cities such as Accra, Kumasi, and Takoradi. Dealers report difficulty in restocking, and consumers face limited access to certain brands.

The immediate cause of the shortage is the limited availability of clinker — a critical raw material for cement production. Cement manufacturers have struggled to secure clinker due to external supply chain disruptions, high shipping costs, and foreign exchange constraints. Suppliers have cited this scarcity as the reason for delayed deliveries to retailers. The Ghana cedi has depreciated and has raised the cost of imported inputs like clinker and affected overall production costs for local manufacturers. This shortage has caused production challenges at local cement plants, leading to reduced output and delayed supply to retailers. A recent GH¢9 price increase across all brands has been linked to rising port charges and logistical costs, which have contributed to supply bottlenecks in the retail market.

[1] https://oxfordbusinessgroup.com/reports/ghana/2024-report/agriculture-chapter/

Though not yet in effect, the scheduled 14.75% increase in electricity tariffs (effective May 3) may raise operational costs for cement producers soon. This potential increase will be influencing pricing behavior and expectations in the sector.

In 2023, global trade in cement clinker totaled $4.35 billion, marking a 21.9% drop from the $5.57 billion recorded in 2022. Over the past five years, trade in clinker has declined at an annualized rate of -0.013%[1]. Despite this global contraction, Ghana remains highly dependent on clinker imports and has consistently ranked among the top importers:

In 2023, Ghana was the 2nd largest importer globally ($282 million, 6.49% of global trade).

In 2022 and 2021, it ranked 3rd, importing $332 million (5.96%) and $360 million (5.6%) respectively.

Year	Imported Clinker ($ million)
2023	282
2022	332
2021	360

This pattern underscores Ghana's structural reliance on imported clinker for domestic cement production. With global supply tight, local manufacturers are facing both access constraints and rising costs. Prices of cement in Ghana have already been adjusted upwards twice in the last two months — driven not only by clinker scarcity, but also by increased port charges.

Looking ahead, this situation is likely to worsen. As global prices of clinker climb further due to reduced supply, Ghana's cement producers will be forced to pass on additional cost increases to consumers. The scheduled 14.75% increase in electricity tariffs from May 3 adds another layer of pressure. Electricity is a core input in the production process, and rising energy costs will further elevate the operational burden on manufacturers.

The recent Legislative Instrument (LI) governing the cement industry aims to enhance fairness and transparency in pricing. However, its practical ability to control cement prices is limited. The two key drivers of current and future price increases — clinker imports and electricity tariffs — lie outside the scope of the LI. At best, the LI can improve clarity around pricing decisions, but it cannot compel price stability in the face of volatile input markets. Regulating prices without addressing input constraints is ineffective. No amount of administrative oversight can overcome global supply shortages or currency-driven import costs. Also, in a market where input costs are rising, forcing prices down could lead firms to reduce output, worsening the shortage.

Ghana's cement shortage is a structural supply-side challenge linked to global trends and local cost pressures. The country's heavy dependence on imported clinker makes it particularly vulnerable to external shocks. While the new LI may promote greater transparency, it is not a mechanism for shielding consumers from cost-driven price changes. Going forward, policy should focus on supply-side resilience: reducing reliance on imports, managing energy costs, and enabling local production innovation.

Implications for the Economy:

Inflation Pressures: Cement is a core input in infrastructure, real estate, and manufacturing. The shortage and associated price hikes could feed into construction-related inflation, with ripple effects on broader inflation metrics.

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Project Delays:

Ongoing infrastructure and housing projects may face delays due to material unavailability, affecting progress and even jobs.

Secure Short-Term Clinker Imports: Authorities and private stakeholders should collaborate to secure emergency clinker shipments to stabilize domestic production. Also, the government can help develop local alternatives; Support medium-term investment in local clinker substitutes like pozzolana and expand local processing capacity to reduce dependency on imports.

3. Mahama Launches 'Feed Ghana' Initiative.

On April 12, President John Mahama unveiled the "Feed Ghana" initiative in Techiman, a cornerstone of his broader Agriculture for Economic Transformation Agenda (AETA). This program aims to modernize agriculture, enhance food security, and stimulate economic growth through four key interventions:

- Smart Agriculture & Farmer Service Centers: Establishing centers nationwide to provide mechanization services, quality inputs, financing, market access, primary processing, and training. Additionally, creating "farm banks" in irrigable zones to support young agricultural entrepreneurs. To enhance clarity and effectiveness, it is important that the plan addresses key implementation details; will each district in Ghana have at least one service center? What is the estimated cost per center, and how has funding been allocated across regions? Furthermore, a detailed breakdown of the services and facilities to be made available at each center would provide greater transparency and help assess equity of access.
- Grains and Legumes Development Project: Scaling up the production of maize, rice, soybean, and sorghum for local consumption, agro-processing, and export. Special emphasis on sorghum due to its potential as a raw material for the brewing industry.
- Vegetable Development Project – 'Yiridya': Promoting controlled environment farming using greenhouse technology, as well as urban and peri-urban agriculture, to reduce vegetable imports. Encouraging schools and households to establish vegetable gardens.
- Institutional Farming: Engaging schools, especially senior high schools with available land, in crop and livestock farming to improve meal quality and reduce food costs. Supporting institutions to raise livestock to supplement the School Feeding Programme.

Ghana's agriculture sector is pivotal, employing approximately 75% of the rural population, and 39.5% of Ghana's workforce, and is projected to grow at a compound annual growth rate of 2.7% through 2028, reaching an annual value of $3.8 billion[2]. However, challenges persist: As of March 2025, the food inflation rate stood at 28.1%, indicating significant pressure on household incomes and highlighting the need for increased domestic food production. In 2024, drought-induced crop failures affected Ghana, leading to increased imports of wheat, corn, and rice. This underscores the urgency of building a resilient agricultural system.
"Feed Ghana" addresses these challenges by enhancing productivity, promoting self-sufficiency, supporting young entrepreneurs, and institutional integration.

While the initiative is comprehensive, its success hinges on:

Effective Implementation: Ensuring that the proposed centers and programs are adequately funded and managed.

[2] https://oxfordbusinessgroup.com/reports/ghana/2024-report/agriculture-chapter/

Climate Resilience: Incorporating strategies to mitigate the impact of climate change on agriculture.

Market Access: Developing infrastructure and policies that facilitate the distribution and sale of agricultural products.

Monitoring and Evaluation: Establishing robust systems to assess the progress and impact of the initiative.

One major challenge the initiative must address is the experience of the Planting for Food and Jobs (PFJ) programme, which struggled with issues such as limited access to agricultural credit, insufficient adoption of the value chain approach, budgetary constraints on the government, and low prioritization of national food storage capacity. Also the delayed impact of the PFJ phase 2 program had an effect on the rising food prices[3][4].These challenges hindered the PFJ's ability to curb food inflation in Ghana, and it's crucial that the 'Feed Ghana' programme learns from these gaps to ensure more effective outcomes.

Another important aspect is agricultural financing. The initiative must integrate with existing agricultural financing mechanisms such as the Ghana Incentive-Based Risk Sharing System for Agricultural Lending (GIRSAL), which aims to reduce the risk of lending to the agriculture sector. This would enhance farmers' access to credit and mitigate the financial barriers.

4. Electricity and Water Tariff Increases Scheduled for May.

The Public Utilities Regulatory Commission (PURC) has approved new utility tariffs that will take effect May 3, 2025, leading to a 14.75% increase in electricity tariffs and a 4.02% increase in water tariffs across all customer categories.

According to the PURC, the revised tariffs are based on changes in four key variables, namely, the Cedi/Dollar exchange rate, inflation, electricity generation mix, and cost of fuel (mainly natural gas) in electricity tariffs, although inflation and exchange rate are the main drivers of tariff adjustments.

A major contributor to the hike was the need to recover 50% of an outstanding GHS976 million in revenue arrears accumulated over the last three quarters of 2024. The remaining 50% will be recovered in subsequent quarters. In a statement signed by the new Executive Secretary, Dr. Shafic Suleman, the PURC emphasized that it opted to recover only half of the outstanding arrears to minimize the impact on consumers. Dr. Suleman described the decision as part of a "careful balancing act" to maintain utility solvency without overburdening consumers, given the prevailing economic difficulties.

Government committed, under the third IMF review, to undertake quarterly tariff adjustments. This latest review is therefore timely and necessary to reduce debt pressures in the energy sector. In addition, emergency procurement of Light Crude Oil (LCO) to mitigate the recent gas shortages—caused by the temporary shutdown of the West African Gas Pipeline (WAGP)—has compounded sector costs. However, the main drivers of the current adjustment remain inflation and exchange rate.

Implications for Households and the Economy:

Inflation Risks: Utility prices are a direct component of the Consumer Price Index (CPI), and the significant electricity hike could drive up overall inflation, currently around 23.1%. Second-round effects may follow in the form of higher costs for food, transport, and manufacturing inputs.

[3] https://www.myjoyonline.com/80-percent-of-farmers-not-on-pfj-phase-ii-peasant-farmers-lament/
[4] https://citinewsroom.com/2025/02/farmers-blame-delayed-impact-of-pfj-2-0-for-rising-food-inflation/

Business Operations: The 14.75% hike in electricity tariffs could squeeze margins for energy-intensive sectors such as cold storage, manufacturing, hospitality, and retail. SMEs may either absorb the costs or pass them to consumers.

Household Budgets: For low- and middle-income households, the adjustment represents a tangible increase in living costs. Without matching income growth or subsidies, this will worsen household financial stress.

The PURC's explanation highlights a systemic trade-off: under-recovery of tariffs leads to outages and service interruptions, while over-recovery imposes an undue burden on consumers. This underscores the fragile equilibrium utilities must navigate.

ECG and GWCL need to urgently address inefficiencies, including transmission losses and billing errors, to avoid frequent upward tariff reviews. While the PURC's effort to cushion consumers by spreading arrears recovery is commendable, the situation highlights the urgent need for structural reforms and social protection mechanisms to shield households and businesses from recurring cost-of-living shocks.

5. World Bank MD Engages Finance Ministry, Commits to Supporting Key Developmental Areas.

As The Managing Director and Chief Administrative Officer of the World Bank Group, Mr. Wencai Zhang, paid a courtesy visit to Ghana's Minister for Finance, Dr. Cassiel Ato Forson, at the Finance Ministry as part of ongoing efforts to strengthen development cooperation. Discussions during the visit focused on deepening collaboration between Ghana and the World Bank in critical sectors such as agriculture, energy, and transportation —areas deemed vital to the country's long-term economic transformation.

Dr. Forson appealed to the World Bank to scale up its support for these sectors, citing their importance to job creation, food security, and industrialization. He also proposed the establishment of a World Bank regional hub in Ghana to enhance coordination, accelerate project implementation, and position Ghana as a center for regional development initiatives.

In response, Mr. Zhang reaffirmed the Bank's commitment to supporting Ghana's development agenda. He emphasized agriculture as a top priority for the World Bank and acknowledged Ghana's potential in this sector. According to Mr. Zhang, the Bank brings significant experience in agricultural transformation and is ready to help Ghana modernize its agricultural systems.

He further revealed that the World Bank is actively working on initiatives to strengthen Ghana's energy sector, which is crucial for powering industries, enhancing productivity, and expanding access to electricity.

If the proposed initiatives are implemented, they could have several transformative benefits for Ghana:

Boosting Agricultural Productivity: With increased technical and financial support, Ghana could modernize its farming systems, improve yields, and strengthen agribusiness value chains. This would enhance food security, reduce rural poverty, and support export diversification.

Improved Energy Access and Reliability: World Bank-backed reforms and infrastructure investment in the energy sector could stabilize power supply, reduce outages, and support the expansion of renewable energy. This would lower business costs and attract more investment in manufacturing and services.

Enhanced Infrastructure and Transport: Support in the transport sector could improve logistics, reduce trade costs, and facilitate market access for farmers and small businesses.

Accelerated Project Implementation: A regional World Bank hub in Ghana could streamline collaboration, reduce delays, and enable faster disbursement of funds and technical support. It would also boost Ghana's strategic visibility within the Bank's Africa agenda.

Increased Investor Confidence: Stronger engagement with the World Bank signals economic stability and reform commitment, which could boost private sector confidence and improve Ghana's creditworthiness.

Recommendations

1. To strengthen the impact of the Public Financial Management (Amendment) Act, 2025, the government should prioritize strict enforcement of the commencement certificate requirement to prevent the initiation of unauthorized projects. The Compliance Desk should be equipped with real-time access to data and granted the authority to enforce sanctions where necessary. To further promote accountability, the League Table results should be published regularly and linked directly to performance-based budget allocations.

2. In response to the ongoing cement shortages, there's a need to scale up support for local clinker alternatives like pozzolana and invest in domestic clinker production. Improving logistics and port infrastructure would also ease bottlenecks in the cement supply chain.

3. Under the Feed Ghana initiative, particular attention should be given to the timely establishment of Farmer Service Centers and farm banks, which are central to boosting productivity. Climate-smart agricultural practices should be integrated across all project areas to enhance sustainability. Investment in aggregation, storage, and transportation systems is also key to ensuring farmers have consistent access to markets. To monitor progress and ensure value for money, a robust Monitoring and Evaluation framework—backed by independent evaluations—should be put in place.

4. With the expected utility tariff hikes, public education campaigns on energy and water conservation would also help consumers manage rising costs. In the medium term, accelerating investment in renewable energy will be essential to reducing reliance on fossil fuels. Additionally, improving billing systems and revenue collection can help address arrears and reduce the frequency and size of future tariff increases.

IMANI
Center for Policy & Education

IMANI Center for Policy & Education is a Think Tank of considerable local and international repute based in Ghana. Founded on the 9th of March 2004, IMANI has carved a niche in Ghana's policy environment for putting out objective, independent analysis and critique on many issues, using tried and tested techniques that apply across different disciplines.

Office Loc: No. KD14 Darko Street KOANS Estate-Kutunse

P.O.Box Box 443, Achimota, Accra-Ghana

Tel: +233 554 309 966 | 0302 972 939

Email: info@imanighana.org

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