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Criticality Analysis of Key Economic Issues

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March 31 – April 5, 2025

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1. 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:

a. Economic Stability.
b. Growth and Job Creation.
c. Taxation and Revenue Mobilization.
d. Trade and Investment.
e. Infrastructure Digital Economy.

Evaluation:

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

a. **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.

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

c. **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 5, 2025, had the following news headlines:

1. US 10% Tariff on Ghanaian Exports: Implications for the Economy.
2. Ghana enacts Public Financial Management (Amendment) Act, 2025.
3. IMF 4th Review Mission.
4. Exchange Rate and Inflation Dynamics.
5. Ghana's Push for FDI.
6. Auditor General Launches Nationwide Payroll Audit.

4. Trends on the critical news stories

A. US 10% Tariff on Ghanaian Exports: Implications for the Economy.
   i. Trump's 10% tariff on Ghana an opportunity to boost Intra-Africa trade – Citinews
   ii. 10% US tariffs a big blow to Ghanaian exporters – Association- Citinews
   iii. Trump announces sweeping tariffs on all countries; Ghana affected by 10% ta- Graphic Online
   iv. Trump announces new tariffs, Ghana hit by 10% import ta- MyJoy Online

B. Ghana enacts Public Financial Management (Amendment) Act, 2025.
   i. Government enacts landmark Public Financial Management Act to enhance fiscal discipline – MyJoy Online.
   ii. Ghana enacts groundbreaking Public Financial Management Act to boost fiscal discipline- Ghanaweb.
   iii. Ghana enacts Public Financial Management Act to enhance fiscal discipline- Citinews.

C. IMF 4th Review Mission.
   i. Ghana, IMF Begin Fourth Review Mission Amid Economic Reforms- Ministry Of Finanace.
   ii. IMF commences 4th review of Ghana's bailout programme- MyJoy Online.
   iii. IMF team on 4th review mission; engages government officials, Bank of Ghana – Finance Ministry- 3News.
   iv. Ghana risks losing US support for ongoing IMF deal due to indebtedness to American companies- 3News.

D. Exchange Rate and Inflation Dynamics.
   i. BoG introduces additional liquidity measures.
   ii. BoG implements additional measures to strengthen liquidity management- Citinews.
   iii. Fuel prices set to rise from today; but not all OMCs will follow suit- MyJoy Online.

E. Ghana's Push for FDI.
   i. Ghana courts British investment as BII eyes agribusiness and financial sector support- MyJoy Online.
   ii. Finance Minister dialogues with British International Investment officials for agribusiness deal- 3News.
   iii. Ghana and Japan commit to boost rice production in Ghana, others- 3News.
   iv. Ghana, Japan commit to strategic development initiatives- GBC.

F. Auditor General Launches Nationwide Payroll Audit.
   i. Auditor-General launches nationwide payroll audit- Graphic Online.
   ii. Full List: Ministries, departments & agencies affected by Auditor-General's payroll audit- 3News.

5. Categorization of news stories under central economic themes

Economic Stability	Growth and Job Creation	Taxation and Revenue Mobilization.	Trade and Investment	Infrastructure and Digital Economy.
Ghana enacts Public Financial Management (Amendment) Act, 2025		Auditor General Launches Nationwide Payroll Audit.	US 10% Tariff on Ghanaian Exports: Implications for the Economy	
IMF 4th Review Mission			Ghana's Push for FDI.	
Exchange Rate and Inflation Dynamics.				



6. Criticality Analysis

1. US 10% Tariff on Ghanaian Exports: Implications for the Economy.

In April 2025, the U.S. government announced a raft of reciprocal tariffs on all foreign exports to the United States, including a baseline 10% tariff that now applies across board to all Ghanaian exports.

The U.S. government's rationale for the 10% tariff is aimed at reviving U.S. manufacturing and job creation. The policy is designed to reduce dependency on imports, and to incentivize American businesses to produce more locally. By raising the cost of imported goods, the government hopes to shift demand toward locally produced alternatives, reignite domestic investment, and protect American jobs.

The trade balance between the U.S. and Ghana has been showing increasing deficits in recent years, indicating a growing trade imbalance. According to the U.S. Census Bureau - Foreign Trade[1], the figures for the trade balance (goods) from 2020 to February 2025 are as follows:

Year	Trade balance (million dollars)
2020	112.0
2021	-762.7
2022	-1,722.9
2023	-765.9
2024	-204.4
Jan.–Feb. 2025	-67.6

This indicates a substantial increase in the U.S. trade deficit with Ghana over the past few years, peaking in 2022 with a deficit of $1.72 billion. While the trade deficit narrowed slightly in 2024, the ongoing trend of negative trade balances.

Before the tariff imposition, Ghana enjoyed preferential access to the U.S. market for several of its key exports under AGOA and the Generalized System of Preferences (GSP), both of which allowed duty-free or reduced-rate access to U.S. markets for eligible countries. Ghana's primary exports to the U.S. under these programs include: Cocoa and cocoa products (particularly processed chocolate), Textiles, and garments, Processed fruits and nuts, and Timber products.

1 https://www.census.gov/foreign-trade/balance/c7490.html

The tariff specifically targets products that have been central to Ghana's exports to the U.S., including:

Processed cocoa products (such as chocolate and cocoa powder)

Textiles and apparel
Processed fruits (including pineapple and mango products)

Light manufactured goods (such as footwear and small machinery)

These goods have, in the past, entered the U.S. market with zero or very low tariffs. With the new tariff of 10%, Ghana's exports will face a higher cost at the U.S. border, which could reduce their price competitiveness in a highly price-sensitive market.

Top Exports from Ghana to the U.S. (2023)[2]:

Crude Petroleum	$1.23 billion (70.8%)
Cocoa Beans	$154 million (8.84%)
Cocoa Paste	$68.7 million (3.95%)
Cocoa Powder	$35.1 million (2.01%)
Soybeans	$13.44 million (1.79%)
Other Processed Fruits and Nuts	$24 million (1.43%)

Top Exports from the U.S. to Ghana (2023)[3]:

Cars	$265 million (25.1%)
Refined Petroleum	$107 million (10.2%)
Crude Petroleum	$75.5 million (7.16%)
Ethylene Polymers	$59.89 million (5.67%)
Petroleum Gas	$56.3 million (5.34%)
Acyclic Hydrocarbons	$42.9 million (4.07%)

10% of Ghana's non-traditional exports (NTEs) are sent to the U.S. market. Notably, the majority of Ghana's top exports to the U.S.—such as cocoa paste, cocoa powder, soybeans, and processed fruits and nuts—are classified as NTEs. While crude petroleum (which dominates export value) is currently exempt from the new 10% U.S. tariffs, these NTEs are not. This means that most of Ghana's exports to the U.S. will now face higher trade costs, directly affecting export revenue from the NTE sector. Given the importance of NTEs in supporting export diversification and job creation, the imposition of the tariffs could undermine progress in Ghana's industrial development efforts.
The 10% tariff will have 3 main channels of impact on Ghana; direct impact, indirect impact, and potential decline in US investment.

Direct Impact:

The direct impact of the 10% tariff will be felt in the form of higher costs for Ghanaian goods exported to the U.S. This is because the tariff will increase the final

2 https://oec.world/en/profile/bilateral-country/gha/partner/usa
3 https://oec.world/en/profile/bilateral-country/gha/partner/usa

price of both final goods and intermediate products that Ghana exports. As a result, Ghanaian products will become less competitive in the U.S. market, particularly in price-sensitive sectors such as processed agricultural goods, textiles, and light manufactured items.

The tariff will likely lead to a decline in export revenue, especially from non-traditional exports (NTEs). In 2023, NTE exports accounted for about 24% of the total national exports, equating to approximately ₵3,944 billion. According to the 2023 GEPA NTE report, approximately 10% of Ghana's NTEs were exported to the U.S. (approximately ₵394.4 billion)[4]. With a 10% tariff, Ghana could see a direct reduction in the competitiveness of these exports. The direct effect of the tariff could result in a decline in export flows, directly affecting Ghana's trade balance and overall export revenue.

Indirect Effect: Rising Import Costs from the U.S.

The indirect effect focuses on Ghana's imports from the U.S., particularly those goods that rely on raw materials sourced from other countries, such as China or Japan, which may also be affected by reciprocal tariffs. Goods imported from the U.S. may see an increase in prices due to the additional cost burdens of tariffs, leading to inflationary pressure on local markets in Ghana. For instance, Ghana imports machinery, equipment, and vehicles from the U.S., and if the raw materials for these items are sourced from countries affected by U.S. tariffs, their production costs could rise. This could trigger price hikes for key imported products in Ghana. Some of the goods Ghana imports from the U.S. are used as intermediate goods for local production. If these raw materials become more expensive due to tariff increases or trade disruptions, Ghanaian manufacturers could face higher production costs, leading to price increases for goods sold domestically. This could contribute to inflation in sectors such as manufacturing, food processing, and construction.

Potential Decline in U.S. Investment in Ghana:

The third channel is a potential decline in U.S. investment in Ghana. A significant portion of U.S. investment in Ghana has been oriented towards taking advantage of trade agreements like AGOA, which granted preferential access to the U.S. market for various goods. The delay in renewing AGOA and the introduction of the baseline 10% tariff could raise production costs for U.S.-based companies operating in Ghana, making it less attractive to continue investing in production aimed at export to the U.S. U.S. investors could start to look for other, more competitive countries that offer lower production costs and preferential access to the U.S. market. This could reduce future U.S. investments in sectors like manufacturing, agriculture, and services, which are pivotal to the country's economic growth.

Economic Implications for Ghana

1. Reduced Export Revenues:

Ghana's exports to the U.S. represent a critical source of foreign exchange. The imposition of a 10% tariff is likely to reduce demand for key exports like cocoa, textiles, and processed agricultural goods, as they will become more expensive for U.S. buyers. For example, cocoa exports, which account for nearly 40% of Ghana's total exports to the U.S., could see a drop in volume, reducing export revenue - $835.5 million in February 2025[5]. Also Ghana exports about 11.5% of its cocoa beans and products to the US[6]. Given that Cocoa is Ghana's third-largest source of foreign exchange, the tariff could have an impact on meeting foreign exchange obligations.

2. Trade Balance Worsening:

The imposition of the 10% tariff on Ghanaian exports to the U.S. could significantly affect Ghana's trade balance by reducing its export revenues. As a result of the U.S. tariff, Ghana may face a decline in export

4 GEPA NTE 2023 REPORT.pdf - Google Drive

5 https://www.bog.gov.gh/econ_fin_data/summary-of-economic-and-financial-data-march-2025/

6 https://statsghana.gov.gh/gssmain/fileUpload/Trade/Ghana%202023%20Trade%20Report.pdf

Photocredit; freepik.com

revenues. Key exports such as cocoa, processed agricultural products, and textiles could become less competitive in the U.S. market due to the added tariff, leading to a decrease in the volume of exports. This reduction in export revenue will directly affect Ghana's trade balance. While exports are shrinking due to the tariff, Ghana's imports from the U.S. and other countries will likely remain unchanged or continue to grow, since tariffs are not imposed on imports. This means Ghana will continue to spend foreign currency on imports while earning less from exports, leading to a widening of the trade deficit.

3. Impact on Local Industries:

Agribusiness and manufacturing sectors reliant on exports to the U.S. will be most affected.

Textile manufacturers, for example, may face significant losses if the U.S. market — a major consumer of affordable clothing — reduces its imports of Ghanaian goods. In cocoa processing, reduced demand for processed products could lead to lower production and even job losses in the sector. The impact of declining cocoa revenues could trickle down to other industries that depend on the sector's health, including agriculture, transportation, and processing industries.

According to data from the Ghana Export Promotion Authority (GEPA)[7], Non-Traditional Exports (NTEs) contributed GH¢3.94 billion (24%) to total national exports in 2023, up from GH¢3.53 billion (20%) in 2022. The majority of these exports came from the manufactures and semi-processed category, which accounted for 85% of NTEs and grew by 14.15%. Agricultural products made up 12.56%, though they declined by 3.02%, while handicrafts contributed 2.43% with a 17.85% growth.

The top five NTE products in 2023 (USD) were:



Iron/steel Products
$447.8 Million



Cocoa Butter
$241.3 Million



Cashew Nuts
$263.5 Million



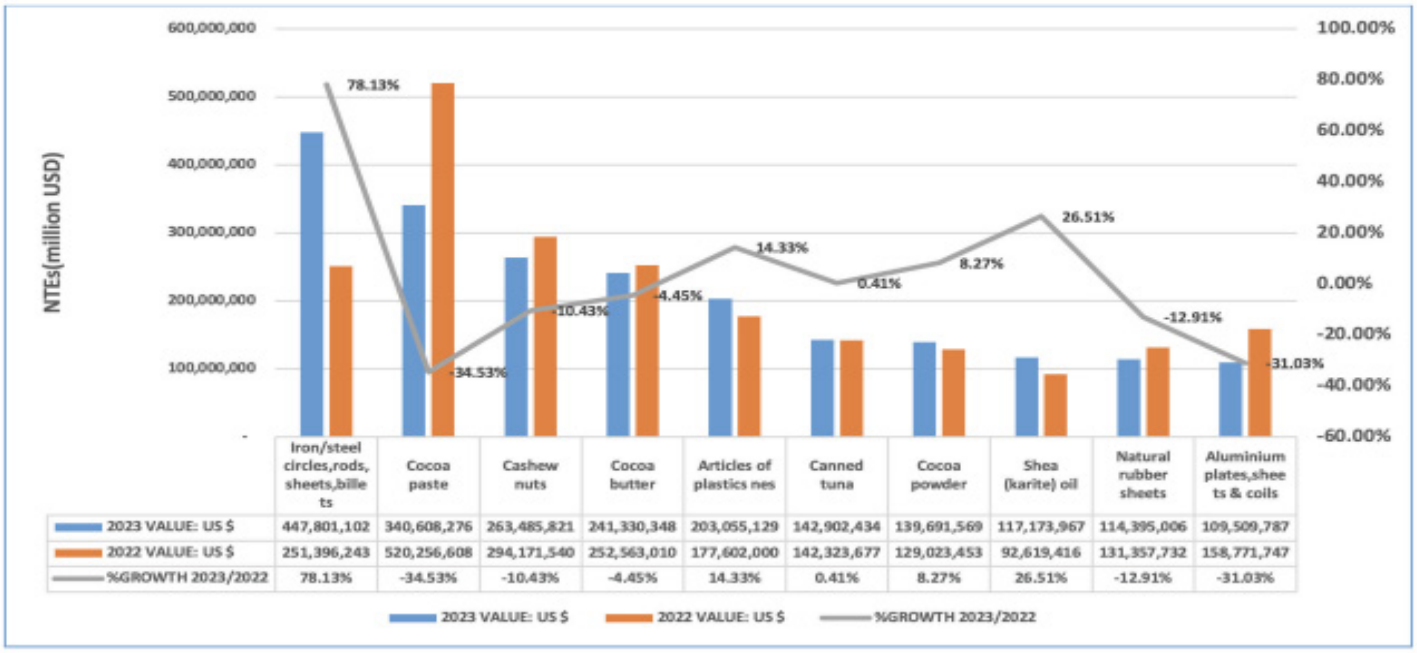
Cocoa Paste
$340.6 Million



Articles of Plastics (not Elsewhere Specified) –
$203.1 Million

7 https://www.gepaghana.org/export-statistic/non-traditional-export-statistics-2023-report/

CHART 5.1:TOP TEN (10) NTEs PRODUCTS IN 2023



	Iron/steel circles,rods, sheets,billets	Cocoa paste	Cashew nuts	Cocoa butter	Articles of plastics nes	Canned tuna	Cocoa powder	Shea (karite) oil	Natural rubber sheets	Aluminium plates,sheets & coils
2023 VALUE: US $	447,801,102	340,608,276	263,485,821	241,330,348	203,055,129	142,902,434	139,691,569	117,173,967	114,395,006	109,509,787
2022 VALUE: US $	251,396,243	520,256,608	294,171,540	252,563,010	177,602,000	142,323,677	129,023,453	92,619,416	131,357,732	158,771,747
%GROWTH 2023/2022	78.13%	-34.53%	-10.43%	-4.45%	14.33%	0.41%	8.27%	26.51%	-12.91%	-31.03%

Source: GEPA (2023)

Source: Annual Non-Traditional Export (NTEs) Statistics Report, 2023

Given this export structure, the imposition of a 10% U.S. tariff could disproportionately impact Ghana's industrial and agro-processing export leaders, particularly cocoa paste, cocoa butter, and cashew. This would not only affect export revenues but also employment and ancillary industries across the value chain.

4. Currency Depreciation Pressure:

Reduced export revenues will place further strain on the Ghanaian cedi, which has already been under pressure due to inflation and fiscal challenges. The decrease in foreign exchange inflows from exports could make it harder to stabilize the currency, leading to increased import costs, inflation, and a potential slowdown in economic growth.

Way Forward for Ghana

1. Trade Diversification:

Ghana must expand its trade partners beyond the U.S. to mitigate the impact of tariffs. Increasing exports to regional markets under the African Continental Free Trade Area (AfCFTA), as well as growing trade with China and the EU, will help reduce Ghana's dependence on the U.S. market. Strengthening Ghana's regional value chains under AfCFTA is crucial. By enhancing production for regional markets, Ghana can create more demand for local goods and reduce its vulnerability to external shocks like new tariffs.

2. Boosting Local Industry and Competitiveness:

To weather the impact of tariffs, Ghanaian exporters must improve product quality, branding, and packaging to differentiate their goods in competitive markets.

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

Over the past decade, there has been growing advocacy for stronger fiscal governance in Ghana, especially in light of persistent budget overruns, rising debt levels, and weak accountability in public spending. Civil society organizations, economists, and international partners like the IMF have consistently called for reforms to tighten the legal framework guiding public financial management.

The recent enactment of the Public Financial Management (Amendment) Act, 2025 marks a major step forward in addressing these long-standing concerns. By introducing binding fiscal rules—such as the requirement for a primary surplus and a debt ceiling—the law aims to enforce discipline in how the government spends and borrows.

Key Reforms Introduced by the PFM (Amendment) Act, 2025[8]:

Enhanced Sanctions for Fiscal Mismanagement:

- The Minister of Finance faces censure under Article 82 of the Constitution for any breaches of fiscal rules.
- Ministers of State and Heads of Covered Entities are subject to potential imprisonment for actions contributing to fiscal slippages.

New Fiscal Responsibility Measures:

- Implementation of a primary balance rule mandating an annual surplus of at least 1.5% of GDP on a commitment basis.
- Establishment of a public debt ceiling, capping the debt-to-GDP ratio at 45% by 2034 to ensure debt sustainability.

Creation of an Independent Fiscal Council:

- A legislated, autonomous Fiscal Council tasked with monitoring adherence to fiscal responsibility rules, thereby ensuring budget credibility and macroeconomic stability.

Strengthened Oversight and Accountability:

- Requirement for the Minister of Finance to obtain Parliamentary or Cabinet approval before suspending fiscal rules due to force majeure or unforeseen economic conditions.

Consolidation of Fiscal Management Laws:

Unification of all fiscal rules under a single legal framework, eliminating redundancies and enhancing enforcement mechanisms.

With the enactment of this law, the Fiscal Responsibility Act, 2018 (Act 982) has been repealed, and the Presidential Fiscal Advisory Council dissolved.

Crucially, the establishment of an independent Fiscal Council will ensure continuous oversight, helping to depoliticize fiscal policy decisions and keep governments accountable to long-term fiscal targets. The inclusion of penalties for non-compliance, including potential censure of the Finance Minister or prosecution of officials, also adds much-needed teeth to the law. However, the effectiveness of the Fiscal Council will depend on its composition and the remit of power given to it.

In essence, this Act strengthens the legal and institutional framework needed to anchor fiscal discipline. It supports Ghana's efforts to avoid fiscal slippages, reduce debt vulnerabilities, and maintain credibility with investors and development partners—particularly at a time when completing the IMF program successfully is critical for the country's economic recovery.

8 https://citinewsroom.com/2025/04/ghana-enacts-public-financial-management-act-to-enhance-fiscal-discipline/

3. IMF 4th Review Mission.

Ghana is currently undergoing the 4th review Extended Credit Facility (ECF) programme with the International Monetary Fund (IMF). This review—ongoing in April 2025—will determine whether Ghana qualifies for the next disbursement of $360 million, bringing the total received so far to over $1.5 billion if successful. The IMF's mission focuses on evaluating the country's progress towards the targets outlined in its economic program, particularly fiscal consolidation, debt management, and inflation control. The findings from this review will have significant implications for Ghana's fiscal health, foreign investment, and the country's ability to meet its economic growth targets.

The 3rd IMF review of Ghana's Extended Credit Facility (ECF) raised several key concerns about the country's economic outlook. The IMF highlighted the growing public debt and high fiscal deficit, which were primarily driven by revenue shortfalls and high debt servicing costs. Despite efforts to curb spending, the country's debt-to-GDP ratio remained elevated, posing long-term fiscal risks. Inflation remained high, largely due to food price increases and currency depreciation, with the IMF recommending stronger monetary tightening by the Bank of Ghana to curb inflationary pressures. The BoG in response has raised the MPR to 28% at its most recent meeting, reinforcing its commitment to curb inflation and stabilize the exchange rate[9].

Additionally, the IMF stressed the need for significant improvements in public financial management (PFM), with particular focus on enhancing domestic revenue mobilization and addressing weak tax collection systems. A significant concern was the financial health of State-Owned Enterprises (SOEs), especially the energy sector, many of which were facing high levels of debt and requiring government bailouts, adding strain to public finances. The IMF called for urgent SOE reforms to reduce fiscal risks and improve efficiency, particularly through better governance and operational reforms. The review underscored the urgency of addressing these fiscal and structural issues to ensure Ghana's economic stability and maintain progress in the IMF's Extended Credit Facility program.

Adding another layer of complexity, the U.S. ambassador to Ghana recently warned that Ghana risks losing U.S. support for its IMF deal due to unpaid debts[10]. Specifically, the U.S. government has raised concerns over Ghana's arrears with some of its bilateral creditors and lack of sufficient progress in restructuring its debts. While the release of the next tranche under the IMF program is primarily tied to the successful completion of agreed benchmarks from the 3rd review, these political economy dynamics could introduce delays. Addressing these risks will require Ghana to secure concrete arrangements with its commercial creditors and demonstrate strong progress on structural reforms While Ghana has made some progress in addressing these issues, the IMF's pressure to implement necessary reforms remains strong. For Ghana to continue benefiting from the IMF program, it must demonstrate a clear commitment to structural reforms that will support fiscal sustainability and strengthen its economic governance.

The 4th IMF review is not just a routine assessment; its outcome holds significant weight for Ghana's broader economic stability and recovery. Completing the IMF program is essential for several reasons:

Financial Support: Successful completion of the IMF program ensures continued access to critical international financing, which is necessary to stabilize Ghana's public finances and meet debt obligations.

Investor Confidence: An agreement with the IMF signals to international investors that Ghana is committed to addressing its fiscal and economic challenges. This improves the country's creditworthiness and makes it a more attractive destination for foreign direct investment (FDI).

9 https://www.myjoyonline.com/bog-policy-rate-hike-of-28-here-is-mpc-decision-statements/

10 https://3news.com/news/ghana-risks-losing-us-support-for-ongoing-imf-deal-due-to-indebtedness-to-american-companies/

Debt Management: The resumption of debt servicing marks a pivotal shift in Ghana's fiscal strategy, following the previous phases of the IMF program where no debt servicing was required. With the current review, Ghana now faces debt servicing obligations, which presents a new challenge in ensuring fiscal stability. To effectively manage this shift, completing the IMF program is crucial. The program provides a robust framework that will help Ghana navigate the complexities of debt servicing while maintaining fiscal consolidation. Adhering to the IMF's recommendations and targets will be key to managing public debt, negotiating favorable terms for debt restructuring, and ensuring that the country remains on a stable fiscal path. The IMF review offers an essential blueprint for managing these obligations, ensuring that even in the absence of significant revenue growth, Ghana can maintain fiscal discipline and eventually exit debt servicing. .

Economic Growth: Completing the IMF program will unlock further assistance and financial support, helping Ghana to strengthen its growth prospects by addressing inflation, improving fiscal discipline, and ensuring efficient use of public resources.

Credibility and Stability: Completing the IMF program strengthens Ghana's credibility with both multilateral institutions and bilateral partners, ensuring access to concessional financing and better terms for future loans. It also reassures markets that the country is on track for a sustainable fiscal and economic recovery. As the 4th IMF review progresses, the pressure on Ghana to undertake necessary reforms remains high. The completion of this program is not just about meeting short-term targets—it is crucial for stabilizing Ghana's fiscal health, restoring investor confidence, and ensuring access to continued financial support. The IMF's backing is vital to Ghana's recovery and long-term economic success, making the successful completion of the Extended Credit Facility (ECF) program an essential step towards economic stability and growth.

4. Exchange Rate and Inflation Dynamics.

Ghana's macroeconomic stability remains delicately balanced as the country navigates the effects of global trade tensions, domestic policy adjustments, and the ongoing implementation of its IMF-supported programme. Recent developments — including the Bank of Ghana's monetary tightening, rising crude oil prices, and emerging global inflationary pressures — highlight the complexity of stabilizing inflation and the exchange rate in 2025.

Following relative stability in early 2025 – a depreciation rate of 5.3% from 27.1 in October 2024[11], the Cedi is facing renewed depreciation pressures in early 2025.
One major contributing factor is the rising risk of global trade disruptions. The imposition of reciprocal tariffs by the United States has triggered expectations of a global slowdown and rising cost of imports. For Ghana, which is heavily reliant on imported goods — particularly fuel, machinery, pharmaceuticals, and processed foods — these tariffs are expected to feed into higher import prices and exert downward pressure on the cedi.

Compounding this pressure is the recent rise in global crude oil prices. Brent crude has climbed to around $74 per barrel. The increase, though relatively modest at 0.86% over the pricing window, reflects tightening global supply. This has been driven by U.S. sanctions that restrict exports from major oil producers like Iran and Venezuela, along with threats of secondary tariffs on countries importing oil from Iran and Russia[12][13]. For Ghana, where petroleum products are a key import item, this development is likely to raise the country's oil import bill, intensify forex demand, and further strain the cedi.
Imported inflation, already a challenge for Ghana's economy, is expected to rise further due to both rising global prices and the weakened cedi. Fuel prices are particularly sensitive — and in Ghana, any hike in pump prices quickly translates into higher transport and food costs due to strong second-round effects.

11 https://www.bog.gov.gh/econ_fin_data/summary-of-economic-and-financial-data-march-2025/
12 https://investorsking.com/2025/03/28/oil-prices-rise-over-7-in-three-weeks-on-sanctions-inventory-declines/
13 https://www.myjoyonline.com/fuel-prices-set-to-rise-from-today-but-not-all-omcs-will-follow-suit/

Although headline inflation moderated slightly to 23.1% in February 2025 from 23.8% in December 2024[14], these gains could quickly reverse. Global factors are threatening to reignite inflationary pressures, especially in non-food components. Food inflation also remains persistently high, driven in part by high transportation costs linked to fuel prices.

In response to persistent inflation, the Bank of Ghana raised the Monetary Policy Rate to 28%, and introduced additional liquidity-tightening tools:

- A new 273-day instrument to strengthen sterilization and mop up excess liquidity;
-

The 273-day instrument is a longer-term government security that allows the Bank of Ghana to borrow money from banks and investors for 273 days to absorb excess liquidity from the banking system. By offering this investment option, the central bank encourages banks and other investors to lock up funds for a longer period, reducing the amount of money circulating in the economy. This helps to ease inflationary pressures and support exchange rate stability.

- Enhanced monitoring of Net Open Positions (NOPs) to enforce discipline in the forex market;
- Review of the Cash Reserve Ratio (CRR) to improve its effectiveness in curbing liquidity and speculative activity.

These measures aim to anchor inflation expectations, tighten liquidity, and stabilize the exchange rate. Private sector credit nominal growth, which rose to 26.9% y/y in February 2025 and real PSC to 3.1%, may taper off under the weight of high interest rates and tightening liquidity[15]. This creates a policy trade-off: curbing inflation versus supporting economic recovery. External shocks are complicating the policy path. Both the global inflationary impulse from U.S.-led tariffs and rising oil prices introduce fresh headwinds to Ghana's disinflation and currency stabilization efforts.

Key implications include:

- **Rising Cost of Imports**: Higher global prices — especially for crude oil — will increase the cost of Ghana's import basket, undermining gains from monetary tightening and causing inflation to remain elevated or rise again.

- **Increased Forex Demand:** Importers may front-load purchases or increase dollar demand to hedge against future price hikes, increasing pressure on the cedi.

- **Weakened Transmission of Policy:** If inflation is driven externally (e.g., tariffs and oil shocks), domestic interest rate hikes may have limited short-term effectiveness in controlling price levels.

- Rising Fiscal Pressures: If inflation stays high, government spending on subsidies, social protection, or interest payments may increase, limiting fiscal space and complicating consolidation efforts under the IMF programme.

Can Inflation and the Cedi Be Stabilized? Yes — but it will be increasingly challenging and contingent on several factors:

- **Successful IMF Review:** Continued adherence to IMF conditionalities and reforms can unlock disbursements and improve investor confidence.

- **Tighter Policy Coordination:** Fiscal restraint and monetary discipline must work in tandem to prevent policy slippage.

- **Global Conditions:** If global inflation accelerates further, Ghana will need to balance macroeconomic stabilization with protecting vulnerable households and sustaining growth.

- Effective Liquidity Tools: The BoG's efforts must continue evolving to address excess liquidity and

14 https://www.bog.gov.gh/econ_fin_data/summary-of-economic-and-financial-data-march-2025/
15 https://www.bog.gov.gh/econ_fin_data/summary-of-economic-and-financial-data-march-2025/

speculative behavior in currency markets.

Exchange rate pressures are also being influenced by domestic policy trade-offs. While the Bank of Ghana has raised the MPR to 28% to tighten liquidity, the government's efforts to lower T-bill rates to reduce domestic debt servicing costs may undermine the attractiveness of cedi-denominated assets. If the cedi continues to depreciate, it could trigger increased forex demand from investors and importers hedging against further losses. This feedback loop may intensify exchange rate pressures and weaken the effectiveness of ongoing monetary policy reforms. A strategic and coordinated policy approach is essential to strike the delicate balance between controlling inflation, supporting debt sustainability, and maintaining currency stability.

5. Ghana's Push for FDI.

As Ghana pursues economic recovery and transformation, recent high-level engagements with British International Investment (BII) and Japan reveal a shift towards strategic, sector-specific foreign direct investment (FDI). These engagements are targeted at unlocking growth in agriculture, infrastructure, and finance — all crucial for stabilizing the economy, creating jobs, and building resilience.

Ghana held strategic talks with BII to explore opportunities in two key areas: agribusiness and the financial sector[16]. The centerpiece of this discussion was Ghana's forthcoming Palm Industry Policy, aimed at diversifying the country's agricultural base beyond cocoa and accelerating the shift to agro-industrialization.

The government plans to develop 50,000 hectares of oil palm, with a $100 million investment for the first 20,000 hectares; The policy is part of a broader strategy to boost exports, create jobs, and reduce import dependence on vegetable oils; Ghana extended an invitation to BII to support the revitalization of Consolidated Bank Ghana (CBG), signaling a broader effort to strengthen confidence and capitalization in the banking sector. This approach highlights Ghana's intention to align FDI with industrial policy, targeting investments that have high potential for value addition and structural change.

In a parallel move, Ghana's collaboration with Japan focuses on infrastructure development and food security — critical enablers of long-term competitiveness[17]:
Reviving the Volivo–Dorfor Adidome Bridge: Improving rural connectivity and market access for farmers;
Developing a major interchange in the Ashanti Region: Easing urban congestion and facilitating logistics in Kumasi;

Technical support for rice production: Strengthening irrigation, mechanization, and knowledge transfer to reduce rice import dependency. These initiatives reflect Ghana's ambition to leverage Japan's infrastructure and agricultural expertise.

Ghana's FDI push is becoming more deliberate and development-driven. By anchoring investment in infrastructure, agro-processing, and food security, Ghana is laying the groundwork for resilient, inclusive growth. If these efforts are sustained with improved regulatory efficiency and institutional coordination, they could become a cornerstone of Ghana's transition from short-term stabilization to long-term transformation.

6. Auditor General Launches Nationwide Payroll Audit .

The Auditor-General of Ghana has launched a nationwide payroll audit aimed at enhancing transparency and accountability within the public sector. This comprehensive audit, covering the period from January 2023 to December 2024, seeks to verify the legitimacy of employees on the government payroll

16 https://3news.com/news/finance-minister-dialogues-with-british-international-investment-officials-for-agribusiness-deal/

17 https://www.gbcghanaonline.com/general-news/ghana-japan-commit-to-strategic-development-initiatives/2025/

and address issues such as ghost workers and financial irregularities[18]. The audit will be conducted across various Ministries, Departments, Agencies (MDAs), and subvented organizations under the Government of Ghana's payroll system. It will involve a physical headcount of staff and a thorough review of payroll records, including electronic salary vouchers, nominal rolls, and employment files. The exercise is grounded in legal provisions, particularly Article 187(3) of the 1992 Constitution and Section 11(2) of the Audit Service Act, 2000, which mandates full compliance from all institutions involved.

The expected outcomes of this payroll audit include enhanced transparency by identifying and eliminating ghost workers and payroll fraud, as well as improved fiscal management by ensuring that public funds are used effectively. This initiative reflects the government's commitment to fiscal responsibility and combating corruption within the public sector. Affected institutions have been instructed to promptly submit the necessary documents to ensure a smooth and efficient audit process. This nationwide payroll audit underscores the importance of financial oversight in strengthening public sector accountability.



According to the IMANI Fiscal Recklessness Index (2024)[19], Ghana recorded GHC4.9 billion in financial irregularities between 2021 and 2023—equivalent to about 2.36% of GDP in 2023. Though this figure reflects a decline compared to the GHC13.9 billion recorded from 2015 to 2020, there has been a worrying upward trend in the growth of irregularities since 2021. This suggests that despite reforms in the PFM system, the risk of recurring inefficiencies and leakages remains high. Payroll-related financial irregularities continue to be a significant component of the problem. Between 2021 and 2023, payroll infractions alone accounted for about GHC34.2 million—1% of the total financial irregularities reported. These include unearned salaries paid to staff no longer attached to institutions, pension payments to deceased individuals, and unauthorized promotions. For example, in 2021, GH¢1.5 million in unearned salaries was paid to 146 officers across 47 institutions under the Ministry of Health. In 2022, GH¢1.9 million went to 95 unnamed individuals, while in 2023, GH¢837,930 was paid to 16 people who had never worked at Nima Government Hospital. In some cases, staff were posted to private hospitals yet still received salaries from the public payroll.

The Ministry of Education and the Ministry of Lands and Natural Resources also featured prominently in payroll infractions. For instance, in 2021, GH¢1.1 million was paid to 88 Education Ministry staff who had separated from their institutions. Other payroll anomalies included unearned pensions, promotions without documentation, and staff avoiding bond obligations.

18 https://www.graphic.com.gh/news/general-news/auditor-general-launches-nationwide-payroll-audit-see-the-affected-state-agencies-and-ministries.html#:~:text=An%20official%20communication%20signed%20by,nominal%20rolls%2C%20and%20employment%20files

19 https://imaniafrica.org/wp-content/uploads/2024/10/IMANI-OXFAM-Final-Report_3rd-Fiscal-Recklessness-Index-2021_2023.pdf

These inefficiencies highlight serious lapses in compliance with existing PFM regulations. Regulation 86 of L.I. 2378 requires Principal Spending Officers to ensure that only eligible personnel are on the payroll, while Regulation 92 mandates timely notification of staff exits to the Controller and Accountant-General. The disregard for these legal provisions has not only facilitated wasteful expenditure but also eroded public confidence in the integrity of Ghana's fiscal operations. Until systemic inefficiencies, particularly in payroll administration and procurement, are decisively addressed, the benefits of any tax policy reforms will be significantly diluted. Sustained fiscal responsibility, enforced through strong auditing systems and legal accountability, must therefore be seen as integral to Ghana's economic recovery agenda.

Recommendations

1. The Ghana Export Promotion Authority (GEPA) should intensify efforts to connect exporters with alternative markets, especially under the African Continental Free Trade Area (AfCFTA), the EU's Everything But Arms (EBA) scheme, and partnerships with Asia and the Middle East.

2. Ensure Timely and Transparent Implementation of the Public Financial Management (Amendment) Act, 2025. The Ministry of Finance must prioritize the full implementation of the Act's provisions, particularly quarterly budget reporting and real-time expenditure tracking.

3. The Bank of Ghana should continue refining its liquidity-tightening tools while ensuring proactive monitoring of foreign exchange markets to prevent excessive speculation. Enhanced coordination between fiscal and monetary policies will help anchor inflation expectations and stabilize the Cedi.
4. Diversify Import Sources and Enhance Domestic Production: Ghana should prioritize the diversification of import sources and encourage domestic production of key goods. This will reduce the impact of global supply shocks and lower import dependency, easing pressures on both inflation and the exchange rate.

5. Enhance Institutional Support for FDI: Streamline regulatory processes and reduce bureaucratic inefficiencies to make it easier for foreign investors to operate in Ghana. A more transparent, investor-friendly environment will attract high-quality investments in key sectors like agriculture and infrastructure.

6. Ghana should continue to push for value-added investments in agribusiness, such as agro-processing and oil palm production, to reduce dependence on raw exports. This will create more local jobs, boost exports, and strengthen the resilience of the agricultural sector.

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