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Criticality Analysis of Key Economic Issues

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IMANI
Center for Policy & Education

26 - 30 May, 2025

CRITICALITY ANALYSIS OF KEY ECONOMIC ISSUES

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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 May 30, 2025, had the following news headlines:

1. Ghana's Telecom Regulations.
2. Advancing Climate Adaptation Finance.
3. Reviving Ghana's Textile Sector.

4. Trends on the critical news stories

A. Ghana's Telecom Regulations.

- Improve service quality by December or face heavy fines – Sam George.

B. Reviving Ghana's Textile Sector.

- i.DBG and AGI chart roadmap to revive Ghana's textile and garment sector – Citinews.
- ii.DBG and AGI chart reform roadmap to reinvigorate Ghana's textile and garment industry – MyJoy News.

C. Advancing Climate Adaptation Finance.

- Fidelity Bank committed to climate resilience as a core business imperative – Atta Gyan.
- Fidelity Bank commits to integrating climate adaptation as core business imperative – Ghana News Agency.



5. Categorization of news stories under central economic themes

Economic Stability	Growth & Job Creation	Taxation & Revenue Mobilization	Trade & Investment	Infrastructure & Digital Economy
-	Reviving Ghana's Textile Sector.	-	Advancing Climate Adaptation Finance.	Ghana's Telecom Regulations.

6. Criticality Analysis



Telecom Accountability and the Digital Economy: Enforcing Service Quality as a Business Imperative.

Communications Minister Sam George has issued an ultimatum to telecom operators to significantly improve service quality or face regulatory sanctions. While the directive was in response to concerns of persistent poor service experienced by subscribers, there are economic and infrastructure issues that must be addressed. At the heart of this directive is a promise: the government will, in return, provide additional spectrum to ease network congestion and support performance improvements.

To be fair, the Minister is not entirely wrong in demanding better service. Consumers are frustrated. Call drops, buffering, and inconsistent coverage plague even the most urbanized areas. But diagnosing the problem solely as telco neglect oversimplifies the issue and risk repeating cycles. For years, Ghana's telecom sector has battled with a fundamental disconnect between regulation and operational reality. On the one hand, operators are pressured to lower data prices. On the other hand, they face rising costs from inconsistent licensing regimes, unpredictable spectrum policies, operational costs, and delayed infrastructure rollout.

The current Minister's announcement that operators have until June 30, 2025, to complete acceptance processes for newly allocated spectrum is welcome on paper. Spectrum is the lifeblood of mobile connectivity. If priced sensibly and released on time, it could indeed relieve congestion and improve the quality of service. But here lies the deeper challenge: will this be a transparent, affordable process?

Meanwhile, the NextGenInfraco (NGIC) has yet to meet its 5G rollout deadlines. Created as a neutral shared infrastructure provider, NGIC was supposed to accelerate nationwide 4G and 5G deployment while saving costs for operators. Instead, delays have dominated the timeline. Yet the same Ministry is threatening private operators with sanctions for failing to improve service.

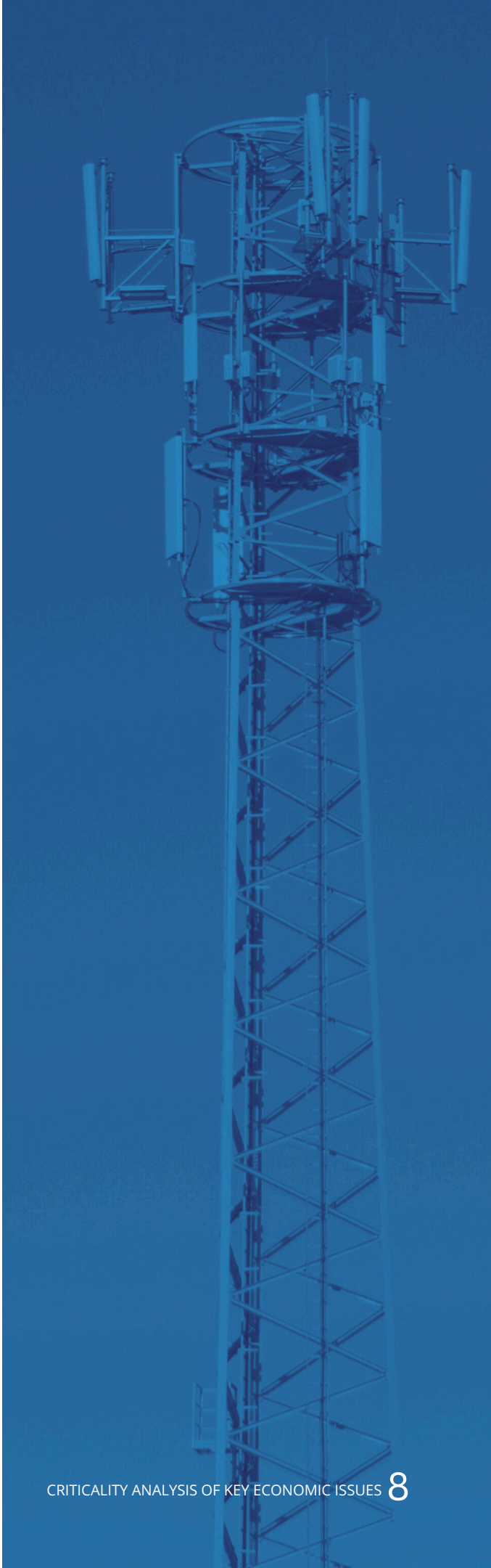
Ghana's Significant Market Power (SMP) policy is another example of policy intentions not matching outcomes. When MTN was designated as an SMP in 2020, the goal was to curb its dominance and give smaller operators like AirtelTigo and Vodafone (now Telecel) a better shot at competing. But the policy fell flat. It introduced restrictions on MTN, such as pricing approvals but did not provide the smaller players with investment support, spectrum access, or operational flexibility needed to actually scale.

Rather than levelling the playing field, it created policy uncertainty and discouraged investment, without delivering meaningful competition or better consumer outcomes.

We are now at risk of repeating the same pattern: overregulating without enabling and facilitating.

This mixed messaging, demanding more from private players while delivering less from the public side, is part of a broader policy inconsistency. If service must improve, then so must the government's accountability. It must reduce regulatory friction, offer spectrum on competitive and clear terms, and ensure infrastructure initiatives like NGIC are not just bureaucratic placeholders but truly scalable and commercially viable platforms. The Minister has stated that telcos offer more value without lowering prices, effectively asking for larger data bundles and service rewards while input costs rise and infrastructure remains weak. Without expanded capacity, value-added services may only worsen existing network congestion.

Ghana's digital economy depends on reliable, affordable, and future-ready telecom infrastructure. The Minister's ultimatum to operators may energize headlines, but the real work lies beneath, fixing the policy foundations, restoring investor trust, and aligning public ambition with private-sector reality.





Advancing Climate Adaptation Finance

In recent years, climate change has become an urgent priority, especially for Africa, where communities and economies are particularly vulnerable to its impacts. From erratic rainfall patterns to more frequent floods and droughts, the economic and social consequences of climate change are already being felt across key sectors like agriculture and energy.As the need for sustainable pathways to growth, the role of the financial sector in supporting green businesses and climate adaptation initiatives has never been more critical. IMANI's paper, "Does Ghana's business environment support green businesses? A governance and market readiness assessment[1]", highlighted key constraints in Ghana's macroeconomic environment that hinder green business growth.

Chief among these is the limited pipeline of bankable, investment-ready green projects, which makes it difficult to attract private capital. This is compounded by widespread capacity gaps, both in public institutions and among SMEs, in structuring commercially viable proposals aligned with climate goals. There is also a weak linkage between Ghana's climate commitments under its Nationally Determined Contributions (NDCs) and actual financing strategies embedded in national development plans like the Post-COVID Programme for Economic Growth (PC-PEG).

Also, there have been persistently high lending rates, averaging around 25% over the last decade, which make adaptation investments unaffordable, especially for SMEs. Real credit to the private sector remains weak, growing at just 1.4% over the past decade, while high non-performing loan (NPL) ratios have discouraged long-term lending. More critically, most financial institutions lack the expertise and understanding needed to navigate the climate finance space effectively.

In this challenging context, Fidelity Bank Ghana has integrated climate adaptation into its core lending strategy, signaling a positive shift toward financing climate-resilient solutions.

During the Africa Adaptation Acceleration Program Partnership Forum, Atta Yeboah Gyan, Deputy Managing Director of Operations and Support Functions at Fidelity Bank, outlined the bank's comprehensive and data-driven approach.

Fidelity Bank has identified climate risk as a critical Environmental, Social, and Governance (ESG) issue through a double materiality assessment, embedding it into their environmental and social governance processes. The bank has developed robust internal tools, including a portfolio-level climate scenario analysis across retail and corporate banking segments, and created detailed climate risk heatmaps to better understand exposure and enhance resilience. Their three-year Climate Implementation Plan aligns with Ghana's Nationally Determined Contributions (NDCs), ensuring that financing supports national climate priorities. Climate risk screening is now an integral part of Fidelity's credit assessment process, particularly focusing on sectors most vulnerable to climate change, such as agriculture, infrastructure, and SMEs. The bank is piloting innovative tools to assess drought and flood vulnerabilities, enabling it to better anticipate and manage climate-related risks and opportunities for clients. Furthermore, Fidelity is investing in capacity building by training frontline staff to recognize adaptation indicators, which is crucial in markets where adaptation solutions are still emerging. Beyond managing risks internally, Fidelity Bank is actively mobilizing private finance for climate adaptation. However, Mr. Gyan's remarks also underscore significant ecosystem-level gaps within Ghana's financial system that limit the scale-up of climate finance. He pointed to the lack of localized climate risk data and standardized risk maps, which hinder banks' ability to make precise lending decisions. There is a critical need for technical capacity building across commercial banks to incorporate climate risk into credit scoring models effectively.

Moreover, deploying de-risking instruments, such as guarantees and first-loss capital, is essential to incentivize commercial banks to lend more aggressively to climate-vulnerable sectors. Mr. Gyan called on development partners and institutions like the Global Centre on Adaptation (GCA) to support efforts that address these gaps, including facilitating access to concessional capital, developing pipelines of bankable adaptation projects, and promoting data standardization.

Fidelity Bank's integration of climate adaptation into its core lending operations is a step in the right direction. It demonstrates that local financial institutions can move beyond rhetoric to real action, supporting pipeline development, risk mitigation, and long-term sustainability lending. However, to scale adaptation finance meaningfully:

The government must bridge the policy-to-finance gap by aligning medium-term plans with NDCs and establishing clear incentive frameworks for banks and green SMEs. Capacity development efforts must be expanded, particularly for project developers to structure commercially viable proposals. Also, green businesses must leverage existing financing opportunities to enhance their capacity in project bankability and take advantage of local and international incubation activities to build their businesses to maturity. While the efficiency and relevance of technology are important, businesses need to be established well. Green businesses must take advantage of donor-led and other private incubation programmes to build their businesses to maturity. This can help them scale the challenges that affect their ability to secure financing. Also, incubation programmes expose the businesses to opportunities that may not be publicly known.

Reviving Ghana's Textile Sector

After years of decline, Ghana's once-thriving textile and garment industry may be on the verge of a revival. A high-level stakeholder forum organized by the Development Bank Ghana (DBG) and the Association of Ghana Industries (AGI) brought together policymakers, factory owners, financial institutions, and development partners to chart a concrete roadmap for industrial recovery. Factors that contributed to this decline include the influx of cheap imports and intellectual property violations, limited access to finance, and a sharp decline in domestic cotton production further weakened the sector's foundations.

DBG announced a comprehensive feasibility study to map the entire textile value chain from cotton cultivation and ginning to dyeing, finishing, and garment production. This move addresses the chronic lack of sector-wide intelligence that has hindered investment planning.

Also, working with participating financial institutions, DBG will identify at least five investor-ready, bankable textile projects for long-term financing. The goal is to unlock private capital in strategic, labour-intensive parts of the value chain.

Additionally, the stakeholder forum will work on a policy brief proposing regulatory changes, enforcement protocols, and incentive packages. These recommendations will be embedded in an industrial action plan pairing lending with policy reform, an essential step to crowd-in investment. First, the employment potential is significant. Garment manufacturing is well-suited for semi-skilled labour and could help absorb underemployed youth in manufacturing zones. Also, reviving the sector could reduce Ghana's dependency on imported textiles, particularly wax prints, and reposition locally produced fabrics within West African markets under the AfCFTA.

Still, the path forward is far from clear. Several entrenched barriers threaten the success of the new initiative if left unaddressed. Energy costs and reliability remain a top concern. These costs make it difficult to scale operations. The competitiveness of local firms still hinges on solving structural cost issues, especially energy reliability and tariffs.

Cotton production is another structural weakness. Ghana once had a thriving cotton sub-sector, but inadequate financing and credit, insufficient agricultural extension services, high input costs, and labor shortages have caused production to decrease. Most textile manufacturers rely on imported cotton, which increases exposure to global price shocks and undermines value chain integration.

Ghana's markets are flooded with cheap foreign textiles, many of which benefit from large economies of scale. As a result, Ghanaian manufacturers compete not only on cost but also on distorted terms. Without customs reforms and strict monitoring, even well-financed local firms will struggle to compete.

Intellectual property rights are also routinely violated. Local textile designs are frequently pirated, reproduced abroad and sold in Ghana at cheaper prices. This erodes consumer trust and destroys the brand value of Ghanaian firms that invest in creativity and quality.

The DBG–AGI roadmap is a promising industrial recovery effort. Beyond financing and project pipelines, the success of this initiative hinges on whether policymakers can confront the deeper structural constraints, unreliable energy, weak IP enforcement, porous trade borders, and a broken upstream cotton economy. Without addressing these fundamentals, the sector risks relapsing without industrial outcomes.



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.

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