GHANA'S 2026 BUDGET:

CONSOLIDATING STABILITY AND POSITIONING FOR STRUCTURAL TRANSFORMATION

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The Minister of Finance is scheduled to present the 2026 Budget on Thursday, November 13, 2025. Two key themes are expected to emerge from this presentation. First, there will be ample evidence that the worst is behind us and that Ghana's economy has indeed turned the corner. Second, the tone of the budget will reveal the government's posture on the direction of the economy: will it remain ultra-conservative, focused on stabilization and recovery, or will it pivot boldly toward transformational growth and structural change?

While Ghana's restored debt sustainability and macroeconomic stability are commendable achievements, they must be viewed as a means to an end — a launchpad for inclusive growth and structural transformation. The primary objective of the 2026 Budget, therefore, should be to preserve macroeconomic stability while laying the groundwork for the next phase of transformation. The economy remains vulnerable to external shocks, particularly a potential terms-of-trade shock stemming from a significant decline in gold prices — a risk that deserves careful attention given Ghana's growing reliance on gold exports.

From Crisis to Stability

Since 2022, Ghana's economy has endured severe stress — soaring inflation, currency depreciation, unsustainable public debt, and restricted access to external financing — culminating in a three-year Extended Credit Facility (ECF) arrangement with the IMF in May 2023. Today, there are clear signs of recovery and resilience.

- Public debt declined from 93.3% of GDP in 2022 to 44.9% of GDP by July 2025.
- Inflation dropped from 54.1% in 2022 to 8% in October 2025.
- Real GDP growth improved to 6.3% in Q2 2025, up from 3.1% in 2022.
- The cedi appreciated by 25.6% in 2025, reversing a 30% depreciation in 2022.
- Gross international reserves increased to 4.5 months of import cover as of August 2025, up from 0.7 months in 2022.

These indicators underscore a successful first phase of Ghana's economic journey: stabilize, restructure, regain confidence, and restore credibility. Credit-rating agencies have responded positively, with S&P upgrading Ghana's outlook — a further affirmation of this progress.

The Next Frontier: From Stability to Transformation

Having stabilized the economy, the next question is whether Ghana is ready to move toward higher, more inclusive, and diversified growth. Beyond macroeconomic stability, the country needs a strategy that drives job creation, industrialization, and reduced inequality. Fiscal policy remains a powerful lever for shaping this trajectory.

In the first half of 2025, capital expenditure amounted to GHS 17 billion, representing only 1.4% of GDP — far below the 2.3% budgeted and well short of our estimated 5% of GDP required to catalyze private investment and inclusive growth. Without a decisive shift toward investment in infrastructure, manufacturing, and human capital, Ghana risks remaining trapped in a cycle of modest growth, dependent on volatile commodity markets.

The Case for Continued Prudence

That said, Ghana's macroeconomic stability remains fragile. The 2026 Budget must therefore prioritize fiscal consolidation — stabilizing public debt, preventing runaway recurrent spending, enhancing tax mobilization, and curbing waste. Given that Ghana remains under the IMF program and continues to rely on concessional financing, prudence and discipline are indispensable.

A cautious stance for one more fiscal year is not a sign of timidity but rather an acknowledgment of the risks ahead. Chief among them is Ghana's increasing reliance on gold, which exposes the economy to global price volatility. Of the USD 17.99 billion in total exports recorded in 2025, USD 11.20 billion (or 62%) came from gold. The Bank of Ghana's 36 tonnes of gold holdings, worth about USD 3.17 billion and representing 37.7% of net international reserves, have strengthened the external position and supported the cedi's recovery.

However, this dependence carries significant downside risk. History offers a sobering reminder: between 2011 and 2015, gold prices plunged from USD 1,920 to USD 1,050 per ounce — a 45% collapse that decimated export revenues and fiscal buffers. Today, gold prices have surged over 56% year-to-date, surpassing USD 4,000 per ounce amid global uncertainty and monetary easing. Yet, such rallies are rarely sustainable. If global inflation eases or interest rates stay elevated, gold prices could correct sharply, eroding Ghana's external balance and reversing hard-won gains.

Getting Ahead of the Gold Curve

The 2026 Budget must therefore mark the beginning of Ghana’s effort to get ahead of the gold curve. The nation must leverage the breathing room provided by recent stability to diversify its export base — expanding agriculture value chains, promoting manufacturing, and deepening investment in technology, digital infrastructure, and green energy. By doing so, Ghana can insulate itself from commodity shocks and set the stage for a more resilient and inclusive growth model.

Conclusion: A Time of Promise

To conclude, this is an exciting time for the Ghanaian economy. The country has weathered one of its most turbulent macroeconomic storms and emerged with renewed credibility and a stronger foundation. The challenge now is to convert stability into prosperity — to channel the gains from discipline into innovation, diversification, and opportunity. If managed wisely, the 2026 Budget could be remembered as the bridge between recovery and renaissance — the moment when Ghana didn’t just turn the corner, but began to move confidently toward sustainable and inclusive growth.

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