2025 Mid-Year Budget Highlights

August 2025

Contents

Acronyms

Acronym	Meaning
ACI	Advance Cargo Information
bn	Billion
CAPEX	Capital Expenditure
COVID-19	Coronavirus Disease
DDEP	Domestic Debt Exchange Programme
DPO	Development Policy Operation
ECF	Extended Credit Facility
E-Levy	Electronic Levy
ESLA	Energy Sector Levies Act
GDP	Gross Domestic Product
GETFL	Ghana Education Trust Fund Levy
GIFEC	Ghana Investment Fund for Electronic Communications
GH¢	Ghana Cedis
GoG	Government of Ghana
GRA	Ghana Revenue Authority
H1	First half of the year
H2	Second half of the year
IGF	Internally Generated Funds
IMF	International Monetary Fund
ITAS	Integrated Tax Administration System
LEAP	Livelihood Empowerment Against Poverty
MGO	Marine Gas Oil
Mn	Million
MoU	Memorandum of Understanding

Acronym	Meaning
MTRS	Medium-Term Revenue Strategy
MTS	Modified Taxation System
NHIL	National Health Insurance Levy
NHIS	National Health Insurance Scheme
OCC	Official Creditor Committee
PC-PEG	Post-COVID-19 Programme for Economic Growth
Q1	First quarter of the year
SB	Structural Benchmark
VAT	Value Added Tax

Foreword

“Resetting the Economy for the Ghana We Want”

Andrew Akoto

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KPMG in Ghana

The global economy in 2025 continues to navigate a challenging outlook with slowing growth, sustained trade tensions and heightened policy uncertainty. World economic growth is estimated at a rate of 2.8% in 2025, below the pre-pandemic (2000-2019) average of 3.7%. Global Inflation on the other hand, has observed marked moderation, with a projected decline to 2.9%. This uptick is driven by stabilising commodity prices and monetary policy adjustments. However, rising tariff-related pressures could erode these gains if not contained.

The IMF has revised Sub-Saharan Africa's growth forecast for 2025 from 3.6% to 4.2%. However, the region is still faced with deep rooted structural and macroeconomic vulnerabilities that limit its ability to capitalise on the modest improvement.

Ghana’s economy is demonstrating resilience, evidenced by improved key economic indicators. GDP growth exceeded projection, reaching 5.3% in the first quarter of 2025. This growth is a reflection of strong real sector performance, particularly in mining, agriculture, ICT, manufacturing and construction sectors. Consumer price inflation has fallen sharply from 23.8% in December 2024 to 13.7% by June 2025, with a drop in food inflation, driving efforts to achieve the 11.9% target ahead of schedule.

The Ghana Cedi posted remarkable performance against major trading currencies, with the highest appreciation of 42.6% witnessed against the US Dollar. Key indicators (such as improved export and foreign reserves position), fiscal discipline, tightened monetary policy and impact of the IMF program support have contributed to this positive outturn. To sustain this achievement, the Government would have to monitor and respond to the impact of external risks, domestic demand for foreign currency as well as monetary policy dynamics.

On the fiscal end, strong revenue performance and prudent expenditure management underpinned a reduced deficit of 1.1%, below the target of 2.4%. Although the Government missed its overall revenue target marginally, tax revenue target was exceeded, reflecting enhanced collection and compliance measures. Revenue from gold exports also supported a strong inflow position. On the expenditure side, significant cost control measures drove underspending during the half year at 14.3%, below the programmed amount. The Government’s fiscal consolidation strategy, which seeks to sanitize payroll and enhance budgetary controls, will align expenditures firmly to consolidate fiscal gains.

Ghana has made significant progress in addressing its debt situation, owing to the execution of key provisions under the Extended Credit Facility programme with the IMF. This is evidenced by the 15.6% reduction in debt accumulation as at June 2025 and an impressive drop in debt to GDP to 43.8% from 61.8% as at December 2024. There was a drop in proportion of external debt to total debt from 57.4% to 49% at mid-year. The IMF programme is also progressing well, with corrective measures outlined to address slippages and support recovery.

The Minister further outlined key tax initiatives aimed at consolidating fiscal gains and easing the tax burden on citizens and businesses. Important amongst them are the plans to reform VAT and strengthening of tax compliance measures. These reforms, though aimed at addressing structural inefficiencies, should be carefully blended with robust compliance measures and alternative revenue options to mitigate the risk of missing revenue targets.

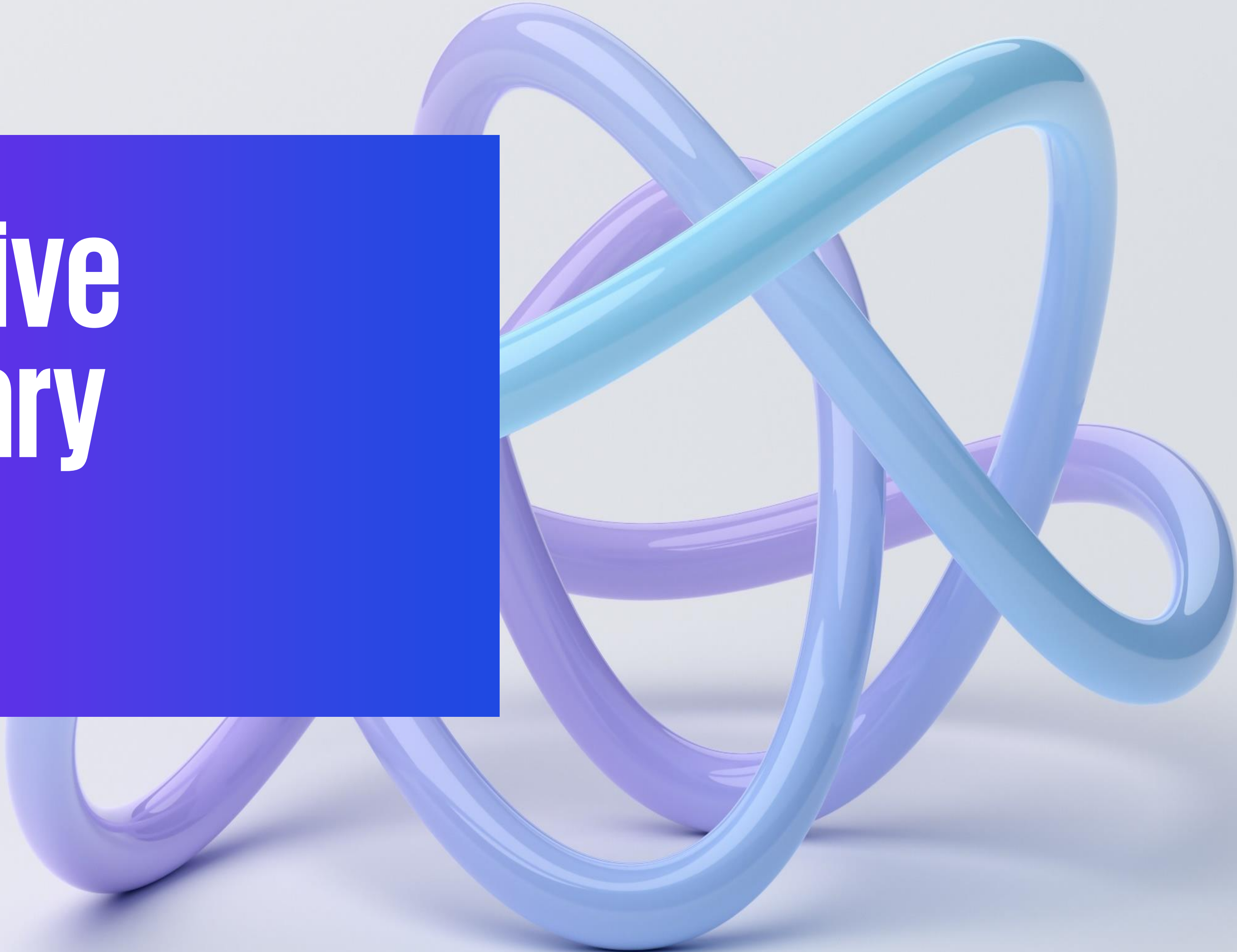
The 24 hour economy and Accelerated Export Development Programme, Big Push and the GoldBoD initiatives highlight the Government’s commitment to catalyse real sector growth and sustained fiscal stability. The midyear review highlights early wins of the GoldBoD programme, with improved export values, import cover and enhanced gold revenue prospects. The Minister further provides clarity on the 24 hour programme by the identification of the Volta Economic Corridor as the programme’s anchor. The dedicated focus on road infrastructure under the Big Push programme will drive the completion of stalled road projects to progress the nation’s infrastructure gap.

While the fiscal discipline and economic gains observed so far paint a positive picture of the direction of the economy, effective resource planning and mobilisation, collaboration among relevant stakeholders, accountability and proactive sustainability considerations will drive success. The Government, as part of its accountability framework, must have clear and measurable targets, educate stakeholders to enhance buy-in and thus effective implementation.

The outlook as presented by the Minister gives an indication of the Government’s ambition to meet set targets. The fiscal discipline observed and macroeconomic gains, provide a good base for economic resilience. The Government, however, has to be agile in monitoring and responding to external risk and budget execution challenges, to stay on track, towards achieving “the Ghana we want” agenda.

02

Executive Summary



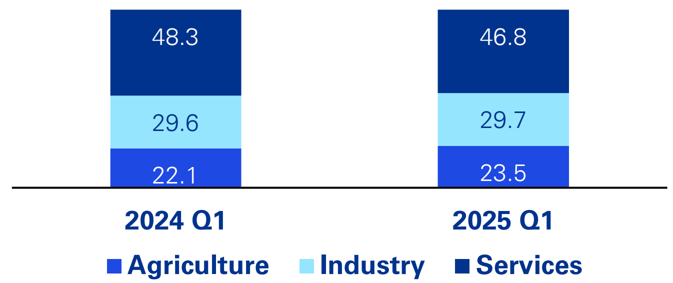
Executive Summary - Economy

Economic performance as at June 2025

5.3%
Overall GDP growth rate as at Q1 2025

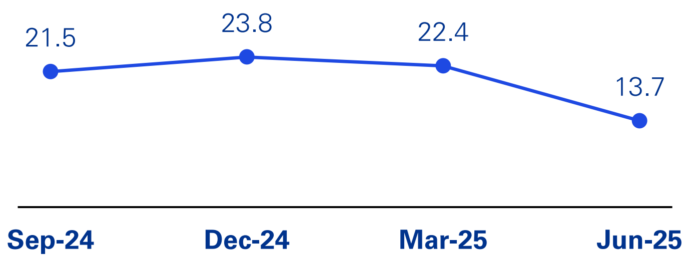
6.8%
Non-Oil GDP growth rate as at Q1 2025

Sectors' contribution to GDP (%)

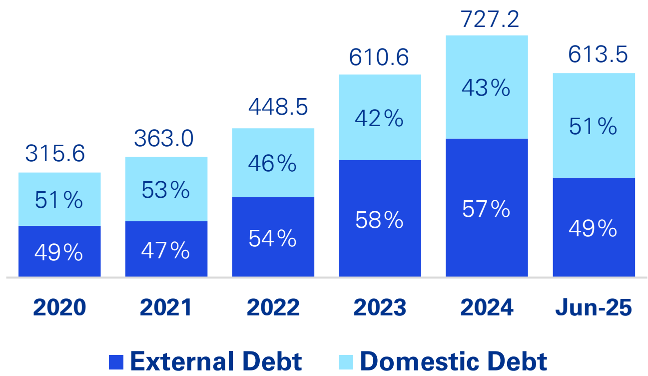


6.6%
Growth rate of the agriculture sector, the fastest growing sector in Q1 2025

Inflation rate (%)



Public debt stock (GH¢ Billion)



43.8%
Debt to GDP

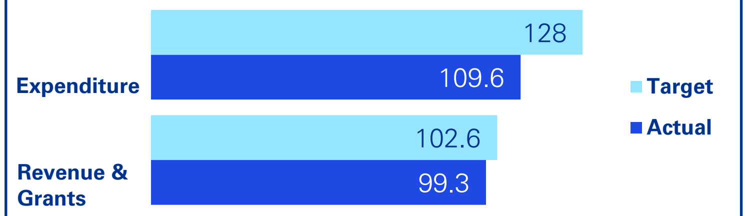
1.1%
Primary Balance (Commitment basis)

0.7%
Primary Balance (Cash)

-0.7%
Overall Balance (Commitment basis)

-1.1%
Overall Balance (Cash)

Fiscal performance (GH¢ Billion)



4.8
Months of import cover

Source: 2025 Mid-Year Budget Review, GSS, IMF

Executive summary - Tax

The 2025 Mid-Year Budget Review reaffirms the Government's commitment to key tax initiatives introduced in the 2025 Budget Statement presented in March 2025. These include the abolishing of some taxes, proposal for a comprehensive reform of the VAT system, and the implementation of administrative measures designed to improve compliance and expand the tax base. Collectively, these efforts are intended to support fiscal consolidation and strengthen domestic revenue mobilization. A summary of some key tax measures and updates from the Mid-Year budget are as follows:

New Tax Revenue Measure

01 Withdrawal of Tax Exemption on Marine Gas Oil (MGO)

The Government is proposing the removal of tax exemptions previously granted to non-artisanal fishing fleets operating from Ghana to curb abuse.

Other Compliance and Administrative Measures

01 Customs Revenue Improvement Measures

To address customs revenue shortfalls, the Government plans to deploy AI tools for accurate import assessments, roll out the Advance Cargo Information (ACI) system for early shipment data, enhance anti-smuggling surveillance, and reform the Customs Division to improve transparency and operational efficiency.

02 External Data Agency Engagements

The Government has partnered with eight (8) out of twenty-one (21) targeted data agencies and secured access to four (4) key databases to support tax compliance efforts.

03 Data Literacy Program

GRA has drafted a Data Literacy Program with training modules to build staff capacity in revenue administration.

04 Data Warehouse & Business Intelligence

The GRA has completed and launched its Data Warehouse and Business Intelligence system, and this is already supporting tax audits and VAT assessments.

Updates on Initiatives Proposed in the 2025 Budget Statement

01 Comprehensive Value Added Tax (VAT) Reforms

The Government has finalized its consultations with the International Monetary Fund (IMF) and is currently engaging relevant stakeholders through the Ministry of Finance and the Ghana Revenue Authority (GRA). A new VAT bill will be laid in Parliament by October 2025 with notable expected changes to include abolishing of the COVID levy, removal of the cascading effect of GETFL and NHIL, increase in registration threshold, reduction in effective VAT rate among others.

02 Reinforcement of Modified Taxation System (MTS)

The Government, through GRA, has introduced a USSD code (*222#) and a simplified digital tax return to support the Modified Taxation System, under which eligible taxpayers pay a flat 3% tax on turnover

03 Rigorous Tax Education Campaign

The Government has developed a comprehensive tax education strategy, and upon approval, GRA will launch a campaign to boost taxpayer awareness, compliance, and revenue mobilisation.

04 Consolidation of Levies under Energy Sector Levies Act (ESLA)

The Government enacted Act 1135 to consolidate four levies into the Energy Sector Shortfall and Debt Repayment Levy (ESSDRL). In June, Act 1141 increased the levy by GH¢1 per litre on petroleum products to help settle energy sector debts and stabilize power supply.

03

Ghana's Macroeconomic Context

Summary of Economic performance

In March 2025, the Government outlined a set of macroeconomic targets to safeguard macroeconomic stability within the broader macroeconomic and fiscal framework. By the end of June 2025, the economy had shown marked improvements across key macroeconomic indicators.

Indicators	2024 Outturn	2025 Targets	2025 End of June Outturn
Overall GDP Growth Rate	5.7%	4.0%	5.3%**
Non-Oil GDP Growth Rate	6.0%	4.8%	6.8%**
End of Period Headline Inflation Rate	23.8%	11.9%	13.7%
Overall Balance deficit (% of GDP) (commitment basis)	7.9%	2.8%*	0.7%
Primary Balance (% of GDP) (commitment basis)	-3.9%	1.5%	1.1%
Import cover	4 months	3 months	4.8 months

Source: 2025 Mid-Year Fiscal Policy Review, 2025 Budget Statement and Economic Policy

** Revised from 3.1% in the 2025 Budget Statement and Economic Policy*

*** Q1 2025*

NB: Commitment basis records revenues and expenditures when they are legally obligated or committed, regardless of when cash is exchanged.

Fiscal Developments for H1 2025

- Revenue & Grants totalled GH¢99.3bn (7.1% of GDP), representing a 32.9% increase over 2024 H1 (GH¢74.7bn) but falling 3.2% below the 2025 H1 target of GH¢102.6bn. The growth was mainly driven by non-oil tax revenue (GH¢82.9bn), which exceeded its GH¢82.2bn target, while oil and gas revenue (GH¢3.5bn) and non-tax revenue (GH¢8.0bn) underperformed relative to targets of GH¢6.2bn and GH¢9.5bn respectively. The underperformance was due largely to delays in receipts of corporate income tax from oil, appreciation of the cedi and lower than programmed Dividend/Interest & Profits as well as Fees and Charges collections for the period.
- Total expenditure amounted to GH¢109.7bn (7.8% of GDP), a 14.4% rise from 2024 H1 (GH¢95.9bn) but 14.3% below the 2025 H1 target of GH¢128.0bn. The main drivers of this shortfall were capital expenditure (GH¢7.1bn vs. target of GH¢18.1bn), interest payments (GH¢25.4bn vs. target of GH¢30.5bn), and goods and services (GH¢1.9bn vs. GH¢3.2bn), reflecting strong expenditure control. Despite strong expenditure control, it is important that the Government prioritises expenditure on CAPEX and obtains value for money, as that is critical to the growth of the economy.

Total Revenue & Grants - GH¢99.3 bn (7.1% of GDP)

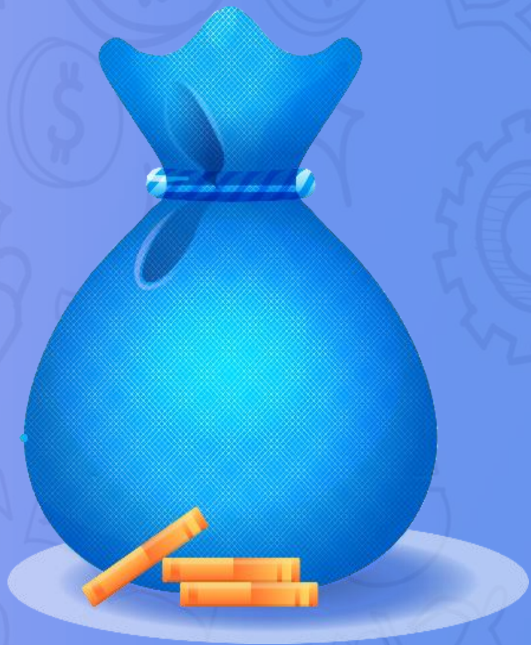
Tax Revenue (non-oil)	GH¢83.0 bn
Non-Tax Revenue (non-oil)	GH¢8.0 bn
Oil & Gas	GH¢3.5 bn
Grants	GH¢0.7 bn
Other Revenue	GH¢4.1 bn

Total Expenditure - GH¢109.6 bn (7.8% of GDP)

Compensation of Employees	GH¢38.8 bn
Use of Goods and Services	GH¢1.9 bn
Interest Payments	GH¢25.4 bn
Capital Expenditure	GH¢7.1 bn
Grants to other Gov't Agencies	GH¢24.9 bn
Other Expenditures	GH¢11.4 bn

Fiscal Deficit*
GH¢10.3 billion
0.7% of GDP

Fiscal Deficit Target*
GH¢25.5 billion
1.8% of GDP



** - The Fiscal Deficit is calculated on Commitment basis*

Source – MOF

Sectoral performance snapshot

Ghana's economy grew to 5.3% in Q1 2025, up from 4.9% in Q1 2024, driven by strong performance in Agriculture (6.6%), led by Crops and Fishing, and Services (5.9%), led by ICT and Financial Services, while growth in Industry (3.4%) was dampened by a 22.1% contraction in Oil and Gas. Services accounted for 46.8% of Ghana's GDP, followed by Industry with 29.7% and Agriculture with 23.5%.

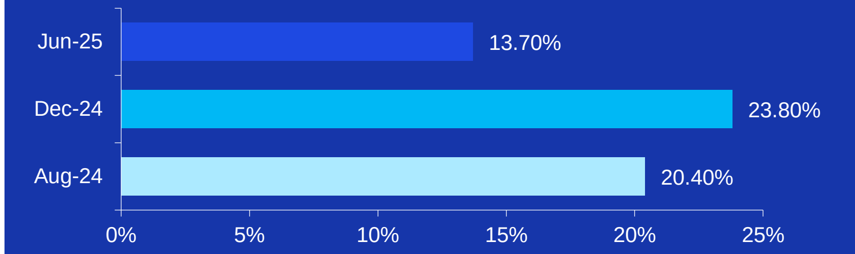
	Agriculture	Industry	Services
Real GDP Growth *(Q1 2025)*	**6.6%** y-o-y **2.4%** Q1 2025	**3.4%** y-o-y **6.7%** Q1 2025	**5.9%** y-o-y **4.7%** Q1 2025
Key Drivers (Real GDP Growth) *(Subsector performance - Q1 2025)*	• **Fishing; 16.5%** • **Crops; 6.7%** • **Cocoa; 3.4%** • **Livestock; 5.6%**	• **Manufacturing; 6.6%** • **Electricity; 2.8%** • **Construction; 1.5%** • **Mining and Quarrying; 1.4%***	• **Information and Communication; 13.1%** • **Financial and Insurance Activities; 9.3%** • **Transport and Storage; 8.6%** • **Health and Social Work; 7.3%** • **Trade; Repair of Vehicles, Household Goods; 7.1%** • **Accommodation and Food Services; 2.1 %** • **Other Personal Service Activities; 1.5%**
	• **Forestry and Logging: (2.5)%**	• **Water and Sewerage; (3.7%)** • ***Oil and gas (22%)**	• **Public Administration and Defence; and Social Security; (4.2)%** • **Education; (4.0)%** • **Real Estate; (0.7)%** • **Professional, Administrative and Support Service Activities; (0.3)%**
Commentary	Agriculture contributed 23.5% to Ghana's GDP in Q1 2025, making it the smallest of the three sectors in terms of share, but a key growth engine for the quarter. Agriculture was the top-performing sector in Q1, led by crops and fishing. This strong outturn was largely driven by favourable weather conditions. However, the sector's gains highlight persistent structural gaps. Post-harvest losses remain high due to poor rural infrastructure and limited storage. Financing is still a challenge for smallholders, and mechanisation levels are low outside commercial enclaves. Forestry continues to decline, pointing to the absence of a clear strategy for sustainable land use.	The Industry sector contributed 29.7% to GDP, recordingmoderate growth, supported by stable power supply and easing input costs, which benefited manufacturing activity. However, decline in crude oil production weighed heavily on overall performance. Construction was largely affected by constrained public capital spending and delayed payments. Reviving the oil and gas sector will require improving fiscal predictability and ensuring stable, transparent licensing frameworks to attract new exploration capital. To strengthen the sector, government should accelerate disbursements for ongoing infrastructure projects, and ensure timely implementation of industrial support programmes announced in the budget.	The Services sector maintained its dominance, contributing 46.8% of GDP and growing by 5.9% year-on-year in Q1 2025. Services growth was broad-based, led by ICT, finance, and trade. These gains were private sector-driven, supported by digital expansion and improved consumer confidence following the 2024 elections and expectations of improved macroeconomic stability. Public services, especially education and administration, contracted partly due to delayed budget releases and fiscal tightening in early 2025.To strengthen the sector, government should invest in digital public services, restore funding for key social sectors, and accelerate skills development to support the growing digital economy.

*Source: 2025 Mid-Year Budget Review, GSS; * Oil and gas is a component of mining and quarrying*

Monetary Sector

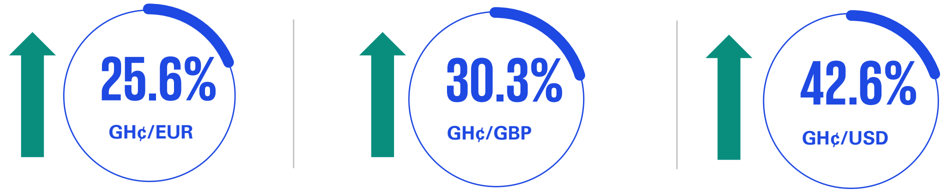
Inflation

Inflation has continued to decline, reaching 13.7% in June 2025. This progress reflects the impact of disciplined fiscal management, a firm monetary policy stance, robust central bank reserves, and the strengthening of the cedi.



Currency appreciation

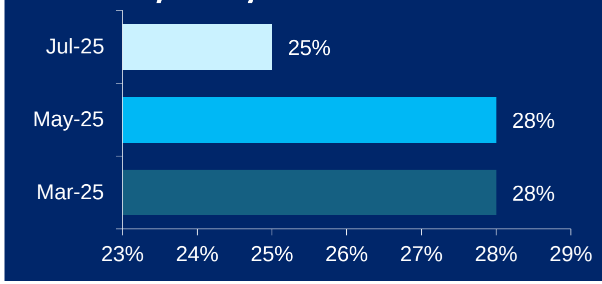
As at June 2025, the Cedi has strengthened significantly, gaining 42.6% against the US Dollar, 30.3% against the British Pound, and 25.6% against the Euro. These appreciations were driven by firm fiscal consolidation, tight monetary conditions, a stronger external sector balances, improved investor sentiment, favourable credit rating upgrades, and the successful completion of the 4th Review under the IMF-supported programme.



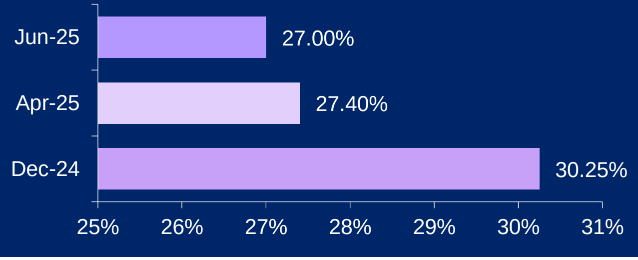
Monetary Policy

The Monetary Policy Rate (MPR) declined to 25% as at the last committee meeting in July 2025. This record-breaking 300 basis point cut highlights the committee's confidence in the disinflation trend as consumer prices continue to fall at an accelerated pace. The average bank lending rate continued to decline from 27.4% in April 2025 to 27% in June 2025. This decline reflects the pass-through effect of declines in the rates on the primary market such as the Interbank Weighted Average Rate (IWAR) which decreased to 26.92% in April 2025 from 28.68% in April 2024.

Monetary Policy Rates



Average Bank Lending Rate



Exchange Rate Developments

Looking ahead to the second half of 2025, a few uncertainties remain on the horizon. One key concern is how increased public sector spending, particularly as the Government steps up efforts under the Big Push agenda, might affect the exchange rate. The outlook for gold prices is also mixed. According to the World Gold Council, prices could rise by 10% to 15% or decline by 12% to 17%, depending on whether financial and geoeconomic tensions persist. Another area to watch is the foreign exchange market, which may be affected by Ghana's Eurobond repayment of US$1.42 billion that becomes due in 2026.

To help manage these risks, the Government is taking a number of proactive steps. A recent directive now requires that all government contracts, regardless of the source of funding, be priced in local currency to limit exposure to foreign currency obligations. At the same time, the GOLDBOD is working to increase gold exports from the small-scale mining sector. The government is also building a US dollar sinking fund to help cushion future Eurobond payments. On the external front, Ghana expects to receive US$ 300 million in December under Development Policy Operation Three (DPO).

This indicates an appreciation of the cedi relative to other currencies.

Source: Ministry of Finance 2025 Budget Statement, Bank of Ghana

04

IMF Update- including State of Debt

Programme updates on IMF

The US$3 billion IMF-supported Post COVID-19 Programme for Economic Growth (PC-PEG) is in its 3rd year of implementation. A staff-level agreement was reached on April 2025 and an Executive Board approval was received on 7th July 2025, marking the conclusion of the fourth review of the 36-month ECF-supported programme.

Journey so far

- JANUARY 2024 – Second tranche of US$600 million released to Ghana
- APRIL 2024 – IMF staff conducted second review of programme
- JUNE 2024 – IMF Executive Board completed second review
- JULY 2024 – Third tranche of US$360 million released to Ghana
- DECEMBER 2024 – IMF Executive Board completed third review and released fourth tranche of US$360 million to Ghana
- APRIL 2025 – Staff level agreement reached during fourth review
- JULY 2025 – IMF Executive Board approval received on fourth review and fifth tranche of US$367 million released to Ghana
- SEPTEMBER 2025 – Fifth review
- APRIL 2026 – Sixth review

The remaining US$720 million will be released in equal tranches each upon the successful fifth and sixth reviews.

The IMF Executive Board approved the 4th review which immediately triggered the release of the 5th tranche of US$360 million to Ghana bringing total disbursements under the programme to US$2.3 billion.

4th Review Performance Results

Assessment Criteria (4rd Review)	Targets Met
6 Quantitative Performance Criteria	6/6 targets met
1 Monetary Policy Consultation Clause	0/1 target met
4 Indicative Targets	3/4 targets met
3 Structural Reform Benchmarks	0/3 targets met

The government has since taken decisive corrective actions including the full integration of the Ghana Electronic Procurement System (GHANEPS) with the financial management system (GIFMIS), initially due in December 2024, being completed in May 2025. The audit of the Electricity Company of Ghana's revenue and collections, due in January 2025, was published in February 2025, covering an extended period. Additionally, quarterly electricity tariff adjustments, which had stalled due to delays in reconstituting the regulatory board, resumed in April 2025. These efforts reflect the Government's commitment to restoring programme performance and maintaining reform momentum.

What next?

Since the beginning of the year, the Government have acted decisively to realign the programme with its objectives and keep the structural reform agenda on track after some of the structural benchmarks and quantitative targets were missed. Key actions taken include the enactment of robust budget and public financial management reforms, the tightening of monetary policy, revenue mobilisation initiatives and the adjustment of electricity tariffs.

The Ministry of Finance has reiterated its commitment to coordinating the effective implementation of the programme to ensure the successful completion of the fifth and sixth reviews, scheduled for September 2025 and April 2026 respectively. Successful reviews would unlock an estimated US$720 million in additional disbursements.

Sources: Ministry of Finance 2025 Mid-Year Budget Statement, IMF Website

Ghana's debt situation

Overview, trends, drivers & outlook

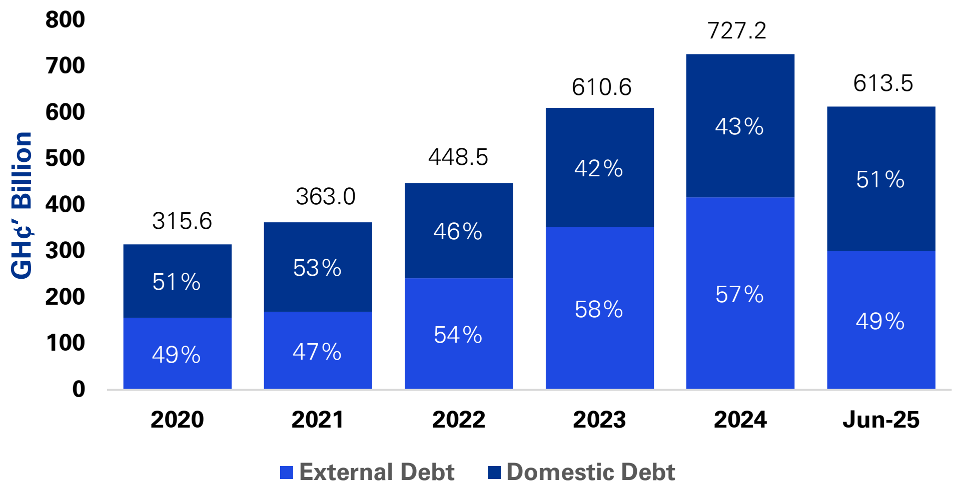
Ghana's 2025 Mid-Year Budget Review presents an improvement in the country's debt position. As of June 2025, total public debt declined to GH¢613 billion from GH¢727.2 billion in December 2024. This represents a reduction of about GH¢113.7 billion. As a share of GDP, debt dropped significantly from 61.8% to 43.8%.

This sharp decline was driven by a combination of fiscal consolidation, disciplined borrowing, and favourable currency movements. The appreciation of the Cedi in the first half of 2025 played a major role in reducing the domestic burden of external debt. The cedi appreciated by 42.6% against the US dollar, 30.3% against the pound, and 25.6% against the euro. This led to a marked reduction in the cedi-equivalent value of foreign debt, easing interest payments and overall debt servicing costs. As a consequence, the share of external debt within the total debt portfolio also reduced from 57.4% to 49%.

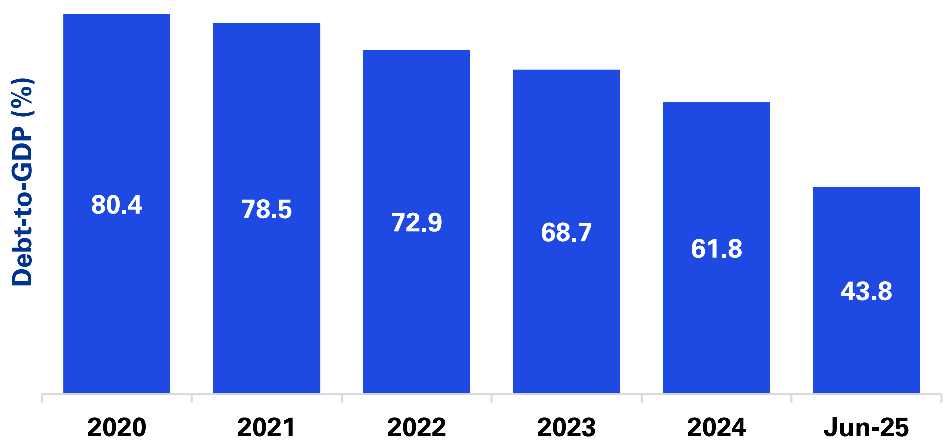
On the debt management front, the Government is implementing a multi-pronged strategy. Ghana secured a US$2.8 billion debt relief agreement with bilateral creditors, deferring payments originally due between 2022 and 2026 to the period 2039–2043, under concessional terms. Discussions with commercial creditors are ongoing to finalize restructuring arrangements. On the domestic front, the Government continues to manage the aftermath of the Domestic Debt Exchange Programme (DDEP), with reduced issuances and lower interest payments. Interest savings of about GH¢4.9 billion were recorded, supported by falling treasury yields and strong primary surplus performance.

The Government is focused on fiscal discipline, exchange rate stability, and proactive debt operations to restore economic growth. Looking ahead, successful conclusion of commercial debt negotiations and careful management of maturing instruments under DDEP and the restructured external portfolio will be critical.

Trends in the public debt stock



Trends in the public debt-to-GDP ratio



Sources: Ministry of Finance 2025 Mid-Year Budget Statement

05

Tax Highlights

Tax Measures

A – New Tax Revenue Measure

Withdrawal of Tax Exemption on Marine Gas Oil (MGO)

The Government is proposing the removal of tax exemptions previously granted to non-artisanal fishing fleets operating from Ghana. This measure aims to mitigate revenue losses caused by the smuggling of MGO for resale on the open market for private gain.

Following the introduction of a Bill laid before Parliament alongside the Budget statement, the proposed removal of the existing exemption could lead to an increase in the Energy Sector Shortfall and Debt Repayment Levy on MGO, from GHp23 per litre to GHp193 per litre.

B – Updates on Initiatives Proposed in the 2025 Budget Statement

Comprehensive Value Added Tax (VAT) Reforms

In line with the Government of Ghana's commitment to reform the VAT system, as outlined in the 2025 Budget Statement, consultations with the International Monetary Fund (IMF) have been concluded. The Government is now engaging key stakeholders through the Ministry of Finance and the Ghana Revenue Authority (GRA). These engagements are expected to wrap up by September 2025, paving the way for the introduction of a new VAT bill in Parliament by October 2025. At a minimum, the following key changes are anticipated:

- Abolition of the 1% Covid-19 Health Recovery Levy.
- Reduction of the current effective VAT standard rate of 21.9%.
- Removal of the cascading and decoupling effect of the GETFL and the NHIL
- Unification of all VAT rates into a standard rate. That is VAT flat rates of 3% and 5% will be removed.
- Increase in the VAT registration threshold, currently set at GH¢ 200,000 to exclude micro and small businesses from mandatory registration.
- Enhancement of compliance through targeted taxpayer education and the deployment of fiscal electronic devices.

Our point of view

A - The removal of tax exemptions on MGO marks a considered approach to addressing systemic inefficiencies and revenue leakage. The adjustment of the levy from GHp23 to GHp193 per litre is intended to remove incentives that previously facilitated smuggling and the unauthorized resale of subsidized fuel.

This policy shift reinforces fiscal discipline and is projected to yield over GH¢71mn in revenue. Nonetheless, its success hinges on careful implementation to mitigate any unintended impact on legitimate fishing operations. Notably, the exclusion of artisanal fishers from the subsidy removal demonstrates a thoughtful effort to protect vulnerable groups. That said, it is equally important to institute robust administrative controls to prevent potential abuse within that safeguarded segment.

B - Ghana's planned VAT reform initiative reflects a strategic effort to streamline a complex and fragmented VAT system. Key changes including the elimination of the Covid-19 Levy, harmonization of VAT rates, and a higher registration threshold are intended to aid compliance.

Additionally, removing cascading levies such as GETFL and NHIL is expected to improve the efficiency of input VAT claims, contributing to a more balanced framework for businesses. Supported by technical expertise and stakeholder consultation, these measures are geared toward enhancing revenue performance and fostering a more competitive economic environment.

Tax Measures

B – Updates on Initiatives Proposed in the 2025 Budget Statement

Reinforcement of Modified Taxation System (MTS)

The Government through the Ghana Revenue Authority has introduced a USSD code (*222#) for paying presumptive and instalment-based taxes under the modified taxation framework. A simplified digital tax return has also been launched to boost compliance, with plans to onboard more taxpayers. Under the MTS, eligible taxpayers are expected to pay income tax at a flat rate of 3% on turnover.

Rigorous Tax Education Campaign

The Government has developed a comprehensive tax education campaign strategy, underscoring its commitment to enhancing taxpayer awareness and compliance. Upon receiving the necessary approvals, the Ghana Revenue Authority (GRA) will launch a nationwide education initiative aimed at improving compliance and boosting revenue mobilisation.

Consolidation of Levies under Energy Sector Levies Act (ESLA)

The Government enacted ESLA Act, 2025 (Act 1135), to consolidate four levies- Energy Debt Recovery Levy, Energy Sector Recovery Levy, Sanitation and Pollution Levy, and Price Stabilization and Recovery Levy - into the Energy Sector Shortfall and Debt Repayment Levy (ESSDRL). In June, the Government passed the Energy Sector Levies (Amendment) Act, 2025 (Act 1141), which increased the levy by GH¢1 per litre on applicable petroleum products to help settle energy sector debts and stabilize power supply.

Our point of view

B - The rollout of the MTS reflects a targeted effort to formalize the informal sector through simplified tax procedures. With mobile payment options (*222#) and digital tax returns, the system lowers entry barriers for micro and small businesses. The flat 3% turnover tax rate offers predictability, but its long-term success will depend on sustained outreach and trust-building.

The planned nationwide education initiative signals a shift toward proactive compliance. By prioritizing taxpayer awareness, the GRA aims to foster voluntary participation and reduce enforcement costs. This strategy aligns with global best practices and could improve civic engagement in fiscal matters.

The consolidation of four levies into the ESSDRL, followed by a GH¢1 per litre increase, is a bold move to address legacy debts and stabilize power supply. While fiscally necessary, the impact on fuel prices and household costs must be carefully managed to avoid inflationary pressure.

Tax Measures

C – Other Compliance and Administrative Measures

External Data Agency Engagements

To strengthen tax compliance efforts, the Government has established strategic partnerships with 8 out of the 21 targeted external data agencies and has secured access to the databases of four key institutions.

Data Literacy Program

The Ghana Revenue Authority has prepared a draft concept note and training modules for a Data Literacy Program aimed at strengthening staff capacity in revenue administration.

Data Warehouse & Business Intelligence

The Ghana Revenue Authority has completed the initial phase of its Data Warehouse and Business Intelligence system for revenue administration. The system is now being rolled out and is already helping with ad hoc reporting to support tax audits and VAT assessments.

Custom Revenue Improvement Measures

To address the shortfall in customs revenue recorded during the first half of 2025, the Government is proposing a set of strategic interventions:

AI Integration: The Ghana Revenue Authority will deploy artificial intelligence tools to reduce manual intervention in revenue assessment, import classification, and valuation processes.

Advance Cargo Information (ACI) Rollout: The ACI system will enable the Ghana Ports and Harbors Authority and the GRA to receive shipment data at least 24 hours prior to vessel departure from the country of origin, enhancing pre-arrival risk assessment capabilities.

Enhanced Anti-Smuggling Surveillance: A comprehensive surveillance program will be implemented to monitor and deter smuggling activities across inland and maritime borders.

Institutional Reform: The structure of the Customs Division will be reviewed to improve staff mobility, decentralize operations, and promote greater transparency.

Our point of view

The strategic partnerships with external data agencies mark a pivotal shift toward data-driven compliance. By integrating third-party data sources, the GRA is enhancing its ability to detect underreporting and broaden the tax net. However, full impact will depend on expanding access beyond the initial four institutions and ensuring data interoperability.

The rollout of the Data Warehouse and Business Intelligence system is a cornerstone of modern tax administration. Its use in ad hoc reporting in support of tax audit and VAT assessments, demonstrates early success. Over time, it could enable predictive analytics, real-time compliance monitoring, and more agile policy responses.

The proposed customs interventions reflect a proactive approach by the GoG to addressing revenue shortfalls and enhancing trade transparency. Collectively, these measures are expected to boost customs revenue, improve trade facilitation, and reinforce public confidence in border management systems—key pillars for economic stability and growth.

06

Key Sector updates

Energy and Infrastructure

01

Renewable Energy

The Government is making meaningful strides toward a greener future with the establishment of the Renewable Energy Authority (REA).

The REA will be responsible for the planning, coordinating, and implementing of renewable energy programmes across Ghana

02

Affordable Housing

The Government is reviewing the Rent Act, 1963 (Act 220) and the Rent Control Law, 1986 (P.N.D.C.L 138).

The review is aimed at removing inherent constraints and encouraging private sector investment in the rental housing sector, and better protect vulnerable tenants. The reforms also aim to regulate hostel accommodations and ensure fair housing practices for all.

03

Re – organisation of the Road Fund

The Government plans to replace the Ghana Road Fund with a new Road Maintenance Trust Fund.

This initiative backed by a bill to be laid before parliament will introduce a fairer resource allocation formular and strengthen transparency and governance in how road levies are used.

Financial and Education

01

Recapitalisation of National Investment Bank (NIB)

The Government has recapitalised the NIB with GH¢3.4 billion.

Alongside this, a comprehensive restructuring plan has been developed to put the bank on a path to long-term profitability. The plan focuses on strengthening governance, improving risk management, and ensuring transparency.

02

School Feeding Programme

Through the Ghana School Feeding Programme, the Government remains committed to supporting children in deprived communities by providing one hot, nutritious meal each school day to all public kindergarten and primary pupils.

03

TVET and STEM Education

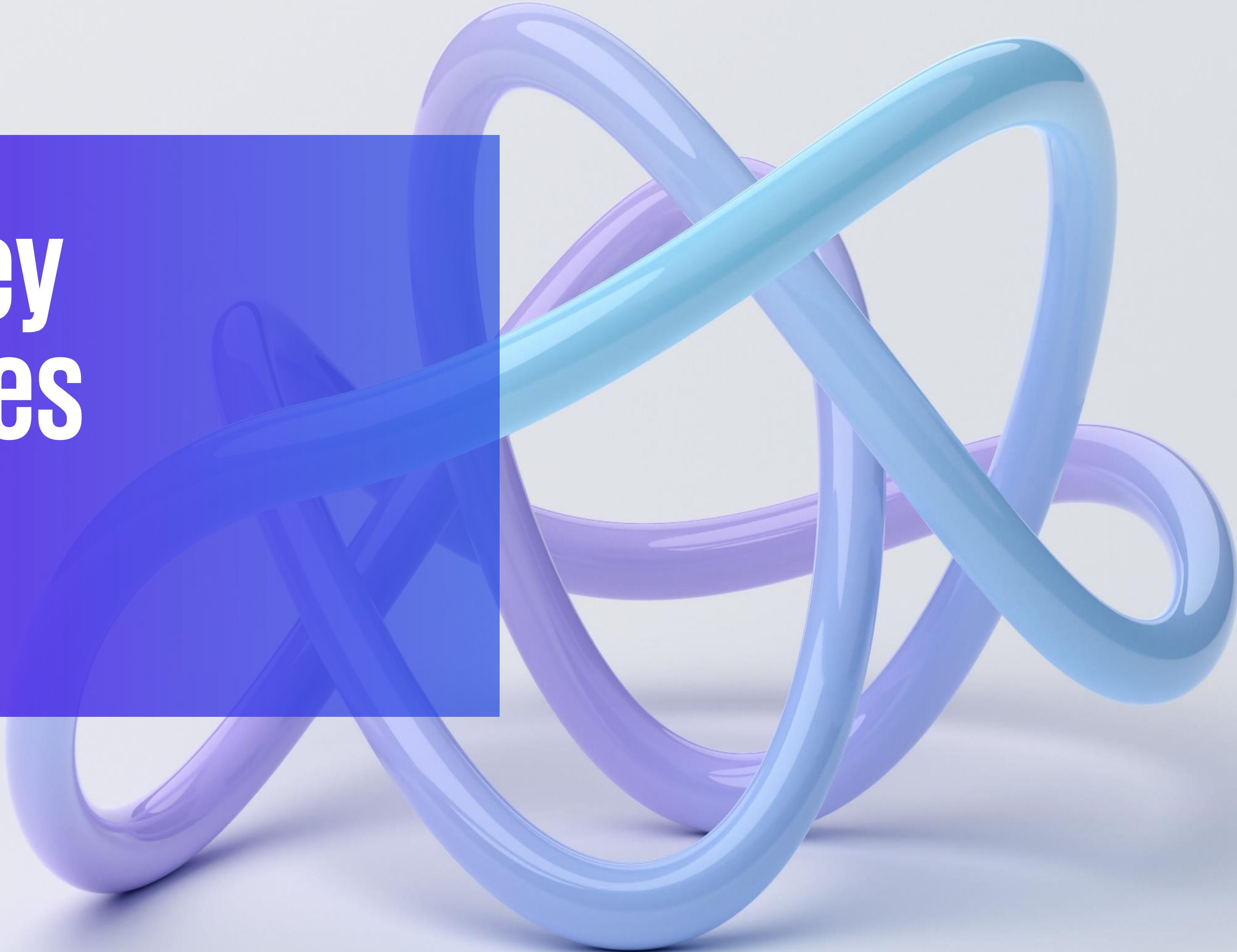
Through the Restructured Bilateral Debt Programme, the Government is investing in key projects including:

A new University of Environment and Sustainable Development at Bunso, 9 modern TVET centres to equip youth with practical skills, integrated e-learning labs in senior high schools, and upgrade of existing SHSs.

These projects are expected to be completed and commissioned by end of 2028

07

Other Key Initiatives



Proposed Labour -Related Initiatives & Measures

- The 2025 Mid-Year Review outlines a comprehensive and forward-looking labour and economic development agenda by the Government of Ghana. At its core, the review highlights a series of interconnected initiatives aimed at addressing unemployment, enhancing productivity, and modernising the workforce. These initiatives span international labour mobility, domestic job creation, digital transformation, and grassroots entrepreneurship.
- Key among the measures are the **Work Abroad Programme** and the **24-Hour Economy Policy**, which together reflect a dual strategy of exporting surplus labour while optimising domestic productivity. Complementing these are proposed **compensation and wage reforms** and a long-overdue **review of labour laws**, both of which are essential to support emerging work models and ensure fair, flexible employment practices.
- The review also emphasizes the importance of future-ready skills through **digital jobs initiatives** and leverages the strong performance of the agriculture sector to drive inclusive employment. Additionally, programmes like the **National Apprenticeship Programme** and **Adwumawura** aim to empower youth and entrepreneurs at the grassroots level.
- Together, these initiatives form a cohesive framework for labour transformation, underpinned by a commitment to equity, accountability, and sustainable development. However, the success of this agenda will depend on timely implementation, stakeholder engagement, and the establishment of robust monitoring systems.

Our overview spans across the following:

01 Ghana Labour Export Policy, Labour Law, Compensation and Wage Reforms

02 24HR Economy

03 Digital Jobs Initiatives

04 Agriculture for Jobs

05 National Apprenticeship Programme

06 Adwumawura Programme

Proposed Labour –Related Initiatives & Measures

Ghana Labour Export Policy, Review of Labour Law, Compensation and Wage Reforms

Budget Line Updates

- The Government of Ghana is rolling out a series of labour-related reforms aimed at improving job access, legal protections, and equity in pay.
- The Government has introduced the Ghana Labour Export Policy Programme to formalise overseas employment and strengthen bilateral labour relations. It targets ten occupational categories across Qatar, Jordan, and the UAE, and aims to create safe and decent job opportunities abroad under a formal legal framework.
- The Review of Labour Law seeks to align Ghana's labour framework with emerging economic dynamics, including the 24-hour economy, night work, and protections for vulnerable groups. The amended Labour Bill incorporates new provisions and awaits Cabinet approval.
- The Compensation and Wage Reforms reflect a cautious yet deliberate shift to improve equity and fiscal discipline. Key actions include a modest base pay increase, zero-rating of the minimum wage, and payroll audits to reduce irregularities

01

Our Point of View

- The Government needs to institute a reintegration plan which is essential to ensure that international work experience feeds into local skill development and addresses domestic gaps. Additionally, bilateral safeguards must be enforced to protect Ghanaian workers in destination countries with weak labour protections.
- The amendment of the Labour Law is timely but must be backed by stronger labour inspections and continuous engagement with key stakeholders to ensure fair and practical implementation.
- Compensation reforms should be linked to performance and evolving work models to promote equity, productivity, and talent retention in the public sector.

24 Hour Economy

Budget Line Updates

- The Government of Ghana's 24-Hour Economy Policy, launched in July 2025, is a bold and transformative initiative aimed at boosting productivity, creating sustainable jobs, and modernising the economy. The policy which is anchored within the broader Accelerated Export Development Programme, seeks to enable continuous operations across key sectors i.e. agriculture, manufacturing, tourism, and logistics through a three-shift system. It is expected to unlock underutilized labour capacity, reduce import dependency, curb unemployment rates and enhance Ghana's competitiveness in global markets.
- The policy is further supported by the Volta Economic Corridor, which includes sub-initiatives such as Grow24 (year-round farming), Make24 (agro-industrial parks), Show24 (tourism clusters), and Connect24 (inland transport via the Volta Lake)
- These are complemented by fiscal incentives to attract private investment, as outlined in the Mid-Year Review.

02

Our Point of View

- The 24-Hour Economy Policy presents a bold opportunity to address Ghana's unemployment and productivity challenges by enabling continuous operations across key sectors. However, its success depends on a well-defined labour framework that supports fair compensation, flexible work arrangements, protects employee rights, and ensures operational efficiency. The labour framework must evolve beyond the generic provisions for night work to fully reflect a system where every hour could constitute work time. It should incorporate sector-specific provisions for night and shift work to address unique demands across industries.
- Additionally, workforce planning should align with national skills development strategies to ensure that the right talent is available for the sectors targeted under the policy.

Proposed Labour -Related Initiatives & Measures

Digital Jobs Initiatives

Budget Line Updates

- The ICT sector recorded strong growth of 13.1% in Q1 2025, making it one of the fastest-growing sectors in Ghana's economy.
- The One Million Coders Programme launched in April 2025 trained 859 individuals during the pilot phase. The initiative aims to reach 100,000 beneficiaries nationwide by the end of the year.
- The Ghana-India Kofi Annan Centre of Excellence in ICT (GI-KACE) trained 1,603 individuals through 30 newly developed courses in digital fields including data analysis, cybersecurity, and networking.GI-KACE also developed and deployed Nyansapo OS, a local enterprise-grade operating system. There are plans to upgrade the platform and introduce two additional digital enterprise solutions.
- The Girls in ICT Programme, led by Ghana Investment Fund for Electronic Communications (GIFEC), provided coding and web design training to 1,000 girls in the Volta Region, reinforcing targeted gender inclusion efforts.
- Looking ahead, government plans to introduce courses in Artificial Intelligence, Internet of Things (IoT), Deep Learning, and Cybersecurity, and to engage over 1,400 in-school youth through nationwide career advocacy campaigns aimed at building long-term interest in ICT professions.

03

Our Point of View

- The initiative is a step in the right direction, The strong 13.1% growth in the ICT sector signals momentum, but the ability to scale digital training programmes effectively, especially in underserved regions, will be a key test in the months ahead.
- Curriculum relevance is commendable, particularly the addition of Artificial Intelligence and Internet of Things. However, continuous review will be required to keep pace with emerging trends and global demand.
- Digital infrastructure gaps, especially in remote areas pose a real constraint. Without reliable broadband and device access, training opportunities will remain out of reach for many. While the inclusion of girls in Volta Region is a positive signal, broader attention must be given to regional and socio-economic equity to ensure rural areas and low-income households are not be left behind.
- The launch of Nyansapo OS is encouraging, but its long-term success will depend on actual deployment. the Government should actively pursue structured partnerships with private technology firms for curriculum input, equipment support, and job placement pathways, to sustain the impact.

Agriculture for Jobs

Budget Line Updates

- As reported in the 2025 Mid-Year Budget, the agriculture sector recorded strong performance, leading overall national growth with a 6.6% increase in the first quarter, approximately three times the growth recorded in Q1 2024.The sector's contribution to total GDP growth stood at 26.4%, affirming its position as a key driver of Ghana's economic activity. Within this, the fishing sub-sector grew by 16.4%, the highest growth rate among all sub-sectors
- This performance reflects a broader effort by government to modernise the agriculture sector, as outlined in the original budget, which prioritised strategic public investment in productivity-enhancing measures, deployment of new technologies and efforts to make agriculture attractive to youth and skilled professionals.

04

Our Point of View

- The growth recorded in agriculture is notable and suggests that policy directions set at the start of the year are gaining traction. However, to convert this momentum into sustainable job creation, particularly for young people and tertiary graduates, targeted implementation is now essential. The sector must go beyond primary growth to offer skilled and value-added employment opportunities.
- The Government should intensify collaboration with rural cooperatives and agribusiness networks, to ensure that growth benefits smallholder farmers and contributes to rural employment.
- Looking ahead, measuring job creation within agriculture not just production growth, should be embedded in budget reporting. This will help assess the sector's full contribution to inclusive economic development.

Proposed Labour –Related Initiatives & Measures

National Apprenticeship Programme

Budget Line Updates

- As part of the Government's initiative to boost job creation through free technical and vocational training for young people across various trades, an amount of GHC 21 million has been disbursed to support the National Apprenticeship Programme.
- This payment represents 7% of the total GHC 300 million allocated to the programme.
- Under the restructured bilateral debt arrangements, the Government has made it a priority to establish nine (9) state of the art Technical and Vocational Education and Training (TVET) centres across the country.

05

Our Point of View

- The disbursement of 7% of the total amount allocated to the programme raises concerns about the pace of implementation. However, the plan to build nine (9) modern TVET centres shows long-term commitment of the Government to the programme.
- For the National Apprenticeship Programme to be sustainable, it is important that certified graduates from the programme are provided with the basic tools, equipment, or seed capital they need to begin working immediately after graduation.
- Additionally, mentoring should be provided to support apprentices post-training and facilitate their linkage to employment or entrepreneurial ventures.

Adwumawura Programme

Budget Line Updates

- The Government has disbursed an amount of GHC 34.5 million to the Adwumawura Programme which is a targeted start-up initiative focused on the youth. The programme is designed to facilitate the creation, tracking, and mentoring of at least 10,000 new businesses.
- The GHC 34.5 million disbursed represents 34.5% of the total GHC 100 million allocated to the programme.

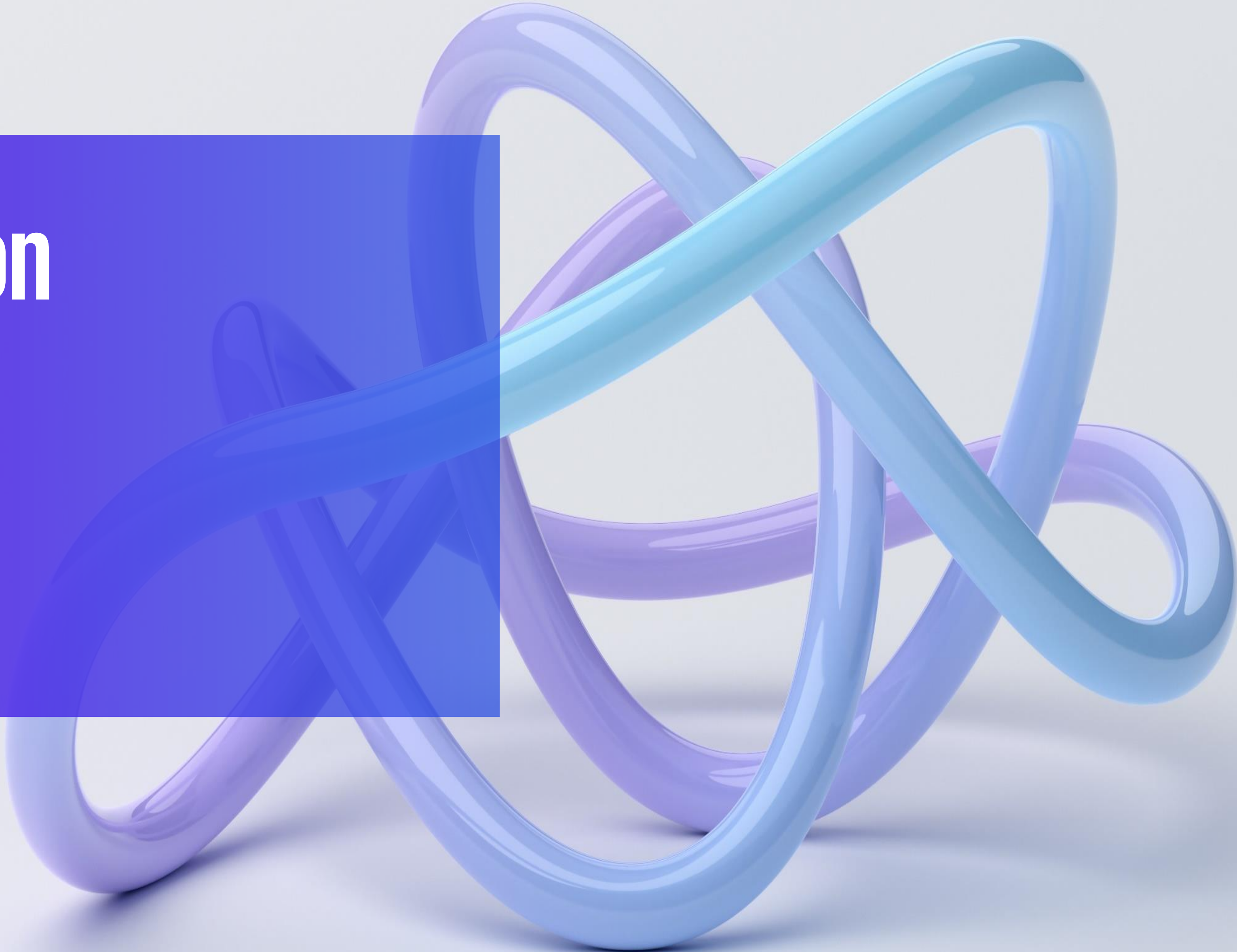
06

Our Point of View

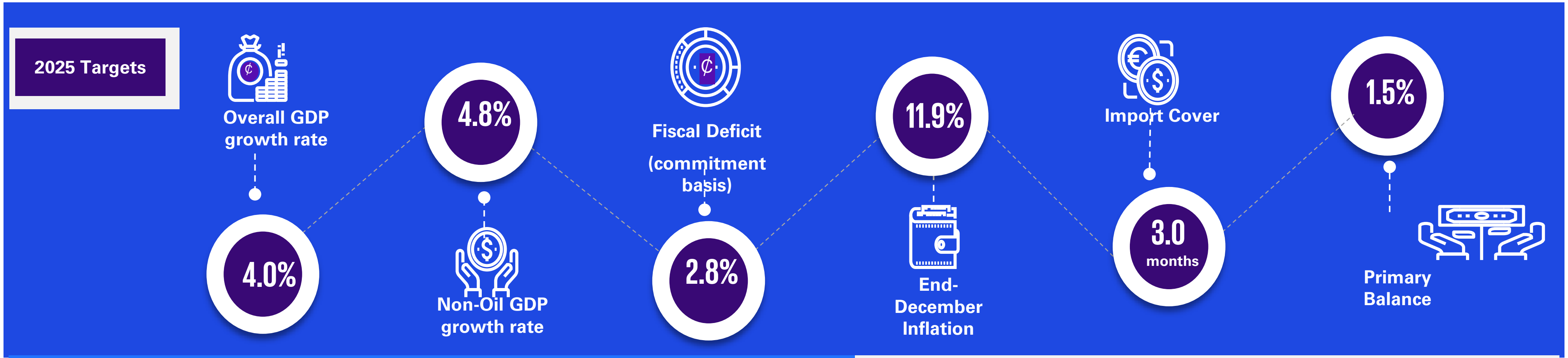
- It is essential that the Government track the performance of the 10,000 startups through strategic frameworks to gain insights into existing gaps and adjust the programme for better impact. This also ensures accountability and builds public trust by showing tangible results.
- The Government should also collaborate with business incubators and accelerators that operate with clear performance targets. There should be regular performance assessments, opportunities for peer learning, and tailored support for startups that are falling behind.
- To ensure fair and inclusive access, the Government should develop transparent selection criteria and outreach strategies to ensure rural and underserved youth are able to participate in the programme.

08

Conclusion



Conclusion



In the first half of 2025, the Government of Ghana has made commendable progress in stabilizing the economy, laying a strong foundation for sustainable growth. The economy has shown resilience, with inflation falling from 23.8% in December 2024 to 13.7% by June 2025.

Interest rates on Treasury bills, such as the 91-day rate dropping from 27.7% to 14.7%, have eased borrowing costs, saving GH¢4.9 billion in domestic interest. The Ghanaian Cedi has strengthened significantly, gaining 42.6% against the US Dollar, supported by the Bank of Ghana's foreign exchange interventions, as well as the Ghana Gold Board's (GoldBod) initiatives to curb smuggling and boost foreign exchange reserves.

While these achievements are impressive, some challenges remain. Revenue collection faced a shortfall, with customs receipts missing the target by GH¢1.6 billion, partly due to smuggling, including nearly half a million lost from marine gas oil. Public wage pressures, driven by late-2024 recruitments adding GH¢1.3 billion to the budget, require careful management. The Government's commitment to fiscal discipline and ongoing reforms provides a solid basis to address these issues, and continued efforts will be key to maintaining this progress.

Economic Outlook for 2025

The outlook for the second half of 2025 is promising, with economic indicators suggesting that the Government's targets are achievable.

Initiatives like the 24-Hour Economy and the Big Push Programme, with GH¢13.8 billion allocated for road infrastructure, are poised to further boost growth. Inflation's rapid decline positions the 11.9% target within reach, provided global shocks are managed. Healthy reserves and a stronger cedi offer protection against external volatility, though monitoring commodity prices and trade dynamics will be important. The debt-to-GDP ratio, now below 45%, supports sustainability, especially with the planned cedi and US dollar sinking fund accounts to smoothen future debt repayments. The IMF's approval of the fourth review and US$367 million disbursement affirms confidence in these efforts. Sustained fiscal discipline and structural reforms will ensure these gains continue to benefit Ghanaians.

Key Recommendations for the Government's Action

- **Deepen fiscal consolidation**

Build on current successes by fully implementing the Medium-Term Fiscal Framework and revenue strategies, such as the proposed presumptive turnover tax for small businesses and VAT system enhancements. Strengthening customs enforcement, including anti-smuggling measures, will help address revenue shortfalls. Prioritising spending on education, health, and agriculture while maintaining strict expenditure controls will maximize impact.

- **Maintain prudent debt management**

The downward debt trajectory should be continued by limiting new non-concessional borrowing and adhering to the current fiscal rules. As indicated in the budget presented, the Government should operationalise the proposed sinking fund to smoothen future debt redemptions and build buffers. The Government should ensure progress on bilateral and commercial debt restructuring is paired with disciplined debt service to lock in the achieved gains

- **Focus on Long-Term Growth**

The Government's focus on the IMF programme has been key to achieving stability, and continued adherence to its targets is essential. Looking beyond the programme, practical steps are needed to ensure sustainable growth without future reliance on IMF support. Investments in agro-processing, light manufacturing, and the digital economy can create jobs and diversify exports. Strengthening institutions for policy consistency will facilitate macro economic stability.

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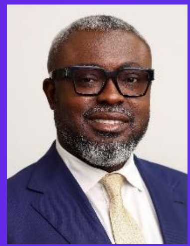

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