2025 Budget Highlights

Budget Statement and Economic Policy of the Government of Ghana for the 2025 Fiscal Year

March 2025

Foreword

"Resetting the economy for the Ghana we want"

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KPMG in Ghana

The global economy in 2025 navigates a precarious balance of opportunity and fragility. Growth is projected at 3.3% in 2025, slightly above the projected outturn of 3.2% in 2024.

This projection aligns with forecast of growth for emerging markets, yet it is tempered by headwinds from escalating tariff wars and the unpredictable economic ripples of the Trump administration's policies. A potential peace deal between Ukraine and Russia offers tentative relief. Nevertheless, geopolitical tensions and trade uncertainties continue to cast long shadows over the world's economic prospects and this definitely impacts the Ghanaian economy.

The Ghana Statistical Service has announced a 5.7% real GDP growth for 2024, a significant leap from 3.1% in 2023, driven by the industry, mining, quarrying, and agriculture sectors. Yet, formidable challenges persist. Inflation, at 23.1% in February 2025, remains a stubborn adversary. The cedi's depreciation, coupled with climate-induced agricultural disruptions and infrastructure deficits—evident in persistent power outages and water shortages—tests the country's economic endurance.

In response to these multifaceted pressures, Ghana's Minister for Finance, Dr. Cassiel Ato Forson, tabled the 2025 Budget Statement and Economic Policy before Parliament on March 11, 2025.

Anchored under the theme "Resetting the Economy for the Ghana We Want," the budget articulates a vision to confront fiscal imbalances and structural vulnerabilities while fostering sustainable growth. To bolster domestic revenue while alleviating economic strain, the budget introduces measures as follows:

- Tax rationalization, involving the elimination of taxes such as the E-Levy, betting tax, and emission levy, alongside a comprehensive review of the VAT system to enhance revenue collection without overburdening taxpayers. In addition, the budget abolishes the 1.5% withholding tax on unprocessed gold to curb smuggling and boost state revenue via the Ghana Gold Board initiative.
- Compliance enhancement through digitized tax systems under the Modified Taxation System, an extended Voluntary Disclosure Programme waiving penalties for undeclared accounts and arrears, and sustained tax education campaigns to lift SME and personal income tax compliance from its current low of below 30%.
- Revenue diversification, by increasing the Growth & Sustainability Levy on mining from 1% to 3% to capture windfall gains from high gold prices, reintroduce technology-driven road tolls to fund infrastructure, and consolidate energy sector levies under the Energy Sector Levies Act to address shortfalls and debt obligations.

Expenditure-side reforms underpin the 2025 budget's fiscal consolidation strategy. These reforms introduce controls such as a comprehensive audit of arrears and commitments as of December 2024, mandatory use of purchase orders aligned with the Medium-Term Expenditure Framework, and amendments to the Public Procurement Act to enforce commencement certificates and establish an Independent Value-for-Money Office.

The integration of GHANEPS with GIFMIS and strict enforcement of Public Financial Management Act sanctions will enhance fiscal discipline. Government is committed to cutting expenditure through removal of programmes such as GhanaCARES, YouStart, and 1D1F while streamlining resource reallocation to support infrastructure and social protection initiatives.

KPMG views the 2025 budget as a critical step toward economic recalibration. The removal of taxes such as the E-Levy is a commendable move, likely to stimulate consumption by increasing disposable income. These steps align with insights from the KPMG/UNDP 2025 Pre-Budget Survey, where 80% of respondents expressed optimism about President Mahama's policies towards economic recovery, and over 70% endorsed the 24-hour economy vision for jobs and prosperity. However, the fiscal corollary of these cuts demands careful management to avoid revenue shortfalls that could destabilize macroeconomic gains.

The Government's multi-pronged approach by combining expenditure cuts, commitment controls, and redirecting tax refund savings hinges on disciplined execution. As Ghana embarks on this economic reset, the collaborative spirit of the Post-Budget Forum on 13 March 2025, underscores the importance of stakeholder engagement. The budget's consultative process, incorporating voices from traders, youth, and industry, reflects a commitment to inclusive governance. Therefore, sustained dialogue and adaptive policymaking will be critical to meeting the evolving needs of citizens and businesses.

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Executive Summary

2024 Outturn

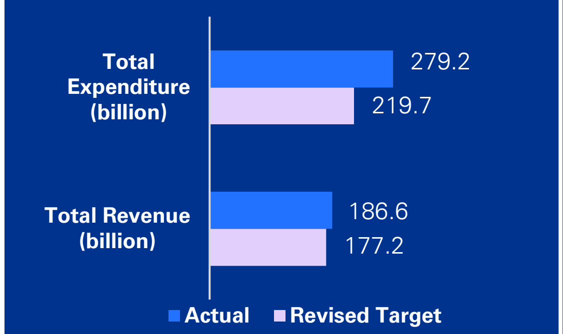
23.8%
Inflation as at December 2024

27%
Monetary Policy Rate as at December 2024

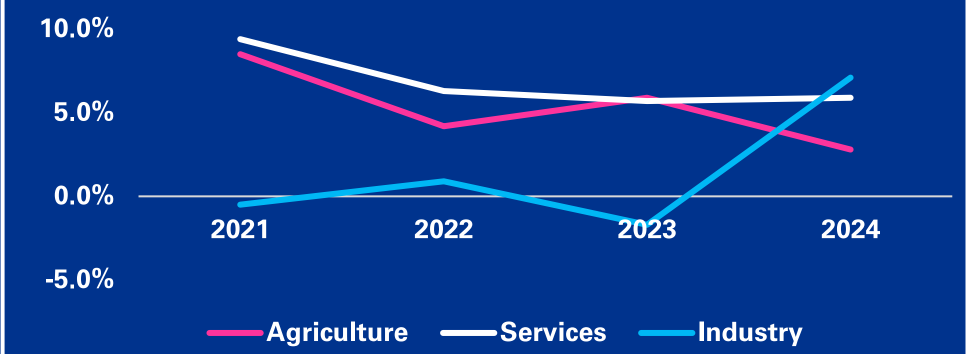
5.7%
GDP Growth Rate as at December 2024

Source: 2025 Budget Statement

Fiscal Developments (Jan - Dec 2024)



Real Sector Performance



Public Debt to GDP Ratio

61.8%
Debt to GDP, 2024

Total public debt rose by 19.1% to GH¢726.7 billion between December 2023 and December 2024. This increase was driven by a 20.4% rise in domestic debt and an 18% increase in external debt.

However, public debt as a percentage of GDP declined from 68.7% in 2023 to 61.8% in 2024.

4.0 months
Import cover as at December 2024

7.9%
Fiscal Deficit
(commitment) as at December 2024

2025 Targets

4.0%
GDP Growth
target for 2025

11.9%
Year-end headline
Inflation
target for 2025

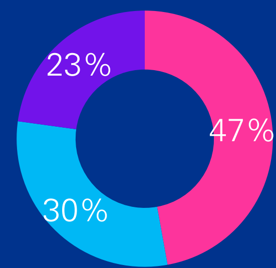
3.0
months
Import cover target for 2025

Sectorial Distribution of Nominal GDP, 2025

Agriculture (GH¢297.4 bn)

Industry (GH¢391.1 bn)

Services (GH¢613.1 bn)

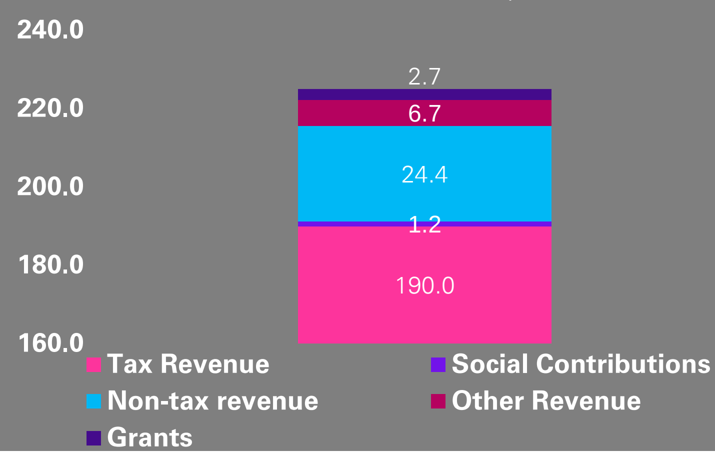


Ghana's GDP is projected to reach **GH¢1,302 bn** in 2025. The Services sector is expected to remain the largest contributor to national output, accounting for 47%, followed by the Industry and Agriculture sectors.

Fiscal Targets for 2025

Government plans to spend GH¢281.8 bn in 2025, against projected revenue of GH¢ 224.9 bn resulting in a projected overall fiscal deficit of 3.1% of GDP (on commitment basis). The deficit will be funded by foreign financing of GH¢21.4 bn and domestic financing of GH¢36.8 bn.

Revenue Breakdown (GH¢ bn)



Targeted Tax Revenue (GH¢ bn)

GH¢190 bn
Targeted Tax Revenue

Targeted Tax Revenue Breakdown

Source: 2025 Budget Statement

Tax Revenue Measures

01

Changes to Existing Taxes

- Review monthly personal income tax-free band from GH¢490 to approximately GH¢539 to reflect the approved daily minimum wage.
- Increase Growth and Sustainability Levy from 1% on the gross production of mining companies to 3%.
- Extend Growth and Sustainability Levy and Special Import Levy sunset clauses to 2028.
- Review Energy Sector Levies Act (ESLA) to consolidate energy debt recovery levy, energy sector recovery levy, and sanitation and pollution levy into one levy to cater for energy sector shortfalls and service of inherited debt obligation.

02

Proposed Taxes to be Abolished

- Withholding tax on lottery winnings, including betting, gaming, and games of chance other than lotto of 10%.
- Electronic Transfer Levy (E-Levy) of 1%.
- Value-added tax on motor vehicle insurance policies.
- Withholding tax on unprocessed gold by small-scale miners of 1.5%.
- Emission Levy on industries and vehicle.

03

Other Compliance and Administrative Measures

- Reduce the Tax Refund Account cap by 2 percentage points of total tax revenue (from 6% to 4%).
- Review VAT regime for comprehensive reforms
- Roll out digitized systems for capturing taxpayer details and filing returns under the modified taxation system.
- Extend the waiver of penalty and interest under the Voluntary Disclosure Programme (VDP) for persons with undeclared foreign accounts, accumulated arrears and outstanding returns.

04

Non-Tax and Other Proposed Revenue Initiatives

- Reintroduce road tolls using technology-driven solutions under the Big Push Programme to support road construction and maintenance.
- Legislative reforms of Non-Tax Revenues (NTR) and development of NTR strategic policy for improved service delivery, revenue mobilization, and management.
- Reform property rate collection and management by implementing a regulatory framework aligned with the Medium-Term Revenue Strategy and Local Government Act.

2025 Budget Theme

Resetting The Economy For The Ghana We Want

Introduction

This year's budget sets out fiscal policy objectives to support the economic transformation agenda of the country. The fiscal policy objectives of the Government include:

01	**Rationalising Government expenditure.**
02	**Optimising domestic revenue mobilisation through enhanced revenue administration and compliance measures.**
03	**Increasing the share of domestic capital expenditure to spur economic growth and job creation.**
04	**Reducing public debt to sustainable levels and adopting prudent debt management practices to support debt sustainability.**
05	**Using legislative reforms including amending the Fiscal Responsibility Act to promote fiscal and debt sustainability.**
06	**Restoring confidence in Ghana's economy.**

04

Global Developments

Global Economic Developments & Outlook

The global GDP growth rate is expected to see a modest increase from 3.2% in 2024 to 3.3% in both 2025 and 2026. Meanwhile, global inflation is projected to decline steadily, falling from an average of 6.7% in 2023 and 5.8% in 2024 to 4.2% in 2025 and 3.5% in 2026.

NORTH AMERICA

- Economic growth in the United States is projected to moderate from 2.8% in 2024 to 2.7% in 2025, before falling further to 2.1% in 2026.
- The anticipated economic stability in 2025 can be attributed to strong labour markets, rising investment and supportive financial conditions, amongst others.
- Monetary policy in the US is expected to become progressively less restrictive throughout 2025, while fiscal policy is set to tighten over the next two years. A competitive labour market with fewer jobs is expected to lead to reduced consumer spending.

EUROPE

- The Euro area economy is projected to grow modestly, rising from 0.8% in 2024 to 1.0% in 2025 and 1.4% in 2026. This anticipated slow growth is driven by weaker-than-expected momentum at the end of 2024, particularly in the manufacturing sector, as well as increased political and policy uncertainty.
- Estonia is projected to see the most significant growth, rising from -0.6% in 2024 to 1.6% in 2025, while Malta's growth is expected to decline from 5.0% to 4.0% over the same period.
- In Germany, which accounts for approximately 30% of the Euro area, growth is forecast to rise from -0.2% in 2024 to 0.3% in 2025 and 1.1% in 2026. However, the recovery remains sluggish due to ongoing weaknesses in manufacturing and industrial production.
- The United Kingdom's economy is expected to grow from 0.9% in 2024 to 1.6% in 2025, before slightly easing to 1.5% in 2026, as declining inflation and interest rates bolster domestic demand.

Sources: IMF World Economic Outlook 2024 & January 2025, World Bank Global Economic Prospects 2025

SUB-SAHARAN AFRICA

- Economic growth in Sub-Saharan Africa (SSA) is expected to accelerate from 3.8% in 2024 to 4.2% in both 2025 and 2026. This projected increase is largely driven by an improved outlook for industrial commodity-exporting countries, including the region's largest economies.
- South Sudan is expected to experience the most substantial growth, rebounding from -26.4% in 2024 to 27.2% in 2025, while Equatorial Guinea's growth is projected to decline from 5.8% to -4.8% over the same period.
- In Nigeria, growth is forecast to average 3.6% per year in 2025–26, supported by a gradual decline in inflation following monetary policy tightening in 2024. The services sector is also expected to contribute to economic expansion.
- South Africa's economy is projected to grow at an average rate of 1.9% per year in 2025–26, with improved energy availability and continued reforms in the transport sector expected to be key drivers.

MIDDLE EAST, EMERGING & CENTRAL ASIA

- Economic growth in emerging and developing Asia is expected to decline slightly, from 5.2% in 2024 to 5.1% in both 2025 and 2026. In the Middle East and Central Asia, growth is projected to rise from 2.4% in 2024 to 3.6% in 2025 and 3.9% in 2026.
- China's economy is expected to slow, with growth declining from 4.8% in 2024 to 4.6% in 2025 and 4.5% in 2026. This slowdown is primarily attributed to heightened trade policy uncertainty and challenges in the property market.
- Saudi Arabia's growth is forecast to accelerate from 1.4% in 2024 to 3.3% in 2025 and then to 4.1% in 2026. However, this outlook reflects a downward revision from previous forecasts due to the extension of oil production cuts.
- India's economy is expected to remain robust, with growth steady at 6.5% in both 2025 and 2026, supported by a strong services sector and agricultural expansion despite a slowdown in industrial activity.

The global economic outlook faces geopolitical risks

Sub-Saharan Africa is expected to strengthen in 2025, with growth rising to 4.2%, up from 3.6% in 2024. This improvement is driven by easing weather shocks and a better outlook for industrial commodity-exporting countries. However, geopolitical challenges—including USAID funding freeze and global trade wars—pose risks to supply chains and development financing, testing the region's resilience.

USAID Freeze
The US has frozen most humanitarian aid pending a 90-day review, with potential long-term cuts. This decision weakens stability in aid-dependent nations and shifts global influence to other donors such as China and the Gulf states.

Russia-Ukraine War
The Russia-Ukraine conflict continues to unsettle European energy security.

Escalating Trade Tensions and Economic Uncertainty
Trump's proposed tariffs target Canada, Mexico, and the EU, including a 25% levy on Mexican exports, most Canadian goods, and EU automobiles. These measures risk retaliation, trade disruptions, higher costs for businesses and consumers, and economic uncertainty.

US-China trade and tech rivalry
Proposed 10% blanket U.S. import tariffs threaten to fragment supply chains, especially in semiconductors and critical minerals. This could lead to GDP contractions in both countries and cause inflationary spillovers.

Global Election Volatility
In 2024, elections were held in 64 countries, marking the largest election year in history by population. Major economies such as the US, EU, and India went to the polls, heightening policy uncertainty and shifting political landscapes. These changes contributed to increased geopolitical risk.

Climate Policy Rollbacks
The US retreat from decarbonization under Trump risks delaying green energy investments, complicating global climate resilience efforts and energy transition financing.

Houthi Rebels Resume Attacks on Red Sea Shipping
The ongoing Houthi threat increases uncertainty for global shipping routes, particularly through the Suez Canal and the Red Sea, which are critical trade corridors.

Green Technology Trade Wars
The US, EU, and China are locked in a competitive race for dominance in solar energy, EVs, and battery production, with trade restrictions and export controls escalating supply chain fragmentation.

Sources: EIU, World Bank, S&P Global, Wellington, Economics Observatory, E3G

05

The Economy

Summary of Economic Performance

Ghana recorded a GDP growth rate of 5.7% in 2024, surpassing the target of 3.1%. However, growth is projected to slow to 4.0% in 2025 due to the Government's front-loaded fiscal consolidation program and base effect. GDP is expected to stabilize at 5.0% from 2026 to 2028.
Ghana's inflation rate has fluctuated over the past year. After declining to 20.4% in August 2024, inflation rose to 23.8% by December 2024. The Government has set an inflation target of 11.9% for 2025, aiming to achieve this through a spending-led fiscal adjustment strategy.

Indicators	2023 Outturn	Revised 2024 Targets	2024 Outturn	2025 Targets
Overall GDP Growth Rate	3.1%	3.1%	5.7%	4.0%
Non-Oil GDP Growth Rate	3.6%	2.8%	6.0%	4.8%
End of Period Headline Inflation Rate	23.2%	15%	23.8%	11.9%
Overall Balance deficit (% of GDP) (commitment basis)	3.3%	4.2%	7.9%	3.1%
Primary Balance (% of GDP) (commitment basis)	-0.2%	0.5%	-3.9%	1.5%
Import cover	2.7 months	3 months	4 months	3 months

Sources: 2025 Budget Statement and Economic Policy , IMF Country Report No. 24/334, World Bank Global Economic Prospects Jan 2025

Fiscal Developments for 2024

Non-oil tax revenue, which constituted 75.6% of total revenue, was the main driver of total revenue & grants. It recorded a year-on-year growth of 37.4%, driven by strong performance in company taxes, personal income taxes, property taxes, international trade taxes, and value-added taxes.

Total expenditure was primarily driven by compensation for employees, interest payments and grants to other Government agencies, which formed 24.1%, 16.8%, and 16.6% of total expenditure, respectively. The year-on-year increases in interest payments and grants to other Government agencies were likely due to debt servicing efforts and a worsening exchange rate.

Total Revenue & Grants - GH¢186.6 bn (15.9% of GDP)

Tax Revenue (non-oil)	GH¢141.0 bn
Non-Tax Revenue (non-oil)	GH¢18.1 bn
Oil & Gas	GH ¢19.8 bn
Grants	GH¢1.7 bn
Other Revenue	GH¢6.0 bn

Total Expenditure (incl Discrepancy)* - GH¢279.2 bn (23.7% of GDP)

Compensation of Employees	GH¢67.2 bn
Use of Goods and Services	GH¢11.5 bn
Interest Payments	GH¢46.8 bn
Capital Expenditure	GH¢29.4 bn
Grants to other Government Agencies	GH¢46.4 bn
Other Expenditure (subsidies and social benefits)	GH¢24.9 bn
Other Outstanding Expenditure Claims (unreleased claims)	GH¢49.2 bn

2024 Budget Deficit
GH¢92.6 bn
7.9% of GDP

2024 Budget Deficit Target
GH¢42.5 bn
4.2% of GDP

** - The total expenditure includes a discrepancy amount of GH¢3.76 bn.*

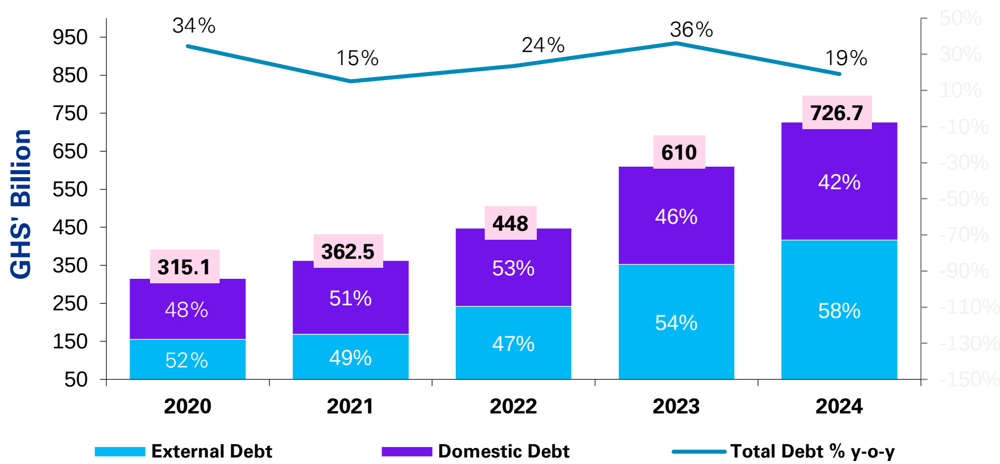
Other Outstanding Expenditure Claims include unreleased claims of spending on goods and services, domestic finances CAPEX and other items.

Sources: 2025 Budget Statement, 2024 Budget Statement and Economic Policy

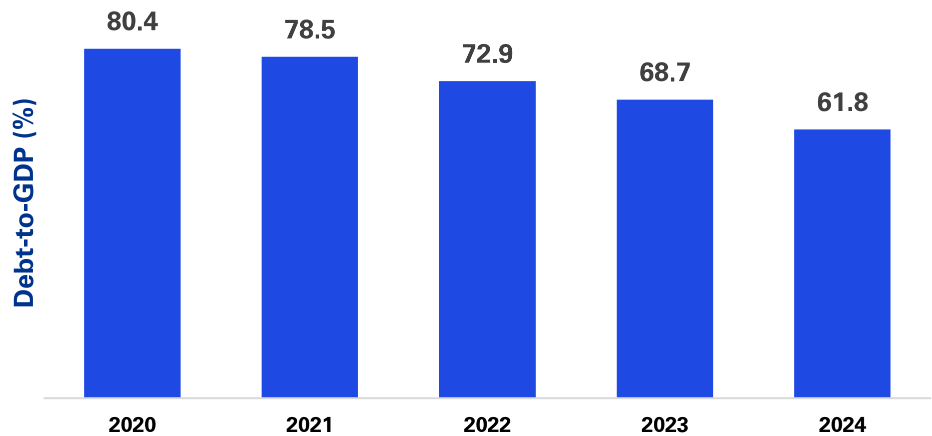
Ghana's debt situation

- As at end-period December 2024, Ghana's public debt stock stood at GH¢726.7 bn, up from GH¢610.0 bn a year earlier, representing a 19.1% increase over the period. Despite this growth, the debt-to-GDP ratio declined from 68.7% to 61.8%, partly due to the 37% "haircut" on Eurobond principal under the ongoing debt restructuring programme, as well as strong economic expansion in 2024.
- The external debt stock dominates the current debt portfolio, accounting for about 58%. In the short term, the Government faces GH¢111.1 bn in treasury bill rollovers and GH¢16.3 bn in bond service payments between July and August. Over the next four years, the country is expected to pay about GH¢150.3 bn, representing 11.6% of GDP, of which 73.3% is due in 2027 and 2028. Beyond domestic maturities, external debt service obligations of US$8.7 bn is expected over the next four years, with a heavy concentration in 2027 and 2028.
- These upcoming commitments would place a significant strain on the public budget. It is therefore commendable to see that the Government is committed to building sufficient buffers in the Sinking Fund. This approach is a step in the right direction, as it sends a strong signal of commitment to debt sustainability and can help boost investor confidence. Equally important is the drive to revive the domestic bond market to create a liquid and efficient platform for refinancing upcoming maturities. A well-functioning domestic bond market does not only support debt management but also plays a crucial role in enhancing monetary policy effectiveness, particularly in guiding inflation expectations and assessing macroeconomic risks.
- Ultimately, a combination of strong fiscal discipline, strategic debt management, and a vibrant domestic bond market will be critical in restoring confidence in Ghana's debt position and ensuring sustainable public finances in the years ahead.

Trends in the public debt stock



Trends in the public debt-to-GDP ratio



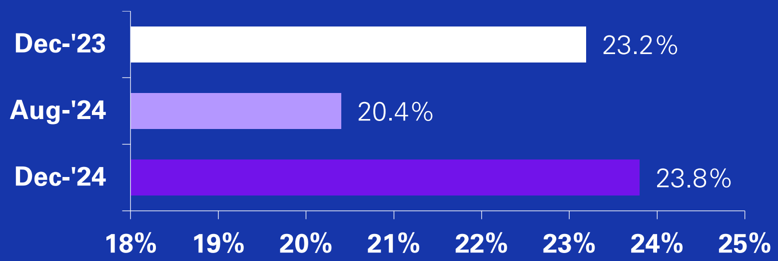
Sources: 2025 Budget Statement and Economic Policy

KPMG | UNITED NATIONS DEVELOPMENT PROGRAMME

Monetary Sector

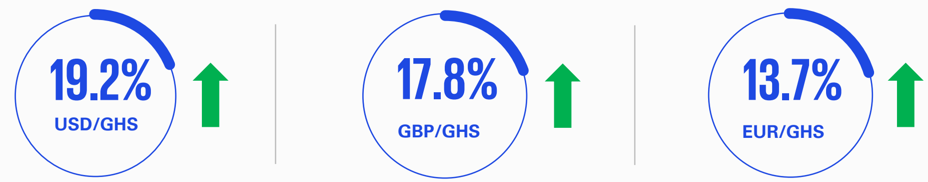
Inflation

In December 2024, inflation rose to 23.8%, from 20.4% in August 2024 and 23.2% in December 2023. This increase was primarily driven by food inflation. The decline in inflation between December 2023 and August 2024 resulted from a drop in food inflation from 28.7% to 19.1%. However, food inflation surged to 27.8% in December 2024, mainly due to dry weather conditions earlier in the year that negatively impacted crop yields.



Currency depreciation

In 2023, the Ghanaian cedi depreciated by 27.8% against the US dollar, 31.9% against the pound sterling, and 30.3% against the euro, while in 2024, it declined by 19.2%, 17.8%, and 13.7% against these currencies, respectively. Depreciation slowed due to improved market confidence from debt restructuring, tighter liquidity controls, and increased foreign exchange supply through the gold purchase program. However, exchange rate pressures persisted due to high foreign exchange demand for energy payments, uncertainties around external bond restructuring, and election-related concerns.



Legend

This indicates a decline in the rate of cedi depreciation as at December 2024 as compared to December 2023.

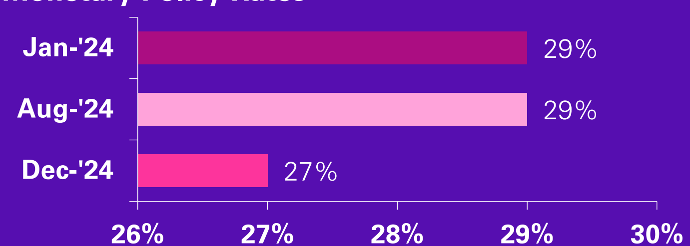
Monetary Sector Developments

- The Ministry of Finance (MoF) has committed to supporting and funding the Ghana Statistical Service's (GSS) three-year plan to rebase the Consumer Price Index (CPI), starting this year, through the Annual Household Income and Expenditure Survey.
- Additionally, the Ghana Gold Board (GOLDBOD) will be established to regulate and oversee gold-related activities, including purchasing, assaying, refining, and exporting. This initiative aims to support foreign exchange inflows and bolster national gold reserves.

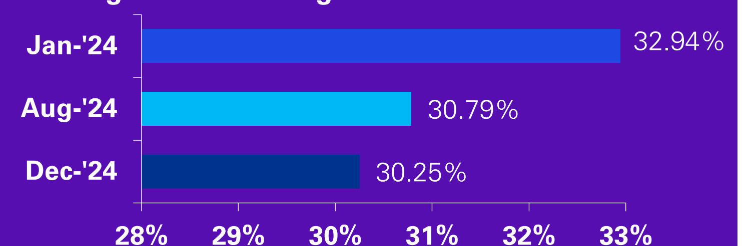
Interest Rates

Due to declining inflation in the first part of 2024 and positive inflation forecasts, the Bank of Ghana's Monetary Policy Committee (MPC) reduced the Monetary Policy Rate (MPR) from 29% in August 2024 to 27% in September 2024, maintaining this rate through December 2024. Consequently, the average lending rate of banks declined to 30.25% in December 2024, reflecting the overall downward trend in short-term interest rates, including lower Treasury bill rates and a decrease in the Interbank Weighted Average Rate (IWAR). The reduction in the monetary policy rate led to lower borrowing costs in the interbank market, which gradually passed through to commercial bank lending rates.

Monetary Policy Rates



Average Bank Lending Rate



Sources: Ministry of Finance 2025 Budget Statement, Bank of Ghana, Ghana Statistical Service

Sectoral performance snapshot

Ghana's GDP growth, over the past five years, has been significantly influenced by growth in the services and agriculture sectors. The Government aims to implement policies to develop infrastructure, create more jobs, and tackle inflation to enhance sectoral performance.

Services
5.9% ↑
Growth in 2024
5.7%
Growth in 2023

Industry
7.1% ↑
Growth in 2024
(1.7)%
Growth in 2023

Agriculture
2.8% ↓
Growth in 2024
5.9%
Growth in 2023

Services

The services sector has consistently dominated Ghana's GDP, contributing an average of 47.2% from 2019 to 2023. In 2024, the sector grew by 5.9%, a 20 basis point increase from 5.7% in 2023.

In 2024, the top four subsectors driving growth in services were information and communication (15.8%), finance and insurance (7.8%), transport and storage (5.8%), and accommodation and food service (4.8%).

Recognizing the potential in the information and communication subsector, the Government plans to implement the Digital Jobs Initiative. This initiative aims to create jobs through skills training, infrastructure development, and support for entrepreneurship, addressing youth unemployment and fostering a digital economy.

Industry

The industry sector rebounded by 7.1% in 2024, following a decline of 1.7% in 2023. From 2020 to 2023, the sector experienced little or negative growth, largely due to the COVID-19 pandemic, which disrupted global supply chains and commodities markets.
The subsectors of construction (9.6%), mining and quarrying (9.4%), manufacturing (3.9%), and electricity (2%) drove this rebound.

These key subsectors are highly sensitive to exchange rate fluctuations and inflation. To support continuous growth in the sector, the Government needs to tighten efforts to stabilize the currency against major trading currencies.

Agriculture

The agriculture sector contracted by 2.8% in 2024. Cocoa, in particular, declined by 22.4% due to production and financing challenges. This contributed to the growth rate of Crops subsector, the previously highest-growing subsector, dropping to 3.2% in 2024 from 6.7% in 2023.

The Government of Ghana, through the Agriculture for Economic Transformation Agenda (AETA) policy, aims to leverage the agriculture sector as a driver of economic growth, job creation, and overall national development. The policy focuses on providing access to credit, fostering public-private partnerships, developing infrastructure, and enhancing capacity.

Source: 2025 Budget Statement

Programme updates on IMF

Implementation of the IMF-Supported PC-PEG Update

In 2024, Ghana successfully implemented the IMF-supported program, completing both the second and third reviews. At the end of 2024, this has led to the total disbursement of approximately US$1.9 bn from the IMF to support ongoing economic reforms.

2nd Review

On 28 June 2024, the IMF Executive Board completed the second review of Ghana's US$3 bn, 36-month Extended Credit Facility (ECF) arrangement, which was originally approved in May 2023. Ghana successfully met all quantitative performance criteria and all but one of the indicative targets for this review.

The completion of the review triggered an immediate disbursement of approximately US$0.36 bn, bringing total disbursements under the program to about US$1.6 bn at the time.

3rd Review

On 2 December 2024, the IMF Executive Board completed the third review of Ghana's US$3 bn, 36-month Extended Credit Facility (ECF) arrangement, originally approved in May 2023. All end-June 2024 performance criteria (PCs) and indicative targets (ITs) were met. However, two structural reform benchmarks were missed.

The review's completion enabled an immediate disbursement of approximately US$0.36 bn, bringing Ghana's total disbursements under the program to about US$1.9 bn.

As of December 2024, progress has been made on the two previously missed structural benchmarks.

- The new methodology for the Cedi reference rate (end-August 2024 benchmark) was implemented in September.
- The Ghana Revenue Authority (GRA) has completed the data cleaning exercise for the taxpayer registry (end-June 2024 benchmark).

Performance Results

Assessment Criteria (3rd Review)	Targets Met
6 Quantitative Performance Criteria	6/6 targets met
1 Monetary Policy Consultation Clause	1/1 target met
4 Indicative Targets	4/4 targets met
7 of 9 Structural Reform Benchmarks	5/7 targets met

What next?

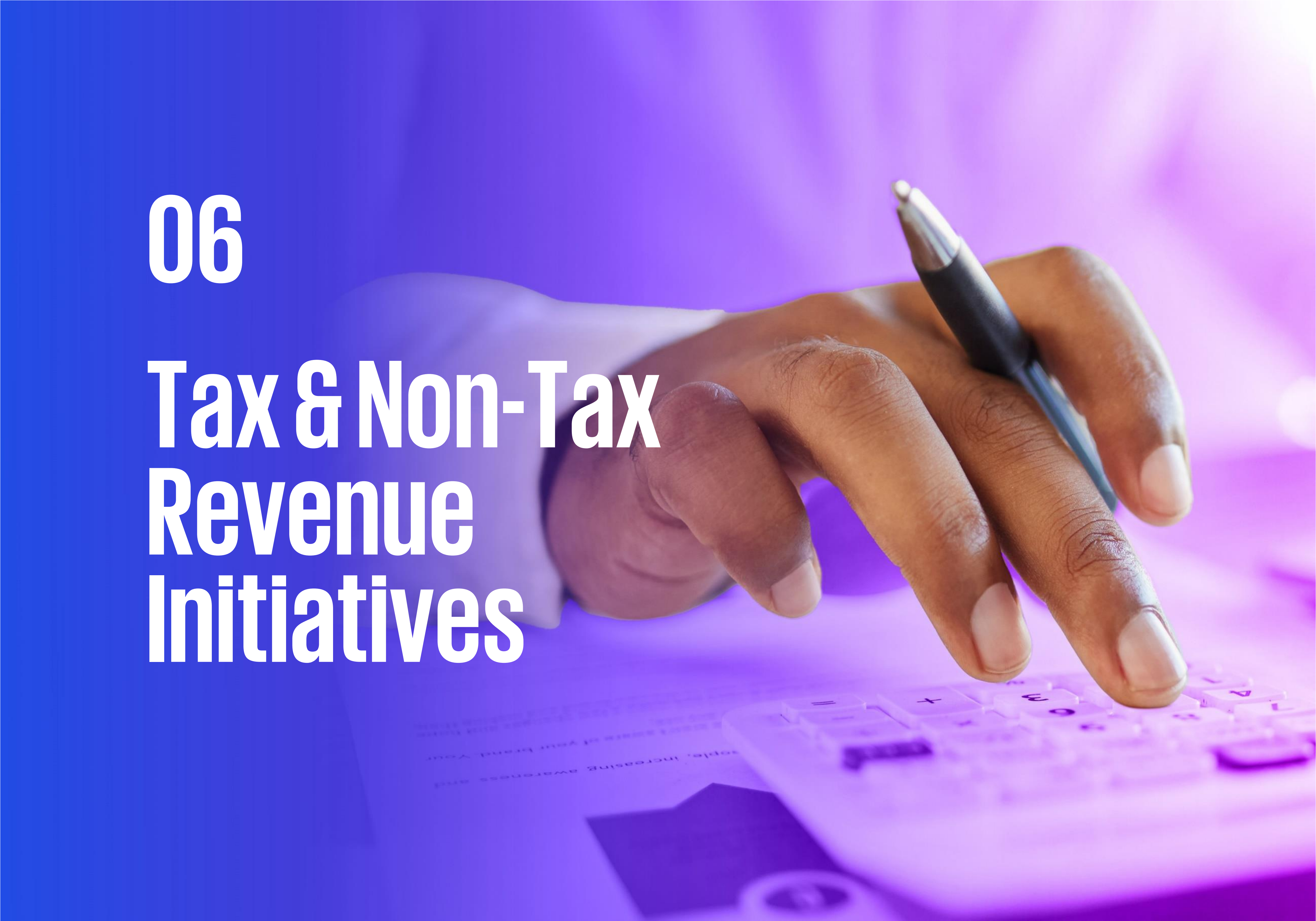
Ghana remains on track with the implementation of the IMF-supported program, making steady progress toward economic stabilization. The recent completion of the Eurobond restructuring marks another key milestone in the Government's strategy to restore debt sustainability.

Following the third review, the IMF has proposed several modifications, including:

- Adjustments to performance criteria (PCs) and indicative targets (ITs) from end-December 2024 through end-June 2025 to reflect macroeconomic developments, including an upward shift in the MPCC bands through June 2025.
- The introduction of a new asymmetric adjustor on the IT for non-oil revenues (ceiling) to account for the potential impact of a one-off ESLA dividend at end-December 2024.
- The establishment of PCs and ITs through end-December 2025, along with nine new structural benchmarks (SBs) for end-January 2025 through end-December 2025, will be implemented.

The Ministry of Finance remains committed to coordinating the implementation of the program and ensuring a successful fourth and fifth review this year, which would unlock an estimated US$0.72 bn and further bolster investor confidence.

Sources: Ministry of Finance 2025 Budget Statement, IMF Website



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Tax & Non-Tax Revenue Initiatives

Proposed Tax Initiatives & Revenue Measures

1 Tax Revenue Measures

Review of the Personal Income Tax-Free Threshold
The Government proposes to adjust the personal income tax-free threshold of resident individuals from GH¢490 to approximately GH¢539. This will reflect the approved 10% increase in the daily minimum wage, which took effect from 1 March 2025.

Increase GSL from 1% to 3% for mining companies
The Government proposes to increase the GSL rate from 1% to 3% on gross production of mining companies. This adjustment aims to benefit from the sustained increase in global gold prices.

Extend the sunset clause of GSL from 2025 to 2028
The Government also proposes to extend the GSL to 2028.

Extend the sunset clause of SIL from 2025 to 2028
The Government proposes to extend the SIL to 2028.

Consolidate Three (3) Levies under ESLA into one (1) Levy
The Government plans to review ESLA to consolidate the Energy Debt Recovery Levy, Energy Sector Recovery Levy (Delta Fund), and Sanitation and Pollution Levy into a single levy to cater for energy sector shortfalls and service debt obligations.

Update VAT Exemptions for Raw Materials and Essential Medicines
Updates to the VAT Regulations (LI 2255) have been proposed for the purpose of updating the list of exempted raw materials for the pharmaceutical manufacturing and imported essential medicines.

Incentivize Electric Vehicle Production with Customs Concessions
Government has proposed amendment to the Customs Act, 2015 (Act 891) to provide concessions for the manufacture of two- and three-wheeled electric vehicles under the Automotive Assembling Programme

Our Point of View

- Adjusting the tax-free threshold of the personal income tax band to reflect the minimum wage increase aligns with the principle of progressive taxation. This provides relief to low-income earners and indirectly increases their disposable income.
- The proposed GSL adjustment is to enable Government have a greater share in the windfall revenues accruing to players in the industry. Although, this is expected to bring in additional revenue to the Government, some of the players in the industry have stability clauses in their development agreements that protects them from adverse changes in tax. To maximize the revenue potential from this proposal, there should be extensive stakeholder engagement.
- The proposal to extend the GSL and SIL yet again, potentially undermines the concept of certainty of tax policy. In order to bring more certainty in tax policy, it will be imperative to consider proposals that are more permanent. This will allow taxpayers to plan their tax affairs over the long term.
- The proposed merger aimed at addressing energy sector funding gaps, may adversely impact the already underfunded sanitation sector. Sanitation still remains a major concern and innovative financing methods are needed to address this concern.
- Increasing citizens' preference for electric vehicles requires more than just making them affordable. Other factors, such as charging stations, readily available skilled labour for maintenance, and concessionary loans to finance purchases, must also be explored. Combining these efforts could accelerate the transition to electric vehicles.

Proposed Tax Initiatives & Revenue Measures

2 Tax Revenue Measures

Abolish Withholding Tax on lottery winnings including betting, gaming and other games of chance of 10%
Government is seeking to abolish the withholding tax on lottery winnings including betting, gaming and other games of chance.

Abolish Electronic Levy (E- Levy) of 1%
The Government proposes to abolish the levy imposed on electronic transactions.

Exempt Motor Vehicle Insurance from Value Added Tax
The Government has proposed to exempt motor vehicle insurance from the list of VAT taxable supplies.

Abolish Withholding Tax on unprocessed gold by small-scale miners of 1.5%
The Government as part of the GOLDBOD initiative has proposed to remove the 1.5% withholding tax on unprocessed gold by small-scale miners.

Abolish Emission Levy on industries and vehicles
Government has proposed to abolish the levy imposed on carbon dioxide equivalent emissions from specified sectors and internal combustion engine vehicle emissions.

Our Point of View

- The removal of the betting tax requires a careful consideration of competing interests. While it poses a risk of promoting excessive gambling among the youth, it is also anticipated to stimulate growth in the gaming and betting industry, potentially yielding higher corporate tax revenue for the Government.
- Repealing the E-Levy will make digital transactions cheaper. This could vitalize digital payments and mobile money adoption, benefiting businesses reliance on cashless transactions and accelerating Ghana's transition to a digital and cashless economy.
- Given that insurance coverage is already low in Ghana, removing this tax may help increase vehicle insurance penetration and reduce compliance costs for vehicle owners.
- Ghana's small-scale mining sector plays a vital role in the country's gold production. Lifting the withholding tax on unprocessed gold sales by small-scale miners could incentivize more legitimate gold transactions. However, stringent regulations must be enforced to combat the rising incidence of galamsey operations and smuggling, promote compliance within the small-scale mining industry and effectively curb illegal mining activities.

Proposed Tax Initiatives & Revenue Measures

3 Tax Revenue Measures

Other Compliance and Administrative Measures [1/2]

Undertake Rigorous Tax Education Campaign and Quarterly Tax Dialogues
To improve tax compliance for SMEs and individuals, the Government will embark on a sustained and rigorous tax education campaign over the next 2–3 years. Additionally, the Government will institute quarterly tax dialogues among stakeholders to swiftly address various issues affecting taxpayers.

Reduce of Tax Refund Account Cap by Two Percentage Points
The Government plans to review the amount allocated to the tax refund account by reducing the tax refund rate from 6% to 4% of total tax revenue.

Undertake Comprehensive VAT Reforms beginning April 2025
The Government has requested for technical assistance from the IMF on VAT reforms. This initiative aims to review the current distortions and cascading structure of the VAT regime and ultimately reduce the effective VAT rate. The reform parameters will include:

- Abolishing the COVID-19 Levy
- Reversing the decoupling of the Ghana Education Trust Fund Levy and National Health Insurance Levy from the VAT
- Reducing the effective VAT rate for households and businesses
- Upwardly adjusting the VAT registration threshold to exempt micro and small businesses from VAT collection
- Improving compliance through public education and awareness

Conduct a Review of all Taxes, Fees, and Charges at the Ports
The Government aims to reduce the cost of doing business at the ports by reviewing all taxes, fees, and charges, with the goal of eliminating those unfavourable to importers.

Our Point of View

- The Government's initiative to launch a sustained and rigorous tax education campaign is a step in the right direction. This effort will not only improve tax compliance but also foster trust and confidence in the tax system. Furthermore, the introduction of quarterly tax dialogues among stakeholders will facilitate swift issue resolution, inform improved tax policies, and promote collaboration. These dialogues will help create a more transparent and effective tax environment.

- Reducing the tax refund ceiling from 6% to 4% of total tax revenue may send a mixed signal. Businesses may interpret this as a sign that refunds could be delayed or deprioritized. To mitigate the risks associated with this decision, the Government should implement a transparent, fair and efficient tax refund process. Improving the tracking and public reporting of tax refund disbursements could enhance accountability and business confidence.

- The proposed reforms to overhaul the VAT regime and review various taxes, fees, and charges at the ports will stimulate economic activities by increasing disposable incomes.

Proposed Tax Initiatives & Revenue Measures

4 Tax Revenue Measures

Other Compliance and Administrative Measures [2/2]

Reinforce the Modified Taxation System
The Government will reinforce the modified taxation system by instituting a digitized system which will record details of eligible taxpayers, receive submission of returns and have a dedicated USSD code for payment of taxes.

Expand the Scope of the Voluntary Disclosure Programme (VDP)
The Government will broaden the scope of the waiver of penalty and interest under the VDP to include persons with foreign undeclared accounts, persons with accumulated arrears, and persons with outstanding returns.

Enhance Tax Exemptions Framework to Align with Government Commitment
Government has proposed the following measures to enhance the exemptions framework:

- Update the Exemptions Act, 2022 (Act 1083).
- Enact regulations to facilitate the implementation of the Exemptions Act.

Update VAT Exemptions for Raw Materials and Essential Medicines
Updates to the VAT Regulations (LI 2255) have been proposed for the purpose of updating the list of exempted raw materials for the pharmaceutical manufacturing and imported essential medicines.

Incentivize Electric Vehicle Production with Customs Concessions
Government has proposed amendment to the Customs Act, 2015 (Act 891) to provide concessions for the manufacture of two- and three-wheeled electric vehicles under the Automotive Assembling Programme.

Introduce Regulations to Enhance Tax Administration and Appeals Process
Government has proposed to enact regulations to the Revenue Administration Act, 2016 (Act 915) to provide for the much-needed operational procedures for the implementation of the Independent Tax Appeals Board and other tax administrative measures.

Our Point of View

- To ensure the success of the Voluntary Disclosure Program (VDP), administrative guidelines should be released ahead of the effective implementation date and given the necessary publicity. This will help eligible individuals understand the due processes to follow and prevent any potential abuse of the system.
- The Government can use tax exemptions as a strategy to attract private sector funding for key initiatives. The long-overdue regulations will bring much-needed clarity to ambiguous parts of the act.
- Increasing citizens' preference for electric vehicles requires more than just making them affordable. Other factors, such as charging stations, readily available skilled labour for maintenance, and concessionary loans to finance purchases, must also be explored. Combining these efforts could accelerate the transition to electric vehicles.
- There was significant enthusiasm among taxpayers with the introduction of the Independent Tax Appeals Board (ITAB). The operationalization of the ITAB has the potential to enhance fairness in Ghana's tax objection adjudication.

Proposed Tax Initiatives & Revenue Measures

4 Tax Revenue Measures

Non-Tax and Other Proposed Revenue Initiatives

Reintroduce Road Tolls
The Government is proposing to collaborate with stakeholders, including the private sector, to reintroduce road tolls by rolling out a technology-driven solution to enhance the construction and maintenance of road infrastructure.

Strengthen the Legal & Legislative Regime for Non-Tax Revenue (NTR) to Improve Service Delivery and Revenue Mobilization
The Government proposes the following measures to improve service delivery, revenue mobilization, and management of NTRs:

- Enact overarching NTR legislation.
- Develop a national NTR strategic framework/policy.
- Review existing relevant NTR laws.

Reform Property Rate Collection, Management and Reporting
The Government seeks to explore and operationalize a regulatory framework for the collection, management and reporting of property rates that will align with the Medium Term Revenue Strategy and the Local Government Act.

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Our Point of View

- The use of technology will bring efficiency in the collection of road tolls. However, it is important that the tolls charged are cost reflective; the tolls should cover the cost of technology and collection infrastructure, and contribute to financing construction and maintenance of road infrastructure.

- Property rates effectively managed, has the potential to provide sustainable financing to MMDAs for local service delivery. Developing an integrated system, in collaboration with the Lands Commission, that links property records to taxpayer identification numbers will help minimize evasion and optimize revenue collection. This will also require improvement to the addressing system for property identification.

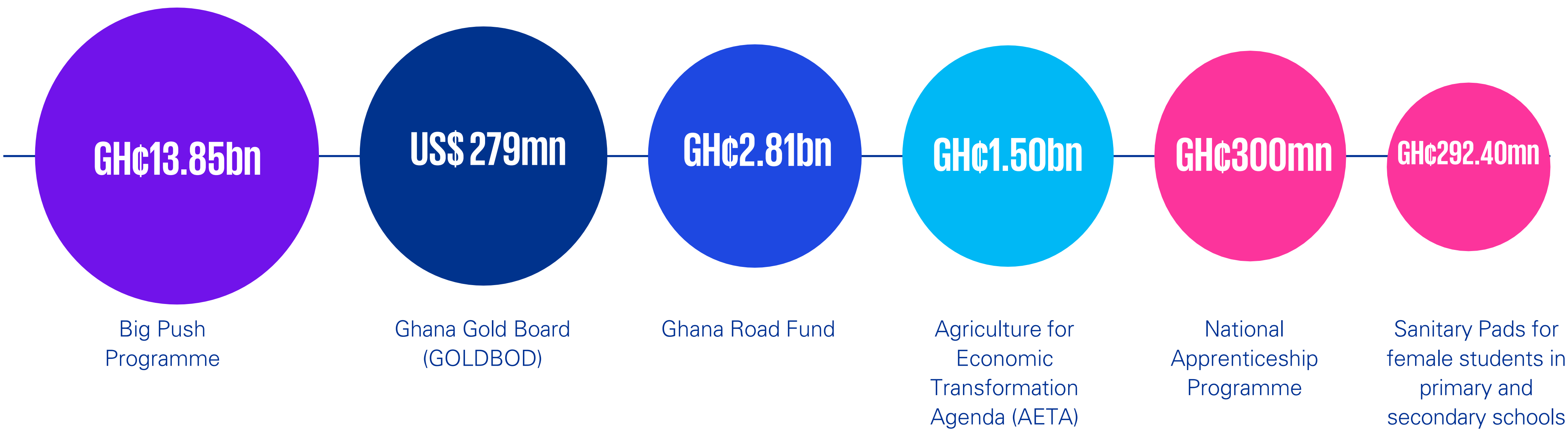
07

Other Key Initiatives

Allocations to Key Initiatives

The Finance Minister highlighted the Government's commitment to funding key initiatives to drive economic growth, improve services, and support key sectors. Some key allocations are as follows:

Allocations to some key Government initiatives in the 2025 budget



Source: 2025 Budget Statement

Proposed Labour-related Initiatives & Measures

In the 2025 budget, the Government of Ghana has unveiled a comprehensive suite of initiatives aimed at driving job creation and enhancing skill development across the nation. These programmes are designed to address persistent unemployment challenges while equipping the workforce—especially young people—with the competencies required to thrive in a competitive economy. Additionally, significant steps are being taken to rationalize the management of employee compensation. These measures represent a bold move toward creating a resilient and dynamic labour market, driving economic growth, positioning Ghana as a competitive player on the global stage, and boosting employee morale. The key initiatives are discussed below:

1 24-hour Economy Policy

The Government aims to stimulate economic growth by enabling businesses and companies to operate 24/7 in three-shifts of eight hours each to boost production.

- The shift system enables continuous operations and can boost production by utilizing underutilized time slots. New shifts may also lead to more hiring, especially in sectors such as manufacturing, retail, and other untapped industries.
- However, improper shift management puts employees at risk of overworking. Ensuring fair rotation, scheduling, and equal distribution of shifts can be complex but essential. Implementing an automated shift scheduling system would enhance effectiveness in shift management. Leveraging digitalization, such systems can optimize scheduling, reduce administrative burdens, and ensure compliance with labor regulations, thereby improving overall operational efficiency.
- Additionally, the 24-hour economy poses significant security and health risks for employees, necessitating appropriate measures to protect them. It will be essential to renegotiate collective bargaining agreements to incorporate flexible shifts and ensure compensatory rest periods.
- With the right measures in place, key risks—including employee work-life balance, security issues, and legal challenges due to misalignment with regulations—can be mitigated.

2 Ghana Labour Export Programme

In order to ensure a structured and beneficial system for Ghanaian workers seeking employment opportunities abroad, Government is proposing to formalise the export of Ghanaian labour to other countries.

- A well-regulated labour export programme positions Ghana as a responsible labour exporter, increasing remittance flows and providing structured legal pathways that protect workers' rights and improve job quality abroad. Additionally, training programmes align workers with global standards, enhancing their competitiveness in the international job market.
- While this presents significant opportunities for Ghanaian workers and the economy, there are risks associated with the loss of skilled professionals, which may weaken local sectors. Furthermore, there is a risk of abuse in destination countries without enforceable safeguards.
- To mitigate these risks, the programme will require robust bilateral agreements and updates to labour and migration laws to clearly define employment conditions, remuneration, and worker protection.
- Beyond the labour export initiative, the Government should work toward setting up outsourcing centres where employees can provide online work such as data entry, content creation, IT, and customer support to the international market. These centres will improve economic growth, support continuous skill development, and mitigate brain drain.

Proposed Labour-related Initiatives & Measures

3 National Apprenticeship Programme

The Government plans to enhance job creation by providing free technical and vocational training for young people in various crafts. The Programme will issue appropriate certifications to trained apprentices and support them with start-up capital and equipment to set up businesses.

- The Programme aims to offer opportunities for hands-on, industry relevant training that bridges the skills gap in Ghana. It will also foster entrepreneurship among young people and create opportunities for expansion beyond traditional sectors by nurturing expertise in various crafts.
- For sustainability, the Government needs to build strong partnerships with the private sector to translate training into viable job opportunities. Additionally, mentoring should be provided to support apprentices post-training and facilitate their linkage to employment or entrepreneurial ventures.

4 Adwumawura Programme

The Adwumawura Programme is a business startup policy designed to facilitate the creation, tracking, and mentoring of at least 10,000 businesses, with a specific focus on young people.

- A structured startup ecosystem can provide a platform for mentoring, access to finance, and performance tracking, which can reduce the typical failure rate of startups. The programme can also drive innovation and job creation among young entrepreneurs and emphasize inclusivity by focusing on young people, a critical segment of the labor force.
- Tracking the performance of 10,000 startups requires significant resources and a reliable framework. Government entrepreneurship support from state enterprises can be leveraged to provide business development support to these startups.
- The Government must partner with business incubators and accelerators with clear performance metrics. Regular performance reviews, peer networking, and additional support for struggling ventures should also be implemented.

Proposed Labour-related Initiatives & Measures

5 Digital Jobs Initiative

The Government of Ghana plans to leverage ICT for job creation through a US$3 bn partnership with the private sector. This initiative includes several key programmes, including the One Million Coders Programme, regional digital centres (modelled on the Accra Digital Centre), a US$50 mn FinTech Growth Fund, and the establishment of Zonal ICT Parks.

- Programmes under the Digital Jobs Initiative can bridge the digital divide and prepare Ghana's youth for a technology-driven future. The partnership with the private sector can stimulate a wave of digital startups and innovation, contributing to high-value jobs.
- However, rapid technological changes may render skills obsolete. Therefore, it is essential to ensure that training programs are kept up to date with these changes. Additionally, the digital divide between urban and rural areas necessitates prioritising investments in broadband and digital infrastructure in underserved regions.
- For the initiative to be successful, the Digital Jobs Initiative must leverage partnerships with established technology companies for curriculum development, infrastructure investment, and mentorship. Digital training should also be accessible across all regions, including marginalised groups.

6 Agriculture for jobs

The Government intends to implement innovative policies and strategic investments to modernise agriculture and make it attractive to create jobs.

- There should be a focus on implementing innovative strategies to make the agricultural sector appealing to skilled professionals and tertiary students.
- The initiative should develop training programs and extension services to ensure farmers are equipped with new technologies. Collaboration with agritech companies, research institutions, and rural cooperatives is essential to create a supportive ecosystem for innovation.

Proposed Labour-related Initiatives & Measures

7

Compensation and Wage Reforms

The Government is taking significant steps to rationalize employee compensation management, including headcount, as part of its reset agenda. The organized labour movement has collaborated with the Government and employers' associations to agree on a modest increase in basic pay and minimum wage for 2025. Additionally, the 2025 minimum wage, negotiated with the National Tripartite Committee, will be zero-rated as part of the Government's commitment to protecting the poor and vulnerable.

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- A rational compensation system—anchored by regular headcount—enables organisations to accurately assess workforce distribution and align pay structures with institutional needs. This can lead to more strategic budgeting and better resource allocation. However, conducting a comprehensive headcount and integrating it into existing payroll systems can be administratively challenging, and inaccuracies could lead to discrepancies in compensation and payroll costs.
- The modest increase in base pay reflects a positive commitment to reward work while maintaining sustainability. However, there is a risk that it may not be sufficient to address long-term wage stagnation, which could affect employee morale and the overall competitiveness of the labour market.
- Zero-rating the minimum wage increases the disposable income of the lowest-paid workers, directly supporting the financial well-being of the vulnerable.

8

Review of Labour Law

The Government has proposed reviewing Ghana's labour laws to accommodate new labour-related initiatives, including the 24-hour economy policy.

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- The dynamic shifts that are likely to be introduced by the 24-hour economy necessitate a comprehensive review of existing employment laws. Traditional frameworks tailored for a conventional 9–5 work model will not reflect the realities of an economy driven by continuous operations, digital innovation, and global workforce integration.
- The review must accommodate rotating and fixed shifts, including extended hours and night work. Clear definitions for night work and unsociable hours should be established to guide compensation and health protections. It must also consider overtime, rest provisions, enhanced compensation structures, and safeguards for vulnerable groups.
- A successful revision will require active input from the Government, trade unions, employers' associations, and industry experts. Transparent and inclusive consultations will help create a balanced legal framework that addresses both operational needs and worker rights.

Other Proposed Initiatives & Measures

9 US$10 Billion Big Push Policy

Government plans to invest US$10 bn in strategic infrastructure to create jobs and drive economic growth. The government has allocated GH¢13.85 bn for this program in 2025.

- Although such large-scale investments have the potential to boost economic development, their success depends on effective funding strategies, implementation efficiency, and long-term sustainability. Therefore, the initiative must be anchored on these three pillars.
- A US$10 bn investment requires a careful mix of financing sources to avoid excessive debt accumulation from over-reliance on loans. The Government could leverage Public-Private Partnerships (PPPs) to attract private sector investment.
- Infrastructure projects are prone to cost overruns, inefficiencies, and mismanagement. Strong project execution controls and anti-corruption measures in addition to project quality assurance must be implemented to ensure transparency, which is essential for the success of this initiative.
- Finally, beyond the execution of the projects, the Government must be intentional about the maintenance of the infrastructure to ensure sustained benefits for the general populace.

10 Ghana Gold Board (GOLDBOD)

The Government is in the process of establishing the Ghana Gold Board (GOLDBOD) to boost foreign exchange inflows and gold reserves. The GOLDBOD will regulate, oversee, and manage gold purchasing, assaying, refining, exporting, and related activities. The government will provision a cedi equivalent of US$279 mn as a revolving fund which will be sufficient to purchase and export at least 3 tonnes of gold per week from small-scale miners.

- The GOLDBOD initiative can serve as a vehicle to boost the Bank of Ghana's gold reserves, reducing reliance on foreign currencies. Strong gold reserves can help stabilise the cedi, enhance exchange rate management, and strengthen economic resilience.
- Ghana's Artisanal and Small-Scale Gold Mining (ASGM) sector contributes significantly to gold production but largely operates in the informal economy. GOLDBOD can facilitate proper licensing, monitoring, and tax compliance, increasing government revenue. By providing a structured market for small-scale miners, the initiative can also curb gold smuggling and illegal trade.
- Effective regulation demands strong institutional capacity, transparency, and enforcement mechanisms. Bureaucratic inefficiencies could deter miners from joining the formal economy, while corruption risks must be mitigated to prevent illicit gold trade and mismanagement.
- To maximise the value of exported gold, the Government should encourage or mandate local refining of raw gold for value addition for export.

Other Proposed Initiatives & Measures

11

Women's Development Bank

The Women's Development Bank will be established to support women-owned and women-led businesses. This specialized financial institution will offer low-interest loans and tailored financial services with flexible terms. To facilitate its launch and initial operations, the Government has allocated a seed fund of GH¢51.3 mn.

- By offering low-interest loans and tailored financial products, the Women's Development Bank directly tackles the systemic disadvantages women often face in accessing credit from mainstream financial institutions. This targeted approach promises to democratize capital access by making it more affordable and readily available for women to start, scale, and sustain their businesses.
- However, a key challenge is ensuring long-term financial sustainability. Securing additional funding sources beyond the initial GH¢51.3 million seed capital—primarily allocated for the bank's establishment—will be essential.
- Additionally, the Women's Development Bank, will strengthen the ecosystem to boost access to finance for women-owned and women-led businesses. Clear coordination and strategic partnerships will be crucial to enhancing collaboration and promoting financial inclusion.

12

MahamaCares and Free Primary Healthcare

The 2025 budget marked a significant stride in Ghana's pursuit of healthcare access to all. This initiative featured various healthcare policies including the Free Primary Healthcare and MahamaCares initiatives. These policies will be fuelled by a substantial allocation of GH¢9.93 bn to the National Health Insurance Scheme.

- The free Primary healthcare initiatives seek to revolutionize healthcare access by making basic and quality medical service free to the public especially the underprivileged and rural population.
- MahamaCares initiative is a specialized program designed to offer targeted and sustained financial support to Ghanaians battling chronic diseases specifically cancer, kidney and heart conditions. Recognizing the financial burden associated with managing these long-term illnesses, MAHAMACARES aims to establish a robust funding structure within the National Health Insurance Scheme (NHIS) to ensure that patients can access costly medical care without facing financial ruin.

08 Outlook

Targets for 2025

Overall GDP growth rate
4.0%

Non-Oil GDP growth rate
4.8%

Fiscal Deficit
(commitment)
3.1%

End-December Inflation
11.9%

Import Cover
3.0 months

Primary Surplus
1.5%

Revenue
GH¢224.9 bn

Expenditure
(commitment basis)
GH¢268.8 bn

Overall budget deficit
(commitment basis)
GH¢ 43.8 bn

Sources: 2025 Budget Statement, 2024 Budget Statement and Economic Policy

Projected Fiscal Outlook for 2025

Non-oil tax revenue, is projected to constitute 80.7% of total revenue, and is to be the main driver of total revenue & grants. It is expected to record a year-on-year growth of 28.8% driven by strong performance in company taxes, personal income taxes, and value-added taxes.

Total expenditure is projected to be primarily driven by compensation for employees, interest payments, and grants to other government units, which are expected to form 28.4%, 23.9%, and 20.3% of total expenditure, respectively. The year-on-year increases in compensation of employees reflects a projected 10% increase in public servant base pay, while increases in interest payments and grants to other government agencies are projected to stem from domestic and foreign debt payments.

Total Revenue & Grants - GH¢224.9 bn (16.1% of GDP)

Tax Revenue (non-oil)	GH¢181.6 bn
Non-Tax Revenue (non-oil)	GH¢16.2 bn
Oil & Gas	GH¢ 16.5 bn
Grants	GH¢ 2.7 bn
Other Revenue	GH¢7.9 bn

Total Expenditure - GH¢268.8 bn (19.2% of GDP)

Compensation of Employees	GH¢76.6 bn
Use of Goods and Services	GH¢7 bn
Interest Payments	GH¢64.2 bn
Capital Expenditure	GH¢32.9 bn
Grants to other Government Agencies	GH¢54.5 bn
Other Expenditure (subsidies and social benefits)	GH¢33.6 bn

2025 Budget Deficit Target

GH¢43.8 bn

3.1% of GDP

Sources: 2025 Budget Statement, 2024 Budget Statement and Economic Policy

Medium Term Macro-Fiscal Targets

Economic growth outlook

The Government projects GDP growth to slow from 5.7% in 2024 to 4.0% in 2025 before stabilizing at 5.0% from 2026 to 2028. The Government therefore projects an average overall real GDP growth of 4.8% over the medium-term. These projections appear conservative, given the 5.7% growth reported in 2024. It is also unclear the extent to which expected multiplier effects of the $10 billion 'Big Push' and the 24-hour economy policy have been fully factored into the outlook.

For instance, industry and services, which should be the main beneficiaries of these initiatives, are projected to grow below their 2024 levels of 7.1% and 5.9%, respectively. In contrast, the agricultural sector is expected to experience a strong recovery under the Agriculture for Economic Transformation Agenda (AETA). It is reassuring that the Government plans to revive cocoa farming in Ghana, with growth expected to recover from -22.4% in 2024 to 5.6% in 2025 and further to 8.3% in 2026.

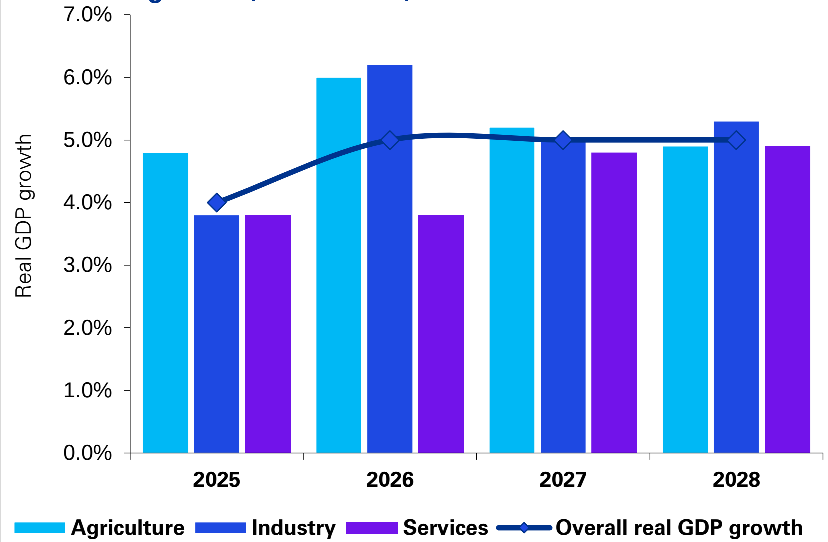
Price stability

The target inflation rate for 2025 is 11.9%. In the subsequent years (2026 – 2028), the Government projects a return to single digit inflation, averaging 8% annually. The 8% average sits within Bank of Ghana's medium-term inflation target of 6% - 10%. Achieving the targets require a strong coordination between monetary and fiscal policy, along with a firm commitment to reducing food inflation. Currently, there is a significant divergence between the 91-day bill (expected to drop to 15.9% in the third week of March 2025) and the monetary policy rate (which is currently at 27%) which can complicate the Bank of Ghana's efforts to manage inflation and stabilize the exchange rate. The IMF's Regional Economic Outlook in October 2024 projected an average inflation rate of 19.5% and 11.5% in 2024 and 2025, respectively. However, the end-of-period inflation rate was in excess of the target average rate by 430 basis points. Additionally, while the Government aims to lower food inflation through the AETA programme, its full impact may not be felt until after the 2025 fiscal year, making the 2025 target quite ambitious. According to the Bank of Ghana, a return to single digit is plausible in the second quarter of 2026. Ultimately, all of that is predicated on the economic policy agenda.

Fiscal sustainability

The projected primary balance surplus over the medium-term is equivalent to 1.5% of GDP. This emphasis on achieving a surplus in the primary balance indicates a commitment to fiscal prudence, aiming to ensure that Government revenues exceed non-interest spending. Indeed, this budget signals a strong policy intent to address fiscal slippages, which would in turn, address some of the real challenges facing businesses and consumers such as high inflation and high interest rates. We believe that a proper implementation would boost consumer and business confidence and propel the economy to a higher growth trajectory beyond the current projections.

Medium-term: Overall real GDP growth vs. Sectoral real GDP growth (2025 – 2028)



Macroeconomic targets for the medium term (2025 – 2028)	
Indicator	**Target**
Overall GDP growth (%)	4.8% *(average)*
Non-Oil GDP growth (%)	4.9% *(average)*
Inflation (%)	8% from 2026 onwards
Primary balance	To be in surplus of 1.5% of GDP
Gross International Reserves	3 months of import cover

Sources: 2025 Budget Statement, 2024 Budget Statement and Economic Policy

09
Appendices

KPMG/UNDP 2025 Budget Forum excerpts

On March 13, 2025, KPMG in collaboration with UNDP held a Post Budget Forum, anchored on the 2025 National Budget's theme "Resetting the Economy for the Ghana We Want".

The forum is an annual event that follows the reading of the national budget. Attendees were expectant of Government policy responses to the global and local macroeconomic uncertainties, technological disruptions, geopolitical tensions, and regulatory changes. It was positioned to offer a platform for businesses and individuals to identify the key government policy measures and outline opportunities for planning their affairs for the year. Invited guests included various policymakers and business leaders, as well as individuals from academia, the donor community, and the media.

Delivering the opening remarks, Mr. Andy Akoto, the Country Managing Partner, KPMG, noted that the theme for the Post Budget Forum is pertinent and relevant, based on the challenges the country has faced, and the recent optimism hinged on the consideration for the implementation of the 24-hour economy policy, gathered from the KPMG/UNDP Pre-Budget Survey. He indicated KPMG's readiness to support the Government in offering expertise to design and implement policies and systems and forge partnerships that will deliver economic prosperity for the people of Ghana.

Dr. Alhassan Iddrisu, Head of Research at the Ministry of Finance, read the remarks at the forum on behalf of the Hon. Minister of Finance, Hon. Dr Cassiel Ato Forson. He stated that the budget prioritizes macroeconomic stability, emphasizing price and exchange rate stability along with fiscal discipline, as these elements are crucial for fostering a conducive environment for private sector growth.

As part of the forum, there was a panel discussion with the following panellists:

- Mrs. Nelly Mireku (Head, World Bank Unit, External Resource Mobilization Division; Ministry of Finance)
- Professor Rym Ayadi (Economist and International Expert on Sustainable Finance)
- Dr. Priscilla Twumasi Baffour (Senior Lecturer, University of Ghana, Economics Department)
- Dr. Humphrey Ayim-Darke (President- Association of Ghana Industries)
- Mr. Huzaif Musah (Economist, UNDP)
- Mr. Kofi Frempong-Kore (Partner, Head of Tax, KPMG)

Below are some quotes from the forum.

Dr. Alhassan Iddrisu

Head of Research at the Ministry of Finance

"The country has two options, either we continue on the path of self-destruction by not confronting our problems or we embark on a journey of fundamental reforms and transformation, one that resets our economy, redefines our fundamental priorities, harnesses our social contract and provides opportunities for all."

Excerpts from KPMG/UNDP 2025 Post Budget Forum

Dr. Priscilla Twumasi Baffour

Senior Lecturer, University of Ghana, Economics Department

"The creativity in the Budget for me is the fact that they are using the tax refund account to take care of the shortfall that is being created with the elimination of the E-Levy and the Betting Tax."

"The growth projection in the budget is conservative and achievable. The primary balance is rather ambitious, it will require strict adherence to expenditures rationalization measures and a great performance on revenue handles. Lets see how it turns out by mid-year."

Dr. Humphrey Ayim-Darke

President- Association of Ghana Industries

"To give the policy a boost, the amendment of the PPA must mandatorily include the creation of leverage or threshold for Ghanaian goods and services to be purchased/patronized."

"We pray the 24-hour economic policy will be tailored to Ghana's industrial policy and not be ran in isolation."

Nelly Mireku

Head, World Bank Unit, External Resource Mobilization Division; Ministry of Finance

"The 2025 budget really focuses on restoring macroeconomic stability and inclusive growth to support Government in the economic transformation agenda."

"Reopening the bond market should be done gradually, guided by key market conditions."

Excerpts from KPMG/UNDP 2025 Post Budget Forum

Prof. Rym Ayadi

Economist and International Expert on Sustainable Finance

"The Government must ensure petroleum and gold revenues are leveraged effectively, while renegotiating mining concessions and power agreements to maximize national benefits."

"For Ghana's 2025 Budget to succeed, fiscal discipline must be matched with smart investment in infrastructure, sustainable energy reforms, and private sector-driven growth."

Kofi Frempong-Kore

Partner, Head of Tax, KPMG

"Let's look at implementation. How do we implement these policies to transform this resetting agenda for everyone?"

"I'll recommend that once they are talking about relooking and resetting, let's also consider bringing back tax amnesty to encourage voluntary compliance."

In conclusion, the KPMG/UNDP Forum has established a solid foundation for ongoing dialogue and meaningful change through thought-provoking discussions, innovative solutions, and valuable connections.

Meet our Partners

Andrew Akoto
Country Managing Partner

Kofi Frempong-Kore
Partner, Head of Tax

Frederick Dennis
Partner, Head of Audit

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