BEYOND AID IN GHANA

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FOREWORD

The ambition of a "Ghana Beyond Aid" represents more than a slogan—it is a powerful call for fiscal sovereignty, national self-determination, and sustainable development. It envisions a Ghana that can mobilise and manage its resources, invest in its people, and take charge of its economic future. Yet, as this timely report commissioned by Oxfam in Ghana illustrates, the road toward that vision is far more complex than initially imagined.

Through rigorous analysis and stakeholder engagement, this research offers an honest and evidence-based assessment of Ghana's evolving relationship with foreign aid, debt, and development finance. It examines how Ghana's aid trajectory, from being a donor favourite to a lower-middle-income country, shapes the structure of its economy, public finance, and policy priorities. It also explores how external shocks such as the COVID-19 pandemic, global economic shifts, and Ghana's 2022 debt default have exposed the fragility of the country's development model.

One of the report's most important findings is the paradox of a middle-income status. Though Ghana achieved this classification in 2010, the change did not reflect structural transformation or significant growth in domestic revenue. Instead, it resulted in reduced access to concessional aid while tax revenues remained low. With limited progress in broadening the tax base or formalising the informal sector, the country turned to expensive private capital markets. Eurobond issuance became a preferred strategy, but it created new vulnerabilities, leading to the unsustainability of debt and, eventually, default.

The COVID-19 pandemic further magnified these challenges. Like many countries, Ghana faced unprecedented demands on public spending yet lacked the fiscal space to respond adequately. With donors under pressure at home, aid flows declined, and the state had to make hard choices, many of which came at the expense of public spending. The result was rising poverty, inequality, and social discontent. The response to the pandemic and the fiscal crisis, culminating in Ghana's 18th International Monetary Fund (IMF)-supported programme, has offered short-term stability but at the cost of deeper austerity measures that disproportionately impact vulnerable groups.

This report clearly shows that while the Ghana Beyond Aid agenda remains important, its implementation has been uneven. The principles outlined in the Ghana Beyond Aid Charter—domestic revenue mobilisation, reducing aid dependence, investing in human capital, and strengthening national ownership—have not been fully embedded in fiscal policy or public sector practice. The report highlights how electoral political cycles, institutional inertia, and weak enforcement mechanisms have all contributed to missed opportunities and inconsistent progress.

Yet the report is not simply diagnostic—it also offers a way forward. It convincingly argues for a renewed focus on domestic resource mobilisation, supported by progressive tax reforms, digital innovation, and improved tax compliance. It recommends a shift from consumption-led borrowing to productive investment in the agriculture, education, healthcare, social protection, and manufacturing sectors. The analysis also recognises the potential of regional trade, particularly through the African Continental Free Trade Area (AfCFTA), to unlock new markets, drive industrialisation, and reduce external dependency.

The report also calls for greater alignment between donor support and national development priorities. Where it exists, aid must be predictable, transparent, and responsive to Ghana's actual needs rather than donor-driven agendas. Equally, debt must be managed responsibly, emphasising transparency, value-for-money, and long-term sustainability.

This report underscores Oxfam's commitment to promoting economic and social justice, accountability, and inclusive development. It speaks to the need for bold leadership, responsive institutions, and an active citizenry. Most importantly, it reminds us that the Ghana Beyond Aid vision will not be realised through rhetoric alone—it requires action, reform, and collective resolve.

As Ghana navigates a challenging period of recovery and restructuring, this report offers a valuable compass. It provides insight and policy recommendations for a fairer, more resilient, and genuinely independent future.

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ACRONYMS

AfCFTA	African Continental Free Trade Area
BECE	Basic Education Certificate Examination
CBO	Community-based organization
CSO	Civil society organization
DDEP	Domestic Debt Exchange Programme
DFID	Department for International Development
DSA	Debt Sustainability Analysis
FCDO	Foreign, Commonwealth & Development Office
FDI	Foreign direct investment
GBA	Ghana Beyond Aid
GDP	Gross domestic product
GRA	Ghana Revenue Authority
HIPC	Heavily Indebted Poor Countries
IFI	International financial institutions
IMF	International Monetary Fund
JICA	Japan International Cooperation Agency
LEAP	Livelihood Empowerment Against Poverty
LNGO	Local nongovernmental organization
MoF	Ministry of Finance
MTRS	Medium-Term Revenue Strategy
NABCO	Nation Builders Corps
NGO	Nongovernmental organization
NHIS	National Health Insurance Scheme
ODA	Official development assistance
PFM	Public financial management
PV	Present value
SAP	Structural adjustment programs
SDG	Sustainable Development Goal
(Free) SHS	Free Senior High School Initiative
SME	Small and medium-sized enterprise
SSA	sub-Saharan Africa
USAID	United States Agency for International Development
USD	United States dollar

EXECUTIVE SUMMARY

Ghana has long been considered a donor darling country and a success story for many bilateral and multilateral donors. Of course, like many countries in sub-Saharan Africa (SSA), aid has played a pivotal role in the country's development outcomes. The Bretton Woods-sponsored economic reform engineered positive gross domestic product (GDP) growth, which was accompanied by substantial poverty reduction, though the employment response to the growth was weak. Ghana, however, attained a middle-income status in 2010, albeit at the lower end, with the desire to consolidate her status and scale up to the upper middle-income status by 2057.[1] This occasioned several implications, including the tapering off of aid amid domestic resource mobilization challenges and expenditure rigidities. The government announced a Ghana Beyond Aid Charter in 2018, while COVID-19 hit just two years later. In the light of the above, the research sought to respond to the following questions:

1) The degree to which Ghana has relied on foreign aid and accumulated debt to support its economic and social systems;
2) How the decline in foreign aid inflows, combined with these fiscal challenges, has influenced key aspects of economic and social welfare, including poverty levels, income inequality, public service delivery, and overall standards of living;
3) The extent to which the need for Ghana's COVID-19 recovery will impinge on the financing for reducing poverty and economic and gender inequality;
4) The extent to which the domestic needs of donor countries will impinge on current and future commitments to Ghana;
5) The extent to which Ghana's December 2022 default on its external loans will affect future financing for development.

To answer these questions, we employed a mixed method approach embodying quantitative and qualitative methods while utilizing the Triple-A framework to understand the political economy of aid and debt acquisition.

KEY INSIGHTS AND FINDINGS

The report found that aid has played a pivotal role in the nation's development journey as a donor-darling country, reducing poverty and narrowing inequality to some extent as International Monetary Fund (IMF)/World Bank economic reforms took hold from the late 70s. Even before the development of the Ghana Beyond Aid Charter, aid had been volatile and dwindling, reflecting donor fatigue. The attainment of middle-income status constrained the country's access to aid and concessionary financing amid high expenditure rigidities and dwarfed domestic revenue mobilization. The country resorted to tapping expensive private capital (Eurobonds) from the International Capital Market (ICM) to close the gap facilitated by the political economy. Though the narrative has been that attaining a middle-income status confers a higher tax revenue-generation status, the country's tax-to-GDP ratio has remained structurally low, though that has not constrained the government from spending its way into debt unsustainability. Not only was the threshold for attaining middle-income status set too low at United States dollar (USD) 1,000 per capita, the country has not grown a taxable economy to be able to sufficiently generate corresponding tax revenue. The transition to a middle-income status and the subsequent reduction in concessional aid inflows have exposed the country to financial vulnerabilities, especially amid global economic challenges.

The insights gathered from stakeholders from the Ministry of Finance, Ministry of Health, and Ministry of Education indicate that, while aid remains a vital component of Ghana's development financing, it is often misaligned with national priorities, unpredictable in delivery, and tied to donor motives that sometimes prioritize external strategic interests over Ghana's local needs. To this extent, Ghana took steps toward financial self-sufficiency through the "Ghana Beyond Aid" (GBA) agenda, emphasizing domestic revenue mobilization, formalizing the informal sector, and reducing aid dependency. However, the GBA tenets were observed more in breach than in compliance as they succumbed to another IMF-supported comprehensive debt restructuring that did not spare domestic investors, including pensioners. The country did not systematically integrate the GBA Charter into daily national life and public financial management, and the milestones did not feature prominently in national performance tracking.

RECOMMENDATIONS

It is recommended that sound macroeconomic policies, underpinned by fiscal discipline, efficiency in utilizing domestic resources, prudent debt management, supportive and complementary monetary policies, and progressive taxation regimes, are pursued to sustain the country's economic transformation and inclusive productivity drive. This should be supported by proper sequencing of structural reforms across fiscal factors (reflecting domestic resource mobilization and expenditure reforms, including energy sector reforms), monetary factors (reflecting exchange rate stability, external balance management) to market and product factors reforms to improve the efficient allocation of scarce resources. This will lead to long-term sustainable growth and development, and greater self-reliance in the face of the evolving global geopolitical fragmentation and rise of regionalism.

Specifically, to achieve fiscal independence and sustainable development, Ghana must prioritize domestic revenue mobilization. Broadening the tax base through the formalization of the informal sector and enhancing equitable and progressive tax regimes and tax compliance is vital. Leveraging digital technologies to transform tax administration will help reduce inefficiencies and address evasion. Strengthening the Ghana Revenue Authority (GRA) with advanced tools and robust auditing capabilities is crucial for effective revenue collection. These measures will reduce the reliance on external funding while fostering fiscal stability and resilience. Improving fiscal management and transparency is equally essential. Aligning aid with national priorities and ensuring effective donor coordination through open dialogue can optimize resource utilization. Transparency in aid allocation, coupled with inclusive stakeholder engagement in planning, will build trust and reflect collective needs. To prevent unsustainable debt, Ghana should adopt responsible borrowing practices, reduce inefficient subsidies, and explore innovative financing options, such as trade diversification and climate financing, to decrease dependence on official development assistance (ODA). Fiscal consolidation measures, including addressing the public sector wage bill, are critical to stabilizing the economy.

Ghana's path to economic resilience and fiscal independence cannot solely rely on domestic revenue mobilization but must also integrate strategic trade initiatives, particularly through the African Continental Free Trade Area (AfCFTA). By leveraging AfCFTA, Ghana can expand its market access and diversify its exports. Strengthening trade infrastructure, including transport logistics, digital trade facilitation, and customs modernization, will ensure seamless cross-border commerce. Additionally, value-added industries should be prioritized over raw material exports, as they can enhance competitiveness and create more employment opportunities.

Lastly, Ghana must foster social and economic growth through targeted interventions. Investments in education infrastructure, teacher training, and the National Health Insurance Scheme (NHIS) will enhance social services and address challenges in healthcare and education. Supporting agricultural initiatives like the "Feed Ghana Programme" and developing key infrastructure in sectors like roads, energy, and transportation will drive productivity and attract investments. Strengthening partnerships with donors to align their priorities with Ghana's needs, alongside combating corruption and improving public financial management frameworks, will create an environment conducive to inclusive growth and sustainable development. Through these multifaceted efforts, Ghana can reduce its dependence on external aid and realize the "Ghana Beyond Aid" vision.

1. INTRODUCTION

For a long time, aid has been regarded as important for economic development in low- and middle-income countries, serving as both a lifeline and a catalyst for economic growth. Aid primarily comes in two forms: either as grants or concessional loans.[2] Within this framework, official development assistance (ODA) is generally considered the benchmark for international aid. ODA has been the main source of financing for low- and middle-income countries since the Organisation for Economic Co-Operation and Development (OECD) adopted it as the gold standard for foreign aid in 1969.[3] ODA comes in the form of a foreign government giving aid that promotes and targets economic development and the welfare of low-and middle-income countries except those in the Group of Eight (G8) or prospective European Union (EU) countries that have a clear date of accession.

Since the 1960s, aid has been key in shaping the development trajectory of sub-Saharan Africa (SSA). For instance, between 1980 and 2018, SSA received nearly United States dollar (USD) 2 trillion in foreign direct investment (FDI) and ODA combined.[4] For context, the gross domestic product (GDP) of SSA in 2023 stood at USD 2.04 trillion. Furthermore, the global ODA reached a record USD 287 billion in 2022 (constant 2021 prices),[5] USD 208 billion for 2023,[6] and 3 percent of global FDI in 2023[7] (about USD 61.2 billion). Notwithstanding the generosity of rich countries, global ODA falls short of the Sustainable Development Goal (SDG) 17 target, and yet ODA remained a crucial financing source for low- and middle-income countries in 2022.[8]

Ghana exemplifies how aid has underpinned economic growth. Aid was instrumental in the country's recovery from the 1981 to 1983 economic recession, following Bretton Woods-sponsored economic reforms, which propelled the economy from negative growth (averaging –3.6 percent annually) to an annual average of 5.14 percent in the decade from 1984 to 1993.[9] The growth was fueled by agriculture, particularly cocoa production, and minerals export, while implementation of the Economic Reform Program (ERP) succeeded in raising output and increasing private sector activity and investment[10]. These reforms and continued aid inflow set the stage for Ghana's continued strong positive economic growth until 2019 (average annual growth from 1984 to 2019 was 5.64 percent). Over the same period, as Ghana grew wealthier and transitioned to middle-income status in 2010, the size of ODA inflows waned. Again, this transition brought a gradual reduction in access to concessional funding, shifting the focus toward domestic resources and more-expensive private sector sources of financing.[11]

While this growth and middle-income status have been widely celebrated, they have not been without challenges. First, it is important to note that the transition to middle-income status was due mainly to a statistical rebasing[1] of the national accounts rather than real changes in the fundamental elements of the economy. The new status, however, meant that while on paper poverty was reduced, extreme poverty persisted across the country. Moreover, the celebrated growth has been accompanied by weak employment generation and worsening inequality,[12] undermining the expected trickle-down effect. Despite implementing several tax reforms, Ghana's revenue-to-GDP ratio remains low, trailing behind regional and structural peers. Approximately 42 percent of the Ghanaian economy is taxed, contributing 86 percent of total tax revenue, while 58 percent of the economy remains largely untaxed.[13] Most of the taxation is of the formal sector of the economy, which consists of less than 20 percent of businesses, while the informal sector remains undertaxed.[14] This underscores the urgent need for enhanced tax enforcement mechanisms to ensure a more equitable and comprehensive revenue mobilization strategy.

[1] The base year for the economy was changed to 2006 from 1993. Rebasing ensures that the prices used in the gross domestic product (GDP) calculations reflect recent reality. The most recent rebasing updated the base year from 2013 to 2018. It utilized updated surveys, aligned with international standards, and improved data accuracy, reflecting significant structural changes in the economy and enhancing the reliability of GDP estimates.

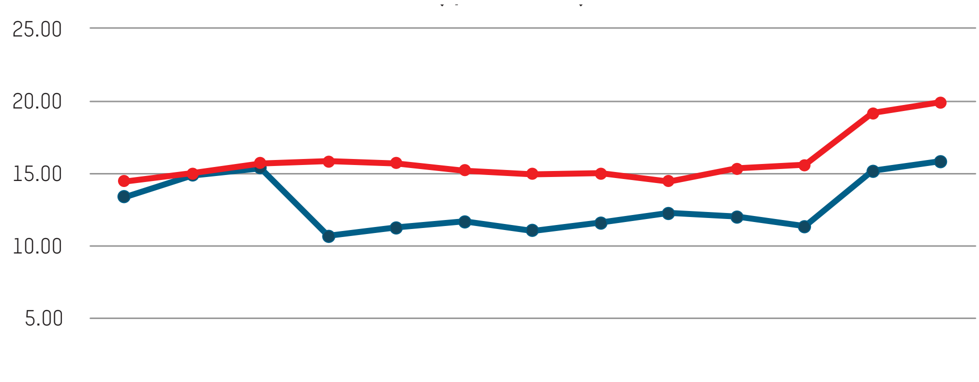
After winning the 2016 presidential election, Nana Akuffo-Addo declared a new vision: Ghana Beyond Aid, in 2018. This vision sent a signal that the country was determined to wean itself off reliance on international aid and to mobilize resources locally to pursue its development objectives. Foreign aid responded to this call, and aid receipts reduced further in the years that followed, bar 2020 with the onset of COVID-19. COVID presented new challenges, and although Ghana needed aid to navigate the post-COVID era, donor countries had growing domestic needs that seemed to have affected their ability and political will to continue to extend aid. These events, coupled with the issues raised hitherto, contributed to Ghana's default on her debt obligations. As of December 2024, Ghana was in her second year of a three-year International Monetary Fund (IMF) program, the 18th in the country's 67-year history.

As of February 2025, the president of the United States had decided to significantly cut US foreign aid. This has led to the disruption of critical programs globally, including in Ghana. These cuts, part of the "America First" policy, led to the freezing of United States Agency for International Development (USAID) funding, impacting sectors such as healthcare, education, and agriculture in low- and middle-income countries.[15] Ghana, which relied on US aid for initiatives like teacher training, food security, and public health programs, faced a USD 156 million funding gap, and this gap will have to be met by domestic sources.[16] Ghana's new president, John Mahama, has responded to this and other constraints on foreign funding by cutting government spending but has promised to protect social spending.[17] The Trump aid cuts may well be a wake-up call that it is time to live beyond aid.

1.1 REVENUE AND EXPENDITURE DYNAMICS IN GHANA

The ongoing 18th IMF-supported program is predicated on revenue enhancement relative to expenditure rationalization. Revenue adjustments are expected to contribute approximately 60 percent of the fiscal savings, while expenditure rationalization delivers 40 percent.[18] This has become necessary as government expenditure has consistently exceeded its revenues and has had to rely on debt to fill the fiscal gap. For instance, compared to the SSA average, Ghana's tax as a percentage of GDP is low. Figure 1 shows that from 2010 to 2022, Ghana achieved between 10 percent and 16 percent of GDP in tax collection compared to the SSA range of 14 percent to 20 percent. Meanwhile, government spending as a percentage of GDP has ranged from 17 percent to 27 percent for the same period compared to a SSA average of between 18 percent to 24 percent (see Figure 2).

Figure 1. Comparison of tax (percent of GDP) of Ghana(GHA) and sub-Saharan Africa (SSA)

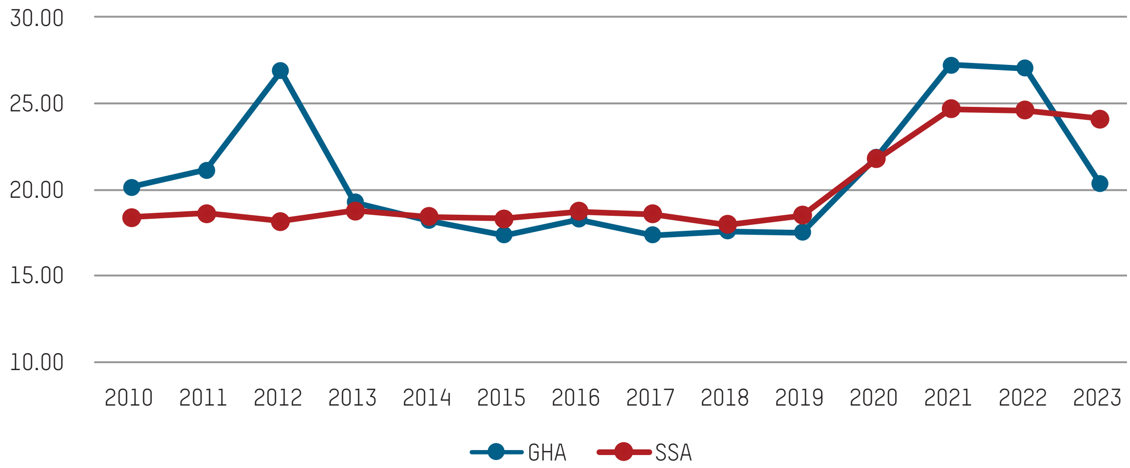


	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
GHA	13.39	14.87	15.37	10.67	11.25	11.69	11.06	11.58	12.24	12.00	11.34	15.18	15.84
SSA	14.45	14.98	15.71	15.85	15.72	15.20	14.94	15.01	14.46	15.32	15.59	19.16	19.92

GHA SSA

Source: Authors' construct with data from IMF Fiscal Monitor for the various years

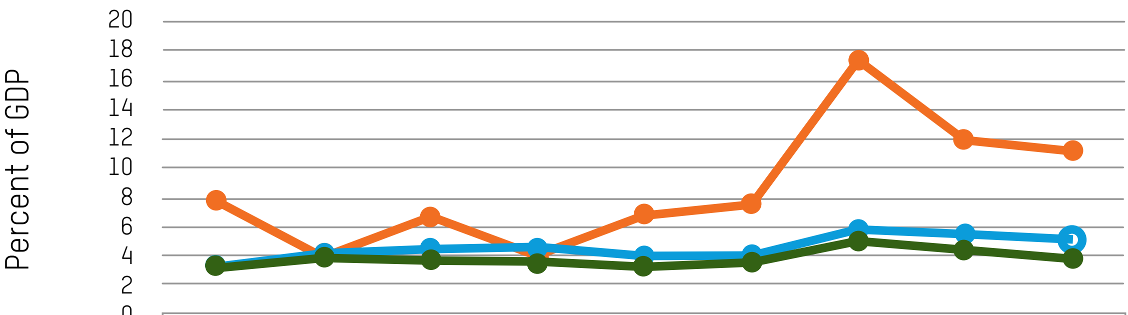
Figure 2 . Comparison of expenses (percent of GDP) of Ghana(GHA) and sub-Saharan Africa (SSA)



Source: Authors' construct with data from IMF Fiscal Monitor for the various years

These deficits have been elevated since 2012, in years when presidential and parliamentary elections were held and in years when the country experienced an economic crisis. For instance, Figure 3 shows that the fiscal deficit was 7.8 percent of GDP in 2014 due to the energy crisis of 2013 to 2015, and although it reduced to 4.1 percent of GDP in 2015, it rose again to 6.7 percent of GDP in 2016, an election year. It fell back to 4.5 percent in 2017 but rose yet again to 6.8 percent of GDP in 2018 due to a financial sector crisis. It continued to rise and reached its peak of 17.4 percent of GDP in 2020. The exceptionally high rate for 2020 can be attributed to the fact that that year was both an election year and also a year when the COVID-19 pandemic was at its peak.

Figure 3. Overall fiscal deficit of Ghana(GHA), low- and middle-income(LMIC), and sub-Saharan Africa(SSA) average from 2014 to 2022 (percent of GDP)



	2014	2015	2016	2017	2018	2019	2020	2021	2022
GHA	7.8	4	6.7	4	6.8	7.5	17.4	12	11.2
LMIC	3.1	3.8	3.7	3.6	3.3	3.5	5	4.4	3.8
SSA	3.3	4.1	4.5	4.5	4	4	5.8	5.5	5.1

Source: Africa Centre for Energy Policy(ACEP) with data from the IMF Fiscal Monitor

Compared to the averages for low- and middle-income countries and for sub-Saharan Africa, whose deficits have ranged from 3.3 percent to 5.8 percent of GDP, Ghana appears not to be motivated to live within its means. The fiscal gap is filled by borrowing, which often becomes unsustainable and has led the country to several IMF-supported programs. In all the country's engagement with the IMF, public debt unsustainability has been a recurring development. Consequently, the ongoing IMF-supported program has mirrored the narrative of revenue-based fiscal consolidation by raising more domestic resources through reducing expenditure inefficiency, corruption, and procurement infractions, which have combined to undo the country's development progress. To realize this objective, the country has developed the National Revenue Policy and followed that up with the Medium-Term Revenue Strategy (MTRS 2024–2027), which is supposed to increase revenue from around 13 percent currently to approximately 18 percent–20 percent, implying a yearly growth of 1.18 percent in 2024, 1.99 percent in 2025, 1.2 percent in 2026, and 0.8 percent in 2027.

The attainment of middle-income status did not confer additional revenue on Ghana. Yet, as a result of this status, ODA inflows started tapering off, which left a huge financing gap that many countries, including Ghana, had to fill with external commercial funding (such as more expensive Eurobonds). For example, for three years from 2016 to 2018, aid (the sum of grants and concessional loans) averaged 5.7 percent of the Government of Ghana's budgetary expenditures; if we consider only grants, the average was 3.2 percent.[19] For the year 2018, they were 3.1 percent for aid and 2.0 percent for grants.[20]

While scaling up domestic resource mobilization (DRM) has been difficult, the government found the easiest way out through the International Capital Market (ICM), as many SSA countries have done. For example, since 2005, 11 out of the 15 lowest low- and middle-income countries that issued sovereign bonds have been from Africa, with Ghana, Kenya, and Cote d'Ivoire leading the pack. As of December 2022, the Ghana government's debt exposure to external bilateral creditors was more than twice as low (USD 5.4 billion) compared to external commercial in terms of Eurobonds (USD 14.6 billion).[21]

Though public debt has become an integral part of African public finance since independence, debt management has been elevated following the Heavily Indebted Poor Countries (HIPC)[2] and Multilateral Debt Relief Initiatives (MDRI). The concept of debt sustainability gained traction in the economics and finance literature in the late 1990s and has explained many of the program engagements with the International Monetary Fund (Ghana–18 times, Kenya–22 times, Nigeria–5 times, Zambia–13 times, Ethiopia–8 times, and Liberia–24 times). The results of financing the funding gap have led to debt unsustainability, thereby crowding out priority spending. Over time, Ghana's debt became expensive and unaffordable. This culminated in Ghana losing access to the International Capital Market (ICM) in the third quarter of 2021. Consequently, Ghana made a call to the IMF for a Fund-supported program, which required debt restructuring as a condition precedent to Board approval, with the domestic debt being a priority given that it absorbed more than 70 percent of debt servicing obligations.[22]

As part of the debt restructuring, the Ministry of Finance introduced the Domestic Debt Exchange Programme (DDEP[3]), a program that was meant to address the country's unsustainable public debt servicing, which at the time accounted for about 70 percent of tax revenue.[23] The program involved

[2] The Heavily Indebted Poor Countries (HIPC) Initiative is a program launched in 1996 by the International Monetary Fund (IMF) and the World Bank. Its aim was to help the world's poorest countries manage and reduce their unsustainable debt burdens, allowing them to allocate more resources toward poverty reduction, healthcare, education, and economic development. It entailed debt relief for qualifying countries.

[3] Following the successful domestic restructuring, an external debt restructuring was carried out. The external restructuring reduced the nominal value of the external debt by about 37 percent, amounting to about United States dollar (USD) 5 billion. The interest rates to be paid on the debt were also reduced from an average of 8 percent to 5 percent (Ghana News Agency (GNA), "Ghana Completes External Debt Restructuring with Eurobond Holders," *Ghana News Agency*, October 3, 2024, https://gna.org.gh/2024/10/ghana-completes-external-debt-restructuring-with-eurobond-holders. Accessed January 6, 2025.)

exchanging existing domestic bonds for 12 new bonds maturing between 2027 and 2030. The exchange led to a reduction in coupons, a delay in the payments to bondholders, and a significant reduction in the value of the bonds. The ministry hoped that this would reduce the debt repayment burden in the short term so that more tax revenue could go to essential public spending. An unintended but unavoidable consequence was that a significant number of middle-class households, who had significant investments in government bonds, were plunged into poverty, and trust in the financial sector waned.[24] In addition, IMF-inspired austerity measures in the latest fund-supported program would have serious implications for job-rich growth and sustainable employment, as well as poverty and inequality, in the next three years of the program implementation as a stern fiscal consolidation takes a bite on the economy. Despite the net financing arrangement in the balance of payments amounting to USD 15 billion amortized over three years to 2026, given that the International Monetary Fund is giving only USD 3 billion and the World Bank is giving approximately USD 1.5 billion, the country has had to restructure its external debt, which was concluded recently. The country secured USD 2.8 billion from external bilateral creditors, while USD 4.7 billion was secured from external commercial creditors.

The IMF-inspired debt restructuring has essentially succeeded in creating fiscal space to enable the IMF-supported program to deliver on its objectives. However, for Ghana to meet its Sustainable Development Goals, the government estimates that approximately USD 52.2 billion is required annually,[25] and Africa as a whole needs about USD 1.3 trillion annually to meet their sustainable development needs by 2030 (from 2021).[26] Given Ghana's economic circumstances, it is unlikely that these financing needs can be met with local resources. There is, therefore, an urgent need to explore more sustainable funding options for the country while understanding the impact of DDEP and the external debt restructuring on private funding for SDGs, climate finance, and other government commitments.

The above narratives raise significant questions such as:

1) To what extent would the needs for Ghana's COVID-19 recovery impinge on the financing for reducing poverty and economic and gender inequality?
2) To what extent will the domestic needs of donor countries impinge on current and future commitments to Ghana?
3) To what extent will Ghana's December 2022 default on its external loans affect future financing for development?

The main goal of this study is to answer these questions by evaluating the extent to which Ghana has been dependent on aid and debt, and how its fiscal vulnerabilities and the decline in aid have affected economic and social welfare. The report is structured as follows: Section 2 presents a brief survey of the public finance literature related to the role of aid in economic development. Section 3 discusses the impact of COVID-19 on Ghana's economy. Section 4 discusses the Ghana Beyond Aid Charter, and Section 5 discusses Ghana's economic outlook. Section 6 presents a stakeholder analysis, and recommendations are presented in Section 7.

1.2 APPROACH AND METHODOLOGY

The research employs a mixed method of quantitative and qualitative approaches.

The **qualitative approach** entails extensive desk reviews of relevant literature on Ghana Beyond Aid, domestic resource mobilization, and trends in official development assistance. This was followed by stakeholder mapping, which enabled the researchers to **identify possible misalignment in stakeholder interests and motivations**, and expose any social and institutional aspects of post-ODA domestic revenue mobilization that need to be addressed. This ultimately led to the development of a **power (influence)–interest matrix** (Figure 14), which is useful for stakeholder engagement to ensure efficiency and minimize conflict. Four categories of stakeholders were analyzed:

- **Low interest, high influence:** Stakeholders with little interest but much influence over positive change;
- **High interest, high influence:** Stakeholders with a strong interest and strong influence over positive change;
- **Low interest, low influence:** Stakeholders with little interest and little influence over positive change;
- **High interest, low influence:** Stakeholders with a strong interest but little influence over positive change.

This was operationalized through key informant interviews (KIIs) through multiple structured interviews/questionnaires with the individuals and sector organizations: government agencies (Ministry of Finance, Ministry of Education, and Ministry of Health), development partners, civic society, and influential thought leaders, among others. Albeit limited in number, the interviews do provide relevant insight into how government and civil society organization (CSO) actors view challenges to aid and development financing. The analysis took into consideration the political economy dynamics of the actors and interests around Ghana Beyond Aid and domestic revenue mobilization in Ghana.
For the quantitative analysis, quantitative funding data were gathered and analyzed from Ghana Budget Statement and Economic Policy (https://mofep.gov.gh/index.php/publications/budget-statements), Fiscal Outturn Report (Ministry of Finance, https://mofep.gov.gh/index.php/fiscal-data), Sustainable Development Goals (SDGs) (https://mofep.gov.gh/publications/sustainable-development-goals-budget-documents), development finance data from OECD (https://www.oecd.org/dac/financing-sustainable-development/development-finance-data/), World Bank Development Indicators, SDGs tracker for Ghana (https://dashboards.sdgindex.org/profiles/ghana), and Human Development Indicators (https://hdr.undp.org/data-center/country-insights). Collated data were extracted into a unified dataset to allow for various sectoral analyses consistent with the objectives of the assignment, utilizing tools that included descriptive statistics and inferential statistics.

2. FINANCING GHANA'S DEVELOPMENT

2.1 TYPES AND TRENDS OF GHANA'S DEVELOPMENT FINANCE

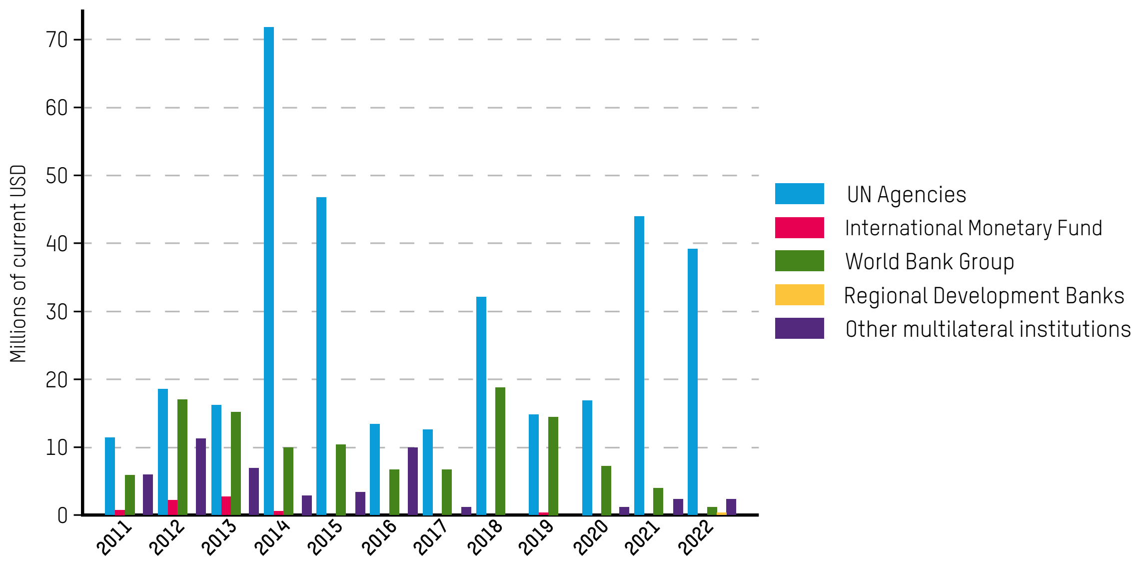
Development finance focuses on funding and financial strategies to promote economic development in low- and middle-income countries. It involves mobilizing resources to finance initiatives aimed at reducing poverty, improving infrastructure, and improving education, healthcare, and public services. The main types of development finance include official development assistance (ODA), foreign direct investment, private sector investments, and domestic resources such as taxes and savings. ODAs may be in the form of grants and concessional loans. Since the early 1980s, Ghana has relied heavily on various forms of development finance to support its economic growth and development efforts. This reliance was precipitated by a severe economic downturn that led the country to seek assistance from the Bretton Woods institutions.[27] The types and sources of development finance have varied over time, shaped by global economic trends, donor interests, and Ghana's domestic political and economic policies. The primary sources of development finance for Ghana have included official development assistance (ODA), private capital flows, remittances, debt financing, and grants combined with technical assistance. Each source's significance has shifted across different periods, reflecting the dynamic nature of both Ghana's development needs and global development financial trends.

Ghana's ODA has come mainly in the form of bilateral and multilateral aid. Bilateral aid, provided directly by foreign governments such as the United States, the United Kingdom, Japan, Belgium, the Netherlands, and Germany, has often been required to be spent on specific sectors, particularly education, health, and infrastructure. This assistance has frequently been channeled through international development agencies such as USAID, Japan International Cooperation Agency (JICA), and the Foreign, Commonwealth & Development Office (FCDO) (formerly Department for International Development (DFID)).[4] Multilateral aid, on the other hand, has come from institutions such as the World Bank, the International Monetary Fund (IMF), the African Development Bank (AfDB), and various UN agencies (as illustrated in Figure 4).

In the 1980s, Ghana's economic challenges necessitated substantial multilateral aid, particularly as the country engaged with the IMF and World Bank under structural adjustment programs (SAPs). These programs aimed to reform Ghana's economic structure by liberalizing trade, deregulation, divestment of state corporations, promoting fiscal discipline, and supporting macroeconomic stabilization. Figure 5 depicts the annual trend of multilateral aid to Ghana since the adoption of SAPs, showing a steady influx of aid that averaged about USD 343 million annually between 1980 and 2005.[28] The HIPC Initiative in the early 2000s marked a turning point; debt relief provided under this program significantly alleviated Ghana's debt burden, which enabled the government to redirect resources toward social programs and infrastructure projects. This period saw an expansion in social spending, as the debt relief provided fiscal space for programs that improved education and healthcare access.

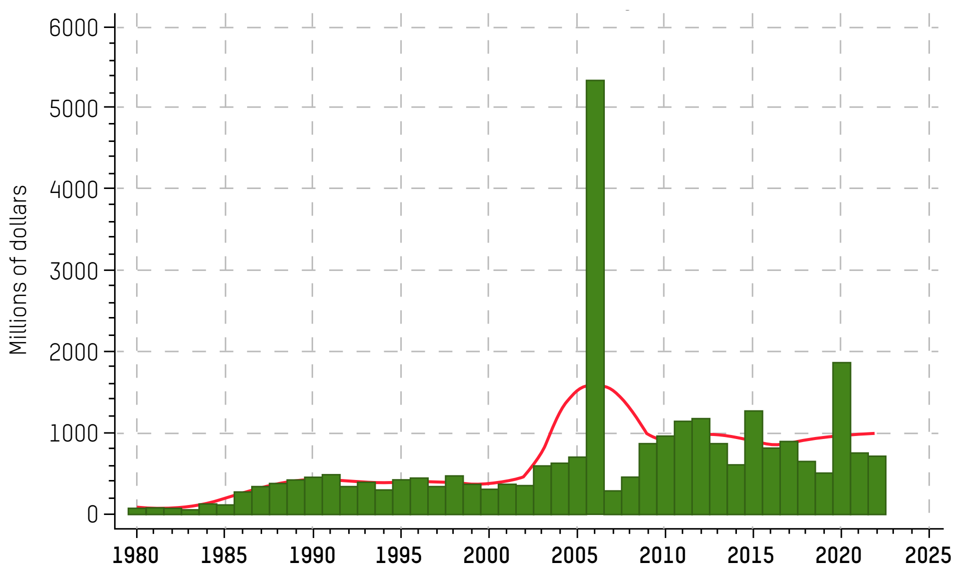
[4] USAID (United States Agency for International Development), JICA (Japan International Cooperation Agency), and FCDO (Foreign, Commonwealth & Development Office, formerly Department for International Development (DFID)).
-USAID focuses on economic development, disaster relief, and democracy-building worldwide. Recently, there have been discussions about funding cuts and restructuring.
- JICA is Japan's agency for international cooperation, supporting infrastructure projects, education, and disaster resilience in low- and middle-income countries.
- FCDO (formerly DFID) oversees the UK's foreign aid and development programs. Since DFID was merged into FCDO, there have been significant budget reductions and shifts in priorities.

Figure 4. Multilateral donors, including UN agencies and Regional development banks



Source: Authors' calculation using data from OECD

Figure 5. Total aid from multinational aid organizations to Ghana



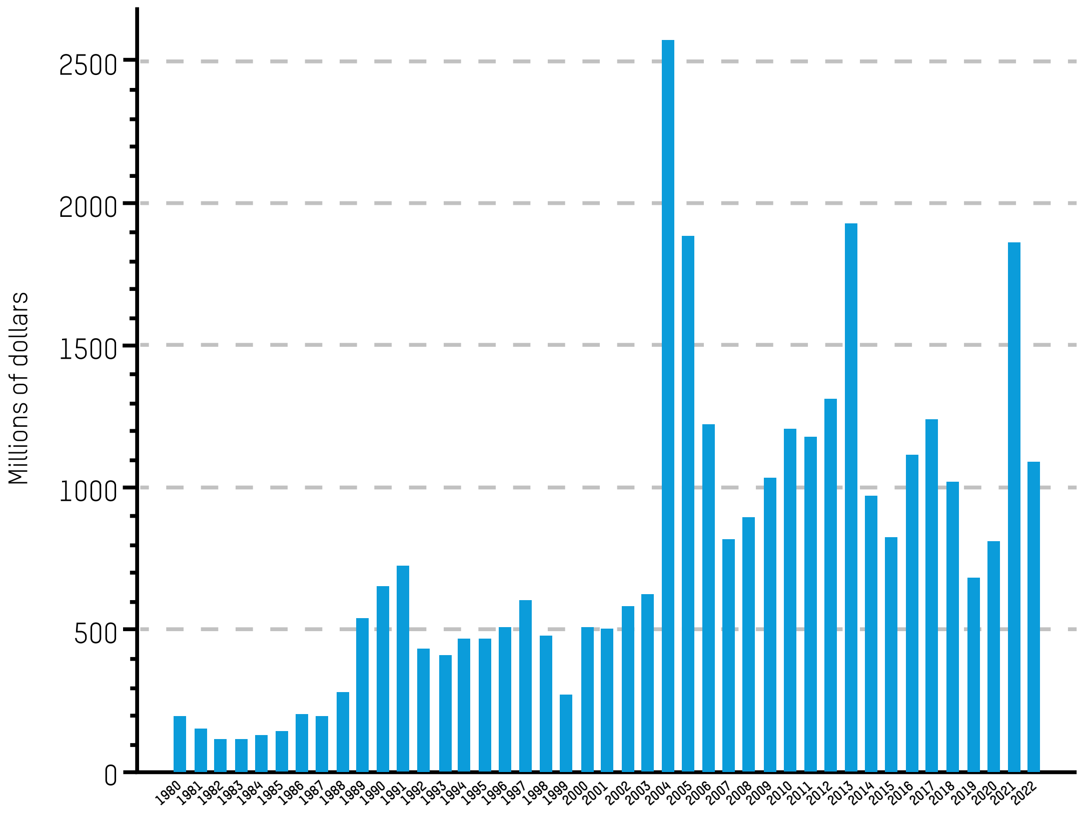
Source: Authors' calculation using data from OECD

A notable spike in aid occurred in 2006, reaching over USD 5 billion as Ghana concluded its participation in HIPC and embarked on ambitious development plans supported by international partners (see Figure 5 and Figure 6). However, following Ghana's attainment of lower-middle-income status, multilateral aid declined sharply after the 2006 spike. This decline continued after the government declared its aspiration for "Ghana Beyond Aid," a vision that sought to reduce dependence on foreign assistance. An exception to this downward trend was the one-off increase in aid observed in 2020 due to emergency support related to the COVID-19 pandemic.

As Ghana's development finance needs continued to grow, particularly after attaining middle-income status, the country shifted toward using more debt financing. Figure 7 highlights this trend, showing that non-concessional loans have become increasingly important in Ghana's development finance mix. The growing reliance on non-concessional loans and the issuance of Eurobonds marked a shift in strategy. Ghana issued its first Eurobond in 2007, leveraging international capital markets to access development finance. The Eurobond issuances continued through the 2010s, allowing the government to fund large-scale projects but also increasing the nation's exposure to debt-servicing risks, particularly as global interest rates began to rise.[29]

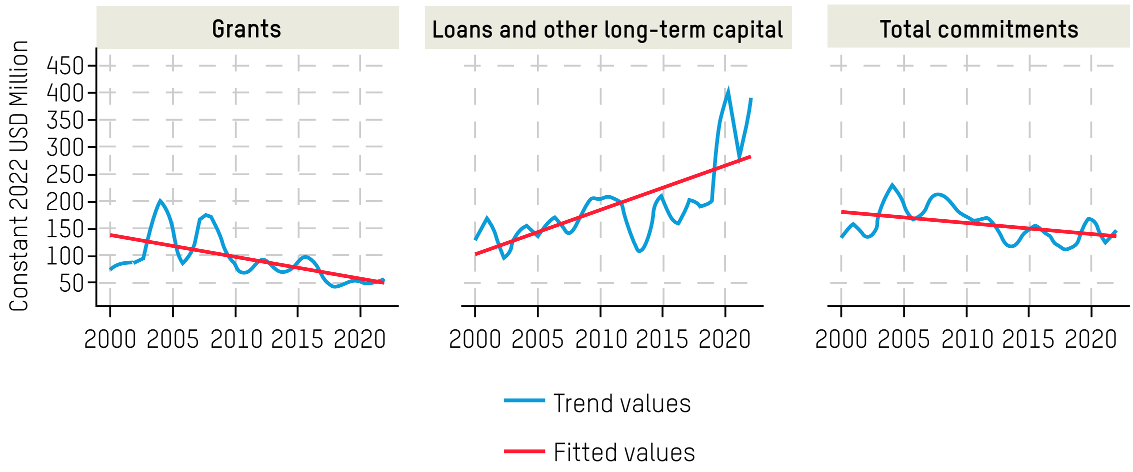
Private capital flows, notably in the form of foreign direct investment (FDI), have played a pivotal role in Ghana's development finance landscape. These investments have been concentrated in sectors such as mining and oil, with the discovery of oil in 2007 being a significant milestone that boosted FDI inflows.[30] The growth of FDI contributed to job creation, infrastructure development, and technology transfer, enhancing the country's productive capacity and facilitating broader economic development.[31] Portfolio investments, such as bonds and equities, also became relevant, albeit to a lesser extent than FDI, as Ghana developed its capital markets.

Figure 6. Total bilateral aid to Ghana



Source: Authors' calculation using data from OECD

Figure 7. Trend of aid received by aid type



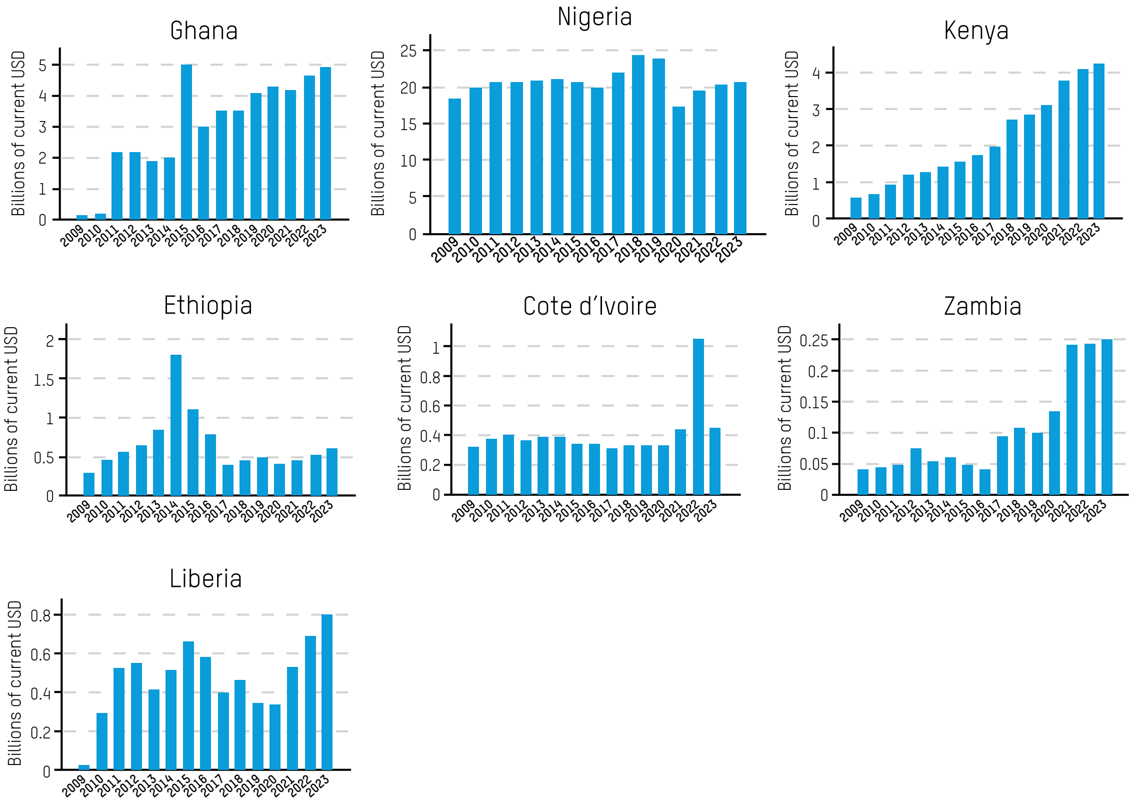
Source: Authors' calculation using data from OECD

Also, remittances have emerged as a crucial and growing source of foreign exchange and household income, particularly in the 2010s.[32] By 2015, remittance inflows to Ghana had reached approximately USD 5 billion, an impressive rise from negligible amounts before 2010 (Figure 8). A similar trend can be seen in other African countries like Nigeria, Kenya, Zambia, and Liberia. Remittances have played a vital role in reducing poverty and funding essential services such as education and healthcare at the household level.[33] These private transfers have become a stabilizing force in the economy, supporting consumption and local investments even during periods of economic uncertainty.[34]

2.2 SOCIAL SPENDING AND DEVELOPMENT FINANCE IN GHANA

Social spending in Ghana has evolved in tandem with the changing sources of development finance and macroeconomic conditions. The SAPs of the 1980s and 1990s, while essential for economic stabilization, often imposed conditions that restricted public expenditure, leading to cutbacks in social services and public sector employment.[35] The debt relief provided by the HIPC Initiative in the early 2000s, however, marked a turning point. With reduced debt-servicing obligations, Ghana had the fiscal space to increase investments in health and education, a shift reflected in expanded social programs and infrastructure projects. The discovery of oil and the subsequent increase in FDI in the 2000s and 2010s further supported social spending, enabling government programs such as the National Health Insurance Scheme (NHIS) and the Free Senior High School (SHS) Initiative launched in 2017. These programs reflected a commitment to human capital development, supported by enhanced revenue streams. Nonetheless, rising debt levels in the 2010s posed new challenges as debt-servicing costs began to squeeze the national budget, raising concerns about the sustainability of social expenditures. These concerns began to crystalize in the recent five years with the onset of COVID-19, Ghana's debt default, and various global challenges.

Figure 8. Remittances to selected African countries



Source: Authors' calculation using data from OECD

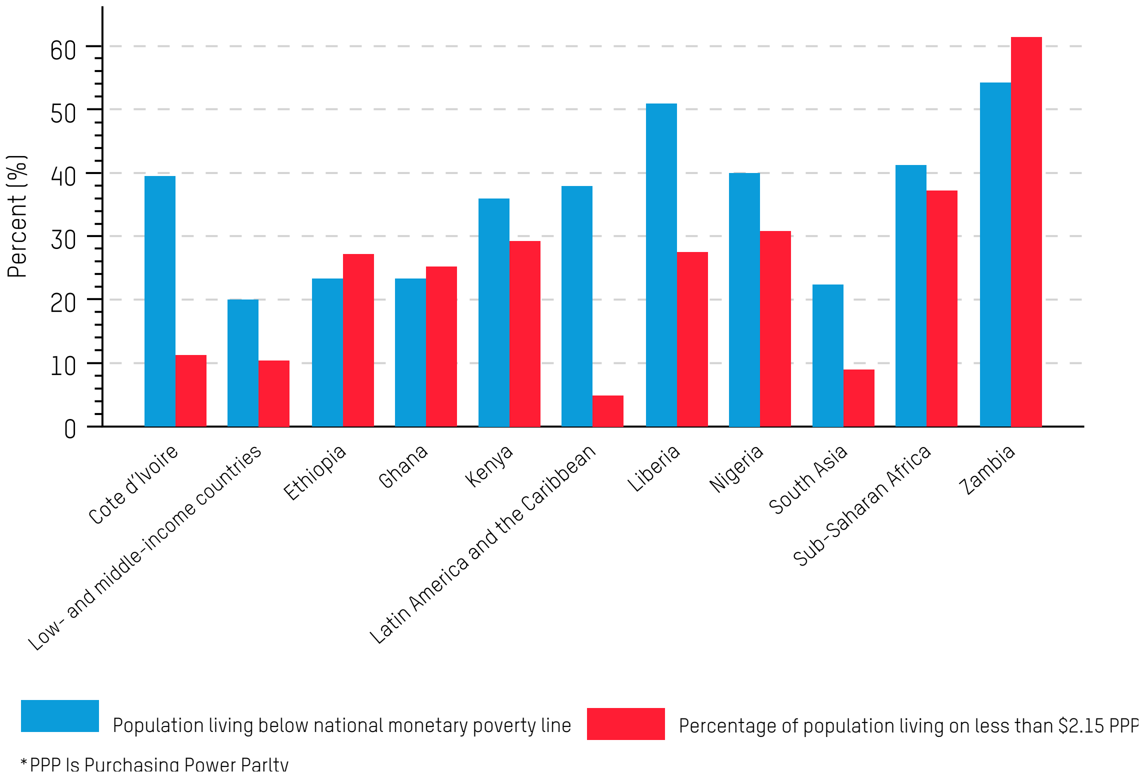
3. POST-COVID-19 ECONOMY OF GHANA

3.1 COVID-19, POVERTY, AND INEQUALITY IN GHANA

Ghana, like many low- and middle-income countries, was severely impacted by the COVID-19 pandemic. The government implemented several response measures, including stimulus packages for businesses, health sector interventions, and transfer payments to households. The government also waived the cost of water and electricity for households for months. These interventions, among other things, were aimed at protecting the economy as a whole and people's livelihoods and preventing a worsening of economic inequality. However, the fiscal space was limited, and many of these measures required significant financial resources. As Ghana emerged from the pandemic, the financing needed for COVID-19 recovery competed, and continues to compete, with other priorities, including debt servicing.

Prior to the pandemic, the economy was already fragile, having been faced with a high public debt burden, perennial fiscal deficits, and inflationary pressures. The fragility was, however, further revealed with the onset of the pandemic, with the debt-to-GDP ratio rising from about 65.6 percent in 2019 to about 90 percent in 2022.[36] Similarly, inflation increased to 54.1 percent, which was the highest in decades.[37] Moreover, although revenue continues to grow in local currency terms, the growth has been much smaller in dollar terms. As a result, the Ghanaian government has faced the challenge of balancing immediate pandemic relief efforts with long-term economic sustainability.

Figure 9. Population living below the poverty line in low- and middle-income countries in 2023

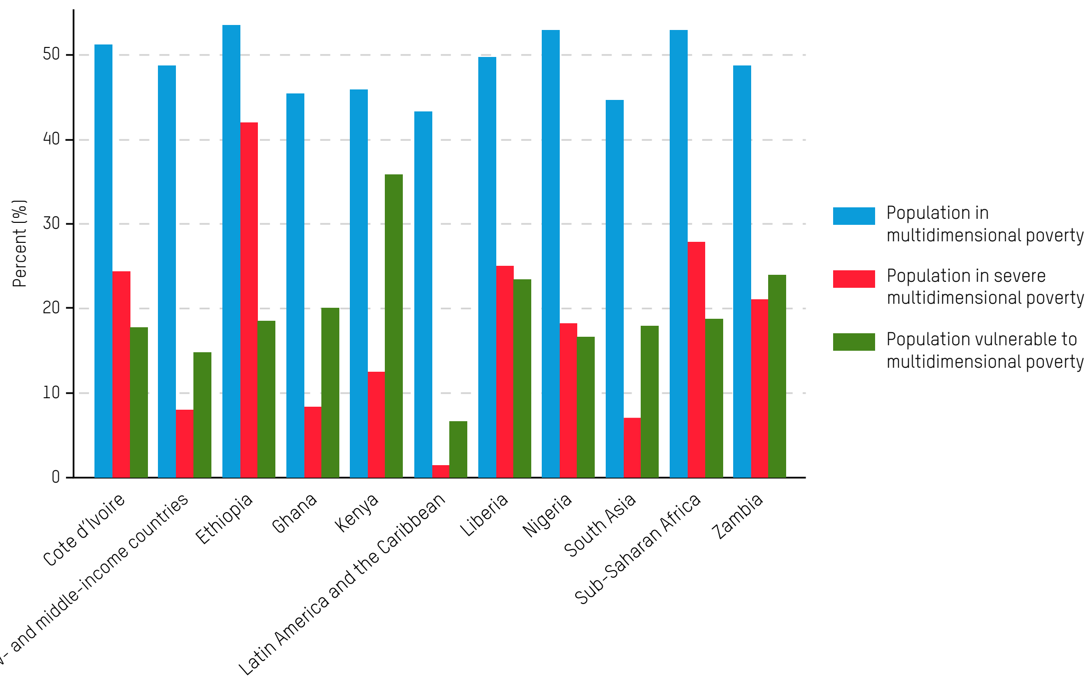


Source: Authors' calculation using data from OECD

The IMF's USD 3 billion assistance and the government's resort to domestic debt restructuring, along with its engagement in external debt restructuring, show how dire the situation was. The fiscal space required for economic recovery, particularly as the IMF-supported program focuses on fiscal consolidation and debt restructuring, limits the room for financing social programs aimed at poverty alleviation and addressing inequality. This led to a substantial increase in the number of people living in extreme poverty, from 2.4 million (approx. 7.8 percent of the population) in 2019 to 2.99 million (approx. 9.1 percent) as of 2023.[38] As of 2024, the statistical service estimates that 6.9 million (21 percent) Ghanaians are at risk of falling into poverty or are already in poverty.[39] Figures 9 and 10 show the proportion of Ghana's residents living in poverty relative to other low- and middle-income countries as of 2023. Clearly, Ghana outperforms many countries in sub-Saharan Africa across poverty measures but is worse than the low- and middle-income country average. Much of this is due to lower standards of living (see Figure 11).

In the medium term, the government's focus on economic recovery, such as infrastructure rebuilding, health sector investment, and fostering business resilience, will require substantial resources. However, given the fiscal constraints (heightened by external debt obligations and the transition from aid dependence to more market-based financing), funds available for poverty reduction programs and gender-focused policies may be inadequate. A prolonged economic recovery may worsen income disparities, as marginalized groups, especially women and those working in the informal sector, bear the brunt of the crisis.

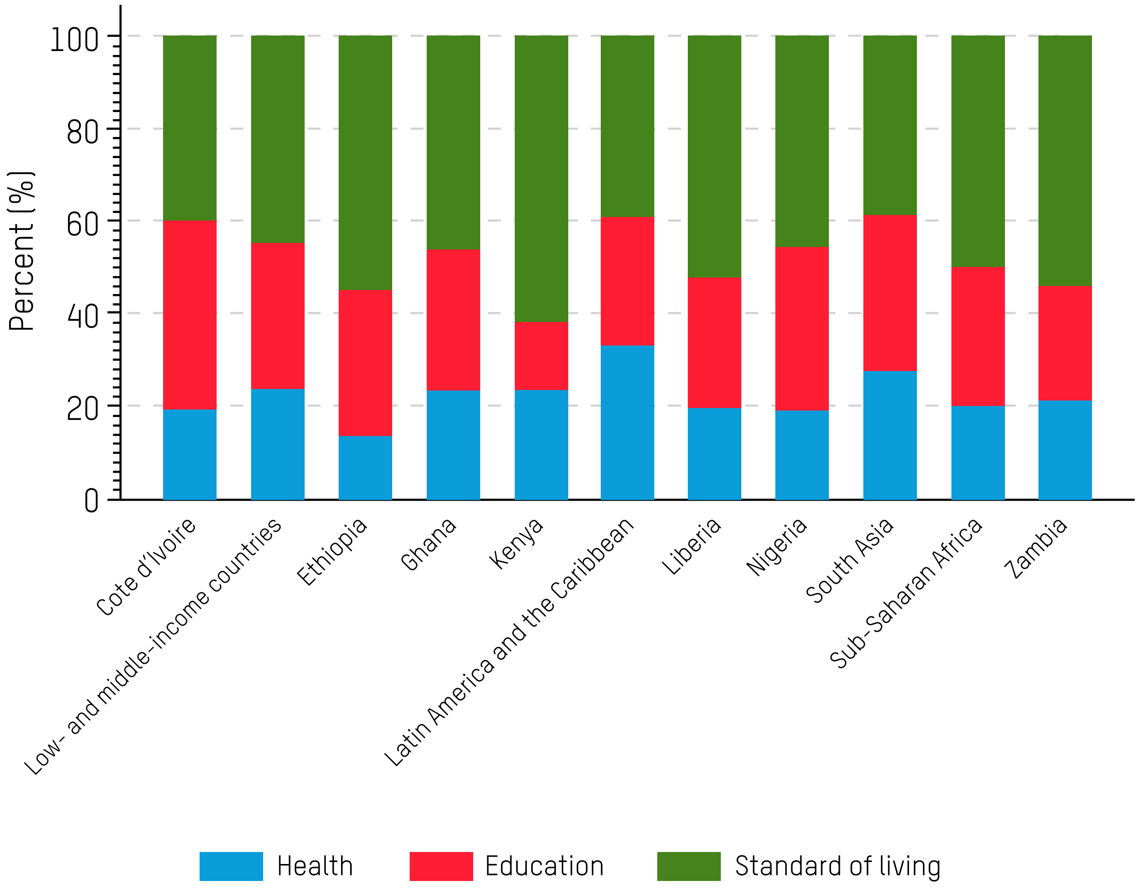
Figure 10. Population living in multidimensional poverty in low- and middle-income countries in 2023



Source: Authors' calculation using data from OECD

Women in Ghana are particularly vulnerable to economic shocks, as they are disproportionately represented in the informal economy, which faced the most significant disruption during the pandemic.[40] The focus on fiscal consolidation and debt restructuring in the post-COVID-19 recovery efforts may inadvertently sideline gender-sensitive policies. Cuts in public expenditure could further limit the resources available for gender-focused interventions like maternal health, education, and employment initiatives that specifically target women. Similarly, youth employment, already a significant challenge in Ghana, is likely to be further hindered by the need to focus on fiscal austerity and repayment of public debt. Youth unemployment and underemployment were rising before the pandemic, and the lack of a strong recovery plan that specifically targets the youth could lead to stagnation in human capital development, hindering long-term poverty reduction efforts.

Figure 11. Component of poverty measures in low- and middle-income countries in 2023



Source: Authors' calculation using data from OECD

Long-term poverty reduction will require sustainable financing solutions. Given the challenges in tax mobilization (with only 42 percent of the economy taxable), Ghana's recovery plans will need to focus on broadening the tax base, improving revenue generation, and fostering inclusive economic growth that integrates marginalized groups. However, the fiscal pressures from the COVID-19 recovery effort may hinder the government's ability to make these necessary investments.

3.2 TO WHAT EXTENT WILL THE DOMESTIC NEEDS OF DONOR COUNTRIES IMPINGE ON CURRENT AND FUTURE COMMITMENTS TO GHANA?

The global financial landscape is shifting, and the domestic needs and geopolitics of donor countries may significantly impact their ability and willingness to fulfil current and future commitments to countries like Ghana.

Already, net changes in transfer to low- and middle-income countries, including from the traditional multilateral institutions, have been on the decline since 2007 as evidenced in Table 1 below and Figures 4 to 6 above. The Ghana MTRS 2024–2027 outlines significant policy steps to fill the gap created by this decline.[41]

Table 1. Change in net transfers by international financial institutions from 2022 to 2023, USD bn

	Non-Concessional	Concessional	Total
World Bank Group (IBRD/IDA)	-8	2	-6
IMF	-21	2	-19
ADB	-5.74	-0.02	-5.76
AIIB	-2	-0.49	-2.49
IADB	-1	-0.06	-1.06

Source: G20-IEG, 2023[42]

There are several factors to consider when assessing how domestic challenges in donor countries may affect aid commitments to Ghana. First, many donor countries, particularly those in the Global North, are facing economic challenges, inflation, and high interest rates, which may affect their foreign aid policies. Many donor countries, particularly in Europe and North America, have faced slowdowns in economic growth, high inflation rates, and energy crises (exacerbated by speculations following the Russia-Ukraine war). These economic challenges have placed a strain on government budgets, causing many of them to resort to increasing their borrowing. This has led to a reduction in their international development budgets in favor of domestic spending priorities.[43] Another factor is the global geopolitics and economic fragmentation fuelling the rise of nationalism, regionalism, and regional blocs such as BRICS. In some Western countries, growing populist movements and nationalist sentiments have led to a reduction in foreign aid budgets as public opinion becomes more focused on domestic issues. For instance, in the US, the Trump administration's "America First" policy is causing significant cuts to foreign aid (see Heinrich, Kobayashi, and Lawson (2021)[44] for an overview of this issue). Recently, the US has scaled back significantly on aid, affecting millions of the world's vulnerable, while Europe is signalling a cut on foreign assistance to boost their defence spending, including the likes of the UK, Germany, and France.

Also, donor countries have faced their share of post-COVID-19 pandemic issues that have not only strained their budgets but also highlighted domestic needs. Countries that have been hit hardest by the pandemic, such as those in the European Union, the US, and China, have faced challenges in meeting their existing aid commitments to low- and middle-income countries like Ghana. As donor countries focus on recovery and building resilience at home, funding for international aid has been increasingly deprioritized.[45]

Ghana has experienced aid volatility in the past, with fluctuations in ODA inflows, particularly as the country's economy grew and it moved closer to middle-income status.[46] The volatility in aid is partly a reflection of the fact that aid is often dependent on global economic conditions and donor priorities, which can shift based on domestic needs. The global financial crisis (GFC) of 2008, for example, resulted in a reduction in aid flows to many sub-Saharan African countries, including Ghana. Currently, global challenges such as climate change, migration, geopolitical tensions, rising inflation rates, and nationalism are likely to affect donor countries' budgets. This means that Ghana may experience further volatility in aid flows, with funding commitments potentially shrinking in the short and medium term. Aid saw a momentary increase in 2020 in response to the pandemic but has returned to its pre-pandemic downward trend. As donor countries face increasing pressure from their own domestic issues, they may prioritize certain global challenges over others.[47] Climate change and migration, for example, are likely to receive more attention and funding from donors as these issues are increasingly being regarded as more urgent.[48] Consequently, Ghana may see less emphasis on development aid, particularly in areas like poverty reduction and health, as donor countries turn their focus toward these global issues.[49]

To compensate for reduced aid flows, Ghana may look to alternative financing mechanisms, including the private sector, debt financing, and international capital markets. However, these sources are often more expensive and come with their own set of challenges, including higher interest rates, repayment obligations, and the risk of debt unsustainability. Following Ghana's default on its domestic and international debt and debt restructuring, private sources will remain difficult to access in the medium term. In this context, Ghana may need to adapt its development strategies to secure financing from other sources beyond traditional aid and the private capital market, possibly toward more domestic mobilization, private-public partnerships, and direct foreign investment. However, a shift toward private commercial sources can adversely affect social spending, such as on education, health, and gender equality, and worsen poverty and inequality.

4. GHANA BEYOND AID (GBA) CHARTER

4.1 DOMESTIC REVENUE MOBILIZATION STRATEGIES OUTLINED IN THE GBA CHARTER

The "Ghana Beyond Aid" (GBA) Charter presents a comprehensive approach to strengthening Ghana's domestic revenue mobilization as a fundamental step toward reducing reliance on foreign aid and ensuring sustainable economic growth. This strategy rests on four main pillars: broadening the tax base, improving tax compliance and enforcement, enhancing collection efficiency, and formalizing the informal economy. Each of these areas is designed to boost internal revenue while addressing the structural challenges that have historically hindered efficient tax collection in Ghana. Currently, Ghana's tax base is limited, particularly due to the large informal sector that operates outside the formal tax system. To address this, the Charter encourages a systematic expansion of the tax base to bring more individuals and businesses under formal taxation. This involves streamlining registration processes for small businesses and self-employed workers, providing education on tax obligations, and implementing incentives for voluntary compliance. The Charter suggests that a more inclusive tax base would contribute significantly to the country's revenue generation, especially as it brings in contributions from previously untaxed economic activities. Furthermore, this broader base is expected to create a fairer tax system in which the tax burden is shared across a larger segment of the population.

Improving tax compliance and enforcement is another priority in the Charter, particularly as tax evasion and avoidance practices have considerably reduced potential revenue. The Charter calls for enhancing the Ghana Revenue Authority's (GRA) capacity by investing in training, technology, and auditing capabilities. Additionally, it emphasizes the need for targeted compliance efforts among high-income earners and multinational corporations, which are more capable of employing sophisticated tax avoidance tactics. By strengthening enforcement mechanisms and leveraging data analytics to detect inconsistencies, the Charter envisions a more transparent and effective tax administration system that can increase voluntary compliance and deter evasion.

To reduce inefficiencies in tax collection, the GBA Charter advocates for digital transformation within the tax administration system. Automating tax processes and reducing bureaucratic hurdles can streamline revenue collection, making it more efficient and less susceptible to corruption. The shift toward digital tax filing and payment systems aims to make compliance more accessible for taxpayers and reduce the administrative burden on the GRA. By creating a more user-friendly and efficient collection system, the Charter anticipates an increase in compliance and, consequently, revenue.

The final pillar is the formalization of the informal sector, which comprises a substantial portion of Ghana's economy yet contributes minimally to tax revenues. The GBA Charter emphasizes the need to integrate this sector into the formal economy by simplifying registration processes, offering tax incentives for formalization, and providing financial support for small businesses. Formalizing the informal sector is expected not only to broaden the tax base but also to foster economic inclusivity as more businesses gain access to financial services and government support.

While these strategies are ambitious, their implementation has faced challenges. Efforts to broaden the tax base have met resistance, particularly within the informal sector, which remains largely outside the reach of the formal tax system despite some progress in registration and outreach initiatives.[50] Tax compliance and enforcement measures have also had limited success, primarily due to resource constraints within the GRA and the need for a significant overhaul of compliance frameworks. As part of efforts to increase the tax base, the GRA has adopted the Ghana Card ID number as the taxpayer identification number. This means that over 17 million people are now automatically registered taxpayers, but correctly identifying their taxable income and collecting the tax due remains a challenge. Enforcement is likely to continue to be slow due to political considerations. Although digitalization efforts are underway, including the introduction of digital tax filing and payment systems, progress has been gradual, with many taxpayers yet to fully adapt to the new systems. The overall effectiveness of these strategies in increasing domestic revenue has been mixed. While there has been some increase in revenue, especially through improved collection efficiency and digitalization, the potential gains from broadening the tax base and formalizing the informal sector remain largely unrealized. Additionally, compliance challenges and limited enforcement capacity within the GRA have constrained the full impact of these strategies. Nonetheless, the GBA Charter's focus on domestic revenue mobilization has laid the groundwork for a more resilient and self-sufficient fiscal policy, signalling a shift toward sustainable growth and reducing reliance on external aid.

4.2 SOCIAL INTERVENTIONS FOR ECONOMIC GROWTH

The Ghana Beyond Aid (GBA) agenda, introduced with a vision of long-term sustainable development, hinges heavily on social interventions that foster economic growth while promoting social equity. These targeted programs address the foundational sectors of education, healthcare, poverty reduction, and employment, with a strategic focus on human capital development. By enhancing the access and quality of public services, the GBA agenda seeks to stimulate domestic growth and reduce Ghana's reliance on foreign aid. Key initiatives under this agenda include the Free Senior High School (SHS) policy, the National Health Insurance Scheme (NHIS), the Livelihood Empowerment Against Poverty (LEAP) program, and employment schemes like the Nation Builders Corps (NABCO). Previous governments initiated some of these programs, but the GBA agenda sought to enhance them. The outcomes of these interventions, however, reflect a complex interplay of successes and challenges. According to the Government of Ghana, these programs are funded with domestic resources such as revenue from oil exploration and taxation.

4.2.1 Education and the Free SHS program

Education is a central pillar of the GBA agenda, seen as a means to build the human capital necessary for economic progress. The Free SHS program, introduced in 2017, is one of the most prominent interventions, aiming to provide universal access to secondary education by removing tuition fees. Prior to the policy's implementation, many Ghanaian families, particularly from low-income backgrounds, struggled to afford secondary school education, limiting their children's opportunities for upward mobility. Since its introduction, annual enrolment in senior high schools has surged dramatically, from about 362,118/460,000 students in 2016 to over 509,925/600,000[5] by 2023.[51] This has been a major step in addressing the education gap and promoting social inclusion, especially for girls who historically faced higher barriers to education.

The program has led to significant improvements in educational access, contributing to a more educated youth population that could eventually fuel economic growth. However, challenges related to the rapid increase in student numbers have strained the educational infrastructure. Overcrowded classrooms, inadequate teaching materials, and a shortage of trained teachers have compromised

[5] The denominator is the approximate number of students who sat for the Basic Education Certificate Examination (BECE). The BECE is the qualifying exam for senior high schools (SHS). Some of those who pass the exam choose to attend private SHSs, and others do not pass the exam. All students in public SHSs are included in the program.

the quality of education in some regions.[52] This issue of quality is critical, as it directly affects the program's long-term success. Despite these challenges, the Free SHS program has been a success in terms of expanding access to education, and its long-term impact on economic growth hinges on improving quality alongside access.

4.2.2 The NHIS

The National Health Insurance Scheme (NHIS) plays an equally vital role in Ghana's social intervention strategies, particularly in terms of health access. The policy idea was conceived in the 1990s and implemented in 2003 and has since been improved by successive governments. By eliminating out-of-pocket expenses for basic healthcare services, the NHIS has expanded access to medical treatment for a broader segment of the population, particularly among the poorest. The scheme aims to alleviate financial barriers to healthcare, thus enabling individuals to seek necessary medical attention without fear of incurring crippling medical bills. This is especially important in the context of a country where many families live on the edge of poverty, and health costs can often push them further into deprivation.

However, despite its successes, the NHIS has faced several challenges. Funding shortfalls have, at times, led to delays in claims processing and limited access to medications and treatments, which affect the quality of care that beneficiaries receive. There have been periodic shortages in service delivery, especially in rural areas where healthcare facilities are less well-equipped.[53] Despite these challenges, the NHIS contributes to the reduction of health-related poverty, enhances productivity, and plays a role in the broader economic development agenda by improving the workforce's health and resilience.[54]

4.2.3 LEAP

The Livelihood Empowerment Against Poverty (LEAP) program, introduced in 2008, is another critical social intervention aimed at reducing extreme poverty. The program provides conditional cash transfers to the poorest households in Ghana, targeting vulnerable groups such as the elderly, disabled, and orphaned children. LEAP aims to reduce poverty by providing financial assistance that can be used to improve access to education, healthcare, and food, ultimately contributing to better living standards. Since its inception, LEAP has been instrumental in improving school attendance among children from beneficiary families and increasing healthcare access for vulnerable populations.[55] Despite its successes, LEAP has faced challenges in terms of funding and targeting accuracy. Limited resources have restricted its reach, meaning not all eligible families have benefited from the program. Additionally, there have been concerns about the accurate targeting of households in need, with some qualifying families being excluded and others receiving less support than required.[56] However, the program remains one of the most effective tools for poverty alleviation in Ghana, and its successes in promoting social inclusion and enhancing access to essential services underscore its importance within the GBA agenda.

4.2.4 Employment creation: NABCO and youth unemployment

In response to youth unemployment, the GBA agenda has introduced the Nation Builders Corps (NABCO), which offers temporary employment opportunities to graduates, primarily in sectors such as education, healthcare, and local governance. The program is designed to address the pressing issue of youth unemployment, which has been a major concern in Ghana, as many graduates have struggled to find meaningful employment despite the country's growing economy. NABCO provides participants with skills training, work experience, and the opportunity to transition into permanent employment, thereby helping to bridge the gap between education and the labor market. While

NABCO has been successful in providing short-term employment to many young people, concerns have been raised about the sustainability of the jobs created.[57] Since the program relies heavily on government funding, there are questions about its long-term viability. Additionally, the quality of training and the alignment of job placements with the skills acquired by participants have been areas of criticism.[58] Again, because Ghana's economic growth has not resulted in significant generation of new employments, the NABCO program may succeed as a temporary job scheme, but it fails as a pipeline because there are no jobs at the end of the tunnel for participants. Moreover, the scheme only expands the government's wage bill, but as revenue mobilization is not effective, it may lead to further worsening of public financing gaps. The long-term impact on economic growth depends on how effectively the program can transition participants into more stable, permanent jobs in the formal economy.

These social interventions under the GBA agenda have laid a foundation for sustainable economic growth by improving access to essential services like education and healthcare, fostering job creation, and reducing poverty. These programs are all closely linked to human capital development, which is widely recognized as a key driver of economic growth. By investing in education, health, and social welfare, Ghana is building a more productive workforce, which is essential for long-term economic success. However, the effectiveness of these interventions in driving long-term growth is contingent upon addressing several critical challenges. For instance, the Free SHS program's success is closely tied to the country's ability to invest in educational infrastructure, train more teachers, and ensure that educational quality improves alongside access. Similarly, the sustainability of the NHIS depends on securing adequate funding and addressing service delivery gaps.

5. GHANA'S ECONOMIC OUTLOOK

5.1 DEBT DEFAULT AND FUTURE FINANCING FOR DEVELOPMENT

In December 2022, Ghana faced a severe debt crisis, culminating in a default on its domestic and external loans. This situation marked a significant turning point in the country's fiscal and financial trajectory. The default and subsequent debt restructuring, supported by the International Monetary Fund (IMF), have had far-reaching implications for Ghana's future financing options. The default and debt restructuring process has cast doubt on Ghana's creditworthiness in international financial markets. Defaulting on loans means that Ghana's reputation as a reliable borrower has been tarnished. In the short term, this could limit Ghana's ability to access financing through international capital markets, such as issuing Eurobonds, at favorable terms. These bonds have been important sources since 2007. Debt restructuring has already hurt Ghana's financial sector, as it involved writing off a portion of the government's debt owed to banks and nonbank financial institutions. This also led to loss in investment principals and interests for investors. The restructuring process will inevitably lead to higher borrowing costs in the future as investors are expected to demand a risk premium to compensate for the perceived risk of default. Prior to the debt default, the financial sector clean-up, which saw the revocation of banking licences, led to a decline in confidence in the financial sector, which has now been worsened by the debt default. This means domestic borrowing is likely to be impacted. Similarly, Ghana's default could affect its relationship with international financial institutions (IFIs), such as the World Bank and the IMF. While the IMF has provided support through a new financing program, the default may have created a more difficult negotiating environment for future assistance. Ghana's future borrowing options from IFIs and international private creditors will depend on how successful the country is in implementing its debt restructuring plan and demonstrating its commitment to fiscal discipline and reform in the medium term. As of November 2024, the government had announced the completion of the restructuring after about 20 months.

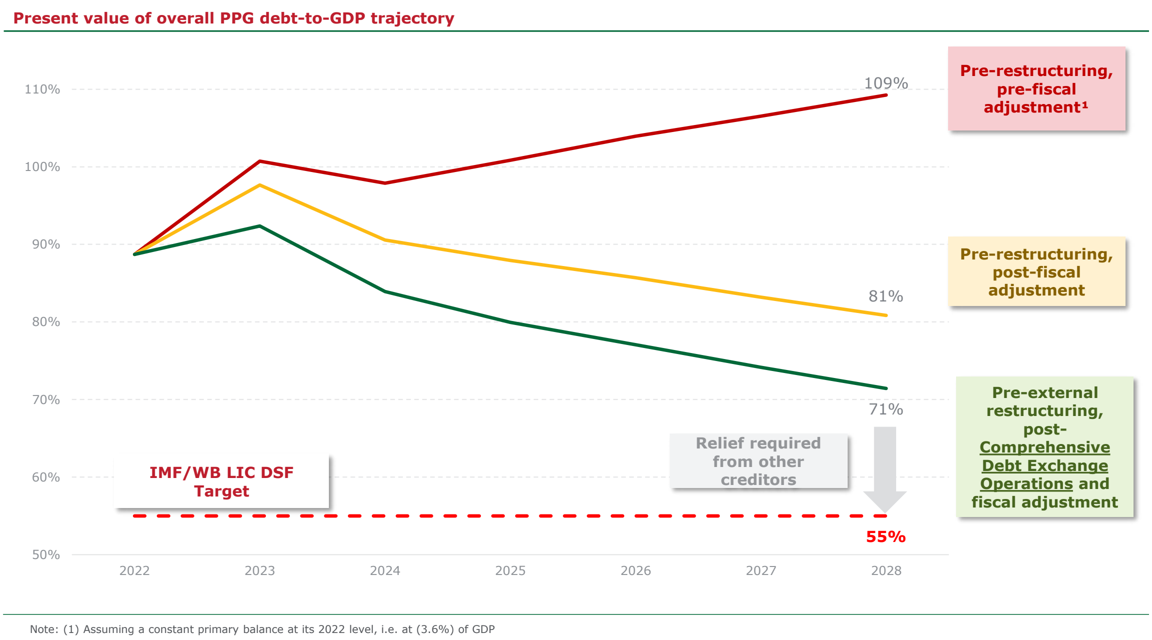
Moreover, Ghana's ability to access concessional loans from multilateral development banks may be limited, as these institutions often reduce their lending to countries that have experienced defaults.[59] The restructuring of Ghana's external debt and its reliance on more expensive sources of financing, such as commercial debt, could result in a crowding-out effect on public investment in key development sectors. As a greater portion of government revenue is devoted to servicing debt, less funding will be available for essential services aimed at poverty reduction, health, education, and infrastructure. This is particularly concerning as Ghana's need for financing to achieve its Sustainable Development Goals (SDGs) and climate finance targets is already vast, and the need for investment in green growth, energy transition, and infrastructure is becoming increasingly urgent. Ghana's default may also deter foreign investors, who might perceive the country as a riskier place to invest. Foreign direct investment (FDI) is a critical source of capital for Ghana, especially as ODA inflows have diminished. A loss of investor confidence due to the default could further strain the country's financing options.

5.2 GHANA'S SOVEREIGN OUTLOOK IN THE CONTEXT OF ITS ECONOMIC AND FISCAL POLICIES

Ghana's current sovereign outlook is influenced by its broader economic and fiscal policies, which are amid substantial reform efforts aimed at stabilizing the national economy. Over the past few years, the country has experienced substantial fiscal challenges, exacerbated by factors such as the COVID-19 pandemic, the rise in global commodity prices, and domestic structural inefficiencies. As of 2024, Ghana is working within the framework of an International Monetary Fund (IMF)-supported program, which aims to restore fiscal stability, reduce inflation, improve fiscal management, and restructure the country's public debt. While these efforts hold promise for long-term economic recovery, Ghana's public debt remains a central concern, with significant implications for the country's sovereign outlook.

One of the most pressing factors influencing Ghana's sovereign outlook is the country's public debt situation. The issue of high public debt has been pervasive in Ghana's recent economic history, driven by a combination of external and internal factors. The country's total public debt has surged over the years, reaching unsustainable levels, particularly in the wake of the pandemic and global economic challenges. As of 2023, Ghana's total public debt reached approximately 106.6 percent of GDP, a substantial increase from previous years. This rise in debt is linked to Ghana's fiscal deficits, which have consistently exceeded international thresholds, as well as the significant external borrowing needed to finance infrastructure projects and government operations. Following the call to the IMF in 2022, the application of the IMF and the International Development Association of the World (IDA) Debt Sustainability Analysis (DSA) concluded that as a medium-carrying country, the public-to-GDP debt in present value terms had exceeded the threshold of 55 percent at 109 percent and that on liquidity basis, the external debt-service-to-revenue ratio had also breached the policy dependency threshold of 18 percent as shown Figure 12 below.

Figure 12. Debt-service-to-revenue ratio, Ghana



Source: Ministry of Finance, 2023[60]

That the country had breached the two main indicators and the variance analysis (98 percent in the case of present value (PV)-to-GDP ratio, solvency, and approximately 89 percent in the case of external debt service-to-revenue ratio, a liquidity measure) shows the enormity of the situation, as presented below in Table 2.

Table 2. Debt Sustainability Analysis

DSA indicator	Threshold	Current status	Variance
PV of debt/GDP (solvency measure)	55%	109%	98.1%
External debt service/revenue (liquidity measures)	18%	34%	88.9%

Source: Authors' estimation using data from IMF, the Ministry of Finance (MoF), the World Bank, and MoF DSA results

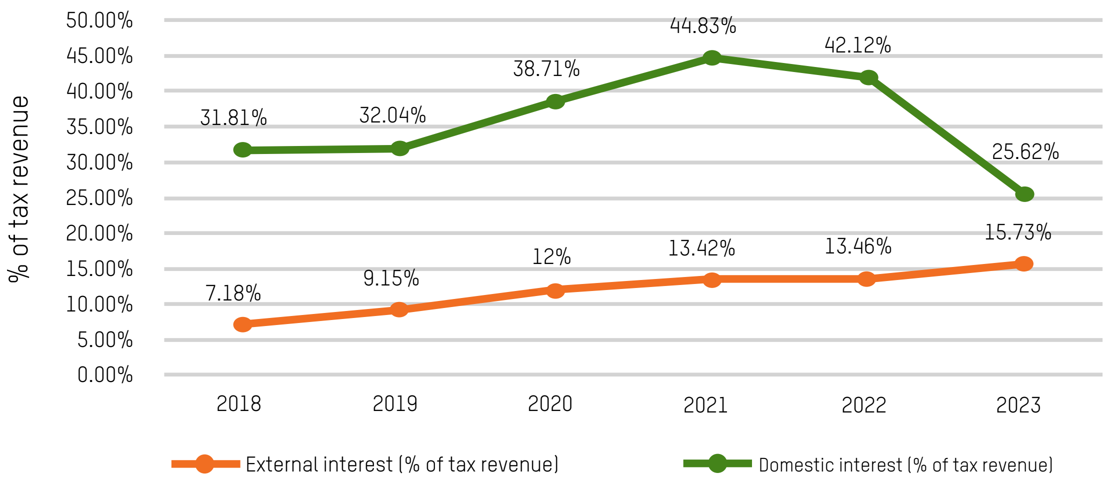
Table 3. Joint World Bank and IMF Debt Sustainability Analysis

Ghana: Joint Bank-Fund Debt Sustainability Analysis	
Risk of external debt distress	*In debt distress*
Overall risk of debt distress	*In debt distress*
Granularity in the risk rating	*Unsustainable*
Application of judgment	*No*

Source: IMF, 2023[61]

The Fund had judged that for risk of external debt and overall risk of debt distress, the country was in debt distress, while granularity in the risk rating indicates unsustainability. See Table 3. The variance reveals that reliance on the traditional fiscal consolidation measures comprising revenue enhancement measures and expenditure through budget would not be able to restore debt sustainability with the DSA framework. The primary surplus required (not less than 12 percent of GDP) to deliver such debt sustainability would be unbearable as the level of taxes and expenditure cuts will trigger social unrest. To this extent, a three-pronged approach was adopted entailing fiscal consolidation, debt restructuring, and structural reforms. Given the IMF's lending framework of lending into arrears under the "lending into arrears" policy, this meant that the country had to take comprehensive steps to restructure its debts (negotiation in good faith) as a prior action to be eligible for program support. Though external debt restructuring is known to the country, the most recent one being the Heavily Indebted Poor Country Initiative (2001), restructuring of the domestic debt component came as a surprise to many, unlike the case of Zambia where the domestic debt components were excluded. The domestic component in the case of Ghana was imposing heavy fiscal costs (interest payment to tax revenue) compared to the external debt, as presented below in Figure 13.

Figure 13. Trends of interest payment (% of tax revenue)



Source: Authors' construction, 2025

The country was spending almost three times that of the external debt service cost on the domestic debt. The 2023 public debt report documents that the weighted average interest rate of the domestic debt was more than three times that of the external component. Table 4 below highlights the rise in the overall weighted average interest rate from 2021 to 2022.

The government's fiscal policies, underpinned by an ongoing IMF program, have been central to Ghana's strategy to manage this debt burden. Notably, Ghana's debt restructuring program, which involved a 37 percent haircut on Eurobonds and the renegotiation of local currency debt, has been a critical step in alleviating the immediate financial pressure.

The surge in public debt has had several negative impacts on Ghana's fiscal health. High debt service obligations have constrained the government's ability to fund social programs and development initiatives. Moreover, the country has faced challenges in managing its currency, the cedi, which has experienced significant depreciation, further exacerbating the cost of servicing foreign-denominated debt. As the country faces mounting debt service payments, its fiscal policy is increasingly focused on reducing its debt-to-GDP ratio through a combination of restructuring efforts and fiscal consolidation.

The ongoing debt restructuring negotiations with external creditors have been a critical component of Ghana's economic policy. In 2023, Ghana entered into a restructuring agreement with official bilateral creditors and began negotiations with private creditors under the common framework facilitated by the Group of 20 (G20) and the Paris Club. Debt restructuring has allowed the government to extend the maturity of its external debt, reduce interest rates, and secure more favorable repayment terms. Using the December 2022 cut-off date, the country's external debt situation stood at USD 30.5 billion disaggregated as follows in Table 4.

Table 4. Composition of external debt in the debt restructuring program

Snapshot on external public debt[1] and restructuring perimeter (as at end-22)

Excluded from the External Debt Restructuring perimeter	Official Creditors	Commercial Creditors
• **Multilateral Development Institutions** *(US$. 8.8bn as at end-22)* — *Excluded following international standard practices* • **Non-Resident Holders of local debt** *(US$. eq. 1.6bn as at end-22)* — *Already treated as part of the DDEP*	• **Bilateral official creditors** • **ECA-backed commercial creditors**	• **Bondholders, including the 2030 WB partially-guaranteed bond** • **Non-insured commercial banks**
Debt stock considered: **US$. 10.4bn** *(c. 34% of external debt stock)*	Debt stock considered: **US$. 5.4bn** *(c. 18% of external debt stock, 27% of the restructuring perimeter)*	Debt stock considered: **US$. 14.6bn** *(c. 48% of external debt stock, 73% of the restructuring perimeter)*

US$. 20bn eligible for restructuring *(66% of external debt stock)*

Note: (1) External debt on a residency basis in line with the IMF/WB LIC DSF

Source: Ministry of Finance, 2022[62]

Out of the total USD 30.5 billion, the multilateral institutions such as the IMF, World Bank, and African Development Bank (AfDB) decided to exclude their exposure (USD 8.8 billion) to the Government of Ghana. The sole reason is that, as an international financial institution of last resort, their balance sheet should not be impaired. Therefore, the universe of eligible bonds for restructuring came to USD 20 billion. The government saved approximately USD 2.8 billion from the external bilateral debt restructuring, while a 37 percent haircut on external commercial (Eurobonds) debt, coupled with coupon reduction and maturity extension, saved the country in excess of USD 11 billion. But for the exclusion of multilateral debt (especially that of IMF and World Bank), the impact of external debt would have had a much deeper implication for the country's fiscal sustainability beyond 2026 as the reliefs from both domestic and external debt treatment are programmed to be utilized within the IMF-supported program implementation. The domestic debt exchange program yielded fiscal relief of Ghanaian cedi (GHS) 61 billion (USD 3.8 billion) distributed across the bond categories shown below in Table 5, with the Central Bank (Bank of Ghana) suffering the most, with a 50 percent haircut on principal.

Table 5. Domestic debt exchange program outcome

All exchanges of domestic marketable debt planned as part of the DDEP are completed and no further exchanges of domestic marketable debt is being considered

		Old bonds	New bonds	Participation rates*	Perimeter
DDEP First Leg	Coupon	19.1%	9.1% o.w. only 5% paid in cash in 2023 and 2024	91%	Treasury Bonds, ESLA Bonds, Daakye bonds excl. holdings by pension Funds
	Average maturity	3.8 years	8.3 years		
Pension Funds	Coupon	20%	20%	95%	Treasury Bonds, ESLA Bonds, Daakye Bonds holdings by Pension Funds
	Average maturity	4 years	4 years Signicantly reduced 2023-24 financing needs		
US$ local bonds	Coupon	5.3%	3%	92%	USD-denominated local bonds
	Average maturity	1.5 years	4.5 years		
Cocobills	Coupon	Not applicable	13%	97%	Cocobills
	Average maturity	0.7 month	4.4 years		
Bank of Ghana non-marketplace debt	Coupon	Not applicable	10%	100%	Principal Haircut 50% Non-Marketable Debt hold by Bank of Ghana excl. SDR on-lending
	Average maturity	Not applicable	15 years		

Overall GHS 203bn have been exchanged**, which has resulted in debt service savings of c.GHS 61bn over 2023***

*With regards to the 1st leg of the DDEP, participation ratio is calculated as the sum of the principal amount exchanged over the 2 exchanges, divided by the outstanding eligible amount as of February 13
** Exchange rate used as of SEptember 30th, 2023: 1USD = 11.1 GHS
*** Based on preliminary estimates

Source: Ministry of Finance ,2023[63]

This has lowered the national debt-to-GDP ratio from a high of 93 percent in 2022 to a more manageable 81 percent in 2024. This restructuring is seen as a major driver behind Ghana's sovereign credit rating upgrade from Caa3 to Caa2 by Moody's, reflecting potential improvements in liquidity management and fiscal consolidation. However, Ghana's public debt remains high, and concerns persist about the sustainability of its debt burden in the long term. The restructuring efforts are part of Ghana's broader strategy to stabilize its fiscal position and restore investor confidence. This is particularly important because the country's sovereign credit rating has been downgraded multiple times in recent years due to concerns about its fiscal and debt position. Sovereign credit ratings have a direct impact on Ghana's ability to attract foreign investment and secure favorable financing terms on international markets. As such, managing debt sustainability and achieving fiscal consolidation remains central to improving Ghana's sovereign outlook.

The IMF's involvement in Ghana's economic reform agenda has been critical in shaping the country's fiscal policies. Ghana entered an IMF-supported program in 2023, which was designed to help the country restore macroeconomic stability, reduce inflation, and address its fiscal challenges. Among the key components of the program are revenue mobilization, expenditure rationalization, and institutional reforms. The IMF's revenue mobilization efforts are focused on improving tax collection and broadening the tax base. Ghana's tax-to-GDP ratio has traditionally been low (about 14 percent), limiting the government's ability to generate domestic revenue and reduce reliance on external borrowing. The IMF has encouraged Ghana to implement tax reforms, including the introduction of a new tax on electronic transactions and the expansion of the VAT base. The government has also been working to improve the efficiency of the tax administration, reducing evasion and increasing compliance. However, despite these efforts, the success of revenue mobilization remains uncertain, and the government faces significant challenges in raising sufficient revenue to meet its fiscal targets. The drawback is that oftentimes, IMF-inspired fiscal consolidations prioritize fiscal and debt sustainability over optimal resource allocation to critical areas such as health, education, and social protection that could reduce poverty and narrow inequality. Previous IMF-inspired tax measures have disproportionately shifted the adverse distributional effect to women, girls, and the vulnerable in society.

On the expenditure side, the IMF has advised the Ghanaian government to implement a range of fiscal consolidation measures, including reducing the public sector wage bill and curbing inefficient subsidies. However, these measures have been met with resistance, particularly from labor unions and political groups that rely on government spending. The challenge of balancing fiscal consolidation with social spending is a recurring theme in Ghana's policy discourse, and the government's ability to navigate these tensions will be crucial in determining the success of its IMF-supported program. The IMF program has also prioritized debt sustainability, with the government agreeing to implement a comprehensive debt restructuring process to reduce the burden of interest payments. The program includes measures to enhance public debt management, improve fiscal transparency, and strengthen the overall policy framework. While these steps are necessary to reduce Ghana's debt burden, they also come with challenges, particularly in terms of the implementation of structural reforms and the management of political pressures.

5.3 GROWTH PROSPECTS AND CHALLENGES

Despite the challenges associated with high public debt, Ghana's economic outlook remains relatively positive. The country is expected to experience a rebound in growth (up to 5 percent) in the coming years, driven by a combination of factors, including the recovery of the oil and gas sector, infrastructure investment, and improved agricultural productivity. However, Ghana's economic growth remains vulnerable to external shocks, including fluctuations in commodity prices and changes in the global economic environment.

Despite the improvements in fiscal circumstances since 2023, Ghana's fiscal landscape remains fragile. The country's heavy reliance on treasury bills for funding, at rates higher than the inflation rate, poses a risk to fiscal sustainability, contributing to elevated liquidity risks. Moreover, the government's debt management continues to be influenced by external factors, such as the strength of global commodity prices and the volatility of its currency, which remains susceptible to downward pressure. To stabilize its economic trajectory, the government will need to maintain a delicate balance between fiscal discipline, debt management, and sustaining growth in key sectors. Continued support from international financial institutions, like the IMF, will play a pivotal role in easing liquidity risks and supporting fiscal consolidation.

In recent years, the discovery of oil has been a key driver of Ghana's economic growth. The oil sector has attracted significant foreign direct investment (FDI) and has contributed to increased government revenues through taxes and royalties. However, the oil sector is also subject to global price fluctuations, and the recent decline in global oil prices has dampened growth prospects. Similarly, Ghana's reliance on cocoa, gold, and oil exports leaves it vulnerable to shifts in global demand and pricing. Several government actions have also led to some investors in the energy sector exiting the country between 2022 and 2024.

The agricultural sector also holds significant potential for economic growth, particularly in terms of job creation and poverty reduction. The government has launched a range of initiatives aimed at improving agricultural productivity, including the Planting for Food and Jobs program, which provides subsidies and support to smallholder farmers. While the program has shown some success in boosting food production and improving food security, it faces challenges such as climate change, inadequate infrastructure, and limited access to markets. Addressing these challenges will be critical for ensuring that agriculture continues to contribute to economic growth and poverty reduction. Furthermore, Ghana's infrastructure deficit is a major impediment to long-term economic growth. The government has made significant strides in improving infrastructure, particularly in areas such as roads, energy, and transportation. However, funding constraints and inefficient public investment management have hindered progress in addressing infrastructure gaps. Improved infrastructure is essential for boosting productivity, facilitating trade, and attracting investment.

Ghana's economic outlook also depends on the successful implementation of social interventions aimed at enhancing human capital and reducing poverty. Programs such as the Free Senior High School (SHS) initiative and the National Health Insurance Scheme (NHIS) have contributed to improved access to education and healthcare, respectively. However, challenges remain in ensuring the quality and sustainability of these programs, particularly in terms of funding and infrastructure.

6. STAKEHOLDERS IN GHANA'S DEVELOPMENT FINANCE SPACE

6.1 THE ROLE OF STAKEHOLDERS

We define stakeholders as persons or entities who have an interest in the way aid is given, received, and used in Ghana or who will be affected by how aid is given, received, or used in Ghana. Their participation and support are not just crucial but integral to the effectiveness of aid. Thus, their interests and roles have to be considered and managed. This analysis identifies key domestic and external stakeholders in the aid landscape and their current or potential role in effective aid management. The purpose of this analysis is to develop a strategic overview of the institutional landscape, the relationship between different stakeholders, and the role each plays when it comes to aid in general.

In this analysis, we use the term "power" to refer to the ability or capability of a person or entity to affect or influence the decision-making process regarding aid to Ghana. In this regard, those who are likely to have significant leverage in the decision-making process are deemed to have a high degree of power. "Interest" refers to the extent to which a person or an entity is likely to be keen on aid in general or a specific form of aid. This is going to be driven by whether they will obtain substantial advantages or suffer significant disadvantages on account of aid. Those expected to obtain substantial advantages or suffer significant disadvantages on account of aid are deemed to have a high interest in aid. Figure 14 places stakeholders on a power-interest position chart. The figure has four quadrants. The upper left quadrant includes stakeholders who have high power but low interest. The lower left quadrant includes stakeholders who have lower power and low interest. The upper right quadrant includes those who have high power and high interest, and the lower right quadrant is those with low power but high interest.

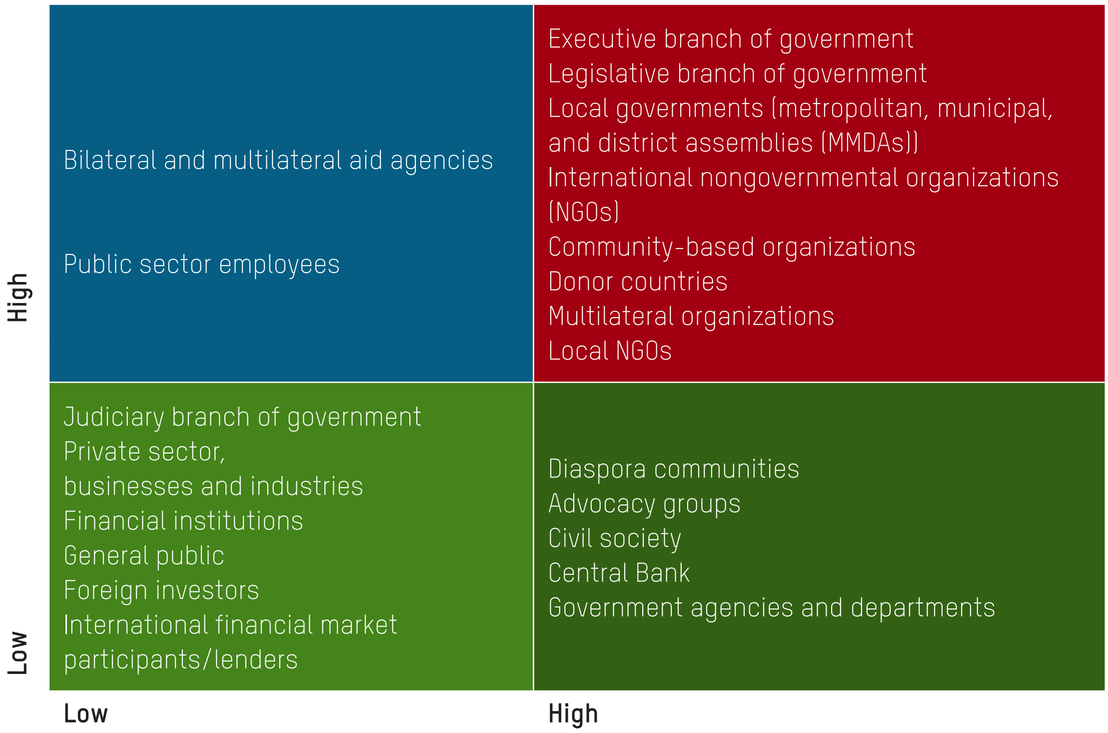
Table 6 is a stakeholder table that shows the sources of power and interest of stakeholders. In that table, *leadership* refers to the likely ability or capacity of a stakeholder to initiate action in support of or against an aid program independently. This is marked as either *Yes* or *No* to indicate whether the stakeholder type has this characteristic or not. *Influence on other stakeholders* refers to whether a stakeholder type is likely to wield influence on the exercise or enforcement of other stakeholders' power or interests. This is marked as either *High, Neutral,* or *Low*.

Economic, political, and social status refers to the form of power or the basis of their interests. This could be because they have significant economic or political power or are highly regarded socially, so they could use their influence to support or detract from the aim of a program. This is marked as either *Political, Social,* or *Political* or any combination of these.

Control of resources refers to whether the stakeholder type has the resources necessary to significantly impact the success or otherwise of an aid program. Resources can be in many forms, including human, financial, political, etc. If a stakeholder type is likely to control at least one of these forms of resources in a way that could significantly affect aid programs, they are marked as *Substantial*. Otherwise, they are marked *Low*. Some stakeholder groups may have significant control of resources but may not have the ability to deploy them independently. These are marked as *Neutral*.

Dependence on other stakeholders refers to whether a stakeholder's power can be effectively exercised independently or if they need to collaborate with other stakeholders at all points. Based on whether they can act independently, they are marked as either *Yes* or *No*. *Legal power* refers to whether the stakeholders' power or interest (or both) is based on statute. Stakeholders who have legal power may exercise it through the courts to stop a program. This is marked as either *Yes* or *No*, depending on whether they have legal power. *Negotiating power* refers to the extent to which a stakeholder type is directly involved in determining the terms or forms of aid programs. It is marked as either *High, Neutral,* or *Low*.

Figure 14. Stakeholders power-interest chart



Source: Authors' construct

6.2 THE DOMESTIC STAKEHOLDERS

Executive branch of government: This group of stakeholders includes the office of the president of Ghana, ministers of states and districts, and municipal and metropolitan chief executives. They hold high power and high interest in aid, shaping aid policies and their implementation. They lead aid negotiations and are responsible for coordinating with external stakeholders. They draw their power from their being elected, and they are interested in attracting and using aid to benefit their communities so that they may be re-elected. They usually have ultimate responsibility for how aid is applied. They have significant influence over all other stakeholders but are also subject to the influence of all stakeholders.

Legislative branch of government: This refers to the parliament of Ghana. Parliament and its members possess legal power and high interest, especially in approving aid agreements and monitoring aid utilization. Some forms of aid require their scrutiny and approval before being accepted, and they monitor how aid is applied. Because they are representatives of the citizens, their interest is in the aid being applied effectively and the objectives being achieved so that their constituents benefit. They have significant influence over other stakeholders. They are, however, not usually the initiators of aid programs and depend a lot on other stakeholders in their exercise of their power and the pursuit of their interests.

Judiciary branch of government: They are considered to have low power and a low interest in aid. Their primary responsibility is ensuring that aid programs comply with the law. They are usually not involved in any aspect of aid except when there is a question of law related to some aspects of aid.

Central Bank: This institution controls financial resources, and although it participates in managing aid funds and ensuring economic stability, it is not likely to have high power. Aid is generally outside its mandate, but it is highly interested in it because many forms of aid have implications for financial stability or government finances.

Local governments: They serve as executors and managers of aid at the local level. Even for aid that is not channelled through government agencies, they monitor and provide support for its implementation. The success of aid in their districts has a positive impact on economic development. As a result, they have a high interest in and power over aid at the local level. However, their power often depends on central government policies. They play a key role in implementing aid at the local level.

Government agencies and departments: These entities possess substantial control over specific aid sectors, such as health or education, and are highly interested due to their direct involvement in program execution. However, their power is limited because members of the executive branch of government can override them.

Table 6. Stakeholder matrix

Stakeholders	Leadership	Influence on other stakeholders	Economic, political, and social status	Control of resources	Dependence on other stakeholders	Legal power	Negotiating power
Executive branch of government	Yes	High	Political	Substantial	No	Yes	High
Legislative branch of government	Yes	Low	Political	Substantial	Yes	Yes	Neutral
Judiciary branch of government	No	Neutral	Political/ social	Neutral	Yes	Yes	Low
Central Bank	No	Low	Economic	Neutral	Yes	Yes	Neutral
Local governments	Yes	Low	Political	Low	Yes	Yes	Low
Government agencies and departments	Yes	Neutral	Political	Low	Yes	Yes	Neutral
Public sector employees	Yes	Neutral	Social/ economic	Substantial	No	Yes	Low
Civil society	Yes	Neutral	Social	Low	No	No	Low
Local non-governmental organizations (NGOs)	Yes	Low	Social/ economic	Low	Yes	No	Low
Community-based organizations	Yes	Neutral	Social	Low	No	Yes	Neutral
Advocacy groups	No	Low	Social/ political	Low	No	No	Low
Private sector, businesses and industries	No	Low	Economic	Neutral	Yes	No	Low
Financial institutions	No	Low	Economic	Neutral	Yes	No	Low
General public	No	Low	Social	Low	Yes	Yes	Low
Donor countries	Yes	High	Economic	Substantial	No	No	High
Bilateral (e.g., USAID, FCDO [formerly DFID], JICA) and multilateral organizations (IMF, UN agencies, World Bank)	Yes	High	Economic/ political	Substantial	No	No	High
International NGOs	Yes	Neutral	Economic/ political	Substantial	No	No	High
Foreign investors	No	Low	Economic	Neutral	Yes	No	Low
Diaspora communities	No	Low	Economic	Substantial	Yes	No	Low
International financial markets	No	Low	Economic	Neutral	Yes	No	Low

Public sector employees: They have high power but low interest. As a collective, they can influence any aspect of aid, but they are not likely to mobilize for that purpose except in rare cases where aid impacts a large portion of workers. Nonetheless, sections of this group will exercise high interest in specific aid programs that have a direct impact on their jobs. Their day jobs will involve executing and managing aid programs and fiscal policy.

Civil society organizations (CSOs) and advocacy groups: The distinction between these groups can sometimes be unclear. Although both groups engage in advocacy, currently CSOs in Ghana usually base their advocacy on academic-style research and serve as think tanks. Traditionally, advocacy groups base their advocacy on stated interests and will take a stand for or against aid based on a specific interest that is impacted by aid. They possess a high interest in championing specific causes or populations affected by aid policies. CSO advocacy will normally not be based on particular interests; they will take a stand on a variety of issues related to aid on the basis of academic evidence or professional opinion. Both groups will also monitor and advocate for the transparent and effective use of aid. This group of stakeholders has high interest (for various reasons), but their power is low.

Local nongovernmental organizations (LNGOs): LNGOs usually receive and administer aid outside the official channels. Many of them seek aid directly from donors for specific causes and administer the aid directly. To that extent, they have significant power over the aid they receive. They also have a high interest in the effectiveness of the aid so that they can account for donors and continue to receive aid.

Community-based organizations (CBOs): CBOs are highly interested, especially in local aid impacts, and have moderate power to influence grassroots-level implementation.

Private sector, businesses, and industries: They are ordinarily not dependent on aid, are not involved directly with donors, and aid may not have a direct impact on them. Consequently, they have low interest and low power. They are interested in aid that impacts economic conditions or business opportunities, with moderate power depending on sector influence. Their power varies based on economic influence.

Financial institutions: These institutions control significant financial resources and are interested in aid, particularly how it affects the economic environment and financial stability. They provide financial services but are ordinarily not directly involved with donors, and their interest will be limited by the extent to which specific aid impacts their operations or their stakeholders.

General public: The general public has low power as a collective, although the success or failure of aid programs directly impacts them. Different segments of the general public may have interests in specific aid, but very few forms of aid will be of interest to the general public nationally.

6.3 EXTERNAL STAKEHOLDERS

Donor countries: The largest donor countries are in Europe, in Asia, and the US. Their power is mainly derived from the fact that they hold the purse. They have high power and high interest, as they provide aid and shape its terms, often with specific political or economic objectives.

Bilateral and multilateral aid agencies: Many of these stakeholders are set up or funded by donor countries. They have high power and low-to-moderate interest. They are involved in the distribution and oversight of aid, setting conditions and priorities for aid programs. They also influence policy through technical assistance.

International NGOs: This group of stakeholders operates similarly to local NGOs, except that they are larger and operate in multiple countries. A variety of donors fund them, and they are distinct from bilateral and multilateral aid agencies. They usually work for specific causes. They have high interest with moderate-to-high power, depending on their size and influence, and they are often directly involved in aid delivery and advocacy.

Foreign investors: This group of stakeholders has objectives similar to those of the local private sector. They are profit-seeking, ordinarily not dependent on aid, and not usually involved directly with donors. They have low-to-moderate interest and low-to-moderate power. They are influenced by how aid affects investment conditions and economic stability in Ghana.

Diaspora communities: These are Ghanaian citizens who are highly interested in all aspects of aid. However, they are not an organized group, so they have little power to influence aid. They often contribute to the economy of Ghana through remittances and can influence external perceptions of aid effectiveness.

Lenders: They are interested in how aid affects Ghana's economic stability and creditworthiness, but their influence over aid is low.

6.4 INTERVIEWS WITH SELECTED STAKEHOLDER ORGANIZATIONS

The project team interviewed staff of stakeholder organizations in Ghana to collect their views on several issues related to aid. These were senior leadership team members of their respective organizations. This included directors from two government ministries, each with over 19 years of experience working with ODA, a country manager of an international NGO, and the finance manager for another international NGO, who have engaged with aid to Ghana for 5 years and 20 years, respectively. Directors in government ministries are the administrative heads of the ministries who are responsible for the day-to-day policy implementation of the ministries. They report directly to the minister. Members of the public, civil societies, and diaspora communities were interviewed. In total, 10 people were interviewed. A summary of their profiles can be seen in Figure 15.

Figure 15. Profile of respondents

Gender		Stakeholder group	
Male	4	Public sector employees	
Female	6	International NGO	
Years of experience in current employment		Civil society organization/advocacy group	
3–5 years	3	Diaspora community	
5–10 years	3	Local NGO	
10–20 years	4	**Where they work**	
Educational attainment		Primarily in Ghana	6
Master's degree	9	Primarily abroad	2
Doctorate	1	Both in Ghana and abroad	2
Example job titles			
Director	Country manager		
Head of unit (related to multilateral agency)	Assistant director		
Finance manager	Business analyst		

6.4.1 Aid transparency

Regarding the transparency of ODA, except for the country manager, the interviewees thought there was limited transparency in ODA receipts and usage in Ghana. They expressed the view that aid to Ghana is often misaligned with the country's priorities and that the amount and timing of the aid tend to be unpredictable. They acknowledged that Ghana makes efforts to ensure accountability for the aid received. However, they were sceptical of the donors' motives, citing that the aid was not tailored to Ghana's specific needs. Beyond various government accountability measures, they also mentioned that civil society organizations play an active role in monitoring aid and advocating for greater transparency, which helps hold the government accountable.

The country manager expressed the view that the process of aid allocation and use was generally transparent. They explained that the calls for applications are usually open and the processes are clear. Moreover, there is an audit after project implementation, and future grants are dependent on the results of the audit. The differences between the experience of the country manager and some of the interviewees are likely due to the fact that they are deeply embedded in the public sector. As an international NGO, the country manager works for a private organization whose day-to-day operations depend on executing donor-funded projects. This means the key performance indicators (KPIs) of their core functions are directly connected to the success of these projects. This is, however, not the case for public sector organizations for whom donor funds are just another of multiple sources of funds, and they are not directly accountable to the donors for these funds.

To improve transparency, they recommended aligning funds with national priorities, fostering effective donor coordination and harmonization, building local capacity to manage aid projects, and ensuring both donor and recipient accountability. They also emphasized the importance of engaging all relevant stakeholders in discussions and planning, not just at the national level but also at regional, district, and community levels, to avoid inconsistencies. Also, they suggested timely and proactive public disclosure of information related to ODA to all stakeholders so that stakeholders can track their performance.

6.4.2 Program ownership and donor motivations

When asked if the aid is truly country-owned, the interviewees expressed doubt, pointing out that while progress has been made, true ownership remains elusive. This scepticism underscores the urgent need for continued efforts to align aid with national priorities, enhance local capacities, and foster effective collaboration between donors and the Ghanaian government. To improve the country's ownership of ODA, the interviewees suggested strengthening alignment with national priorities through better coordination between donors and the government and promoting transparency and accountability through improved reporting and independent oversight. They also stressed the importance of fostering long-term partnerships and enhancing institutional relationships. According to them, Ghana must take the lead in determining its needs based on data, without external influences, to avoid the external imposition of agendas.

Regarding donor motivations, the interviewees noted that donors often have a mix of altruistic goals and strategic interests, including humanitarian responsibility, geographic influence, global security concerns, and promoting democracy and good governance. They argued that donors maintain control and dependency to ensure their continued dominance. They suggested that Ghana could align donor motivations with its interests by promoting trade, climate action, political stability, and good governance while ensuring aid effectiveness and local ownership of development projects.

An interviewee made the following comment on program ownership and donor motivations:

"I think the word they normally use is 'co-creation.' Co-creation is a farce because the donor always has outcomes they want you to achieve in the co-creation process, which may not align with your own outcomes but you will have to compromise to enable you [to] receive the funding."

To improve ownership, the respondents suggested that donors and managers of donor funding should *"improve on engagement and consultation with beneficiary communities"* and that *"the projected outcomes of the aid should rest entirely with Ghana"* rather than the donors. They also suggest that to align donor motivations, Ghana *"must effectively engage its donors in the design of their programs."*

Overall, there appears to be a general view that ownership of aid-funded programs and projects needs to be more local. The elephant in the room, however, is: Why would one country give much of its taxpayer money in aid to another country unless it believes doing so will benefit their own country? One of the interviewees said the way to go is that *"Ghana should develop homegrown policies that are focused on cutting down aid."*

6.4.3 Financing SDGs in a post-COVID-19 Ghana

There was consensus among the stakeholders that Ghana was too reliant on aid to finance its development priorities. They considered this to be bad for its economic security and sovereignty. The views of stakeholders are aptly captured by this statement from a stakeholder:

"Ghana is increasingly becoming overly reliant on foreign aid, as a significant portion of our national budget is dedicated to receiving grants and assistance from various international organizations and donor countries. This dependency on external support raises concerns about the sustainability of our economy.

Unfortunately, the aid received often fails to fulfil its intended purpose. One critical factor contributing to this failure is corruption, which undermines these funds' effective distribution and use. As resources are misappropriated, the intended beneficiaries (those most in need) do not receive the support they deserve.

This cycle of reliance and corruption highlights the urgent need for systemic reforms to ensure the effective use of aid and foster self-sufficiency in development efforts."

In Ghana's post-COVID-19 recovery, the interviewees believed that ODA could play a role by financing health infrastructure, boosting economic stimulus efforts, and fostering resilience through capacity building and local partnerships. They also emphasized the importance of ensuring that COVID-19 funds are placed in a hedged public health emergency fund to prevent misuse by politicians and their allies.

When discussing the decline in aid, the interviewees expressed deep concern about its impact on the government's ability to finance the SDGs. They acknowledge that *"Ghana is highly vulnerable to climate change, with challenges such as deforestation, illegal mining (*galamsey*),*[6] *and extreme weather events affecting livelihoods. Many climate adaptation programs rely on external funding, and the decline in aid limits the government's ability to invest in sustainable agriculture, reforestation, and disaster risk reduction."* They also noted that reduced aid severely limits the financial resources available for essential services and infrastructure, thus significantly hindering progress toward SDG targets. The decline in aid has particularly affected the health sector, where a lack of funding challenges basic services and administrative functions. The reduction in aid has also limited the ability of NGOs and private sector organizations to reach targeted beneficiaries, thus impeding their efforts. The representatives

[6] *Galamsey* is a Ghanaian colloquial term for illegal mining.

of the NGOs were of the view that most of the work that leads to attaining the SDGs was done by NGOs and other civil society organizations (CSOs). In their own words, *"Majority of the work that surrounds the SDGs are done by CSOs"* and *"Many NGOs rely on donor funding to support advocacy campaigns, public awareness campaigns, and citizen engagement. The decline in aid creates difficulties for most NGOs, thereby resulting [in] a reduction in their scope of work, with some folding up"* and *"Currently, a significant number of projects are experiencing delays and setbacks, resulting in a noticeable lack of continuity in their progress. This stagnation can be attributed to various factors, including resource constraints, unexpected challenges, and insufficient communication among peer organizations to pull strength and a concerted effort to achieve similar objectives."*

Similarly, the decline has had a mixed impact on domestic revenue mobilization and taxation, leading to increased tax efforts, but the government faces the challenge of funding key sectors like health. The interviewees proposed that the government should explore alternatives to ODA, such as domestic resource mobilization through tax reforms, trade and export diversification, and climate financing. They also recommended trimming excessive expenditures, which could include nonessential government spending or inefficient projects and stimulating growth to increase domestic revenue. They also suggested that *"a decline in ODA would mean that the government would have to intensify its efforts toward DRM* [domestic resource mobilization]*. Efforts toward voluntary tax compliance and equity must equally be addressed."*

The interviewees also suggested that the government should focus on formalizing the informal sector to increase tax compliance and take effective steps to collect taxes on property and wealth as alternatives to aid funding. Other suggestions included that the *"the government should enhance taxation on e-commerce and digital services. The government must adopt innovative approaches to increase their share of revenue from the natural resource sector."*

6.4.4 Debt management, the role of remittances, and the way forward

On the issue of debt management, the interviewees agreed that Ghana has not managed its debt sustainably. They attributed Ghana's poor debt management to reckless borrowing, uncontrolled spending, reliance on external aid, low tax revenue, and fiscal deficit financing. They argued that the government's borrowing practices were unsustainable. They also mentioned that the COVID-19 pandemic, while impactful, was not the sole cause of the debt distress; rather, irresponsible financial management played a larger role. An interviewee stated that *"we cannot rule out that COVID-19 played a significant role in Ghana's debt distress, but it was not the only factor. The pandemic exacerbated pre-existing fiscal weaknesses."*

Ghana's debt management is ultimately a public financial management (PFM) issue. Ghana thus needs an effective PFM system for its debt management. At its best, an effective PFM system ensures that public resources are used transparently and accountably, fostering trust between the government and its citizens. It strengthens institutional credibility, creating an environment that attracts investments and supports sustainable economic growth. Through prudent financial management, public funds can be prioritized for critical development projects—such as infrastructure, education, and healthcare—that benefit current and future generations. Yet, like many nations, Ghana faces challenges in fully realizing the potential of its PFM system. Revenue mobilization remains a persistent hurdle, with inefficiencies and gaps in tax collection limiting the government's ability to fund its programs. Similarly, expenditure control can be inconsistent, leading to budget overruns and misallocated resources. These issues are compounded by the limited capacity to monitor and evaluate fiscal policies effectively, leaving room for inefficiencies to persist. Corruption, a deeply entrenched issue in many public sectors, poses a significant barrier to accountability and undermines public trust in the system.

Despite these challenges, there is immense potential for growth and improvement. Modernizing financial management systems through the adoption of technology can enhance efficiency and transparency, reducing opportunities for misuse of funds. Building the capacity of public sector employees through targeted training and education can strengthen institutions and improve policy implementation. Strengthening oversight mechanisms, such as auditing processes and legislative reviews, can ensure that every cedi is accounted for and used effectively. By addressing these key areas, Ghana has the opportunity to create a PFM system that not only supports economic stability but also becomes a model for other nations in the region.

Regarding the Domestic Debt Exchange Programme (DDEP), the interviewees felt that it strained domestic resource mobilization, eroded investor confidence, and limited access to credit. They also warned that the restructuring of international debt could impair Ghana's access to international capital markets, raise borrowing costs, and deter investors. When asked about the risks associated with Ghana's debt default, the interviewees highlighted risks such as loss of investor confidence, inflation, and cedi depreciation. To mitigate these risks, they recommended fiscal discipline, increased domestic resource mobilization, seeking grants, and contracting highly concessional loans, which are loans with very favorable terms, such as low interest rates and long repayment periods. These sentiments are captured by the following excerpts from interviewees' comments:

"The DDEP has negatively impacted the financial status of many Ghanaians as most people lost their investments. This has resulted in a loss of trust or reduction in investor confidence in government securities."

"Even after restructuring, Ghana remains a high-risk borrower, meaning lenders will demand higher interest rates to compensate for perceived risks."

"Ghana has lost credibility in the global financial markets, making it difficult to borrow through Eurobonds or commercial loans. Future borrowing will come with higher interest rates due to perceived risk. The government can mitigate by implementing fiscal discipline and debt transparency to regain investor trust. Ghana has to stick to IMF program reforms to demonstrate commitment to economic stability."

Regarding remittances and foreign direct investment (FDI), the interviewees acknowledged their role in supporting Ghana's fight against poverty and inequality. They believed in the potential of these contributions to bolster funding for community resilience and targeted development programs, providing a sense of hope amid the challenges of declining aid. They said, *"both remittances and foreign direct investment (FDI) play critical roles in Ghana's economic development, particularly in reducing poverty and inequality. These financial inflows provide employment opportunities, income support, and infrastructure development, directly impacting households, businesses, and the broader economy"* and *"The trends in remittances and foreign direct investment (FDI) significantly affect Ghana's ability to fight poverty, economic inequality, and gender disparities. While both provide financial inflows, their impact varies based on how they are utilized, who benefits, and how the government channels these resources into development programs."*

To prioritize public health, gender equality, and social protection, the interviewees advocated for integrating these issues into national policies, ensuring targeted funding, enhancing community engagement, and fostering partnerships to support vulnerable populations. They stressed the importance of tailoring interventions to meet the specific needs of communities. Looking ahead, the interviewees expressed concern about the long-term prospects for financial flows supporting sustainable development in Ghana. They stressed the need for enhanced domestic resource mobilization, attracting foreign investment, and ensuring effective use of aid. They believed that the country's fiscal environment remains weak, with high debt levels and inefficiencies in public financial management. To improve fiscal stability and efficiency, they recommended strengthening revenue collection, enhancing budget transparency, improving expenditure controls, and building capacity for financial oversight. Addressing corruption and improving fiscal discipline were also seen as crucial steps.

7. CONCLUSION AND POLICY RECOMMENDATIONS

Ghana's financing mix has included significant foreign assistance. The country's dependency on official development assistance (ODA) has shaped its economic landscape for decades. However, the transition to a middle-income status and the subsequent reduction in concessional aid inflows have exposed the country to financial vulnerabilities, especially amid global economic challenges. The views gathered from stakeholders indicate that, while aid remains a vital component of Ghana's development financing, it is often misaligned with national priorities, unpredictable in delivery, and tied to donor motives that sometimes prioritize external strategic interests over Ghana's local needs. In conclusion, aid is no longer a reliable financing cornerstone. Considerable scope exists to scale up domestic resource mobilization. This calls for prudent management of domestic resources and exploring greater efficiency in the public investment management process, strengthening and digitizing the public procurement system, and adopting the least-cost approach to public service delivery.

Despite these challenges, Ghana has taken steps toward financial self-sufficiency through the "Ghana Beyond Aid" (GBA) agenda, emphasizing domestic revenue mobilization, formalizing the informal sector, and reducing aid dependency. The GBA framework promotes aligning national projects with internally generated funds and leveraging partnerships, tax reforms, and digitalization to boost revenue. However, limited success in broadening the tax base, improving tax compliance, and fully integrating the informal sector indicates the need for continued policy innovation and commitment to fiscal reforms. ODA's role in Ghana's post-COVID-19 recovery is crucial, particularly in health, social protection, and economic revitalization. The pandemic underscored Ghana's reliance on external financing for emergency response yet also highlighted vulnerabilities in governance and transparency. Interviews with government officials underscore that while donor funding can aid in rebuilding infrastructure and economic resilience, the unpredictability of aid and its conditionalities constrain Ghana's efforts to pursue Sustainable Development Goals (SDGs) independently.

The country's rising debt further challenges Ghana's economic resilience. Reckless borrowing practices, coupled with inadequate fiscal management, have pushed Ghana into a debt crisis, marked by a 2022 default and subsequent restructuring. The Domestic Debt Exchange Programme (DDEP) has eroded investor confidence, restricted access to credit, and inflated borrowing costs at the short end of the yield curve through excessive reliance on money market instruments. However, the DDEP has created a considerable fiscal space by reducing the coupon rates on the restructured instruments and has extended the maturity profile, further limiting the government's ability to finance SDG-related initiatives. The restructuring process, while temporarily alleviating fiscal pressure, has implications for Ghana's creditworthiness, potentially increasing future borrowing costs. The stakeholders interviewed emphasize that achieving fiscal stability in Ghana requires strategic shifts: aligning donor motivations with national priorities, promoting transparency, fostering local capacities, and building partnerships that enable effective aid utilization. They also recommend reducing reliance on aid by exploring alternative financing avenues, including domestic resource mobilization, climate finance, and trade diversification. With a focus on resource efficiency and targeted interventions, these measures can gradually strengthen Ghana's fiscal independence. The government of Ghana should adopt greater disclosure and transparency to minimize hidden debt revelation, which increases the cost of borrowing and ultimately the loss of market access.

Looking forward, Ghana's path to economic self-reliance depends on several factors. First, Ghana's path to economic self-reliance hinges on maintaining policy consistency, ensuring stable and predictable governance frameworks that support sustainable growth. Frequent policy shifts dictated by politicians and inconsistencies in national goals across regimes disrupt investor confidence and impede long-term planning. Strengthening institutions (e.g., by giving them greater autonomy and control) responsible for economic governance, such as revenue mobilization authorities and budget management bodies, will help maintain stability. By streamlining bureaucratic processes and ensuring long-term policy alignment with national development goals, Ghana can create an environment conducive to investment and economic expansion. This stability is crucial for fostering trust among international partners and ensuring the country's ability to implement effective reforms.

Second, enhanced public financial management is critical to reducing inefficiencies and improving fiscal stability. Strengthening expenditure controls, ensuring budget transparency, and improving debt sustainability will contribute to a healthier economic foundation. Public procurement reforms, coupled with rigorous auditing practices, can minimize financial mismanagement and optimize resource allocation. Investing in modern financial technologies to digitalize public expenditure tracking will enhance accountability. Fiscal discipline, particularly in managing subsidies and government spending, can free up resources for strategic initiatives that promote long-term economic growth. A well-managed financial system will ensure efficient mobilization and utilization of domestic resources, reducing dependency on external aid.

Also, a key component of Ghana's economic transformation is the integration of vulnerable populations into the economic fabric. Formalizing the informal sector by providing legal frameworks for small businesses, improving financial access, and incentivizing formal employment will increase revenue generation and economic participation. Small and medium-sized enterprises (SMEs) need greater access to credit, technical training, and market opportunities to thrive. Investment in human capital—through improved education, vocational training, and healthcare access—will empower marginalized communities and strengthen the workforce. These measures will ensure inclusive economic growth, increasing productivity while reducing income inequality and poverty rates. They will also help with efforts to broaden the tax base.

Furthermore, broadening the tax base is an essential strategy for achieving fiscal independence. Ghana must address gaps in tax compliance and improve enforcement mechanisms to bring more businesses and individuals into the formal tax system. Digitalization in tax collection, including e-tax platforms and automated tracking, can enhance efficiency. Simplified tax structures and incentives can encourage compliance while reducing the burden on lower-income earners. A well-designed tax system will ensure fair contributions while generating sufficient revenue to support key development initiatives. Tax reforms must be complemented by effective education campaigns to enhance public awareness and foster voluntary compliance. It must also be accompanied by greater accountability on how taxes are used and by improving access to, and efficiency of, public and social services.

Additionally, addressing systemic governance issues such as transparency and corruption is vital for sustaining investor confidence and maintaining economic growth. Strengthening anticorruption institutions, implementing whistleblower protections, and increasing government accountability will prevent financial mismanagement. Digitalizing governance operations and enhancing public disclosure mechanisms can create a more transparent policy framework. Clear regulations that promote ethical business practices will improve investor sentiment and encourage foreign direct investment. By demonstrating strong governance, Ghana can build trust among domestic and international stakeholders, ensuring the successful implementation of its economic agenda.

Furthermore, if Ghana is to be beyond aid, it must fill the resultant gap with international trade. The African Continental Free Trade Area (AfCFTA) framework offers Ghana an opportunity to improve its international trade and enhance its economic resilience. The following strategies can be adopted to maximize Ghana's benefit from the framework. See Table 7 for a summary of recommendations.

First, Ghana must leverage AfCFTA for market expansion. At the base, AfCFTA offers Ghana greater access to a bigger market. The recently inaugurated Accelerated Export Development Committee (AEDC) and the Ghana Export Promotion Authority (GEPA) should lead efforts to fully capitalize on AfCFTA's framework to boost intra-African trade. By eliminating trade barriers, harmonizing standards, and improving trade infrastructure, local businesses can access larger markets and expand exports across the continent. This is particularly important given the uncertainty in trade with the Global North.

Second, Ghana should invest in trade facilitation and logistics. It is crucial that Ghana improves its transportation and logistics infrastructure to remain competitive and become a trading hub under AfCFTA. This will include upgrading and expanding seaports/harbors and airports. Ghana is surrounded by several landlocked countries that rely on Ghana for shipping services. This opportunity can be harnessed to make Ghana a hub for sea freight within the subregion. The country may consider establishing a national shipping line (possibly through a private-public partnership) or incentivize and redirect local private capital into establishing shipping lines. Greater local ownership is a useful strategy to complement the GBA agenda. Also, in terms of aviation, Ghana has multiple airports, but each of them requires investments to enhance their capacity to handle larger traffic. Roads and railway systems will also require upgrading to help facilitate faster and more cost-effective movements of goods across borders.

Third, the country should simplify customs procedures and integrate digital platforms for trade documentation to reduce the bureaucratic delays that are usually experienced at Ghana's ports and harbors. This will also cut down transaction costs. Again, port charges should be rationalized and simplified.

Fourth, there should be an increase in efforts to promote value addition and industrialization. To maximize trade benefits, Ghana should transition from its reliance on raw material exports toward more value-added production. The country must increase its investments in manufacturing and agro-processing industries, which will create jobs and generate higher revenues from exports. The government has previously implemented policies related to industrialization and value addition, which has seen little success. Greater successes could be achieved if government reduces its direct involvement in such initiatives and focuses on creating the enabling environment for independent private sector actors to run such industries. Also, additional industrial parks and special economic zones should be set up across the country to attract foreign and local investments into key sectors like textiles, food processing, electronics assembly, and automobile assembly. Additionally, offering incentives for businesses that engage in value-added production will stimulate growth and competitiveness in international markets.

Fifth, small and medium-sized enterprises (SMEs) play a vital role in economic resilience and job creation in Ghana and should be offered enhanced support. Government agencies dedicated to supporting the SME sector should provide adequate financial and technical assistance to SMEs in the form of low-interest loans (rather than grants), to ensure they have access to capital, training, and export opportunities within AfCFTA. Programs that support digital commerce and cross-border transactions will empower entrepreneurs to expand beyond local markets. Strengthening business incubation hubs and mentorship programs will equip SMEs with the tools needed to scale up their operations. The agencies supporting SME growth must facilitate the formalization of SMEs to increase the chances of their survival and continuity, while improving regulation and taxation.

Table 7. Summary of recommendations and key actions

Recommendation	Key actions	Recommended implementors
Policy consistency across political regimes and governance stability	1. Strengthen institutions responsible for economic governance through legislation to enhance autonomy; 2. Ensure policy consistency across policy regimes by fostering cross-party buy-in at the initiation stage.	1. Ministry of Finance 2. National Development Planning Commission (NDPC) 3. Office of the President
Public financial management	1. Strengthen expenditure controls; 2. Improve budget transparency; 3. Implement digital financial tracking.	1. Ministry of Finance 2. Controller and Accountant General's Department 3. Auditor-General's Office
Broadening the tax base	1. Improve tax compliance enforcement; 2. Digitalize tax collection processes; 3. Simplify tax structures and incentives.	1. Ghana Revenue Authority 2. Ministry of Finance
SME support and development	1. Formalize the informal sector through legislation or moral suasion; 2. Offer low-interest loans; 3. Improve access to export opportunities and strengthen mentorship and business incubation programs; 4. Increase access to vocational training.	1. National Board for Small Scale Industries (NBSSI) 2. Ghana Enterprise Agency 3. Ministry of Trade, Agribusiness & Industry 4. Ministry of Finance 5. Ministry for Youth Development and Empowerment
Trade facilitation and logistics	1. Upgrade seaports, airports, roads, and railways; 2. Establish a national shipping line through a private-public partnership.	1. Ministry of Transport 2. Ghana Ports and Harbours Authority 3. Ghana Civil Aviation Authority
Simplify customs and trade procedures	1. Digitalize trade documentation and reduce bureaucratic delays; 2. Rationalize and simplify port charges.	1. Ghana Revenue Authority 2. Ghana Customs Division 3. Ministry of Trade, Agribusiness & Industry
Industrialization and value addition	1. Increase investment in manufacturing and agro-processing; 2. Develop more industrial parks and special economic zones; 3. Reduce government involvement in direct industrial operations.	1. Ministry of Trade and Industry 2. Ghana Investment Promotion Centre 3. Free Zones Authority
Brand Ghana and trade promotion	1. Expand the cross-border marketing of Ghanaian products; 2. Enhance the "Made in Ghana" branding; 3. Partner with digital marketplaces, trade networks, and influencers.	1. Ghana Export Promotion Authority 2. Ghana Investment Promotion Centre 3. Ministry of Trade and Industry 4. Accelerated Export Development Committee

Recommendation	Key actions	Recommended implementors
Trade fairs and expositions participation	1. Enhance Ghanaian business presence at African trade fairs by facilitating government support for SME participation; 2. Implement digital marketing strategies.	1. Ministry of Trade and Industry 2. Ghana Export Promotion Authority 3. Ghana Tourism Authority
Transparency and anticorruption measures	1. Strengthen anticorruption institutions; 2. Enhance whistleblower protections; 3. Digitalize governance operations for transparency.	1. Commission on Human Rights and Administrative Justice (CHRAJ) 2. Office of the Special Prosecutor 3. Ghana Audit Service
Social protection	1. Increase investment in education and health by reducing costs and removing nonfinancial barriers to access.	1. Ministry of Education 2. Ministry of Health 3. Ministry for Youth Development and Empowerment 5. Ministry of Gender, Children, and Social Protection

Sixth, there should be a clear and deliberate cross-border marketing of "brand Ghana." Ghana can market its locally made products across Africa by leveraging AfCFTA and strategic trade initiatives to enhance visibility and competitiveness. Ghana has a positive international image, which can be leveraged to boost trade across Africa. Strengthening the "Made in Ghana" brand through quality assurance, emphasizing cultural significance, and sustainability will boost consumer recognition. Trade networks should be expanded through partnerships with distributors, wholesalers, and digital marketplaces to facilitate access to African consumers.

Finally, Ghana should increase its participation in African trade fairs and expos to allow Ghanaian businesses to showcase products directly to buyers and investors. It will be particularly useful if the government, through its embassies, can facilitate and pay some of the cost for SMEs to increase their participation. Also, a robust digital marketing strategy, incorporating social media, influencer engagement, and localized content, will further amplify outreach. Importantly, the standard authority should also ensure products meet quality certifications and regulatory standards to enhance Ghana's credibility as a source of quality products.

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[63] The government of Ghana embarked on a debt exchange program from 2022 to 2024 to restructure its domestic and external debt. This table shows the terms offered to domestic debt holders and the take-up rates for different categories of debt holders.

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