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## ECONOMIC AND POLITICAL OVERVIEW

### ECONOMIC OVERVIEW

Ghana was consistently placed among Africa's ten fastest-growing economies before the economic recession induced by falling oil prices and the Covid-19 pandemic. In 2022, Ghana's economy faced a severe macroeconomic crisis due to existing imbalances and external shocks. The country's significant financing requirements and tightening financial conditions worsened concerns about debt sustainability. Capital outflows, coupled with tighter monetary policies in advanced economies, intensified pressure on the exchange rate. Additionally, monetary funding of the budget deficit led to high inflation rates. These factors disrupted the post-COVID-19 recovery, causing GDP growth to drop from 5.1% in 2021 to 3.1% in 2022. During the first half of 2023, GDP growth recovered to 3.2%, driven by robust expansion in services (6.3%) and agriculture (6.2%), while the industrial sector experienced a contraction of 2.2%. Due to a worse performance in the second part of the year, the IMF estimated the overall growth at only 1.2%. Nevertheless, the economy is expected to pick up this year (+2.7%) and in 2025 when growth should accelerate to 4.6%.

The deterioration of public finances, debt unsustainability, currency depreciation, and rampant inflation led Ghana to seek assistance from the IMF in July 2022. An Extended Credit Facility (ECF) of USD 3 billion over three years was granted to Ghana in May 2023, along with a rigorous reform program. Ghana has adopted a two-pronged approach to debt restructuring, completing a domestic debt exchange plan (DDEP) covering 47% of its public debt locally by September 2023, while suspending payment of external debt service (53% of public debt), including Eurobonds, commercial loans, and bilateral loans. This suspension is concurrent with negotiations within the G20 Common Framework led by the Paris Club. According to the recently passed 2024 Budget, the budget deficit is projected to reach 4.8% in 2024 (compared to -5% according to the IMF), down from 7.5% in 2023. In the medium term, the Government aims to achieve a budget deficit below 3% of GDP by 2027 (3.1% according to IMF estimates). Meanwhile, the debt-to-GDP ratio decreased to 84.9% in 2023 (from 92.4% one year earlier) and is expected to follow a downward trend, reaching 78.8% by 2025 (IMF). Inflation, which has been driven by food prices, remained elevated above 40% in 2023 but should gradually moderate to 23.2% this year and 11.5% in 2025.

Ghanaian households have faced challenges due to high inflation and a decelerating economy. Projections by the World Bank indicate that poverty will worsen by 2025, with the rate rising to almost 34% (according to the international poverty line), up from 27% in 2022. This trend aligns with a subdued growth outlook in services and agriculture and escalating prices. Despite significant inflation, the country's minimum wage has only risen by 10%, which is deemed inadequate considering the inflation rate. According to World Bank estimates, the unemployment rate in the country was around 3.5% in 2022 (latest data available).

Main Indicators	2022	2023 (E)	2024 (E)	2025 (E)	2026 (E)
<b>GDP</b> (billions USD)	72.24	76.63	75.65	76.71	81.79
<b>GDP</b> (Constant Prices, Annual % Change)	3.1	1.2	2.7	4.6	4.9
<b>GDP per Capita</b> (USD)	2,252	2,329	2,242	2,217	2,305

Main Indicators	2022	2023 (E)	2024 (E)	2025 (E)	2026 (E)
<b>General Government Gross Debt</b> <i>(in % of GDP)</i>	92.4	84.9	81.5	78.8	75.8
<b>Inflation Rate</b> <i>(%)</i>	n/a	42.2	23.2	11.5	8.0
<b>Current Account</b> <i>(billions USD)</i>	-1.52	-1.91	-2.11	-2.30	-2.74
<b>Current Account</b> <i>(in % of GDP)</i>	-2.1	-2.5	-2.8	-3.0	-3.3

Source: IMF - World Economic Outlook Database , October 2021

## Country Risk

See the country [risk analysis](#) provided by [La Coface](#).

## MAIN SECTORS OF INDUSTRY

Ghana, Africa's largest gold producer, is rich in natural resources and benefits from fertile soil. Agriculture represents 19.6% of GDP and employs 40% of the country's workforce (World Bank, latest data available). Arable lands cover approximately 57% of the country's total land area (FAO). Most of the cultivated lands (95%) consist of small and medium-sized farms (up to 10 hectares). Crops vary considerably depending on the region. In the forest zone (southwest), tree crops, including cocoa, oil palm, coffee, and rubber, are common. Maize, legumes, cocoyam or yam, with tobacco and cotton, are among the most harvested crops in the middle belt of the country. Tobacco and cotton are also harvested in the north of the country, in addition to sorghum, millet, cowpeas, and groundnuts. While livestock production is important, particularly in the north, Ghana still imports meat and dairy products to meet demand.

Industry accounts for 32% of GDP and employs 19% of the workforce. The sector is dominated by mining, lumbering, light manufacturing, aluminum smelting, food processing, cement production, small commercial shipbuilding, and petroleum. Gold, bauxite, and manganese mining play a key role thanks to the country's rich subsoil resources. Rich bauxite reserves coupled with high hydro stocks provide strong potential for aluminum smelting. Ghana also has a relatively sophisticated automotive industry and exports cars to other parts of Africa.

The service sector is the largest component of the economy comprising 42% of GDP and employing 41% of the workforce. The banking sector has developed and modernized in recent years but has more room to grow. In the past, the banking sector in Ghana was largely controlled by state-owned institutions and lacked significant competition. However, over the last decade, there has been a shift as certain state-owned banks underwent privatization through the government's Divestiture Implementation Program. Telecommunications is the main service sector due to rapid growth in mobile phone users and the emergence of mobile payment technologies. According to data from the Ministry of Tourism, in the first half of 2023, the country recorded half a million visits, with tourism revenue estimated at USD 3.4 billion for the year as a whole.

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
<b>Employment By Sector</b> <i>(in % of Total Employment)</i>	39.5	19.1	41.4
<b>Value Added</b> <i>(in % of GDP)</i>	18.8	31.5	44.1
<b>Value Added</b> <i>(Annual % Change)</i>	0.4	5.7	2.3

Source: World Bank - Latest available data.

Monetary Indicators	2016	2017	2018	2019	2020
<b>Ghanaian Cedi (GHS) - Average Annual Exchange Rate For 1 USD</b>	3.99	4.35	4.59	5.20	5.60

Source: World Bank - Latest available data.

## FOREIGN TRADE

Ghana maintains a highly open stance towards foreign trade, with trade accounting for approximately 71% of its GDP, according to the latest data from the World Bank. The government's objective is to foster an economic environment conducive to private sector development, transparent trade practices, and enhanced competitiveness in foreign markets. In terms of exports, Ghana's main commodities include gold (37%), petroleum oils (31.3%), cocoa beans and paste (13.4%), and manganese (2.1%). On the import side, the country's primary imports consist of motor vehicles (12.6%), rice (3.6%), cement (3.1%), and refined petroleum oil (2.3%), as per Comtrade data for 2022.

As a member of the World Trade Organization (WTO) and the Economic Community of West African States (ECOWAS), Ghana has engaged in various partnership agreements, including with the European Union (EU). The EU supports Ghana's "Beyond Aid" program, aimed at restructuring trade dynamics between Ghana and developed economies. Customs duties, while not excessively high, are applied to all imported products, following the common external customs tariffs of the ECOWAS. Ghana's top export destinations in 2022 were China (16.7%), Switzerland (14.7%), India (14.2%), South Africa (11.8%), and the Netherlands (5.8%). On the import side, the country's major import partners were China (18.2%), the United States (9.4%), the United Kingdom (6.6%), India (5.6%), and Belgium (5.1%), according to Comtrade data.

Data from the WTO indicates that in 2022, Ghana exported goods worth USD 17.5 billion and imported goods valued at USD 14.6 billion, marking increases of 18.8% and 7.2% year-on-year, respectively. However, while Ghana maintains a trade surplus in goods, it is a net importer of services. In 2022, service exports totaled USD 8.3 billion compared to service imports amounting to USD 11.8 billion.

In 2023, Ghana experienced a contraction in its favorable trade balance, which decreased by 10% to USD 2.6 billion, as reported by the Bank of Ghana. This decline was attributed to a 5% decrease in total exports, driven by an 8.7% decline in cocoa income and a 30% decrease in revenue from oil shipments.<sup>f</sup> Ghana).

Foreign Trade Values	2018	2019	2020	2021	2022
<b>Imports of Goods</b> (million USD)	13,134	13,411	12,429	13,629	14,621
<b>Exports of Goods</b> (million USD)	14,943	15,668	14,472	14,727	17,494
<b>Imports of Services</b> (million USD)	10,086	13,498	12,117	12,338	11,854
<b>Exports of Services</b> (million USD)	7,572	9,925	7,606	9,174	8,302

Source: World Trade Organisation (WTO) ; Latest available data

Foreign Trade Indicators	2018	2019	2020	2021	2022
<b>Foreign Trade</b> (in % of GDP)	68.0	76.8	38.5	58.4	52.6
<b>Trade Balance</b> (million USD)	1,809	2,257	2,043	1,099	2,873
<b>Trade Balance (Including Service)</b> (million USD)	-706	-1,316	-2,468	-2,066	-585
<b>Imports of Goods and Services</b> (Annual % Change)	5.0	15.9	-54.5	113.8	13.0
<b>Exports of Goods and Services</b> (Annual % Change)	6.6	12.7	-50.7	69.1	9.4

Foreign Trade Indicators	2018	2019	2020	2021	2022
<b>Imports of Goods and Services</b> <i>(in % of GDP)</i>	34.5	39.4	17.8	28.5	25.0
<b>Exports of Goods and Services</b> <i>(in % of GDP)</i>	33.5	37.4	20.7	29.9	27.5

Source: World Bank ; Latest available data

Foreign Trade Forecasts	2023	2024 (e)	2025 (e)	2026 (e)	2027 (e)
<b>Volume of exports of goods and services (Annual % change)</b>	-6.9	8.8	4.3	5.5	4.6
<b>Volume of imports of goods and services (Annual % change)</b>	-2.9	7.5	5.2	6.4	5.3

Source: IMF, World Economic Outlook ; Latest available data

Note: (e) Estimated Data

## International Economic Cooperation

Member of [Economic Community of West African States \(ECOWAS\)](#)

Member of [African Union \(AU\)](#)

Member of [WTO](#)

Member of [Commonwealth of Nations](#)

## Main Partner Countries

Main Customers <i>(% of Exports)</i>	2019
<b>China</b>	16.7%
<b>Switzerland</b>	14.7%
<b>India</b>	14.2%
<b>South Africa</b>	11.8%
<b>Netherlands</b>	5.8%
<a href="#">See More Countries</a>	36.8%

Main Suppliers <i>(% of Imports)</i>	2019
<b>China</b>	18.2%
<b>United States</b>	9.4%
<b>United Kingdom</b>	6.6%
<b>India</b>	5.6%
<b>Belgium</b>	5.1%
<a href="#">See More Countries</a>	55.2%

Source: Comtrade, Latest Available Data

## POLITICAL OUTLINE

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### Current Political Leaders

President: Nana Addo Dankwa AKUFO-ADDO (since 7 January 2017) ; the president is both chief of state and head of government

### Next Election Dates

Presidential: December 2024

Parliament: December 2024

### Main Political Parties

Since Ghana's democratisation in 1992, two parties have been dominating the political scene:

- **New Patriotic Party** (NPP): ruling party, centre-right, liberal conservative
- **National Democratic Congress** (NDC): main opposition, social democratic.

Other parties include:

- All Peoples Congress (APC)
- Convention People's Party (CPP)
- Ghana Freedom Party (GFP)
- Ghana Union Movement (GUM)
- Great Consolidated Popular Party (GCPP)
- Liberal Party of Ghana (LPG)
- National Democratic Party (NDP)
- People's National Convention (PNC)
- Progressive People's Party (PPP)
- United Front Party (UFP)
- United Progressive Party (UPP).

### Executive Power

Executive power is exercised by the government. The President of Ghana is both head of state and head of government. Their term length is four years and can only be renewed once. The president appoints the vice president and ministers; however, at least half of them must come from the Parliament.

### Legislative Power

Legislative power is vested in the Parliament. The Parliament of Ghana bears similarities with the British Parliament and its members are elected through simple majority (or First Past the Post) voting system. Ghana is divided into 275 constituencies each electing one member of the parliament. Members serve four-year terms.

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## COVID-19 COUNTRY RESPONSE

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## **Travel restrictions**

Regularly updated travel information for all countries with regards to Covid-19 related entry regulations, flight bans, test and vaccines requirements is available on [TravelDoc Infopage](#).

To find information about the current travel regulations, including health requirements, it is also advised to consult Travel Regulations Map provided and updated on a daily basis by [IATA](#).

## **Import & export restrictions**

A general overview of trade restrictions which were adopted by different countries during the COVID-19 pandemic is available on the [International Trade Centre's COVID-19 Temporary Trade Measures](#) webpage.

## **Economic recovery plan**

For the general overview of the key economic policy responses to the COVID-19 pandemic (fiscal, monetary and macroeconomic) undertaken by the government of Ghana, please consult the country's dedicated section in the [IMF's Policy Tracker platform](#).

## **Support plan for businesses**

For an evaluation of impact of the Covid pandemic on SMEs and an inventory of country responses to foster SME resilience, refer to the OECD's [SME Covid-19 Policy Responses](#) document.

You can also consult the World Bank's [Map of SME-Support Measures in Response to COVID-19](#).