

# 2026 BUDGET STATEMENT AND ECONOMIC POLICY REVIEW

## POLICY BRIEF

### 1. Introduction

The 2026 Budget, presented to Parliament by the Minister for Finance on 13 November 2025, is the second budget of the NDC administration under the “Reset Agenda.” Themes of fiscal discipline, macroeconomic stability, and job creation dominated the budget, which is anchored on “Resetting for Growth, Jobs, and Economic Transformation.”

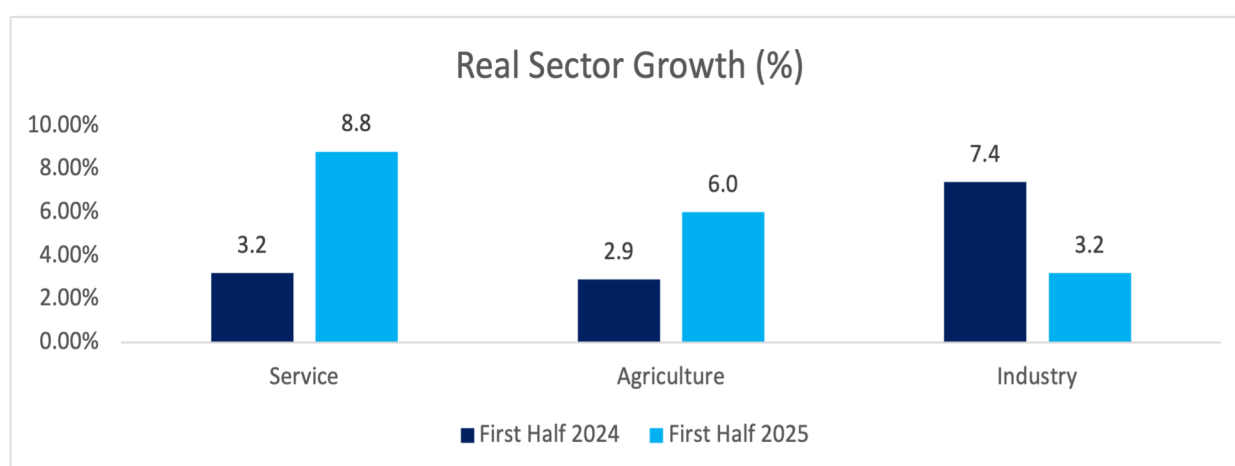
This document presents a review of the budget statement delivered on behalf of the President. The review outlines (i) a snapshot of macroeconomic performance for 2025 and the target for 2026, (ii) the key highlights of the budget, (iii) its strengths and weaknesses, and (iv) our concluding opinions and the implications of the budget.

### 2. Snapshot of Macroeconomic Performance

#### GDP Growth (%)

Indicator	2024 Q1	2025 Q1	2024 H1 (June)	2025 H1 (June)	2025 Proj Q1-Q4	2026 Target
Overall GDP	4.9	5.3	5.1	6.3	4.8	4.8
Non-oil GDP	4.3	6.8	5.6	7.8	5.3	4.9

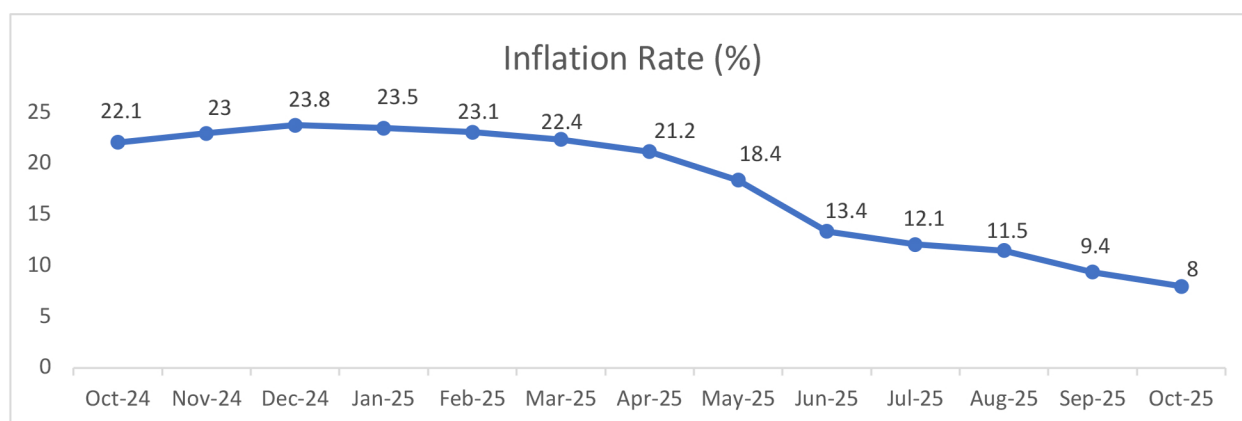
Note: Q1= quarter one, H1= first half of the year, and Proj= projected



## Fiscal Balance

Indicator	2025 Target (revised)	Proj Q1 – Q3	Outturn Q1 – Q3	Proj Q1 – Q4	Target for 2026
Total Revenue and Grants (billions of GH¢)	229.9	162.6	154.9	226.4	268
Total Expenditure (billions of GH¢)	269.4	206.9	178.4	251.7	302.4
Primary Balance (Commitment basis)	1.5%	0.6%	1.6%	1.8%	1.5%
Overall Fiscal Deficit (Commitment basis)	-2.8%	-3.2%	-1.5%	-1.8%	-2.2%

## Price Development

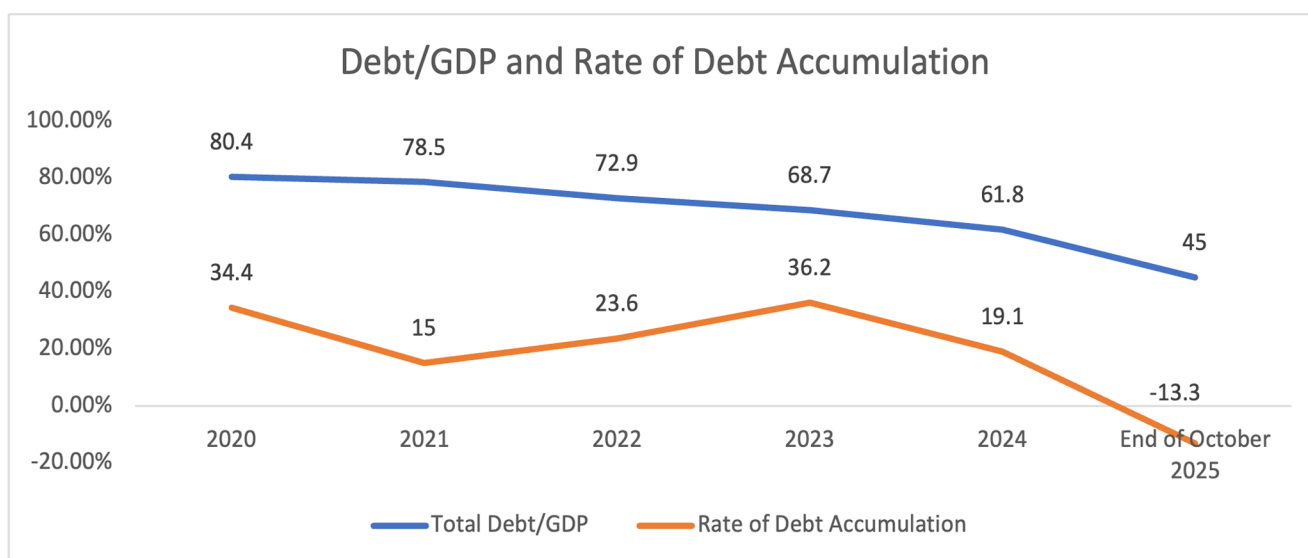
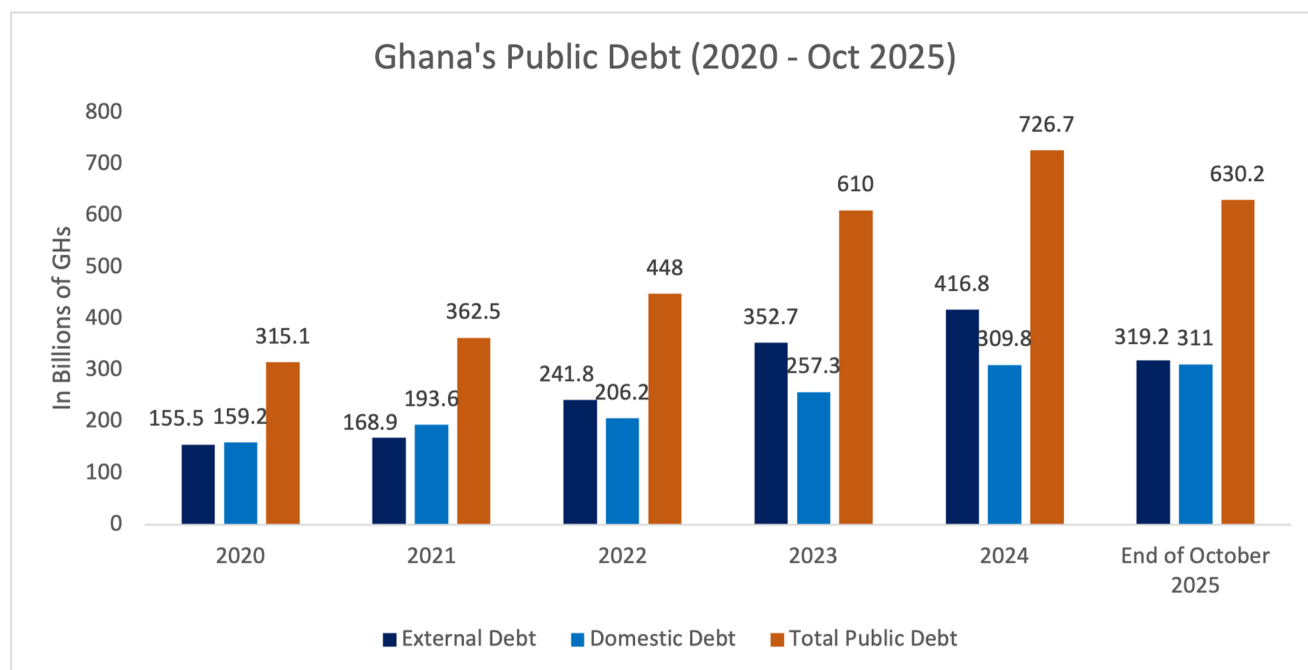


## Cedi Performance (Inter-Bank Rate)

Indicator	10th November 2024	10th November 2025
US Dollar	GH¢16.35	GH¢10.92
British Pound	GH¢21.09	GH¢14.37
Euro	GH¢17.50	GH¢12.62



## Public Debt Development



### 3. Key highlights of the budget

Here are some key or notable features of the 2026 Fiscal Budget:

- **Revenue Target:** The government aims to collect GH¢268.1 billion in total revenue and grants, representing an 18.3% increase from the 2025 amount of GH¢229.9 billion.
- **Expenditure Target:** The government plans to spend GH¢302.4 billion in 2026, representing a 12.2% increase over the 2025 allocation of GH¢269.4 billion.
- **Fiscal Discipline:** The budget prioritizes fiscal discipline, targeting a primary surplus of 1.5% of GDP and an overall deficit of 2.2% of GDP.
- **Economic Growth:** Ghana's economy is projected to grow by 4.8% in 2026, supported by improved fiscal discipline and ambitious development priorities. This exceeds the 2025 growth target of 4.0%.



- **Inflation:** Inflation is expected to stay within the target band of 8% with a margin of error of  $\pm 2$  percent.
- **Tax Reforms:** The budget introduces several tax reforms, including the abolition of the COVID-19 levy and decoupling of GETFund and NHIL levies from the VAT Tax base. It also abolishes VAT on mineral exploration and extends zero-rated VAT on local textiles to 2028.
- **Public Debt Management:** Key actions include rebuilding the Sinking Fund to create buffers for future repayments, conducting debt reprofiling and bond buy-backs to reduce high-cost obligations, limiting non-concessional borrowing to only strategic projects, and improving transparency through regular publication of debt operations.
- **Social Protection:** The budget prioritises social protection, with allocations for free SHS, NHIS, LEAP, and school feeding programs.
- **Infrastructure Development:** The budget includes investments in infrastructure, including the Big Push Infrastructure Programme.
- **Job Creation:** The government aims to create over 800,000 jobs in 2026 through infrastructure projects, TVET expansion, and the 24-Hour Economy initiative.

## 4. Observed Strengths and Weaknesses

Based on the notable features of the 2026 Fiscal budget, here are some strengths and weaknesses of the budget:

### Strengths

- **Revenue Mobilisation:** The budget targets e-commerce, cross-border digital transactions which encapsulate a broad and modern source of revenue mobilisation. The budget also projects non-oil domestic revenue to increase to 15.7% of GDP in 2026 from 15.1% projected for 2025, through tighter enforcement and the digitalisation of tax administration.
- **Government Expenditure:** Government plans to increase spending by 12.2% in 2026, signaling an expansionary fiscal policy. This is expected to support the needed economic growth, provided the required revenues are mobilized to finance the higher expenditure
- **Fiscal Discipline:** The budget prioritises fiscal discipline, targeting a primary surplus of 1.5% of GDP and an overall deficit of 2.2% of GDP, an improvement from the 2.8% projected for 2025 and 7.9% outturn recorded at end-December 2024. This aligns with the amended Public Financial Management Act (2025) and the IMF-supported programme.





- **Macroeconomic Stability:** The budget aims to sustain macroeconomic stability, with single-digit inflation and exchange rate stability, preserving gains made in 2025.
- **Debts:** The government's debt management approach which focuses on extending maturities, reducing borrowing costs, and strengthening credibility represents a positive shift in overall debt management.
- **Social Protection:** The budget maintains funding for social protection programs, including the Livelihood Empowerment Against Poverty (LEAP) program, National Health Insurance Scheme, and School Feeding Programme.

## Weaknesses

- **Revenue Assumptions:** The budget's ambitious fiscal targets hinge on optimistic revenue projections that may prove difficult to achieve, particularly given Ghana's persistent tax compliance challenges. Notably, the government missed its revenue target for Q1–Q3 by GH¢7.7 billion, underscoring the risks associated with these assumptions.
- **Fiscal Gaps:** The budget has underlying fiscal gaps, with rising interest obligations, and a balancing gap, requiring additional borrowing to finance interest costs and priority programs.
- **Crowding-out Effect:** The budget poses a significant risk of crowding-out private sector activity, as increased domestic borrowing could constrain credit availability and raise lending costs. This may slow job creation, weaken industrial growth, and undermine broader economic transformation efforts.
- **Job Creation:** Although the projected creation of 800,000 jobs is commendable, concerns remain about their sustainability, as a significant share is linked to construction-related activities under the Big Push and other infrastructure programmes.
- **Limited Transformational Vision:** The budget falls short of articulating a clear transformational agenda, with minimal emphasis on productive investment. Its orientation remains largely toward fiscal consolidation rather than catalytic, growth-enhancing expansion.
- **Poverty Reduction:** The 2026 Budget does not present a clear poverty-reduction framework. Although the budget references various social protection initiatives, it does not provide a coherent matrix outlining how these policies and programmes will directly alleviate poverty among vulnerable groups. The document lacks measurable targets, timelines, and defined implementation pathways for reducing poverty, making it difficult to assess how proposed interventions will translate into meaningful improvements in the welfare of low-income households



## 5. Conclusive Opinion and Implications

- The 2026 Budget Statement and Economic Policy of Ghana presents a mixed picture, with both strengths and weaknesses. On the positive side, the budget prioritises fiscal discipline, targeting a primary surplus of 1.5% of GDP and an overall deficit of 2.2% of GDP, aligning with the amended Public Financial Management Act and the IMF-supported programme.
- The budget also prioritises social protection and investments in infrastructure, education, and healthcare, with a focus on promoting economic growth and reducing inequality. The "Big Push Infrastructure Programme" and the "24-Hour Economy" initiative are notable examples of this.
- However, concerns have been raised about the potential crowding-out effect of domestic borrowing, which could slow job creation, weaken industrial growth, and undermine economic transformation efforts.
- The budget's ambitious fiscal targets also hinge on optimistic revenue assumptions, which may be challenging to achieve given Ghana's persistent tax compliance issues and limited diversification of the revenue base. This may worsen the projected fiscal gap, forcing the government to resort to debt financing.
- Overall, the 2026 Budget Statement and Economic Policy of Ghana is a credible attempt to consolidate macroeconomic stability, accelerate job creation, and protect social progress; however, its success will depend on effective execution, realistic revenue strategies, and institutional accountability.

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### About CERPA

The Centre for Economic Research and Policy Analysis (CERPA) is a think tank dedicated to providing independent, data-driven economic research and policy recommendations to foster sustainable economic growth in Ghana and beyond.

**Email:** [info@cerpagh.org](mailto:info@cerpagh.org)

**Phone:** 0246642520, 0546834744

**Website:** [cerpagh.org](http://cerpagh.org)

