CERPA
CENTRE FOR ECONOMIC RESEARCH AND POLICY ANALYSIS

FITCH UPGRADES GHANA'S CREDIT RATING FROM B- TO B AMID GLOBAL UNCERTAINTY: IMPLICATIONS FOR ECONOMIC RECOVERY AND POLICY SUSTAINABILITY

POLICY BRIEF

1 Executive Summary

Fitch Ratings has upgraded Ghana's Long-Term Foreign-Currency Issuer Default Rating from B- to B with a Positive Outlook, citing declining public debt, fiscal consolidation, strong reserve accumulation, currency appreciation, and improving macroeconomic conditions.

The upgrade represents a significant improvement in Ghana's sovereign credit profile following years of macroeconomic instability, debt restructuring, high inflation, and external liquidity pressures. The decision signals renewed international confidence in Ghana's fiscal adjustment programme and broader economic recovery efforts.

However, while the upgrade improves Ghana's external credibility and investor sentiment, important structural vulnerabilities remain. High debt servicing costs, dependence on commodity exports, vulnerability to external shocks, and limited industrial diversification continue to constrain sustainable economic transformation.

This policy brief by CERPA examines the drivers behind the Fitch upgrade, its implications for Ghana's economy, and the policy measures required to sustain macroeconomic stability and convert the current gains into long-term inclusive growth.

2 Background and Context

Ghana experienced severe macroeconomic distress between 2022 and 2024, characterized by rapid currency depreciation, unsustainable public debt accumulation, high inflationary pressures, external financing constraints and domestic debt restructuring under the Domestic Debt Exchange Programme (DDEP).

These conditions weakened investor confidence and led to sovereign credit downgrades by major international rating agencies.

In May 2026, Fitch upgraded Ghana's sovereign rating from B- to B and revised the country's outlook from Stable to Positive. The agency attributed the upgrade to substantial improvements in fiscal management, debt sustainability, reserve accumulation, and macroeconomic stabilization.

3 Key Drivers Behind the Upgrade

3.1 Declining Public Debt Burden

Fitch projects Ghana's public debt-to-GDP ratio to decline to approximately 46% by 2027, below the median forecast for countries within the "B" rating category.

The decline reflects:

- Fiscal consolidation measures
- Strong GDP growth
- Appreciation of the Ghana cedi
- Debt restructuring efforts

This development improves Ghana's fiscal sustainability and reduces sovereign default risk.

3.2 Growth in International Reserves

Fitch highlighted the substantial growth in Ghana’s international reserves as a major factor supporting the upgrade. Unencumbered reserves reportedly increased by approximately US$5.4 billion in 2025 to about US$12.3 billion.

The reserve buildup reduces external liquidity risks and strengthens Ghana’s ability to absorb external shocks.

3.3 Improved Fiscal Discipline

The ratings agency acknowledged Ghana’s improving fiscal management framework and projected primary fiscal surpluses of 1.5% of GDP for both 2026 and 2027 following a 2.9% surplus in 2025.

The improvement reflects stronger expenditure controls and enhanced public financial management reforms.

3.4 Declining Inflation and Macroeconomic Stabilization

Inflation declined significantly to approximately 3.2% in March 2026 before marginally rising in April 2026. Fitch views the broader inflation trend as evidence of macroeconomic stabilization and improving monetary policy credibility.

3.5 Strong External Sector Performance

Strong gold exports, favorable global commodity prices, and current account surpluses have contributed significantly to Ghana’s external sector recovery. Fitch projects continued reserve accumulation and stronger external buffers over the medium term.

4 Economic and Policy Implications

4.1 Improved Investor Confidence

The upgrade sends a positive signal to international investors, development partners, and financial markets regarding Ghana's improving economic fundamentals. This could lower sovereign borrowing costs, improve access to international capital markets, attract foreign direct investment (FDI) as well as strengthen confidence in Ghanaian financial assets.

4.2 Enhanced External Credibility

The positive outlook strengthens Ghana's standing among emerging and frontier economies. The upgrade also aligns with positive assessments by other agencies, reinforcing confidence in Ghana's ongoing reforms.

4.3 Reduced External Financing Risks

Higher reserve levels improve Ghana's capacity to manage exchange rate pressures and external payment obligations, thereby supporting macroeconomic stability.

4.4 Potential Support for Private Sector Recovery

Improved sovereign ratings can positively affect domestic credit conditions by reducing risk perceptions within the financial system. Lower inflation and improved macroeconomic conditions may also support private sector investment and consumer confidence.

5 Persistent Risks and Structural Challenges

Despite the upgrade, CERPA identifies several remaining concerns:

5.1 High Debt Servicing Costs

Although debt levels are declining, Ghana still faces significant interest payment obligations that constrain fiscal space and public investment capacity. Fitch itself warned that debt servicing costs remain elevated.

5.2 Dependence on Commodity Exports

Ghana's recovery remains heavily dependent on gold and commodity exports, exposing the economy to fluctuations in global commodity prices and external market conditions.

5.3 Vulnerability to External Shocks

Global uncertainty, geopolitical instability, volatile energy prices, and tightening international financial conditions remain significant risks to Ghana's recovery trajectory.

5.4 Limited Structural Transformation

The economy continues to face challenges related to industrialization, export diversification, productivity growth, and domestic value addition.

6 Policy Recommendations

6.1 Sustain Fiscal Discipline

Government must maintain prudent fiscal management and avoid excessive election-related spending that could reverse recent gains in macroeconomic stability.

6.2 Deepen Structural Reforms

Authorities should accelerate reforms aimed at:

- Improving domestic revenue mobilization
- Strengthening expenditure efficiency
- Enhancing public sector accountability
- Expanding the formal tax base

6.3 Promote Economic Diversification

Ghana should reduce excessive dependence on extractive industries by investing in:

- Agro-processing
- Manufacturing

- Technology and digital industries
- Non-traditional exports

6.4 Strengthen Foreign Reserve Management

Government and the Bank of Ghana should continue policies that support reserve accumulation and exchange rate stability.

6.5 Support Private Sector Development

Future borrowing should prioritize productive investments with strong economic returns while minimizing exposure to non-concessional debt.

6.6 Build Long-Term Debt Sustainability

Future borrowing should prioritize productive investments with strong economic returns while minimizing exposure to non-concessional debt.

7 Conclusion

Fitch's upgrade of Ghana's sovereign credit rating from B- to B represents an important milestone in the country's economic recovery process. The decision reflects growing international confidence in Ghana's fiscal consolidation efforts, reserve accumulation, and macroeconomic stabilization policies.

Nevertheless, the upgrade should not be interpreted as evidence that Ghana's structural economic challenges have been fully resolved. Sustaining the gains will require continued fiscal discipline, stronger institutional reforms, economic diversification, and policies that promote inclusive and resilient growth.

CERPA maintains that Ghana's long-term economic stability will ultimately depend not only on improved sovereign ratings but also on the country's ability to transform macroeconomic recovery into broad-based development outcomes that improve livelihoods, strengthen domestic productivity, and reduce structural vulnerabilities.

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

Email: *info@cerpagh.org*
Phone: *0246642520, 0546834744*
Website: *cerpagh.org*

Centre for Economic Research and Policy Analysis CERPAOfficial