

# GHANA'S IMF TRANSITION

## STABILIZATION OR SUSTAINABLE RECOVERY?

### POLICY BRIEF

## 1 Executive Summary

Ghana has made notable progress under the IMF-supported Extended Credit Facility (ECF) programme, with lower inflation, relative exchange rate stability, improved reserves, and better fiscal conditions. The country is now transitioning to a Policy Coordination Instrument (PCI), which emphasises policy discipline and institutional reforms without direct IMF financing.

CERPA acknowledges these gains but cautions that the recovery remains fragile. Much of the improvement has been driven by debt restructuring, fiscal tightening, and strong gold export earnings rather than deep structural transformation.

#### Key challenges persist, including:

- high public debt vulnerabilities;
- dependence on commodity exports;
- weak industrial productivity;
- unemployment pressures; and
- governance and fiscal discipline concerns.

The central policy question is whether Ghana is experiencing genuine economic transformation or temporary stabilisation.



## 2 CERPA's Key Assessment

### I. Recovery Remains Fragile

Current improvements are largely adjustment-driven rather than productivity-driven. Ghana still lacks strong industrial expansion, export diversification, and broad private sector growth.

### II. Commodity Dependence Remains Risky

The recovery has benefited significantly from high gold export earnings. A decline in commodity prices or investor confidence could quickly reverse current gains.

### III. Fiscal Discipline Will Be Tested

Under the PCI arrangement, Ghana must sustain economic discipline without IMF financing support. Historically, fiscal slippages have re-emerged after IMF programmes.

### IV. Citizens Are Yet to Fully Feel the Recovery

Despite improved macroeconomic indicators, many households continue to face high living costs, unemployment, and weak business conditions.

## 3 CERPA Policy Recommendations

### 1. Prioritize Structural Transformation

Government should focus on:

- industrialization;
- agro-processing;
- export diversification; and
- value-added manufacturing.

### 2. Institutionalize Fiscal Discipline

Strengthen:

- expenditure controls
- fiscal responsibility laws; and
- independent fiscal oversight.

### 3. Reduce Commodity Dependence

Diversifying exports and expanding domestic production are critical for long-term stability.



#### 4. Support the Private Sector

Improve:

- access to finance;
- infrastructure;
- investment regulations; and
- business competitiveness.

#### 5. Protect Social Welfare

Economic reforms should be balanced with investments in:

- education;
- healthcare; and
- youth employment programmes.

## 4 Conclusion

Ghana's transition from IMF crisis stabilisation to policy coordination marks important progress, but macroeconomic stabilisation alone does not guarantee sustainable development.

CERPA recommends that Ghana must use this period to pursue deeper structural reforms that promote productivity, diversification, institutional discipline, and inclusive growth. Without such reforms, the country risks repeating past cycles of debt distress and economic instability

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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

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