

Ghana



Ghana sits on the Atlantic Ocean and borders Togo, Cote d'Ivoire, and Burkina Faso. It has a population of about 29.6 million (2018). In the past two decades, it has taken major strides toward **democracy** under a multi-party system, with its **independent judiciary** winning public trust. Ghana consistently ranks in the top three countries in Africa for freedom of speech and press freedom, with strong broadcast media, with radio being the medium with the greatest reach. Factors such as these provide Ghana with **solid social capital**.

Two and a half years after being elected president in a peaceful election, **President Akuffo-Addo** has marked some **successes** implementing some of its promises such as planting for food and jobs and **free secondary education**.

Macroeconomic performance and outlook

Ghana's economy continued to expand in 2019, with real GDP growth estimated at **7.1%**. High growth momentum since 2017 has consistently placed **Ghana among Africa's 10 fastest-growing economies**. Improvements in the macroeconomic environment were accompanied by expansion in domestic demand due to **increased private consumption**. The **industrial sector**, with average annual growth exceeding 10%, was a major driver of growth in the three years to 2019.

Agriculture will continue to be the second fastest-growing sector in the economy, but a financial sector clean-up that started in 2017 placed a temporary drag on growth of services. In 2019, Ghana maintained its moderate fiscal and current account deficits, **single-digit inflation**, and a **relatively stable exchange rate**. The fiscal deficit improved from 3.5% of GDP in 2018 to 3.4% in 2019. However, the current account deficit rose from 3.1% of GDP to 3.5% as net flows in the income account outweighed gains in the trade account. A steady decline in nonfood inflation and tight monetary policy helped keep inflation within a medium-term target of $8 \pm 2\%$.

The **exchangerate** between the Ghana cedi and US dollar remained stable. Increased public debt and shortfalls in domestic revenues pose challenges to further macroeconomic improvements. By September 2019, the **debt-to-GDP ratio** rose 3.2 percentage points year-on-year. Despite the low domestic resource mobilization and high cost of financial and energy sector reforms, the

government remains committed to a **deficit ceiling** of no more than 5% of GDP, as required by the new **Fiscal Responsibility Act**.

Growth prospects remain positive, with increased output and stable global prices for Ghana's main export commodities. Domestic initiatives aim to increase productivity and boost output in key primary sectors and value chains. The 10-Point Industrialization Agenda seeks to expand output through coordinated public and private investment. Programs targeting higher agricultural productivity include Planting for Food and Jobs, Rearing for Food and Jobs, and Planting for Export and Rural Development. The nascent manufacturing sector will broaden the basis for growth, focusing on **agriculture-led industrialization**.

Exports are largely unprocessed, and more than 18% of imports are food items— both opportunities for local value addition. **Foreign direct investment (FDI)** and portfolio investments provide low-cost capital for emerging value chains. As **West Africa's top FDI recipient**, Ghana received more than a third of the region's inflows in 2018, reflecting the country's emerging skill base. The government's new Business Regulatory Reform program is expected to improve the **business environment** and mobilize domestic revenue. **Digital investments**, especially in the financial sector, will increase efficiency.

With the **African Continental Free Trade Agreement**, Ghana's industry will absorb increasing raw materials from the region, scale up manufacturing, and trade in processed and light manufactured products. Despite the Fiscal Responsibility Act, the runup to elections might put pressures on the government to overspend and undertax which could derail progress toward fiscal consolidation. Mounting energy sector liabilities, due to excess installed capacity from take-or-pay contracts with independent power producers, and the ongoing financial sector clean-up are likely to lift the debt-to-GDP ratio above the current 60.6%.

Ghana's imports from Greece

Unit : Euro thousand

| Product label | Ghana's imports from Greece |
|---|-----------------------------|
| | Value in 2019 |
| All products | 44167 |
| Salt; sulphur; earths and stone; plastering materials, lime and cement | 26084 |
| Miscellaneous chemical products | 6557 |
| Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ... | 2871 |
| Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof | 2592 |
| Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; ... | 2137 |
| Articles of iron or steel | 848 |
| Iron and steel | 757 |
| Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ... | 693 |
| Vehicles other than railway or tramway rolling stock, and parts and accessories thereof | 614 |

- Sources: African Economic Outlook (AEO) 2020
- African Development Bank
- Trade map; Trade statistics for international business development