

## 'CareEdge B-/Positive' rating assigned to Republic of Ghana

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Issuer rating (Long-Term Foreign Currency)

CareEdge B-/Positive (Unsolicited)

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### Rating Action

CareEdge Global Ratings has assigned a Long-Term Foreign Currency Rating of '**CareEdge B-/Positive**' (Unsolicited) to the **Republic of Ghana**.

### Rationale

Ghana's credit rating reflects a strengthening macroeconomic environment following the 2022 sovereign default and subsequent debt restructuring of both domestic and foreign-currency debt, alongside the continued commitment to fiscal and structural reforms under the IMF-supported programme.

Ghana's economic recovery has gained momentum, with real GDP growth increasing from 3.1% in 2023 to 6.0% in 2025, supported by widespread expansion across services, agriculture, and mining sectors. Growth is projected to slow but stay resilient at around 4.8% over 2026–2027, driven by improved external competitiveness and favourable commodity prices, especially for gold and cocoa. However, the growth outlook remains vulnerable to downside risks from commodity price volatility and climate-related shocks affecting agricultural output.

Fiscal metrics have significantly improved following comprehensive debt restructuring. General government debt is projected to decrease sharply from 92.7% of GDP in 2022 to 56.6% in 2025. Fiscal consolidation efforts have reduced the fiscal deficit to approximately 1.9% of GDP in 2025, from -11.8% in 2022. Additionally, the interest burden is expected to decrease considerably, with interest-to-revenue ratios forecast to fall to around 20% by 2027, compared with an average of 46.6% during 2020–2023. Despite these advances, revenue mobilisation remains structurally weak at 16.1% of GDP, limiting fiscal flexibility.

External sector indicators have strengthened notably. The current account is estimated to record a surplus of 4.5% of GDP in 2025, supported by robust gold export receipts, improved terms of trade (export value relative to import value), and lower import demand. Foreign exchange reserves have increased to approximately 4.9 months of import cover in 2025, more than doubling from 2023 levels. Nevertheless, external buffers remain susceptible to shifts in investor sentiment, with foreign direct investment inflows still subdued at 2.1% of GDP.

Monetary conditions remain largely restrictive, despite inflation dropping sharply from a peak of 54% in December 2022 to 3.3% in February 2026. This disinflation trend has allowed for a gradual normalisation of policy rates while still maintaining positive real interest rates.

However, vulnerabilities in the financial sector persist, with high non-performing loan ratios (around 19% in 2025), especially in the agriculture and transport sectors.

Institutional and governance indicators remain mixed. While Ghana benefits from relatively strong democratic credentials, including political stability, the rule of law, and voice and accountability, challenges persist in areas such as government effectiveness and the control of corruption.

Overall, CareEdge Global believes that Ghana's near-term economic outlook is positive, buoyed by strong export performance, particularly in gold, and resilience in non-oil sectors. However, maintaining the recovery will rely on continuing reform efforts, enhancing domestic revenue mobilisation, and reducing vulnerabilities caused by reliance on commodities and external financing challenges.

### **Outlook: Positive**

The Positive outlook reflects expectations of sustained macroeconomic stabilisation, continued fiscal consolidation, and easing debt servicing pressures. Continued adherence to IMF programme targets and ongoing improvements in public financial management frameworks are also key supports to the outlook.

### **Upside scenario**

The rating could be upgraded if Ghana sustains stronger-than-expected real GDP growth, supported by continued robust performance in gold exports and diversification in non-oil sectors. Further improvements in fiscal metrics could accelerate the reduction in public debt and interest burden.

### **Downside scenario**

The rating could face downward pressure if fiscal consolidation weakens due to an inability to raise adequate revenues, leading to a reversal in debt-reduction trends or a renewed increase in interest-to-revenue ratios. A deterioration in external conditions, such as a sharp decline in gold or cocoa prices, or reduced access to external financing, could weaken the current account and reserve position.

### **Key Rating Drivers**

#### **Economic Structure & Resilience**

Growth remains broad-based, with non-oil sectors increasingly supporting expansion. However, the economy continues to face structural vulnerabilities. Notably, the economy remains vulnerable to weather-related disruptions and commodity price volatility, given its reliance on agriculture and primary exports. In addition, low investment levels, reflected in gross fixed capital formation of approximately 10.5% of GDP, may constrain medium-term productive capacity and growth potential.

Ghana's economic structure remains relatively diversified, with services accounting for approximately 44% of GDP, followed by industry (about 34%) and agriculture (about 20%). Economic activity has rebounded strongly following the pandemic and the 2022 sovereign debt default, supported primarily by the mining sector, where elevated gold production and favourable prices have driven growth in 2024–2025. Agricultural output has also improved, underpinned by higher cocoa prices, while non-oil GDP growth continues to outpace overall GDP, reflecting strengthening underlying economic momentum.

The economy expanded by 6.0% in 2025 from 5.8% in 2024, underscoring continued resilience and strong growth momentum. The services sector remains the key driver, recording robust growth of 8.1%, driven by retail trade and transport. Agriculture also posted solid growth of 6.8%, supported by improved cocoa prices, while industry expanded more moderately at 2.3%. Notably, non-oil GDP growth accelerated to 7.6%, highlighting strengthening underlying economic activity beyond the hydrocarbon sector.

Growth is expected to remain high in the medium term at around 5%. Going forward, the country's ability to enhance investment levels, strengthen economic diversification beyond extractive sectors, and improve productivity, particularly in the large informal and agricultural segments, remains a key monitorable.

### **Fiscal Strength**

Ghana's fiscal metrics have improved considerably following comprehensive debt restructuring and ongoing consolidation efforts. However, fiscal flexibility remains limited by a structurally narrow revenue base and Ghana's history of fiscal slippages, including the 2022 sovereign default. Despite recent progress, underperformance in tax revenues persists across key categories, such as personal and corporate income taxes. Additionally, the increasing dependence on non-traditional financing mechanisms, including commodity-backed arrangements and structured swaps, poses further fiscal and transparency risks. In particular, quasi-fiscal operations linked to COCOBOD and exposure to cocoa price volatility could impact contingent liabilities and fiscal outcomes. The development of these arrangements, along with their implications for debt transparency and medium-term sustainability, continues to be an important aspect to monitor.

The public debt trajectory, however, is encouraging. Public debt has declined markedly from 92.7% of GDP in 2022 to an estimated 56.6% in 2025, with further improvement projected over the medium term. The fiscal deficit has narrowed substantially to 1.9% of GDP in 2025, outperforming earlier estimates, and is expected to stabilise at around 2.0% in the coming years. This consolidation reflects both expenditure restraint and improved primary balances, signalling enhanced fiscal discipline after a period of elevated deficits.

Debt sustainability has improved materially, supported by lower interest costs following restructuring. Interest-to-revenue ratios, which averaged around 46.6% during 2020–2023, are projected to decline to approximately 20% by 2026–2027, significantly easing debt

servicing pressures. Ghana has also used alternative financing and liability management measures, including gold-linked and commodity-backed structures, to ease near-term financing pressures and support external buffers. In addition, structured transactions and bilateral arrangements have provided interim liquidity support following the debt restructuring.

Fiscal performance has also improved due to lower-than-expected expenditure in 2025, especially in interest payments, subsidies, and capital spending. Looking forward, both revenue and expenditure are expected to increase at a similar rate, with budgeted rises of around 20% in 2026, indicating a gradual normalisation of fiscal operations.

Revenue mobilisation remains a key area of reform. Although revenue-to-GDP stood at 16.0% in 2025, slightly below earlier projections, ongoing tax policy measures targeting VAT, corporate income, and oil revenues are expected to drive substantial gains over the medium term. Notably, company tax revenues are projected to increase by over 70% between 2025 and 2029, while VAT receipts are expected to rise by nearly 75%, supported by administrative improvements and a broadened tax base. These reforms, if effectively implemented, will be critical in strengthening fiscal buffers and reducing reliance on debt financing.

Ghana's ability to sustain fiscal consolidation will therefore depend on effective implementation of revenue-enhancing measures, adherence to fiscal targets under the IMF programme, and continued progress in rebuilding credibility in public financial management.

### **External Position & Linkages**

Ghana's external position has strengthened notably, supported by robust export performance and improved terms of trade. The current account shifted into a surplus of around 4.5% of GDP in 2025, up from 1.8% in 2024, driven primarily by strong gold exports—which accounted for over half of total export earnings—and higher cocoa export receipts. Export performance has been particularly strong, with total exports in the first three quarters of 2025 already exceeding full-year 2024 levels, reflecting both favourable prices earlier in the year and increased volumes.

However, recent developments in the global cocoa markets present emerging risks to external stability. Following record highs in 2024, international cocoa prices have fallen sharply, by more than 60%, due to improved supply conditions and weaker demand, with prices dropping to near multi-year lows in January and February 2026. This correction is expected to impact export earnings in the future, especially considering Ghana's heavy reliance on cocoa. Consequently, the current account surplus is forecasted to decline to around 2% of GDP over the medium term.

External buffers have strengthened, with foreign exchange reserves rising to approximately 4.9 months of import cover, up from around 2 months in 2023. This improvement has enhanced the sovereign's ability to absorb external shocks.

However, reserve adequacy remains relatively modest, and external vulnerabilities persist. Net FDI inflows remain subdued, declining to around USD 1.77 billion in 2024 from USD 3.88 billion in 2019, reflecting weakened investor confidence following the default and continued reliance on commodity-driven external inflows.

### **Monetary & Financial Stability**

Monetary conditions in Ghana have stabilised after a period of severe inflationary pressures. Headline inflation has fallen sharply from a peak of 54.1% in December 2022 to single-digit levels by late 2025, supported by tight monetary policy and improving macroeconomic fundamentals. Notably, food inflation, which had historically exceeded non-food inflation, decreased to 4.9% in December 2025, below non-food inflation of 5.8%, indicating easing price pressures in key consumption categories.

The disinflation process has led to a return to positive real interest rates, with the policy stance remaining highly restrictive, reflected in a real rate differential of approximately 11.7% as of January 2026. While this has helped anchor inflation expectations and support currency stability, it continues to weigh on domestic credit conditions and broader economic activity.

The banking sector is showing gradual signs of recovery following the impact of the Domestic Debt Exchange Programme (DDEP). Elevated real interest rates have supported bank profitability and recapitalisation efforts, helping to rebuild balance sheets. However, asset quality pressures remain, with non-performing loan ratios still high at around 19%, particularly in sectors such as agriculture and transport.

The exchange rate has begun to stabilise after a period of high volatility. The Ghanaian Cedi has depreciated by over 90% against the US dollar in the past five years, reflecting macroeconomic imbalances and the impact of the 2022 default. However, since reaching a peak of around GHS 16.9/USD in October 2024, the currency has significantly appreciated, aided by improved external balances and policy adjustments.

While financial stability risks are moderating, sustained improvement will depend on continued macroeconomic stability, easing borrowing costs, and strengthening credit quality across key sectors.

### **Institutions & Quality of Governance**

Ghana's institutional framework reflects moderate effectiveness, with governance indicators pointing to a mixed but gradually improving profile. According to the World Governance Indicators, Ghana performs relatively well in areas such as voice and accountability and political stability, supported by a strong democratic tradition.

However, persistent weaknesses in government effectiveness, regulatory quality, and control of corruption continue to weigh on policy implementation and public sector efficiency. The ongoing IMF-supported programme provides an important anchor for reforms, particularly in strengthening public financial management and fiscal oversight.

Ghana's ability to sustain reform momentum and translate institutional improvements into tangible governance outcomes remains a key monitorable, particularly in addressing corruption risks and enhancing policy execution capacity.

Ghana– Select Indicators									
	Unit	2020	2021	2022	2023	2024	2025	2026 F	2027F
Nominal GDP	USD Billion	70.0	79.5	73.9	80.5	82.8	112.0	113.5	117.2
GDP Per Capita (Constant-PPP)	USD	6,047.3	6,607.5	7,207.9	7,562.6	8,038.8	8,410.3	8,812.7	9,240.5
Real GDP Growth	%	0.5	5.1	3.8	3.1	5.8	6.0	4.8	4.9
GFCF/GDP	%	18.2	17.0	15.5	9.9	10.0	10.5	12.6	13.6
Gross Domestic Savings/GDP	%	17.4	15.3	13.7	8.5	11.4	12.8	14.7	14.8
Exports (G&S)/GDP	%	31.5	30.1	34.7	31.8	35.5	-	-	-
Working-Age (15-64) Population (% Share in Total)	%	59.0	59.0	60.0	60.0	60.0	-	-	-
Old-Age (65+) Population (% Share in Total)	%	3.0	3.0	4.0	4.0	4.0	-	-	-
Fiscal Indicators – General Government									
Fiscal Balance/GDP	%	-7.5	-12.0	-11.8	-3.4	-7.3	-2.7	-1.9	-1.7
Revenue/GDP	%	15.0	15.2	15.7	15.2	15.9	16.1	17.0	17.2
Expenditure/GDP	%	22.5	27.2	27.5	18.5	23.2	18.9	19.0	18.9
GG Gross Debt/GDP	%	79.1	86.9	92.7	79.1	69.8	56.6	54.9	52.7
GG External Debt (by Creditor)/GG Gross Debt	%	48.60	46.60	54.00	53.10	53.15	49.65	49.45	49.0
Interest/Revenue	%	44.60	47.80	47.30	19.74	25.16	26.25	20.83	-
External Indicators									
Current Account Balance/GDP	%	-2.50	-2.70	-2.30	-0.80	1.80	4.50	3.20	2.70
FDI, Net Inflows/GDP	%	2.68	3.19	1.93	1.64	2.13	-	-	-
Outstanding FII Liabilities/GDP	%	2.17	0.07	0.04	0.03	0.03	-	-	-
NIIP/GDP	%	-36.3	-34.5	-37.5	-36.3	-30.1	-	-	-
Foreign Exchange Reserves	USD Billion	7.9	10.	5.2	3.6	3.7	8.6	9.1	9.8
Import Cover	Months	3.9	4.2	1.1	1.6	2.60	3.30	3.5	-
External Debt/GDP	%	57.98	55.09	57.73	51.80	45.20	-	-	-
Monetary and Financial Indicators									
CPI Inflation	%	9.9	10.0	31.9	39.2	22.9	15.0	7.9	7.5
Exchange Rate (Average)	LC per USD	5.6	5.8	8.3	11.0	14.2	12.2	-	-
Non-Performing Loans/Total Gross Loans	%	14.8	15.1	14.8	20.6	21.80	18.90	-	-
Private debt, loans and debt securities/GDP	%	12.10	12.10	11.20	10.70	26.30	23.30	-	-

Sources: International Monetary Fund, World Bank, Bank for International Settlements, National Sources, CareEdge Global

Note: F - Forecast; PPP – Purchasing Power Parity; GFCF – Gross Fixed Capital Formation; Exports (G&S) – Exports of Goods and Services; GG – General Government; FDI – Foreign Direct Investment; FII – Foreign Institutional Investment; NIIP – Net International Investment Position; Data refers to fiscal/calendar year and actual/estimate as reported by the source; Where general government data is unavailable, central government data is used; Latest available data for 2024

### Solicitation Status

The rating is unsolicited

### Rating History

Instrument	Type	Rating	Date
Issuer Rating	Long-Term Foreign Currency (Unsolicited)	CareEdge B-/Positive	March 25, 2026

### Criteria Applied

[CareEdge Sovereign Rating Methodology](#)

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