# A Budget of Stability Without Transformation: Assessing Ghana's 2026 Budget Objectives

## Introduction

Ahead of the presentation of Ghana's 2026 Budget Statement to Parliament by the Minister for Finance, two central questions framed expectations.
First, would the Budget confirm that Ghana's economy has truly "turned the corner" after three difficult years?
Second, would it signal a bold shift toward transformational, inclusive growth—or maintain a cautious, stabilization-focused approach?

Evidence from the 2025 outturns strongly suggests that the economy has stabilized.

- Real GDP growth reached 4.8 percent, exceeding the 4.0 percent target.
- Inflation fell sharply from 23.8 percent in December 2024 to 8 percent in October 2025, within the Bank of Ghana's target range.
- Public debt declined from 68.9 percent of GDP in September 2024 to 45 percent by September 2025.
- The cedi appreciated 34.6 percent year-to-date against the US dollar—far stronger than the long-run expected depreciation of 8 percent.

These outcomes confirm that macroeconomic recovery is real, and optimism about the economy is justified.

## The Big Question: Stability or Transformation.

The 2026 Budget Statement of Ghana, sets out three overarching objectives:

1. Consolidating macroeconomic stability,
2. Promoting economic transformation and job creation, and
3. Strengthening security and social sectors for inclusive growth.

These objectives imply an ambition to use restored stability as a platform for transformation. However, while the 2026 Budget meets the first objective, it falls short of the second and third. The fiscal stance remains conservative—understandable given recent crises—but it also reflects a missed opportunity to pivot toward inclusive, broad-based, and transformative growth.

## Assessing Objective 1: Consolidating Macroeconomic Stability

The 2026 Budget clearly reflects the government's continuing commitment to fiscal prudence and macroeconomic stabilization. The overall framework maintains tight expenditure control and cautious deficit management, consistent with the IMF-supported recovery program.

Table 1 below shows that all major macroeconomic targets for 2026 are set either equal to or below their 2025 levels. Real GDP growth is projected at 4.8 percent, the same as achieved in 2025, while non-oil GDP growth is expected to moderate slightly from 5.3 percent to 4.9 percent. The inflation target remains unchanged at 8 percent, and both the primary balance (1.5 percent of GDP) and gross international reserves (at least three months of import cover) are maintained at 2025 levels.

**Table 1: 2026 Macroeconomic Targets Remain at or Below 2025 Levels**

| Macroeconomic Variable | 2025 | 2026 |
|---|---|---|
| Overall Real GDP growth (%) | 4.8 | 4.8 |
| Non-oil Real GDP growth (%) | 5.3 | 4.9 |
| CPI Inflation (%) | 8 | 8 |
| Primary Balance (% of GDP) | 1.5 | 1.5 |
| Gross International Reserves (Months of Import Cover) | ≥ 3.0 | ≥ 3.0 |

This cautious calibration of targets signals the government's preference for consolidation over expansion. Rather than pursuing higher growth through aggressive fiscal stimulus, the 2026 framework seeks to lock in recent gains, contain debt, and safeguard monetary stability. In the short term, this conservative stance is justified—given the need to rebuild policy credibility after the 2022–2023 fiscal crisis.

However, the flat or lower targets also reveal the limits of the current approach. With output and inflation already stabilizing, maintaining all targets at 2025 levels suggests that macroeconomic stability has become an end in itself rather than a springboard for transformation. Unless complemented by stronger investment and inclusion measures, stability alone will not deliver the broad-based growth needed to absorb labor, reduce inequality, and sustain confidence in the recovery.

## Assessing Objective 2: Promoting Economic Transformation and Job Creation

The second objective of the 2026 Budget—to promote economic transformation and job creation—requires a decisive shift in fiscal composition: from consumption-driven spending toward productive investment that expands capacity, improves competitiveness, and generates employment. However, the data in Tables 2 and 3 show that such a shift has not occurred.

**Table 2: Capital Expenditure (as % of GDP) is Flat Relative to Previous Budgets**

| | 2025 Capital Expenditure (as % of GDP) Allocation | 2026 Capital Expenditure (as % of GDP) Allocation | Average |
|---|---|---|---|
| 2026 Budget | 1.69% | 3.60% | 2.64% |
| 2025 Budget | 2.36% | 2.63% | 2.49% |
| 2024 Budget | 2.40% | 2.78% | 2.59% |

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**Table 3: Compensation of Employees (as % of GDP) is Flat Relative to Previous Budgets**

| | 2025 Compensation of Employees (as % of GDP) Allocation | 2026 Compensation of Employees (as % of GDP) Allocation | Average |
|---|---|---|---|
| 2026 Budget | 5.70% | 5.68% | 5.69% |
| 2025 Budget | 5.47% | 5.56% | 5.52% |
| 2024 Budget | 5.22% | 5.11% | 5.17% |

The 2026 Budget does not reallocate resources from recurrent to capital spending. Rather, it preserves the same expenditure structure seen during the crisis years of 2024 and 2025, when fiscal policy focused primarily on stabilization.

Specifically, the average capital expenditure allocation in the 2026 Budget—covering both 2025 (actual) and 2026 (projected)—is 2.64 percent of GDP. This compares to 2.59 percent and 2.49 percent in the 2024 and 2025 Budgets, respectively. The marginal improvement is therefore statistically insignificant and does not signal a structural change in fiscal priorities.

Likewise, the average compensation of employees' allocation in the 2026 Budget for 2025 and 2026 stands at 5.69 percent of GDP, higher than the corresponding averages of 5.17 percent (2024 Budget) and 5.52 percent (2025 Budget). This means that the government continues to spend more than twice as much on wages as on capital investment, a ratio inconsistent with a transformation-oriented fiscal strategy.

In practical terms, Ghana continues to spend nearly twice as much on wages as on development projects. This structure reflects a maintenance rather than modernization fiscal posture. Despite a marginal rise in investment spending, the economy remains in a low-investment equilibrium that limits private sector dynamism and job creation.

## Assessing Objective 3: Strengthening security and social sectors for inclusive growth

The third objective of the 2026 Budget seeks to "strengthen security and social sectors for inclusive growth." This goal implies expanding access to quality education, healthcare, and social protection while ensuring national security and social stability. However, the 2026 allocations indicate that while social spending is preserved in nominal terms, it declines in real terms and fails to achieve meaningful inclusivity gains.

**Table 4: Education and Health: Declining Real Allocations**

| | 2025 Budget (GH¢ bn) | 2026 Budget (GH¢ bn) | % Change Nominal | Expect Real Change |
|---|---|---|---|---|
| 2026 Ministry of Education Allocation | 37.27 | 39.23 | 5.26% | -2.74% |
| 2026 Ministry of Health Allocation | 22.03 | 22.80 | 3.50% | -4.50% |

**Table 5: Social Protection: Nominal Cuts Across Key Programs**

| | 2025 Budget (GH¢ m) | 2026 Budget (GH¢ m) | % Change Nominal | Expect Real Change |
|---|---|---|---|---|
| 2026 LEAP Allocation | 1,144 | 1,057 | -7.60% | -15.60% |
| 2026 School Feeding Program Allocation | 2,382 | 1,985 | -16.67% | -24.67% |
| 2026 National Health Fund Allocation | 11,518 | 11,297 | -1.92% | -9.92% |

As shown in Table 4, allocations to both the Ministry of Education and the Ministry of Health increase modestly in nominal terms but contract once adjusted for inflation. This means that the two largest social ministries—responsible for human capital development—will experience a reduction in real purchasing power, undermining service quality, infrastructure renewal, and expansion efforts. In effect, the budget protects existing systems but does not expand them, a pattern inconsistent with inclusive growth.

Even more concerning are the declines in flagship social protection programs.

As indicated in Table 5, allocations to all three major programs—LEAP, School Feeding, and the National Health Fund—record nominal and real contractions. This confirms that Ghana's fiscal consolidation is not accompanied by redistributive or opportunity-expanding measures.

## The Missing Link Between Macroeconomic Stability and Transformation

Three patterns emerge clearly:

- The budget indeed Consolidates macroeconomic stability (Objective 1).
- Transformation spending remains limited (Objective 2).
- Inclusive growth is constrained by flat or declining real social spending (Objective 3).

The 2026 Budget preserves existing programs but does not expand opportunity. The fiscal stance is one of consolidation, not reallocation. The wage bill absorbs more than half of primary spending, while social investment loses ground to inflation.

The result is stability without transformation—recovery without redistribution.

## Minor Red Flag: Central Bank Financing

The budget notes that the Bank of Ghana financed GH¢1.44 billion, representing 5.8 percent of net domestic financing.

While this level of monetary financing is modest, it warrants clarification—given the Bank's previous role in fiscal support leading up to the 2022–23 crisis, and the government's own policy commitment to zero central bank financing. Transparency here is essential for credibility.

## Conclusion

Overall, there is much to commend in the 2026 Budget. It demonstrates fiscal discipline, reflects improved macroeconomic management, and sustains the gains made after a prolonged period of economic distress. The Budget provides clear evidence that Ghana's economy has stabilized, and it appropriately prioritizes consolidation over expansion in a year when confidence and credibility must be rebuilt.

However, while the Budget succeeds in achieving stability, it does not fully deliver on the broader ambitions expressed through its three stated objectives. The commitment to macroeconomic discipline is evident, but the goals of structural transformation and inclusive growth remain largely aspirational. The allocation patterns and expenditure composition suggest continuity rather than a decisive shift toward a new growth model.

That said, 2026 should rightly be viewed as a transitional year for the Ghanaian economy—a period for restoring fiscal resilience and rebuilding buffers. The government is therefore justified in maintaining a conservative fiscal stance. What it should not do, however, is present this Budget as a transformational blueprint. On that front, it represents a missed opportunity. Stability has been achieved, but the path to transformation and inclusion remains to be charted.

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