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Ghana's 2027 Budget:

From Macroeconomic Stability to Prioritising Public Investment

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The 2027 Budget presents a consequential change in Ghana's fiscal priorities: having restored a measure of macroeconomic stability, the government is committing considerably more resources to productive public investment. It is a direction I welcome. But the achievement of the New Economy cannot ultimately be judged by the size of its capital budget. Its success must be measured by sustained improvements in economic growth, employment and productivity—and on those outcomes, the jury is still out.

Before the Budget, I raised three questions: How much of the additional fiscal space would be devoted to new public investment? How would the government finance the programme? And how would it reconcile an ambitious reserve-accumulation agenda with urgent investment needs? The Budget offers satisfactory answers to all three.

A stronger platform for investment

The 2026 economic outturn supports the government's claim that stabilisation has advanced. Real GDP grew 6.2% in the first half of 2026; headline inflation was 5.5% in October. During January–October, the commitment-basis primary surplus reached 1.4% of GDP, and the cash deficit was 2.3% of GDP against a programmed 4.5%. Public debt stood at 47.5% of GDP at end-October. Average commercial-bank lending rates had fallen to about 15.9%, while private-sector credit was expanding at 34% year on year in September. These developments suggest that Ghana's macroeconomic conditions are generally moving in a favorable direction, providing a stronger foundation for sustained economic stability and growth.

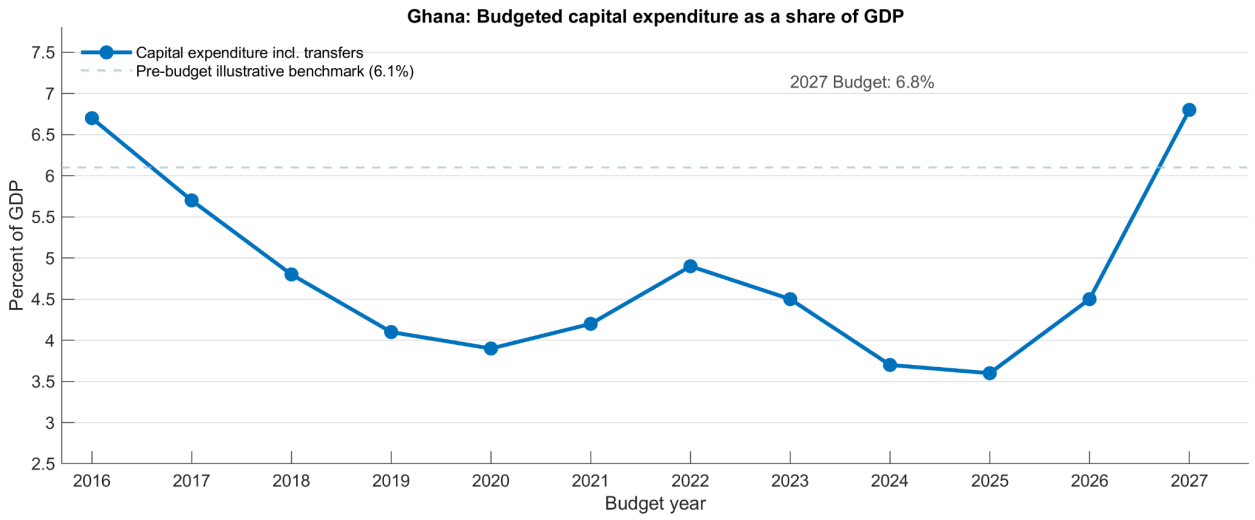
6.2%	5.5%	47.5%	34%
Real GDP growth, first half of 2026	Headline inflation, October	Public debt as a share of GDP	Private-sector credit growth, September

The next task is different from stabilisation: translating improved prices, debt dynamics and financial conditions into higher productive capacity and better livelihoods.

The Budget makes public investment an explicit priority

The original indicative 2027 framework provided GH¢82.8 billion—4.6% of GDP—for capital expenditure including capital transfers. Appendix 3A of the final Budget raises that allocation to approximately GH¢122.7 billion, or 6.8% of GDP. That is nearly GH¢40 billion more than I original indicat, and above the illustrative 6.1%-of-GDP investment benchmark I discussed before the Budget. This is a credible signal of intended additional investment, although genuine additionality ultimately depends on project-level execution.

GH¢122.7bn	6.8%	GH¢82.8bn	+GH¢39.9bn
2027 capital allocation	Capital expenditure / GDP	Original indicative framework	Increase in allocation

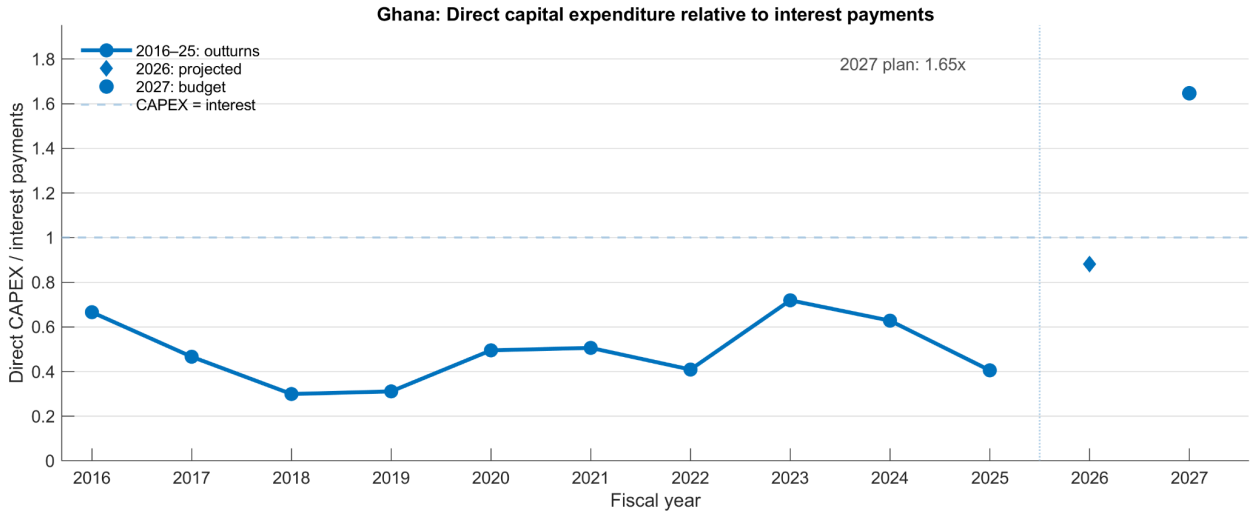


Source: Ghana Ministry of Finance, annual budgets. Original budget allocations, 2016–2027.

Figure 1 | Ghana's budgeted capital expenditure, including capital transfers (% of GDP), 2016–2027

The historical comparison places the decision in perspective: the proposed 6.8% capital allocation is the highest in this 2016–2027 series, reversing a slide from 6.7% in 2016 to 3.6% in 2025. It tells us about a change in fiscal intent, not yet about economic returns.

The change is also apparent relative to debt service. The budget allocates GH¢100.4 billion in direct capital expenditure for 2027, against GH¢61.0 billion in interest payments—a ratio of approximately 1.65. For comparison, the 2025 historical outturn was approximately 0.41. In other words, the 2027 Budget proposes allocating roughly GH¢1.65 to direct capital expenditure for each cedi in interest payments.



2016–25 outturns; 2026 projected; 2027 budget. Direct capital spending excludes capital transfers.

Figure 2 | Direct capital expenditure relative to interest payments, 2016–2027

This represents a significant shift in expenditure priorities. However, the comparison is between the 2027 budget allocation and actual spending in previous years. While the increased allocation signals the government's commitment to public investment, its significance will ultimately depend on how much of the planned expenditure is implemented.

Financing the New Economy: Domestic Borrowing and Its Implications

The government also clearly identifies how it intends to finance the programme. The 2027 cash deficit is budgeted at GH¢65.8 billion (3.6% of GDP), with GH¢85.0 billion in net domestic financing and GH¢17.7 billion in net external repayments. In effect, domestic markets will fund both the fiscal deficit and the net repayment to foreign creditors. The Budget projects GH¢59.0 billion in net financing from commercial banks and GH¢25.9

billion from non-bank investors. Limited new external borrowing reduces exposure to new foreign-currency debt, but places greater demands on domestic financial intermediation.

The more important concern is the government's gross financing requirement and the associated refinancing risk, rather than the GH¢85 billion in net domestic borrowing alone. Beyond financing new expenditure, the government must also repay or refinance maturing Treasury bills and other domestic debt obligations. Ghana's substantial stock of short-term government securities, together with significant debt maturities scheduled for 2027 and 2028, creates additional pressure on domestic financial markets. Consequently, the government's ability to sustain its investment programme will depend partly on its capacity to manage these refinancing obligations while maintaining favourable borrowing conditions.

The scale of Ghana's refinancing obligations is evident in the 2027 Budget. Domestic Debt Exchange Programme (DDEP) obligations scheduled for February and August 2027 amount to approximately GH¢52.6 billion, comprising GH¢32.3 billion in principal and GH¢20.3 billion in interest. Although the government reports having accumulated GH¢29 billion in its cedi sinking fund and announced plans for early redemption of the February principal, substantial debt-servicing obligations remain. These arrangements may ease immediate refinancing pressures, but they do not eliminate the underlying financing burden. The challenge will be to manage these obligations alongside new borrowing requirements without placing undue pressure on domestic financial markets.

2027 DDEP obligations: composition



The longer horizon deserves equal attention. Planned net domestic financing rises from GH¢85.0 billion in 2027 to GH¢101.0 billion in 2028, GH¢122.4 billion in 2029 and GH¢135.0 billion in 2030. Over the same period, projected domestic interest payments rise from GH¢51.5 billion to GH¢86.0 billion. Nominal increases alone do not prove worsening affordability: GDP and revenue are also expected to grow. Nevertheless, the figures make the continuing dependence on domestic investors clear. Managing the maturity profile will matter as much as securing initial subscriptions.

Planned net domestic financing, 2027–2030



The proposed shift towards medium- and long-term bonds, continued accumulation of sinking-fund reserves, and active debt management could help ease refinancing pressures. However, extending debt maturities may also increase borrowing costs, creating a trade-off between immediate financing risks and longer-term fiscal obligations. The substantial reliance on domestic borrowing also raises concerns about potential crowding out of private investment, particularly if government financing needs put upward pressure on interest rates or constrain credit availability. Nevertheless, the extent of this risk will depend on domestic liquidity conditions, investor demand and the pace of private-sector credit recovery. Moreover, improvements in infrastructure could stimulate private investment by reducing production costs and increasing economic opportunities. The critical issue is therefore whether Ghana can finance its investment ambitions without undermining the private-sector expansion needed to sustain economic growth.

A workable minimum for reserves

Another important development in the 2027 Budget is the emphasis on maintaining international reserves of at least six months of import cover. This contrasts with the more ambitious objective of the Ghana Accelerated National Reserve Accumulation Policy (GANRAP), introduced earlier in 2026, which envisaged accumulating reserves equivalent to 15 months of imports by 2028. I welcome that pragmatic formal minimum

Reserve-adequacy benchmarks



There is a strong economic case for adopting a less aggressive pace of reserve accumulation. International reserves provide valuable protection against external shocks but accumulating them also involves costs and competing uses of scarce resources. The original GANRAP framework envisaged average annual additions of approximately US$9.5 billion to gross reserves, while the 2027 Budget allocates GH¢17.2 billion to other expenditure, including transfers associated with GANRAP implementation. Maintaining an exceptionally ambitious accumulation target could therefore impose significant financial and monetary costs at a time when the government is seeking to expand public investment. A more moderate reserve objective could reduce these pressures and create greater room for financing infrastructure and other investments under the New Economy agenda. This does not imply that central bank reserves can simply be transferred into the government budget; rather, the potential benefits arise through lower accumulation costs, reduced liquidity-management pressures and a less demanding allocation of national resources to foreign assets.

In my assessment, the relevant objective should be to maintain adequate external buffers without unnecessarily constraining investment in Ghana's future productive capacity. A six-month reserve benchmark could provide a reasonable basis for such a balance, although its adequacy must be continuously assessed against external vulnerabilities. The economic case for moderating reserve accumulation becomes stronger if the resources and financing capacity thereby preserved support investments that raise productivity, expand employment and generate future growth. Ultimately, Ghana's development prospects depend not only on its ability to withstand external shocks, but also on its capacity to build an economy that is less vulnerable to those shocks in the first place.

The real test comes after the allocation

In conclusion, the 2027 Budget satisfactorily addresses the three questions I raised before its presentation. It identifies a markedly larger public investment envelope, communicates a mainly domestic financing strategy and offers a measured formal reserve-adequacy benchmark. These are reasons for a constructive assessment, not a guarantee of success.

The most consequential risk is the capacity to finance new investments while repeatedly refinancing the inherited stock of domestic obligations at sustainable cost. That risk deserves monitoring, but not alarmism. Ultimately, I will judge the New Economy by whether Ghana produces more per worker, attracts additional private investment, creates durable jobs and achieves sustained growth—not by how large the capital budget appears on presentation day. The government has made a promising allocation choice. The economic verdict must follow the results.

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