

## AFRICA RISK CONSULTING

### Ghana Monthly Briefing April 2025

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#### Ghana Summary 15 April 2025

*Finance minister Cassiel Ato Forson presents a package of eight bills to Ghana's parliament aimed at scrapping a series of taxes introduced by the previous administration, meeting a key campaign promise of President John Mahama (2025-present). Although these tariffs were introduced to appease the International Monetary Fund (IMF), their repeal does not appear to concern the organisation. This is indicated by the IMF's recent review of the Extended Credit Facility (ECF) in which it recommends that the IMF board disburse the next tranche payment to Ghana. United States (US) government imposes a 10% tariff on imports from Ghana in a development that will undermine Ghana's exports to the US. The ongoing intercommunal conflict in Ghana remains the most concerning security matter in Ghana as evidenced by recent clashes between local youths and security forces.*

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#### Government moves to abolish recent taxes

Finance minister **Cassiel Ato Forson** presented a package of eight bills to **Ghana's** parliament on 14 March aimed at scrapping a series of taxes introduced by the previous administration. The eight bills comprise the:

- **Electronic Transfer Levy (Repeal) Bill**
- **Ghana Infrastructure Investment Fund (Amendment) Bill**
- **Revenue Administration (Amendment) Bill**
- **Special Import Levy (Amendment Bill); the Emissions Levy (Repeal) Bill**
- **Income Tax (Amendment) Bill**
- **Growth and Sustainability Levy (Amendment) Bill**
- **Earmarked Funds Capping and Realignment (Amendment) Bill.**<sup>1</sup>

These bills aim to fulfil President **John Mahama's (2025-present)** campaign promise to eliminate a series of taxes which he dubbed "*nuisance taxes*".<sup>2</sup> Underscoring the priority with which the Mahama government viewed repealing these taxes, Parliament passed the emission levy bill and income tax bill on 26 and 27 March respectively.<sup>3</sup> As a result, Ghanaian vehicle owners and businesses are no longer liable to pay the emissions levy that was introduced in February 2024 as part of Ghana's measures to reduce carbon emissions and promote sustainability. In addition, the 10% withholding tax on gambling winnings and the 1.5% withholding tax on unprocessed gold have been abolished.

Forson claims that the new elimination of these taxes will provide relief to Ghanaians and help stimulate economic growth. Ghana's business community and labour unions are expected to welcome the scrapping of these taxes as both groups were vocally opposed to their introduction in 2023 and 2024.<sup>4</sup> However, the elimination of these bills has raised questions about the continued support from the **International Monetary Fund's (IMF) Extended Credit Facility (ECF)**. Mahama's predecessor, **Nana Akufo-Addo (2017-2025)** forced these new taxes through the legislature in an effort to meet the IMF's requirements to secure a \$3 billion ECF bailout after the IMF placed pressure on the Ghanaian government to consolidate its public finances and enhance revenue mobilisation.<sup>5</sup>

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<sup>1</sup> GNA, 14 Mar 2025

<sup>2</sup> GNA, 14 Mar 2025

<sup>3</sup> GNA, 27 Mar 2025

<sup>4</sup> Ghana Business News, 6 Apr 2023

<sup>5</sup> News Ghana, 4 Apr 2023

### ... yet, staff-level agreement reached with the IMF

However, it appears as if Mahama and Forson's recent engagements with the IMF were successful and that their justifications behind eliminating these taxes accepted. This was confirmed by the fact that the IMF and Ghana reached a staff-level agreement on the fourth review of the ECF programme on 15 April.<sup>6</sup> The IMF noted in its statement that its team is generally satisfied with the new government's fiscal and monetary policy plans and, as such, has recommended that the IMF board approve the disbursement of \$370m in financing. This disbursement will be subject to the IMF board's approval, but the board typically follows the relevant team's recommendation.

This latest ECF review was noteworthy as it was generally critical of Ghana's overall performance under the ECF programme with the IMF noting that Ghana's performance "*deteriorated markedly at end-2024*".<sup>7</sup> This poor performance including fiscal slippages in the run-up to the 2024 general election, allowing inflation to exceed programme targets, and agreed-upon reforms in the fiscal, financial, and energy sectors were all delayed.

However, the review also expressed approval of the new government's recent actions to address Ghana's economic challenges and reform agenda. In particular, the IMF team applauded the government's audit of government payables to assess the size and nature of the fiscal slippage. In addition, the IMF approved of Forson's 2025 budget which targets a 1.5% of GDP primary surplus and adopted several public financial management reforms.

This review indicates the IMF is generally optimistic about Ghana's future performance under the ECF programme, despite the recent deterioration. This will bolster Mahama's government as it suggests that the IMF backs its current economic and governance reform agenda. Accordingly, Mahama will feel more empowered to pursue this policy agenda without being concerned that it may endanger the support from the IMF.

Importantly, the IMF also praised Ghana's monetary policy, expressing support for **Bank of Ghana's (BoG)** (central bank) decision to increase its main interest rate by 100 basis points from 27% to 28% on 28 March.<sup>8</sup> This is the BoG's first interest rate increase since July 2023 and marks a reversal of its previous policy of gradually reducing the rate.

BoG governor **Johnson Asiamah** admitted that the 22.4% consumer price inflation rate remains uncomfortably high and needs to be addressed.<sup>9</sup> Ghana has struggled with high inflation rates since the country's last economic crisis began in 2022. Inflation reached a high of 54.1% in December 2022 before falling to the current levels. This reduction was achieved by the BoG aggressively increasing the interest rate from 14.5% at the end of 2021 to 30% by October 2023.<sup>10</sup>

This latest interest rate hike confirms that Asiamah – who was only appointed as governor in January – intends to adopt a hawkish stance towards inflation and intends to be more aggressive at bringing down consumer price inflation. Inflation is a major economic concern at present as it is fuelling a cost-of-living crisis and undermining domestic savings. However, Asiamah will have to balance the need to bring inflation down to manageable levels without causing too much economic damage as the high interest rates will suppress consumer spending and investment in the country.

### United States imposes tariffs on Ghana

Mahama and Asiamah's efforts to drive Ghana's economic recovery have been further complicated by the **United States (US)** imposing a 10% tariff on all imports from Ghana.<sup>11</sup> These tariffs were announced by US President **Donald Trump** (2025-present) on 2 April and form part of the Trump's

<sup>6</sup> IMF, 15 Apr 2025

<sup>7</sup> IMF, 15 Apr 2025

<sup>8</sup> Reuters, 28 Mar 2025

<sup>9</sup> Reuters, 24 Mar 2025

<sup>10</sup> Trading Economics, 15 Apr 2025

<sup>11</sup> 3news, 3 Apr 2025

global tariff policy aimed at eliminating US trade deficits with most of its trading partners. These tariffs ranged between 10% and 50% depending on the size of the US trade deficit with that country.<sup>12</sup>

Ghana exports between \$1.2 billion and \$1.7 billion in goods to the US every year.<sup>13</sup> These include some of Ghana's key exports such as gold, cocoa products, and apparel. Any increased tariff on Ghanaian goods will undermine these exports and lead to a reduction in export revenue for Ghana. While gold and other critical minerals are exempt from the new tariff, it is particularly concerning for Ghana's agriculture and apparel industries which rely on access to the US market.

Furthermore, the US government's willingness to impose these tariffs potentially signals the end of the **African Growth and Opportunity Act (AGOA)** trade programme. Under AGOA, African states, including Ghana have had preferential access to the US market for many products including apparel and agricultural goods. The programme is up for renewal in September this year and is unlikely to survive given the Trump administration's hostility to such preferential trade programmes.

The government is aware of the threat posed by these new tariffs and on 10 April, trade, agribusiness and industry minister **Elizabeth Ofose-Adjare** announced the government was developing a strategy to protect Ghanaian producers from the worst effects of this development.<sup>14</sup> This should involve prioritising identifying new trade partners in order to mitigate the long-term harm caused by the expected decline in US-Ghana trade.

Ghana also intends to try and engage with the US government to resolve any issues that underpin these new tariffs. However, there is little that the government can do given that these tariffs are not underpinned by any sound economic or policy theory but are rather a reflection of Trump's ideological opposition to any form of trade deficit and his protectionist and isolationist instincts.

### Clashes in Bawku continue

In latest violent incident related to the ongoing chieftaincy dispute between the **Kusasi** and **Mamprusi** ethnic groups in **Bawku (Upper East Region)**, clashes on 9 April between local youths and security forces at the local police barracks killed at least one person and injured several others.<sup>15</sup> This situation in Bawku has remained Ghana's most persistent security concern.

The clashes began after a group of youths from one side of the dispute demanded that traders from the other ethnic group be banned from a local market - local officials have not indicated whether the youths belonged to the Kusasi or Mamprusi ethnic groups. Police intervened to halt the escalating dispute which resulted in clashes, ending in a shootout between the two groups and a building at the barracks being destroyed.

In response to the clashes and damage at the barracks, authorities ordered heightened security measures across Bawku, including deployment of additional security personnel as well as the implementation of a stricter curfew. The new curfew is in effect between the hours of 18:00 to 06:00 and replaces the previous 20:00 to 05:00 (local time) nighttime curfew.<sup>16</sup> The new curfew has retained the total ban on all weapons and ammunition.

However, these new measures are unlikely to have a meaningful effect on easing violence and unrest in Bawku. This conflict shows no signs of abating despite numerous security and political interventions. Mahama's administration appears to be having as much difficulty mediating the situation as his predecessor did. As such, further clashes and other violent incidents are expected in Bawku in the near future.

### Planner

<sup>12</sup> The Guardian, 9 Apr 2025

<sup>13</sup> Office of the US Trade Representative, 15 Apr 2025

<sup>14</sup> GNA, 10 Apr 2025

<sup>15</sup> GNA, 10 Apr 2025

<sup>16</sup> 3news, 11 Apr 2025

15-18 Sep 2025 **Accra (Ghana)** Africa Oil Week

### Chronology

14 Apr 2025 **Accra (Ghana)** *3news*. The **Ghana Gold Board (GoldBod)** announces that it is the only authorised buyer, seller, assayer and exporter of all gold produced by the licensed Artisanal and Small-Scale Mining (ASM) sector and orders all foreign nationals to exit Ghana's ASM sector;

11 Apr 2025 **Accra (Ghana)** *Ghanaian Times*. Members of the **Ghana Used Clothing Dealers' Association** demonstrate outside the offices of nongovernmental organisation (NGO), the **OR Foundation**, to protest the foundation's recent report critical of the used clothes industry;

11 Apr 2025 **Accra (Ghana)** *Ghana Business News*. The **Spanish** naval patrol vessel, **Relampago**, docks at Ghana's **Sekondi Naval Base (Western Region)** as part of its ongoing maritime security mission in the **Gulf of Guinea**;

11 Apr 2025 **Accra (Ghana)** *News Ghana*. A local investor files a lawsuit against the former **Bank of Ghana (BoG)** governor **Ernest Addison** accusing him of negligence during his time as governor which led to the cedi depreciating;

10 Apr 2025 **Accra (Ghana)** *Citi Newsroom*. Disgruntled members of the ruling **National Democratic Congress (NDC)** in the **Ashanti Region's Asante Mampong Constituency** attacked and vandalised the party's local office;

10 Apr 2025 **Accra (Ghana)** *News Ghana*. **Ghana Gold Board (GoldBod)** CEO **Sammy Gyamfi** confirms that the agency will begin operating in May;

10 Apr 2025 **Accra (Ghana)** *GBC*. Labour minister **Abdul-Rashid Hassan Pelpuo** claims the government is taking steps to reinstate civil servants who were mistakenly dismissed during the transition period in January;

10 Apr 2025 **Accra (Ghana)** *GNA*. **Czech** President **Petr Pavel** concludes a three-day visit to Accra during which he met with President **John Mahama** and other senior Ghanaian officials;

10 Apr 2025 **Accra (Ghana)** *GNA*. **Bank of Ghana (BoG)** (central bank) governor **Johnson Asiamah** calls on banks to strengthen their internal controls and enhance their operational oversight in order to bolster the security and stability of Ghana's banking system;

8 Apr 2025 **Accra (Ghana)** *Daily Mail GH*. The **National Disaster Management Organisation (NADMO)** announces that it will demolish unauthorised structures in Ghana in an effort to improve its anti-flooding measures;

7 Apr 2025 **Accra (Ghana)** *Peace FM*. Police arrest three **Chinese** nationals and two Ghanaian citizens for illegal mining in **Assin Ayitey (Central Region)**;

4 Apr 2025 **Accra (Ghana)** *3news*. President **John Mahama** nominates 81 candidates for **District Chief Executive (DCE)** positions across the country;

2 Apr 2025 **Accra (Ghana)** *Graphic*. **Parliament** approves the **Appropriation Bill** granting the government access to GHS 293 billion (\$18.84 billion) from Ghana's **Consolidated Fund** during the 2025 financial year;

28 Mar 2025 **Accra (Ghana)** *The Herald*. Police arrest 12 **Chinese** and one **Indian** national for the theft of scrap metal from **Tema Port** for the illicit aluminium trade;

28 Mar 2025 **Accra (Ghana)** *GNA*. Ghana's new chief of defence staff Major General **William Agyapong** affirms the **Ghana Armed Forces (GAF)** commitment to Ghana's constitution, the state and President **John Mahama** as the GAF's commander-in-chief;

27 Mar 2025 **Accra (Ghana)** *Ghanaian Times*. Trade minister **Elizabeth Ofosu-Adjare** uses her visits to key industrial and free trade zones to affirm the government's support for Ghana's private sector;

26 Mar 2025 **Accra (Ghana)** *GNA*. The presidency confirms that it has received three petitions for President **John Mahama** to remove Chief Justice **Gertrude Araba Esaaba Sackey Torkornoo** from office;

25 Mar 2025 **Accra (Ghana)** *Business Insider Africa*. Finance minister **Cassiel Ato Forson** reiterates the need to combat illicit mining in the country revealing that around 60 tonnes of gold worth \$1.2 billion was trafficked out of Ghana in 2022;

24 Mar 2025 **Accra (Ghana)** *GNA*. **President Mahama** makes several senior military appointments including Major General **William Agyapong** as the new chief of defence staff, Major General **Lawrence Kwaku Gbetanu** as the new chief of army staff, Rear Admiral **Godwin Livinus Bessing** as the chief of naval staff, Air Vice Marshal **Eric Agyen-Frempong** as the chief of air staff, and Air Vice Marchal **Joshua Lartey Mensah-Larkai** as the chief of staff;

20 Mar 2025 **Accra (Ghana)** *GNA*. **South Africa**-headquartered **Standard Bank** projects that Ghana's economy will grow by 5.4% of GDP in 2025.

14 Mar 2025 **Accra (Ghana)** *GNA*. The governments of Ghana and **Japan** sign a \$13.44m grant financing agreement to fund the improvement of power infrastructure in **Tamale (Northern Region)**;

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