

## Budget Brief 2025



### Preamble

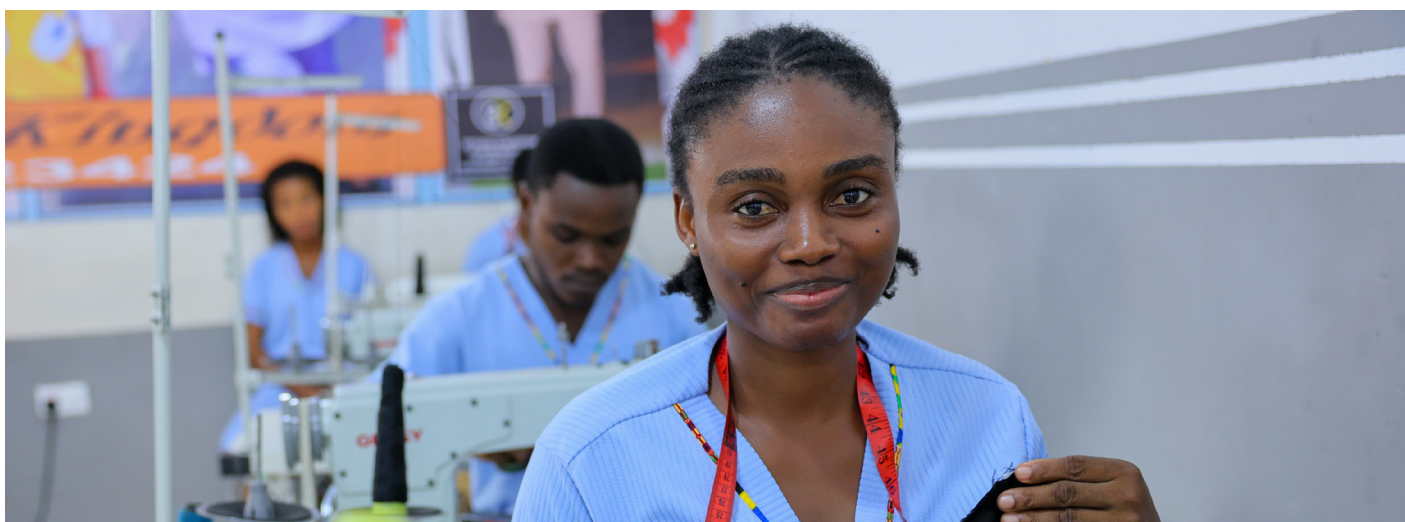
This Summary Brief presents a concise analysis of the 2025 national budget from a child-focused macro-fiscal perspective. It forms part of a series of five Budget Briefs—Health, Education, Social Protection, Child Protection, and WASH—which provide more detailed, sector-specific analyses. Together, these Briefs aim to generate evidence to inform advocacy and policy dialogue for a more equitable and child-responsive national budget.

# 1

## Economic and Fiscal Performance

### 1.1 Economic growth

Inclusive economic growth is foundational to improving the lives of children and eradicating poverty in all its forms. In turn, investments in children are a major driver of economic growth. Throughout 2024 and the first half of 2025, Ghana's economy has continued to outperform expectations. The economy grew at an average rate of 5.7% in 2024<sup>1</sup> against an IMF projection of 3.1%<sup>2</sup>. In the first half of 2025, the economy grew by 6.3%<sup>3</sup> against the IMF projection of 4.0%<sup>4</sup>, (Fig 1).



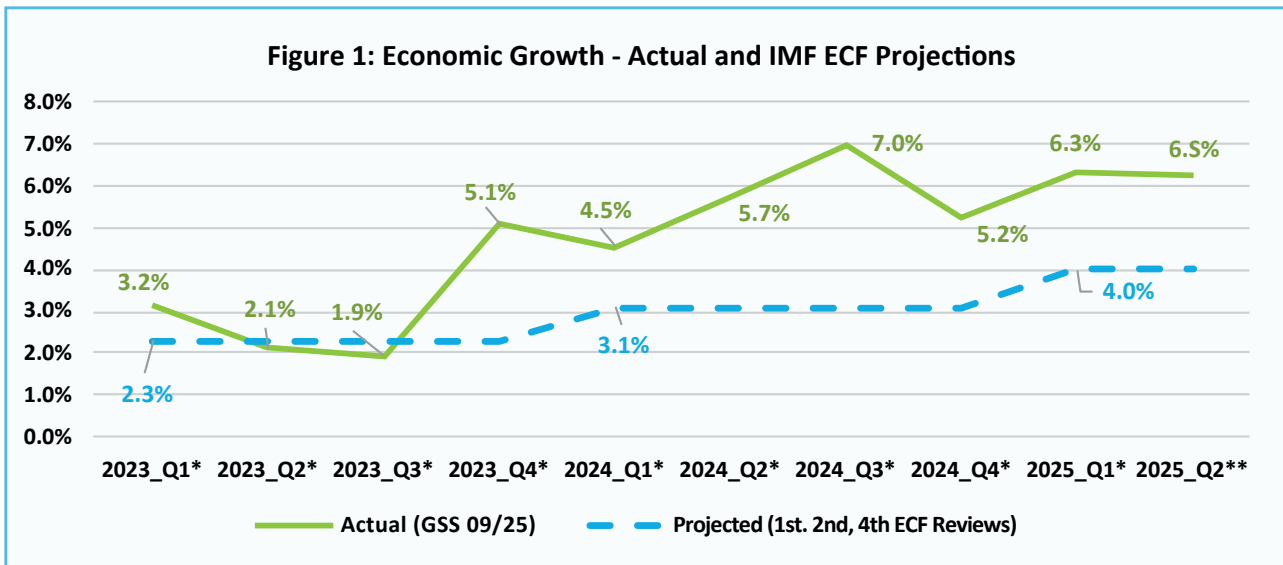
1 Ghana Statistical Service 'GDP Quarterly Bulletin September 2025'

2 IMF 'Ghana Extended Credit Facility Second Review'

3 GSS 'GDP Quarterly Bulletin September 2025'

4 IMF 'Ghana Extended Credit Facility Fourth Review'

Figure 1: Economic Growth - Actual and IMF ECF Projections



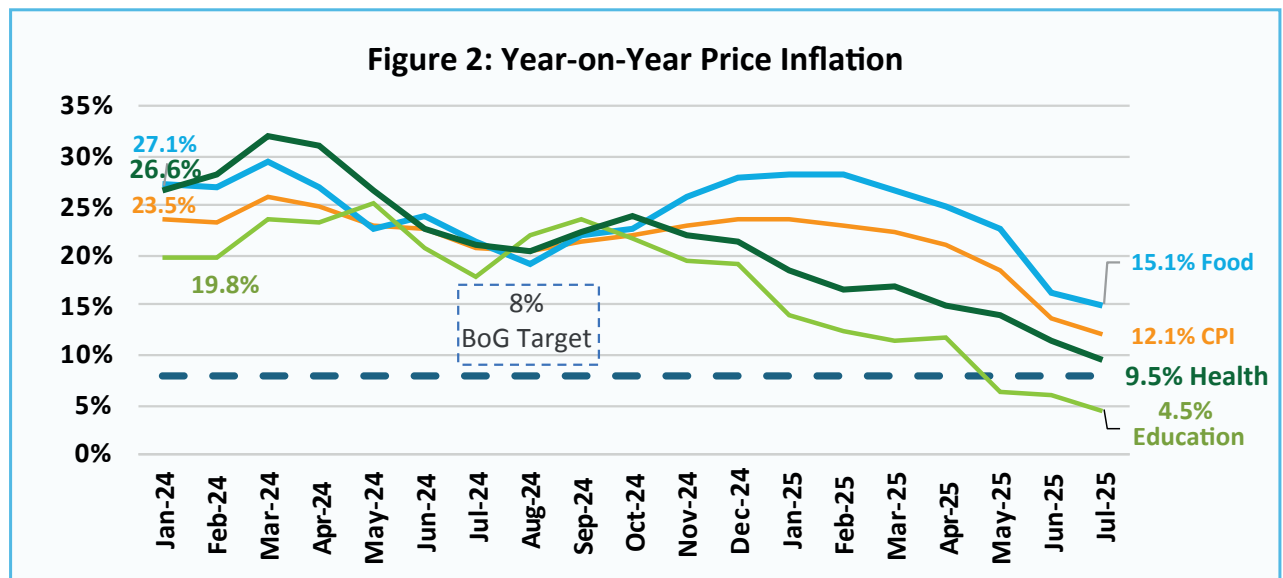
Source: Ghana Statistical Service 'GDP Quarterly Bulletin and IMF ECF Fourth Review

### 1.2 Price inflation trends

Price inflation increases the cost of living and disproportionately affects poorer households. During the first half of 2025, inflation eased significantly, declining from 23.8 percent in December 2024 to 12.1 percent in July 2025<sup>5</sup>,

(Fig 2). This disinflation was largely driven by a 42 percent<sup>6</sup> appreciation of the Cedi over the same period, which helped contain imported inflation pressures.

Figure 2: Year-on-Year Price Inflation



Source: GSS CPI Bulletin September 2025

Notably, inflation in education and health has remained below the overall inflation rate. This indicates that the cost of education and health services has been rising more

slowly than general prices, enabling families to better afford schooling and healthcare, thus contributing to improved wellbeing and development of children.

5 GSS 'CPI Bulletin September 2025'

6 UN Treasury Exchange Rate

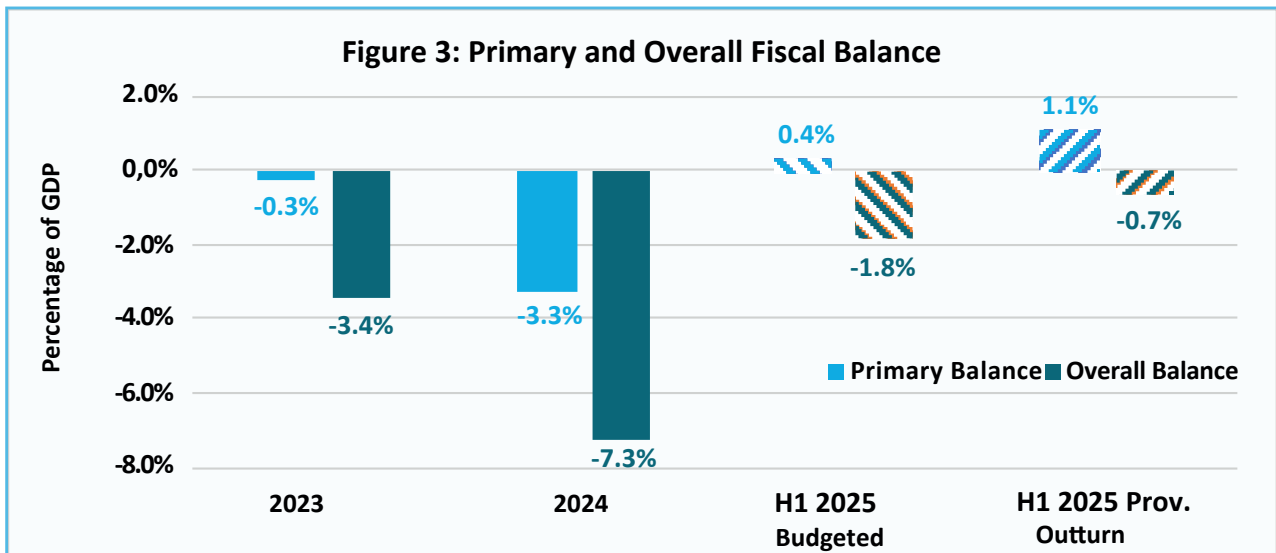
1.3 Fiscal Performance

Predictable and sustainable public finances are essential to funding critical investments and support economic stability. A central part of Ghana's IMF programme is reducing the gap between revenues and expenditures and achieving a fiscal surplus to reduce the national debt burden.

At the end of 2024 there was significant overspending, typical of election years, which led to a primary fiscal deficit (expenditure, before interest payments, greater than revenues) of 3.3% on a commitment basis compared to a targeted surplus of 0.5% of GDP<sup>7</sup>. The first half of 2025 has seen a return to fiscal discipline. The 2025 Mid-Year Fiscal Policy Review reports a significant improvement in the fiscal balance, with a primary budget surplus of 1.1% of GDP for the first half of 2025. This exceeds target of a 0.4% primary budget surplus<sup>8</sup>, (Fig 3).



Figure 3: Primary and Overall Fiscal Balance



Source: MoF 2025 Budget Statement and Mid-Year Review

2

Social Sector Budget and Expenditure Trends

2.1 Overall social sector Financing

The combined budgets for the major social sector Ministries, Departments and Agencies (MDAs) and statutory funds increased by 24% from 2024 to 2025, and accounting for inflation, it increased by 11% in real terms, (Fig 4). As share of total budget, allocations to

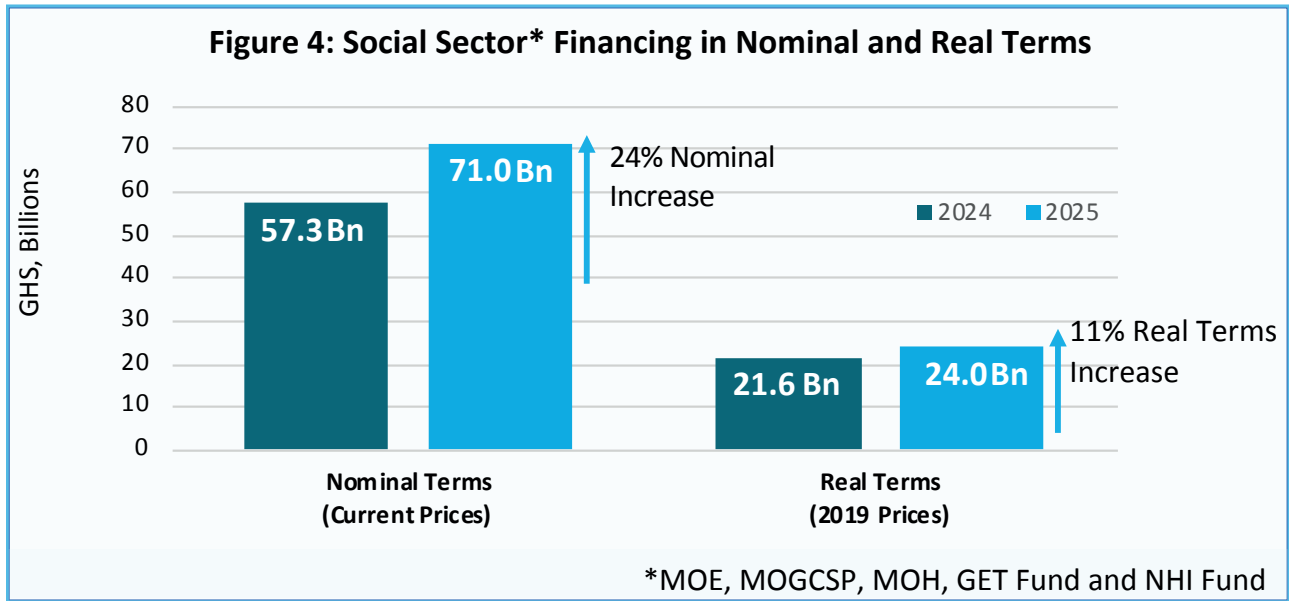
social sectors increased from 25.3% in 2024 to 26.2% in 2025. However, the 2025 allocation to social sector MDAs accounting for 5.1% of GDP, is 0.4 percentage points lower than the 5.5% projected expenditure in 2024.

7 ECF 4th Review by the IMF

8 2025 Mid-Year Fiscal Policy Review, MoF



Figure 4: Social Sector\* Financing in Nominal and Real Terms

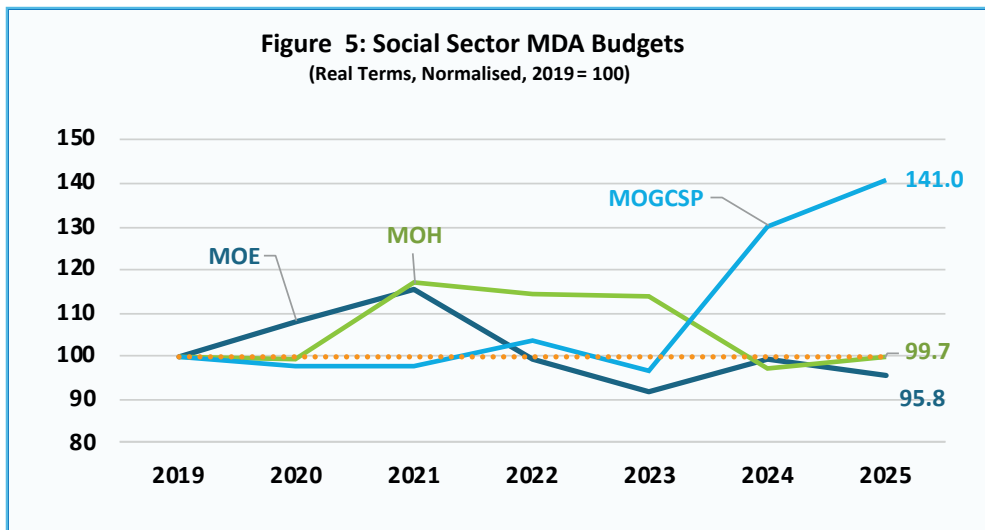


Source: MoF 2025 Budget Statement

Accounting for inflation (increases in prices), the budgets for all the major social sector ministries and statutory funds increased from 2024 to 2025, except for Ministry of Education (MOE). Hence, limiting the impact of the uncapping of GETFund, which should complement rather than replace MOE financing. The MOE's budget, expressed in 2019 prices, has fallen by 3.4% in real terms, (Fig 5), whilst both Ministry of Health (MOH) and Ministry of Gender Children and Social Protection (MOGCSP), recorded real increases. Over the period 2019 to 2025, the MOGCSP's budget has increased by 41% in real terms, mainly due to expansion in both coverage and size of LEAP benefits. The MOH budget for 2025 is the same in real terms as it was in 2019.



Figure 5: Social Sector MDA Budgets



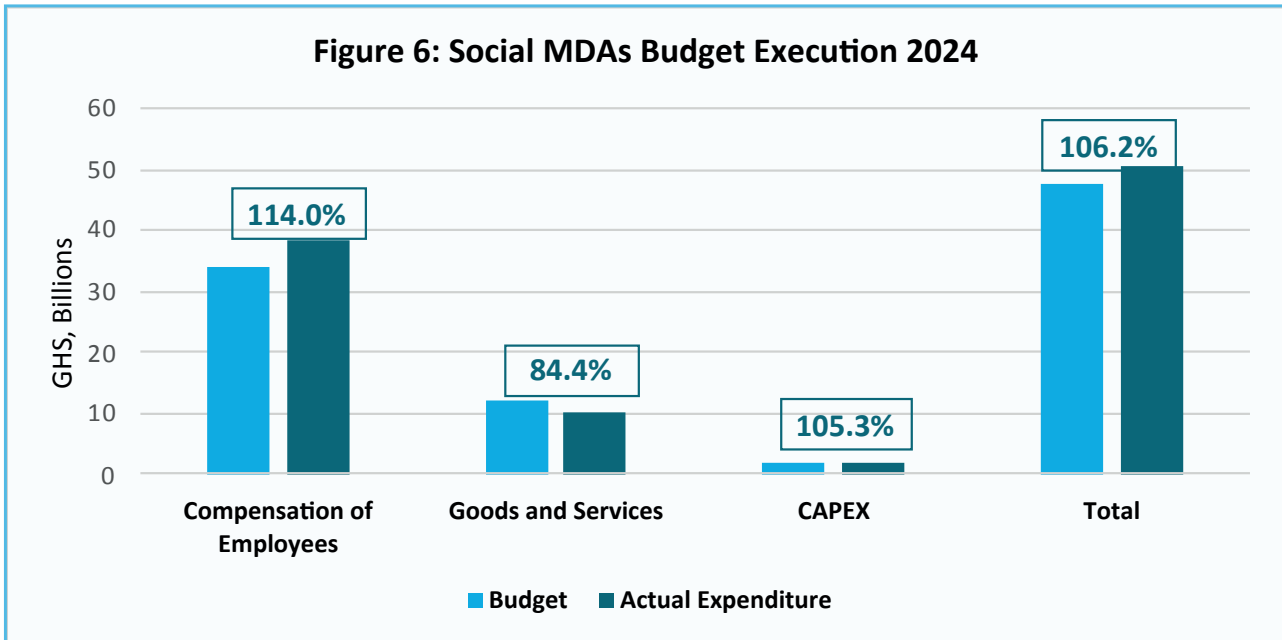
Source: Various MoF Budget Statements (2019 - 2025)

### 2.2 Social Sector Budget Execution

In 2024, social sector MDAs overspent their approved budgets by 6.2% overall, though performance varied across expenditure categories. Overspending was recorded

under Compensation of Employees (14.0%) and Capital Expenditure (5.3%), while Goods and Services experienced significant underspending of 15.6% (Fig. 6).

Figure 6: Social MDAs Budget Execution 2024



Source: MoF 2025 Budget documents

Execution patterns also differed by MDAs, as reflected in significant overspending on compensation at the MOE (120.7% of budget) and MOGCSP (129.7% of budget) in contrast with underspending on goods and services at the MOE (82.6% of budget), MOGCSP (92.4%

of budget), and MOH (82.2% of budget). Compounding the MOGCSP underspend were delays in disbursing LEAP grants which resulted in actual payments for goods and services amounting to only 59.9% of the approved budget.

### 2.3 Spending in the 4 targeted Social Programmes under the CEF

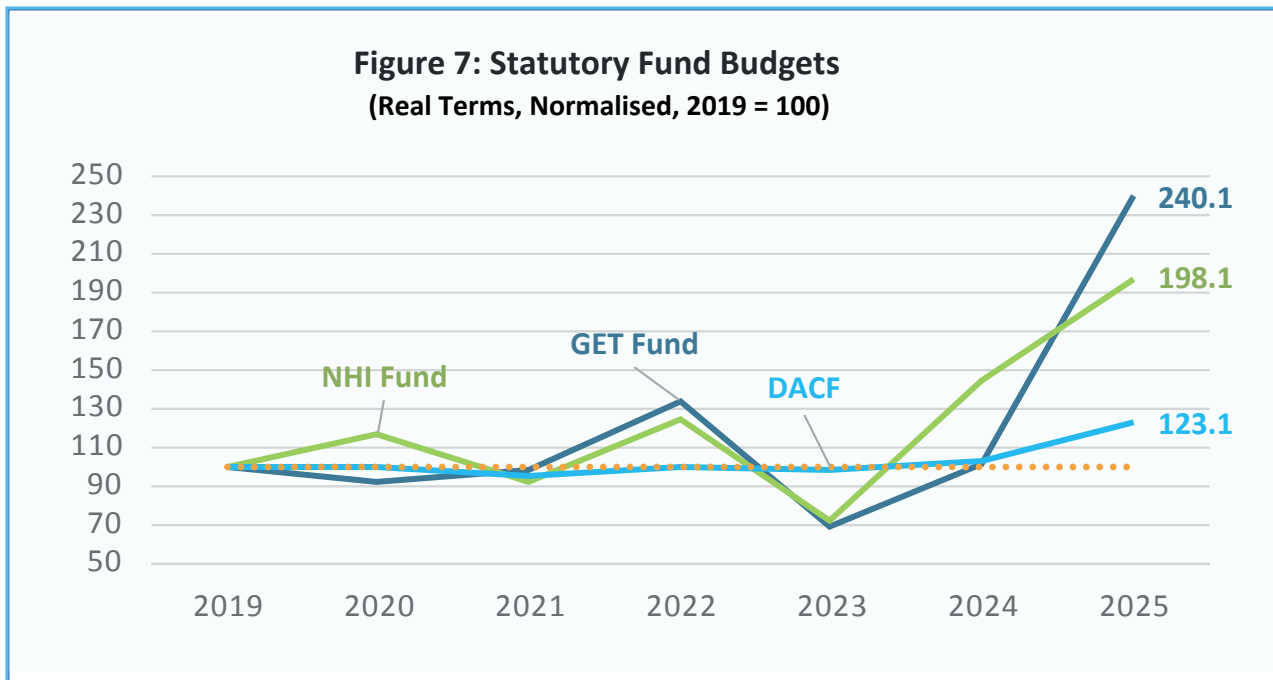
In line with commitments under the ECF’s social spending floor, all four targeted social programmes recorded increased budget allocations, both in nominal and real terms, from 2024 to 2025 (Table 1).

Table 1: Budget allocations to the key Social Sector Programs (2024 vs 2025)

	2024 (GHS)	2025 (GHS)	Nominal Terms Change %	Real Terms Change %
Capitation Grant	84,000,000	145,511,700	73.2%	55.4%
Ghana School Feeding Programme	1,395,659,200	1,789,609,480	28.2%	15.0%
LEAP Cash Transfers	720,000,000	953,470,370	32.4%	18.8%
National Health Insurance Fund	6,717,181,683	9,921,595,083	47.7%	32.5%
<b>Total</b>	<b>8,916,840,883</b>	<b>12,810,186,633</b>	<b>43.7%</b>	<b>28.9%</b>

Source: MoF 2025 Budget documents

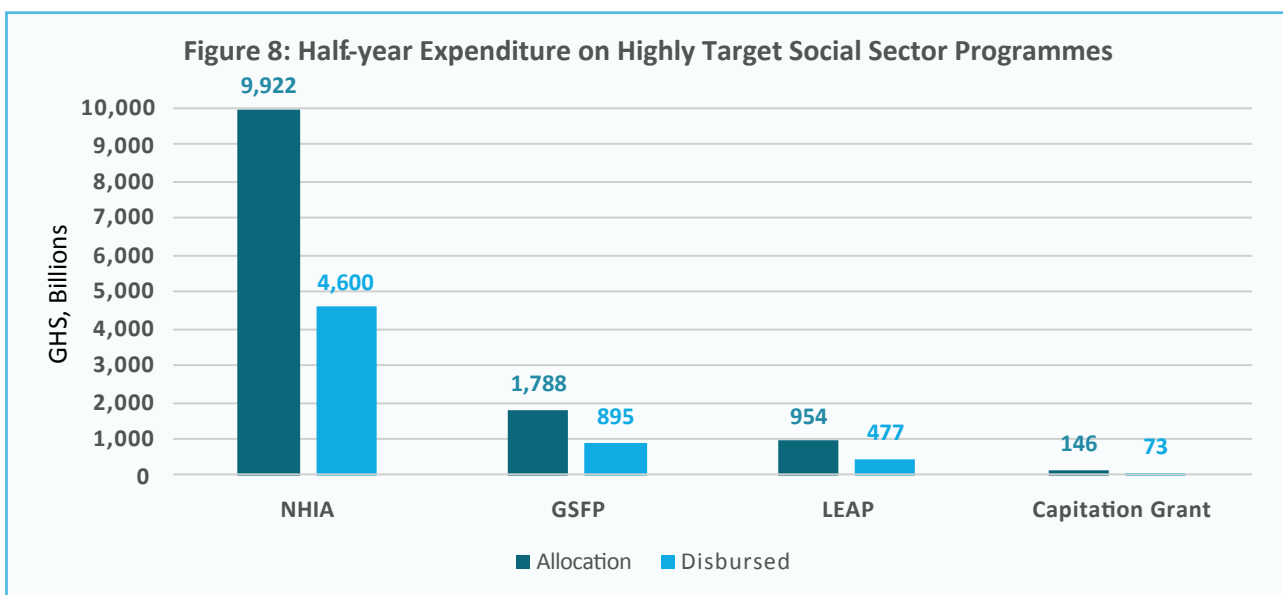
Figure 7: Statutory Fund Budgets



Source: Various MoF Budget Statements (2019 – 2025)

Social sector expenditure throughout the first half of 2025 has tracked the increase in budget allocations despite broader fiscal restraint. This helps ensure that the increased social sector budgets deliver for Ghana's children.

Figure 8: Half-year Expenditure on Highly Target Social Sector Programmes



Source: MoF 2025 Budget Statement and Mid-Year Review

By June 2025, expenditure outlays for the key social sector projects averaged 45% of the allocated amount for 2025. GETFund, Ghana School Feeding Programme (GSFP), LEAP, and Capitation Grant had received at least 50% of their allocated amounts. NHIA disbursements amounted to 46.4% of total allocation and exceeded the ECF target for 2025. Furthermore, through the 2025 budget, the government:

- made full payments towards co-commitments for vaccines under GAVI amounting to GHS 252 million during the first half of 2025.
- increased in the amount allocated per child per day from GHS 1.50 in 2024 to GHS 2.00 under the Ghana School Feeding Programme (GSFP).
- increased the value<sup>9</sup> of LEAP grants to protect the grant against inflation and expand coverage from 350,000 to 400,000 households by September 2025.
- made payments amounting to GHS 73 million under the Capitation Grant to all public basic schools to support non-wage recurrent expenditures<sup>10</sup>, for the first two terms of the 2025 academic year.

### However, challenges persist in the implementation of the key social sector programmes:

- Of the five LEAP payment cycles scheduled between January and September, only two were paid on time, while two faced delays of 5–8 weeks.
- The LEAP reassessment, a critical step for expanding coverage, has been delayed due to financing constraints. Earmarked loan funds were affected by the suspension of loan disbursements, and the activity was not included in the 2025 priority projects to be funded under the US\$300<sup>11</sup> million annual ceiling for disbursement on multilateral loans.
- The GSFP's per-child allocation remains inadequate especially given the pace of food inflation. In addition, administrative challenges, such as re-contracting caterers during the school term, risk disrupting the consistent provision of school meals.
- Ghana's payment for vaccines and essential medicines continues to be impacted by the timetable for NHIF allocation formula. This is published one quarter after the budget, impacting the procurement and payment processes which should be completed by the end of the first quarter of each year.
- NHIS claims processing and payment continues to be administratively cumbersome, resulting in delays, impacting on availability of essential medicines and service quality.

## 3

### Key Public Financial Management Issues

#### 3.1 Public Debt

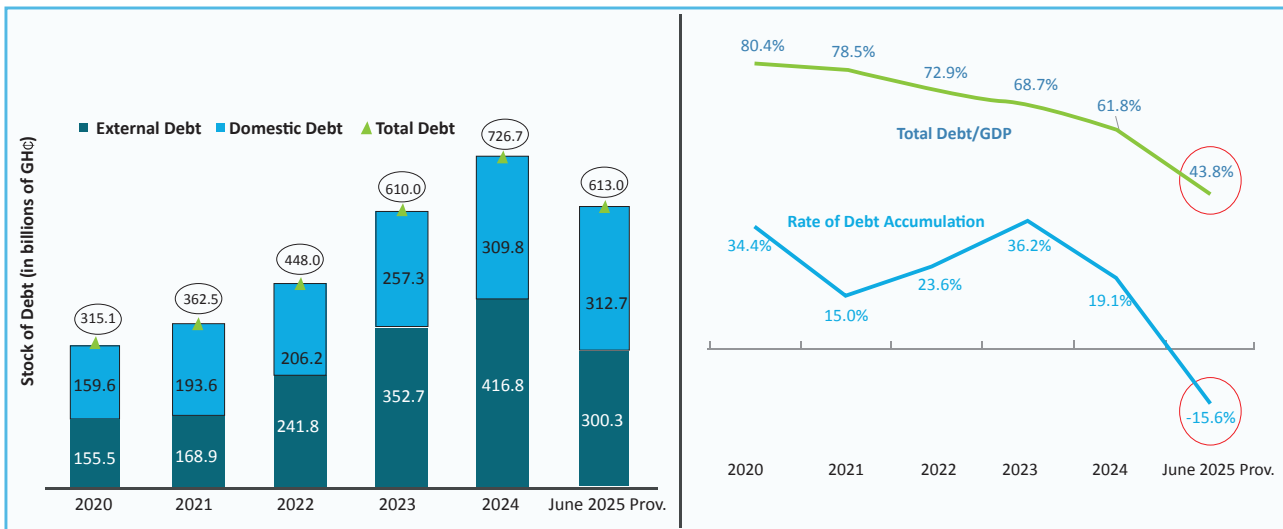
Strong economic growth, Cedi appreciation, and fiscal restraint have helped to stabilise debt from the peak of GHS726.7 billion in 2024 to GHS613 billion by June 2025. As such, Ghana's debt to GDP ratio declined further from 61.8% in 2024 to 43.8% by June 2025 (Fig 9).

<sup>9</sup> Grant for one family member household increased from GHS256.00 to GHS320.00, two-member from GHS304.00 to GHS380.00, three-member from GHS352.00 to GHS440.00 and four-or-more-member from GHS424.00 to GHS530.00.

<sup>10</sup> Includes teaching & learning materials, school management expenses, among others

<sup>11</sup> A US\$250 million annual draw down ceiling was placed on un-disbursed bilateral loans.

Figure 9: Trends in Total Public debt (2020 – 2025)



Source: MoF 2025 Mid-Year Budget Review

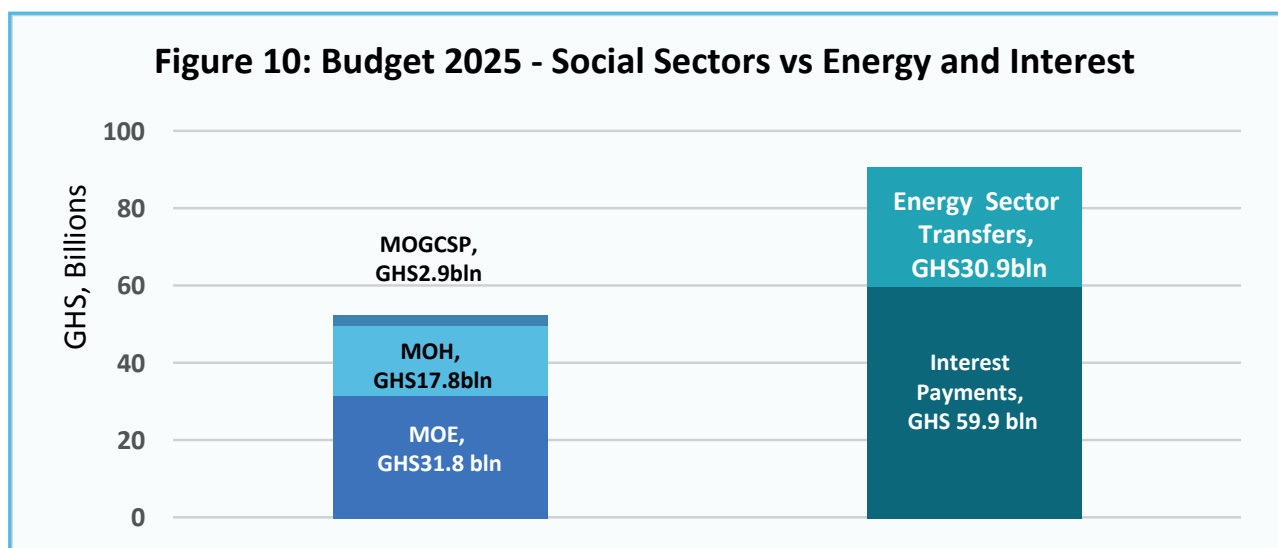
Despite the declining debt to GDP ratio, the high debt is impacting the implementation of loan financed projects. Following Ghana's 2022 debt default, creditors froze over 55 projects worth US\$3 billion. As part of the debt restructuring, the government and Official Creditors Committees agreed to cap annual loan disbursements at US\$250 million for bilateral lenders and a US\$300 million for multilateral lenders. While intended to safeguard debt sustainability, the freeze has stalled key social investments, including the LEAP reassessment, Ghana National Household Registry (GNHR) data work and child labour project, as priority has been given to near-complete infrastructure projects.

This risks de-prioritising social programmes

critical for poverty reduction and human capital, underscoring the need for balanced prioritisation of social and infrastructure projects within the agreed annual loan disbursement ceiling.

Interest payments and energy sector transfers consume a significant share of government budget. Interest payments are projected to account for 26.1% of total revenues in 2025. At GH¢59.9 billion, expenditure on interest payments exceeds the combined budget allocations of the Ministry of Education, Ministry of Health, and Ministry of Gender Children & Social protection, by 14.1%, (Fig 10). Hence the need for sustainable debt management to free fiscal space for social sector spending.

Figure 10: Budget 2025 - Social Sectors vs Energy and Interest



Source: MoF 2025 Budget Statement and Mid-Year Review

High expenditure on debt interest payments underscores the urgent need for a comprehensive debt strategy and sustainable debt management to free fiscal space for increased social sector investment. Similarly, energy sector transfers are projected at GH¢30.9 billion, almost equivalent to the MOE budget in 2025, highlighting the trade-offs in budget prioritisation.

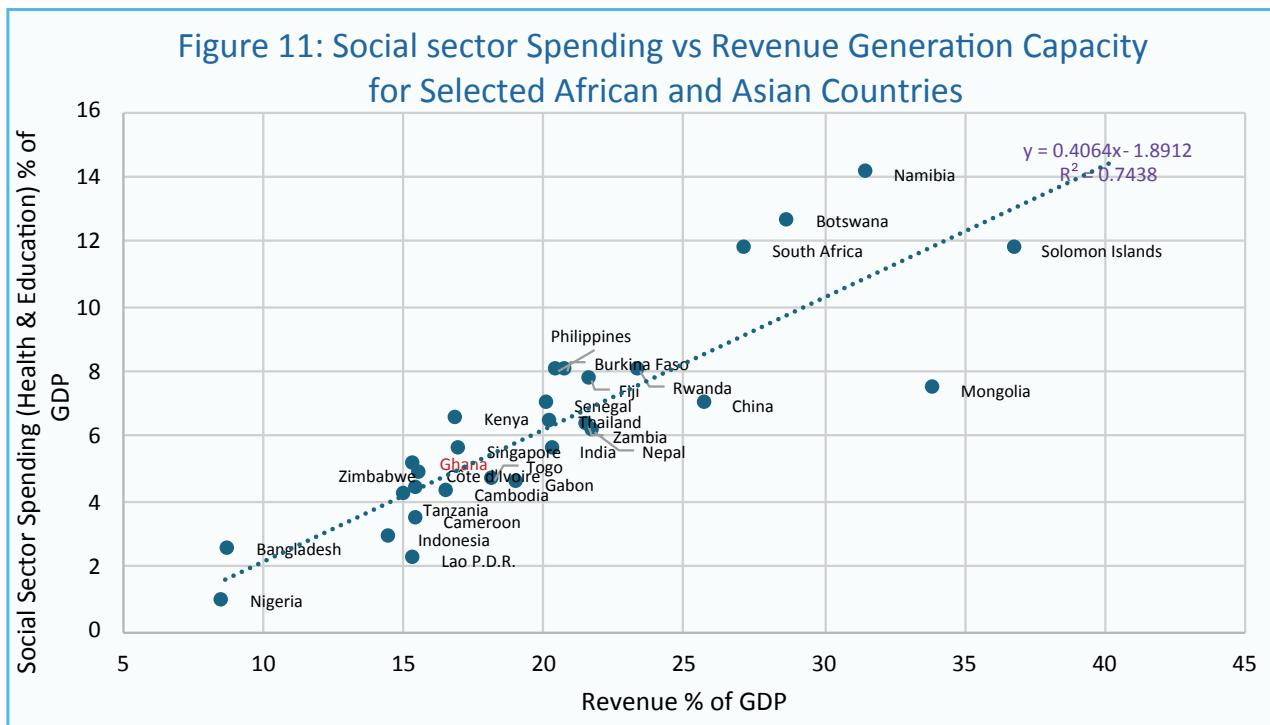


### 3.2 Domestic resource mobilisation

Low domestic resource mobilisation continues to represent a major challenge for social sector financing. The projected revenue-to-GDP ratio for 2025 of 16.4% is relatively lower than the 18-20% for fellow low middle income countries, highlighting under-collection relative to the country's economic potential and limiting the

government's capacity to spend, including on social sectors that benefit children. Evidence shows that countries with stronger domestic resource mobilisation capacities are better positioned to invest in social sectors, (Figure 11).

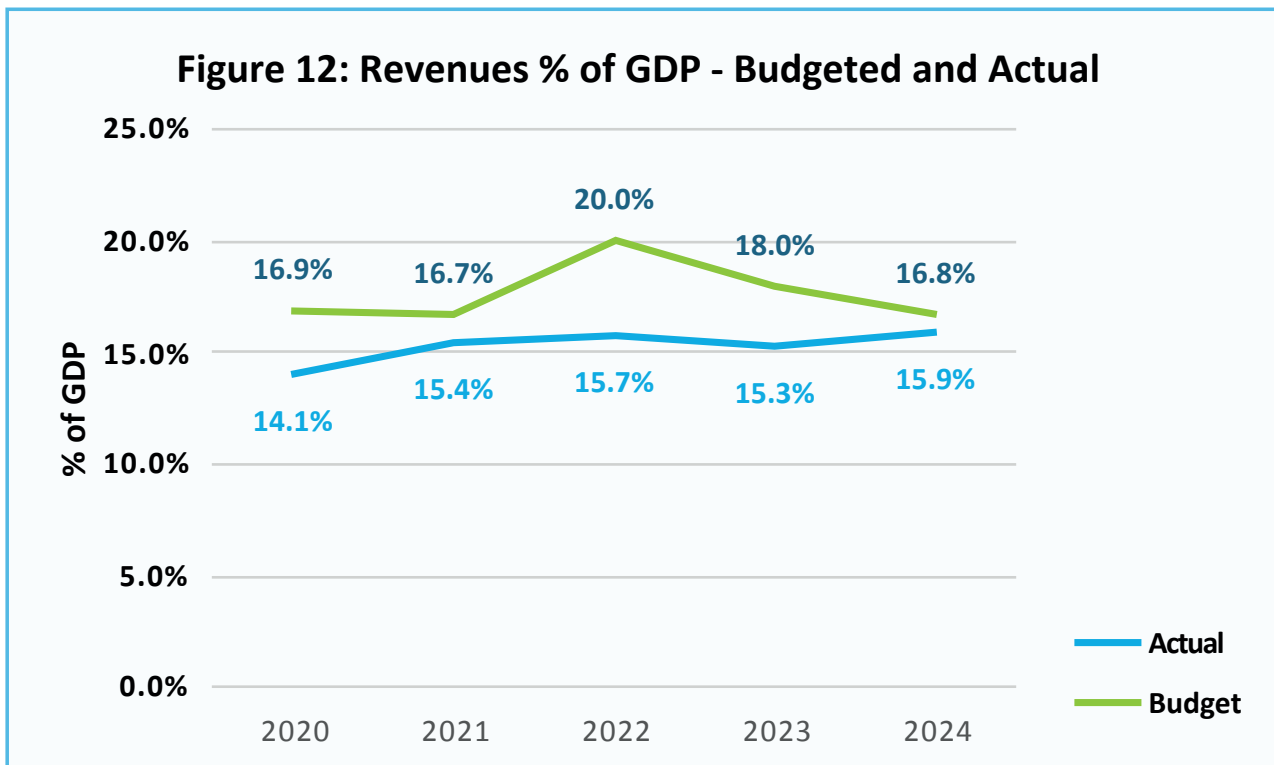
Figure 11: Social sector Spending vs Revenue Generation Capacity for Selected African and Asian Countries



Source: Author compilation with data from WEO

Revenue collection has increased moderately, from 14.1% of GDP in 2020 to 15.9% in 2024, however, progress has been uneven and consistently fallen short of budget targets, with an average shortfall equivalent to 2.4% of GDP, (Fig 12). In this context, improving the PFM system to both improve revenue collection and increase the efficiency of expenditure remains a key policy priority for the government.

Figure 12: Revenues % of GDP - Budgeted and Actual



Source: Various MoF Budget Statements (2019 – 2025).

### 3.3 Management of Internally Generated Funds (IGF) and Statutory Funds

Internally Generated Funds (IGF)<sup>12</sup> play a key role in service provision and strengthened management of these is essential. Current practices for the management of IGF do not always meet the same standards as central government funds, risking negative implications for transparency and accountability. The use of commercial bank accounts<sup>13</sup> and expenditure outside of GIFMIS are key challenges which need to be addressed. As with central GoG funds, IGF should be managed through the Single Treasury Account. The Ministry of Finance should work with MDAs and MMDAs to ensure that IGF management is fully compliant with PFM regulations, and address challenges including delays in flows of funds and information within government which disincentivise best practice.

The Statutory Funds' allocation formulae are published individually as reports by Parliament. This is done several months after the tabling of the mainstream budget statement and remain largely inaccessible via Parliament's website for several months<sup>14</sup>. Statutory Funds' expenditure is not covered by the Annual Budget Performance Report. Aligning the planning, budgeting and reporting of Statutory Funds with other MDAs would help improve transparency and support effective and efficient functioning. Specifically, Statutory Funds (such as NHIA and GETFund) should publish their allocation formulae at the same time as their respective MDAs' Budgets, adopt a similar structure to the Programme Based Budgets, and be included in the MOF's Annual Budget Performance Report.



**The Ministry of Finance should work with MDAs and MMDAs to ensure that IGF management is fully compliant with PFM regulations**



<sup>12</sup> UNICEF 2024 Summary Brief noted that on average, IGF accounts for 17-18% of total annual budgets of social sector MDAs.

<sup>13</sup> World Bank 2024, Ghana Public Finance Review noted that many IGF reliant institutions still conduct their transactions through accounts held at commercial banks. Such transactions are neither recorded nor tracked by GIFMIS.

<sup>14</sup> Attempted access via repository.parliament.gh has consistently returned errors throughout July, August, September, and October 2025.

## 4

## Key Social Sector Issues

4.1 Education 

- **Strengthen and safeguard education financing. Ghana should increase and protect education funding** in line with international pending benchmarks, enhance spending efficiency to improve learning outcomes, and ensure the uncapping of the GETFund complements rather than replaces Ministry of Education financing.
- **Invest more where it matters most, - building foundational learning skills at basic education.** Rebalance education financing by increasing the share for basic education from the current 9.3% of GETFund and 24% of MOE budget to pre-2019 levels of 40% of the MOE budget. This will help strengthen foundational skills, promote equity, and narrow the spending gap between primary and secondary levels, enabling smoother transition and supporting universal access.
- **Ensuring Ghana's teacher investment delivers results.** With 88% of the MOE budget spent on salaries, Ghana must maximize this investment by ensuring equitable access to qualified teachers and reducing high pupil-teacher ratios, especially in underserved regions. Prioritising recruitment and retention in rural areas, supported by the planned 20% rural allowance, will promote fairer learning outcomes nationwide.

4.2 Health 

- **The government should establish sustainable financing mechanisms for vaccines and essential health and nutrition commodities.** A robust vaccine financing strategy is vital to ensure predictable funding under GAVI's transition roadmap, support cold chain systems, and maintain resilient delivery. Additionally, expanding the NHIS benefits package to cover all essential health and nutrition commodities would promote sustainable access to care and protect households from catastrophic health costs.
- **Prioritise and rebalance public expenditure towards newborn, child, and maternal health,** recognising the significantly higher return on investment in these programmes, including through committing adequate funds to equip and maintain basic and comprehensive EmONC facilities. Furthermore, strengthen the MOH Programme Based Budgeting Structure to ensure clear visibility of expenditure lines for vaccines, essential health and nutrition commodities, and MNCH.
- **Prioritise high-impact, cost-effective interventions while strengthening efficiencies.** Rebalance expenditure towards preventive health services, which yield better health outcomes and represent more cost-effective investments over the long term. This should be complemented by measures to improve spending efficiencies to ensure that every cedi spent generates tangible, equitable benefits for the people and children of Ghana — delivering more health for the money.

#### 4.3 Social Protection

- **Strengthening LEAP to deepen poverty reduction and build human capital.** To enhance LEAP's impact, the government should expand coverage, especially for children, thus the need to expedite the ongoing reassessments. Furthermore, there would be need to ensure that the grant remains indexed to inflation and payments are made timely and predictably to enhance impact.
- **Strengthening NHIS financing for greater efficiency and reliability.** The government should improve budget execution and predictability through timely, full releases of allocated funds, while rebalancing spending to reduce administrative costs and channel more resources toward claims settlement, medicines, and essential health services.
- **Strengthening financing and delivery of the Ghana school feeding programme.** To maximise the programme's impact, the government should progressively increase and index the per-child allocation to food price inflation and nutritional standards, ensure full and predictable release of funds to meet annual targets, and improve budget execution systems to provide greater predictability for caterers while safeguarding meal quality and consistency.

#### 4.4 Child Protection

- **Ensuring predictable and sustainable financing for births and deaths registration.** Government allocations have declined sharply—from GHS 12 million in 2020 to a projected GHS 7 million in 2025—while dependence on internally generated funds has risen to 93% of the budget. As IGF revenues are largely urban-based, rural areas remain underserved. Increasing government funding and allowing the Registry to reinvest at least 50% of its IGF, as provided under the e-Registration of Births and Deaths Act, 2020 (Act 1027), would strengthen financial stability, promote equity, and sustain the registration system over time.
- **Expanding access and strengthening integration to achieve universal birth registration.** To achieve universal coverage, birth registration services should be decentralised and extended to underserved rural and island communities, where nearly one in four children remains unregistered. Integrating registration into the health system, at maternity wards, immunisation sessions, and follow-up visits—supported by interoperable information systems, offers a cost-effective and efficient approach to improve timely registration and strengthen overall service delivery.

#### 4.5 Water Sanitation and Hygiene

- **Prioritise investments in liquid and solid waste management.** With only 16% of Ghana's population using safely managed sanitation services, sustained investments are needed to expand faecal sludge treatment plants and improve safe waste disposal. Complementary investments in recycling infrastructure will further strengthen solid waste management and promote environmental sustainability.
- **Invest in rural water expansion.** Nearly 40% of peri-urban and rural residents still rely on unimproved water sources. Achieving universal access to safe and reliable rural water by 2030 will require annual investments of about GHS 1.5 billion in rural and community water supply systems.
- **Invest in urban water systems.** Ghana has made notable progress in expanding urban water access; however, many households still lack reliable "water on premises." Aging infrastructure, high water losses, and rising peri-urban demand continue to strain service delivery. Strengthening sustainable urban water management will require increased domestic financing and improved infrastructure efficiency.