

AN INDEPENDENT ANALYSIS OF THE 2026 STATE OF THE NATION ADDRESS

POLICY BRIEF

Executive Summary

President John Dramani Mahama delivered his 2026 State of the Nation Address (SONA) on February 27, 2026, outlining what he described as a period of economic stabilisation and renewed confidence. The address placed much emphasis on macroeconomic gains - declining inflation, appreciation of the cedi, and a significant reduction in public debt - presenting these developments as signals that Ghana is regaining international credibility and strengthening its investment appeal.

The macroeconomic indicators highlighted in the address are broadly consistent with recent fiscal updates and suggest measurable progress toward stability. However, while these gains are noteworthy, further clarity may be required on how improvements at the aggregate level are translating into everyday economic relief for households and small businesses. Issues such as energy sector sustainability, developments in the cocoa industry, and the broader relationship between macroeconomic stability and cost-of-living pressures could benefit from deeper elaboration in future policy communications.

In addition, although fiscal targets appear aligned with commitments under the current IMF-supported programme, key flagship initiatives - including the "24-Hour Economy" and the "Big Push"- would benefit from more detailed implementation frameworks, timelines, and financing strategies. Providing such clarity would strengthen public confidence and enhance the credibility of projected employment and growth outcomes in the short to medium term.

Overall, the address conveys a message of recovery and renewed direction, while also presenting opportunities for further policy specificity to ensure that macroeconomic progress translates into inclusive and sustainable economic transformation.

1. Key Issues Raised in the SONA

The President's address was largely retrospective, reviewing developments in the administration's first year and emphasizing progress toward economic stabilization.

1.1 Restoration of Macroeconomic Stability and Credibility: The President noted that Ghana's standing in international financial markets has improved, citing upgrades by major credit rating agencies (Fitch, Moody's, and S&P)—a "triple upgrade". These developments were presented as validation of the government's prudent fiscal policies.

1.2 Debt Reduction Efforts: A central feature of the address was the reported reduction in public debt by GH¢82.1 billion, lowering the debt-to-GDP ratio from 61.8 percent to 45.3 percent. This outcome was attributed to debt restructuring, sinking fund operations, and improved fiscal discipline. The early settlement of a US\$709 million Eurobond in January 2026 was highlighted as a further signal of improving debt management capacity.

1.3 Disinflation Trends: The President reported a significant decline in inflation—from 23.5 percent at end-2024 to 3.8 percent by January 2026. This disinflation, he argued, translates directly into improved purchasing power for households.

1.4 Unprecedented Cedi Appreciation: In a notable rhetorical flourish— "We did not arrest the dollar"—the President cited a 40.7 percent appreciation of the cedi against the US dollar. This stability was credited to the establishment of the Ghana Gold Board (GoldBod), which bolstered foreign exchange reserves through domestic gold purchases.

1.5 Fiscal Discipline: The address underscored the importance of fiscal prudence, citing a primary surplus of 2.6 percent of GDP (exceeding the 1.5 percent IMF target) and a fiscal deficit of 3.1 percent, below the projected 3.8 percent. These outcomes were linked to reduced borrowing pressures, easing interest rates, and improving private sector confidence.

1.6 Continental Engagement: Beyond domestic issues, the President reaffirmed Ghana's commitment to regional and continental cooperation, emphasizing the need for African economies to strengthen intra-continental trade and resilience in a changing global environment.



2. Omissions and Areas Requiring Greater Policy Clarity

2.1 The Energy Sector Financial Risk: The address did not substantively address ongoing financial imbalances within the energy sector. Persistent quasi-fiscal losses—projected by some observers to reach significant levels by 2026—pose risks to debt sustainability and fiscal consolidation. Given the centrality of energy sector reform to IMF-supported structural benchmarks, its absence from the address represents a notable policy gap.

2.1 Cocoa Sector Structural Challenges: There was no mention of the production crisis in the cocoa sector, a backbone of the Ghanaian economy. Concerns regarding aging farms, limited youth participation, and inadequate modernisation remain unresolved. This represents a long-term structural threat that macro-stabilisation alone cannot resolve.

2.2 Micro-Economic Realities: While macroeconomic indicators have improved, many SMEs continue to face high borrowing costs and constrained access to credit. The transmission mechanism between fiscal stabilisation and lower real-sector financing costs remains incomplete. The address did not sufficiently articulate how improved macro indicators are easing operational constraints for businesses and households.

2.3 Poverty and Inequality: While celebrating GDP growth projected to reach \$113 billion, limited attention was given to poverty trends, income distribution, and employment quality. Sustainable recovery requires that macro-stability translate into measurable improvements in living standards and labor market outcomes.

3. Realism and Attainability of Policy Commitments

The promises outlined in the SONA fall into two broad categories: continuation of stabilisation policies and transformative development initiatives.

3.1 Stabilisation Commitments: Credible and Necessary

The commitment to maintaining a primary surplus and fiscal discipline is realistic and necessary. It aligns with the IMF-supported trajectory and is critical for sustaining debt reduction and restoring investor confidence. The proposal to institutionalise discipline through a Value for Money Office represents a potentially credible reform mechanism.



3.2 Transformational Initiative: Ambitious but Underspecified

Flagship initiatives—including the “24-Hour Economy,” the GH¢30 billion “Big Push” infrastructure programme, and the Women’s Development Bank—reflect an ambitious development agenda. However, the SONA provided limited detail regarding:

- Financing structures and risk-sharing models
- Phased implementation timelines
- Performance benchmarks and accountability frameworks
- Alignment with existing fiscal constraints

Mobilising the scale of capital envisioned under the Big Push will require robust public-private partnership frameworks and sustained macroeconomic stability. Without operational clarity, these initiatives risk remaining aspirational.

4. Assessment: The State of the Economy vs. the State of the Nation

The macroeconomic indicators cited in the SONA are broadly consistent with fiscal data and IMF programme assessments. Ghana has made measurable progress in stabilisation, and this progress has restored policy credibility.

However, macroeconomic stabilisation should be viewed as a foundation rather than a culmination. The address reflected the state of the economy as measured by aggregates but did not fully capture the state of the nation as experienced by households, workers, and small enterprises. Recovery remains uneven, and structural vulnerabilities persist.

5. Policy Recommendations

5.1 Institutionalise Fiscal Discipline

- Strengthen public financial management systems.
- Enforce medium-term expenditure ceilings.
- Operationalise independent oversight mechanisms, including the proposed Value for Money Office.

Sustained discipline must be embedded institutionally to avoid cyclical reversals.

5.2 Address Structural Risks Proactively

- Implement transparent and time-bound reforms in the energy sector to eliminate quasi-fiscal losses.
- Develop a comprehensive cocoa modernisation strategy focused on productivity, youth engagement, climate resilience, and value addition.

Structural reform is essential to consolidate macro-stability.



5.3 Reorient Toward Inclusive Growth

- Track poverty reduction, real wage growth, employment quality, and SME financing access alongside GDP metrics.
- Ensure that stabilization policies translate into improved credit conditions and enterprise growth.

Macroeconomic credibility must be matched by inclusive outcomes.

5.4 Clarify Implementation Pathways for Flagship Programmes

- Publish financing frameworks and investment pipelines for the 24-Hour Economy and Big Push initiatives.
 - Establish phased milestones and public reporting mechanisms.
 - Strengthen PPP governance structures to mitigate fiscal risks.
- Operational transparency will enhance investor and public confidence.

5.5 Improve Policy Communication

- Articulate clearly how stabilisation reduces borrowing costs and supports enterprise development.
 - Bridge the narrative gap between aggregate indicators and lived economic realities.
- Effective communication reinforces trust and policy legitimacy.

6. Conclusion

The 2026 State of the Nation Address presented a coherent and data-driven narrative of macroeconomic stabilisation under President John Dramani Mahama. The address was strongest in demonstrating measurable fiscal and monetary progress, reinforcing Ghana's regained policy credibility.

However, stabilisation alone does not constitute transformation. The transition from macroeconomic recovery to structural reform and inclusive growth will determine the durability of current gains. The policy priority moving forward should be to institutionalise fiscal discipline, confront sectoral vulnerabilities, and ensure that macroeconomic progress translates into broad-based improvements in livelihoods and economic opportunity

About CERPA

The Centre for Economic Research and Policy Analysis (CERPA) is a think tank dedicated to providing independent, data-driven economic research and policy recommendations to foster sustainable economic growth in Ghana and beyond.

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