

2026 fiscal year:

Govt to spend GH¢302.5bn

BY KINGSLEY ASARE & CECILIA YADA LAGBA

THE government has budgeted to spend GH¢302.5 billion for the 2026 fiscal year, representing 18.9 per cent of Gross Domestic Product (GDP).

The figure which is 50.8 billion more in terms of what government spent last year, represent 20.1 per cent increase in expenditure for 2026.

The Minister of Finance, Dr Cassiel Ato-Forsor, who announced this yesterday when he presented the 2026 budget and economic policy of government to Parliament for consideration and approval, said the allocation reflected a deliberate balance between fiscal consolidation and strategic investment in infrastructure, human capital, and social protection.

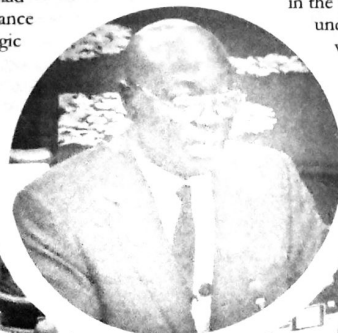
The Minister explained that com-

pensation of employees, covering wages, salaries, pensions, gratuities, and social security contributions, was projected at GH¢90.8 billion (5.7 per cent of GDP), reflecting the nine per cent negotiated increase in base pay for public servants under the Single Spine Salary Structure (SSSS).

He said goods and services was projected at GH¢13.2 billion (0.8 per cent of GDP) to enhance efficiency in service delivery across MDAs.

“Grants to Other Government Units, comprising transfers to earmarked funds such as GETFund, NHIF, and DACF, are estimated at GH¢63.6 billion (4.0 per cent of GDP),” Dr Ato Forsor stated.

He said interest payments in the period under review was projected at



• Dr Cassiel Forsor (inset) presenting the budget statement at the Parliament chamber
Photo: Ebo Gorman

GH¢57.7 billion (3.6 per cent of GDP), of which GH¢50.1 billion represents domestic interest and GH¢7.6 billion external interest.

The Finance Minister said Capital Expenditure (CAPEX) for 2026 was projected at GH¢57.5 billion (3.6 per cent of GDP), reflecting government's commitment to growth-driving investments.

Of this, he said GH¢45.5 billion (2.8 per cent of GDP) represents domestically financed capex, comprising GH¢15.5 billion for MDAs and GH¢30.0 billion for the Big Push Infrastructure Programme. Foreign-financed capex, mainly project loans and grants, is projected at GH¢12.0 billion (0.8 per cent of GDP).

He further said other expenditures, including ESLA transfers, payments to Independent Power Producers (IPPs) are estimated at GH¢19.7 billion (1.2 per cent of GDP),” he stated.

“Mr Speaker, based on these allocations,

the total appropriation for the fiscal year ending 31st December 2026 amounts to is GH¢357,105,639,079.87,” he stated.

The Finance Minister said total revenue and grants for 2026 was projected at GH¢268.1 billion, up from GH¢226.5 billion in 2025.

That, he said, represented a strong revenue performance supported by new non-oil tax policy measures expected to yield at least 0.6 per cent of GDP.

He said Non-Oil Tax Revenue, which accounts for about 80.6 per cent of total revenue, was projected at GH¢216.1 billion, reflecting a robust 18.8 per cent annual growth.

“Mr Speaker, Non-Tax Revenue (non-oil) is estimated at GH¢20.9 billion, representing about 7.8 per cent of domestic revenue. Of this amount, GH¢18.2 billion will be retained by MDAs to support operations, while GH¢2.8 billion will be lodged into the Consolidated Fund. The IGF Capping Policy is expected to yield an additional GH¢329.6 million to the budget,” he said.

The Finance Minister indicated that the oil and gas receipts were projected at GH¢13.6 billion, driven by improved efficiency across producing fields and steady global oil prices.

He said other revenue, including Social Security and National Insurance Trust transfers to the National Health Insurance Levy and Energy Sector Levies (ESL), was expected to amount to GH¢14.4 billion.

“Grants from development partners are projected at GH¢3.1 billion, equivalent to 1.1 per cent of total revenue and grants. The expected disbursements from grants are entirely project-related to support key development initiatives in line with government priorities,” Dr Ato Forsor stated.

The Finance Minister said the overall fiscal balance on commitment basis for 2026 was projected at a deficit of GH¢34.4 billion, equivalent to 2.2 per cent of GDP, adding that the corresponding primary balance would record a surplus of GH¢23.3 billion, representing 1.5 per cent of GDP, in line with our medium-term fiscal target.

He said on a cash basis, the overall deficit was projected at GH¢64.2 billion, equivalent to 4.0 per cent of GDP, while the primary deficit stands at GH¢6.5 billion (0.4 per cent of GDP), saying the cash deficit of GH¢64.2 billion would be financed from a balanced mix of foreign and domestic borrowing sources.

The Finance Minister indicated that foreign financing was projected as a net repayment of GH¢6.6 billion (0.4 per cent of GDP), saying that included expected disbursements from the IMF Extended Credit Facility (\$360 million), the World Bank Development Policy Operation and other bilateral partners of \$313.2 million.

He said Domestic Financing would amount to GH¢71.0 billion (4.4 per cent of GDP) and would be sourced primarily through issuances of long- and short-term government securities, stressing that strategy would support domestic market development, ensure debt sustainability, and maintain financial sector stability.

“Mr Speaker, this fiscal framework is not just a set of numbers, it is a roadmap for sustained stability and inclusive growth. It represents a disciplined yet forward-looking budget: one that invests wisely, spends efficiently, protects the vulnerable, and restores full confidence in Ghana's economy,” he stated.

“Mr Speaker every cedi spent in 2026 will be a cedi that delivers results, creates jobs,

builds infrastructure, and drives prosperity for all Ghanaians,” he stated, adding that the fiscal policy measures would underpin the implementation of the 2026 Long and Medium-term fiscal framework.

Budget Highlights

•GH¢57.5 billion for capital expenditure

•GH¢ 30 billion for road development.

•COVID Levy abolished

•Local rice, maize chicken and eggs to be procured by schools

•VAT rate reduced from 21.9% to 20%

•Tax net to be expanded

•50 agricultural districts to benefit from 4,400 different agriculture machineries