Ghana

Ghana’s economic freedom score is 57.5, making its economy the 109th freest in the 2019 Index. Its overall score has increased by 1.5 points, with a gain in fiscal health and higher scores for labor freedom and monetary freedom more than offsetting declines in the tax burden and business freedom scores. Ghana is ranked 13th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

Although it has prioritized industrialization to create jobs and spur economic growth, the government faces fiscal constraints. The economy thrived for decades under relatively sound governance and a competitive business environment, but it has suffered in recent years as a consequence of loose fiscal policy, high budget and current account deficits, and a depreciating currency. Heavy-handed regulation, cumbersome bureaucracy, corruption, and political favoritism undermine overall competitiveness and dissuade potential entrepreneurs.

**ECONOMIC FREEDOM SCORE**

**FREEDOM TREND**

**QUICK FACTS**

**BACKGROUND:** Formed from the British colony of Gold Coast and the Togoland trust territory in 1957, Ghana became the first sub-Saharan country to gain its independence. It has been a stable democracy since 1992. In 2016, President John Dramani Mahama of the National Democratic Congress lost his bid for reelection to Nana Akufo-Addo of the New Patriotic Party, marking the third time that the presidency has changed parties since the return to democracy. Long-running conflict between farmers and herders in Ghana’s North is escalating, mirroring a trend in other parts of West Africa. A border dispute with Côte d’Ivoire over offshore oil fields continues. Africa’s second-biggest gold producer and second-largest cocoa producer, Ghana is also rich in diamonds and oil.
## 12 ECONOMIC FREEDOMS | GHANA

### RULE OF LAW

| Freedom          | World Average | Change | Reason
|------------------|---------------|--------|--------
| Property Rights  | 49.1          | (+0.2) | Recognized and enforced, but the process to get clear title over land is often difficult, complicated, and lengthy. Scarce resources compromise and delay the judicial process, and poorly paid judges are tempted by bribes. Despite a robust anticorruption legal framework, enforcement remains a major challenge, as civil servants are often bribed with gifts and other gratuities.
| Judicial Effectiveness | 44.2 | (+0.5) | 
| Government Integrity | 35.5 | (+2.6) | 

### GOVERNMENT SIZE

| Freedom          | World Average | Change | Reason
|------------------|---------------|--------|--------
| Tax Burden       | 78.8          | (-4.7) | The top personal income tax rate has been raised to 35 percent. The top corporate tax rate is 25 percent. Other taxes include value-added and capital gains taxes. The overall tax burden equals 16.5 percent of total domestic income. Over the past three years, government spending has amounted to 24.5 percent of the country’s output (GDP), and budget deficits have averaged 6.4 percent of GDP. Public debt is equivalent to 71.8 percent of GDP.
| Government Spending | 82.0 | (+3.0) | 
| Fiscal Health    | 23.9          | (+14.4) | 

### REGULATORY EFFICIENCY

| Freedom          | World Average | Change | Reason
|------------------|---------------|--------|--------
| Business Freedom | 56.5          | (-3.0) | Recent years’ reforms have yielded reductions in the number of bureaucratic procedures, but the overall process for establishing and running a private enterprise is cumbersome. Labor regulations remain restrictive and outmoded. The government was forced to end expensive cocoa subsidies in 2018, but progress in restructuring the debt-ridden, subsidized, and state-dominated energy sector has slowed.
| Labor Freedom    | 59.9          | (+3.7) | 
| Monetary Freedom | 66.3          | (+2.6) | 

### OPEN MARKETS

| Freedom          | World Average | Change | Reason
|------------------|---------------|--------|--------
| Trade Freedom    | 63.4          | (-1.7) | The combined value of exports and imports is equal to 90.6 percent of GDP. The average applied tariff rate is 10.8 percent. As of June 30, 2018, according to the WTO, Ghana had three nontariff measures in force, but other barriers to trade persist. Foreign investment in several sectors is restricted. The financial system has undergone restructuring, and the supervisory framework is relatively strong. Bank credit to the private sector has increased.
| Investment Freedom | 70.0 | (No change) | 
| Financial Freedom | 60.0          | (No change) | 

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