



TECHNICAL ASSISTANCE REPORT

GHANA

Advancing SOE Fiscal Risks Management,
Financial Oversight, Governance, and
Investment Implementation

JULY 2026

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Abbreviations and Acronyms

CEO	Chief Executive Officer
COCOBOD	Ghana Cocoa Board
ECG	Electricity Company of Ghana Ltd.
FAD	Fiscal Affairs Department
FRS	Fiscal Risks Statement
FTE	Fiscal Transparency Evaluation
GDP	Gross Domestic Product
GFSM	Government Finance Statistics Manual
GHS	Ghana Cedi
GIP	Ghana Infrastructure Plan
GNPC	Ghana National Petroleum Corporation
GoG	Government of Ghana
GPHA	Ghana Ports and Harbours Authority
HCT	Health Check Tool
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IPPs	Independent Power Producers
JVCs	Joint Venture Companies
KPI	Key Performance Indicators
MOF	Ministry of Finance
OECD	Organisation for Economic Co-operation and Development
OSEs	Other State Entities
PFM	Public Financial Management
PIM	Public Investment Management
PIPWC	Public Investment Plan Working Committee
PPA	Power Purchase Agreement
PPP	Public-Private Partnership
PURC	Public Utilities Regulatory Commission
QFA	Quasi-Fiscal Activities
SIGA	State Interests and Governance Authority
SOE	State Owned Enterprise
SOP	State Ownership Policy
USD	United States Dollar
VRA	Volta River Authority

Preface

At the request of the Ministry of Finance of Ghana (MOF), the IMF's Fiscal Affairs Department (FAD) mission visited Accra between November 24 and December 5, 2025, to provide targeted capacity building in reviewing financial performance of state-owned enterprises (SOEs), applying fiscal risks management tools, and analyzing institutional arrangements for SOE oversight. The mission also analyzed the role of SOEs in implementing infrastructure investments, and the related processes. The mission team was led by Ms. Natalie Manuilova (FAD) and included Mr. Ed Hearne (FAD), Ilyas Tufan (AFRITAC West 2 Public Finance Management Advisor), Mr. Philip Barry and Mr. Edgar Sishi (FAD short-term experts).

The mission team met with the MOF Coordinating Director, Mr. David Klotey Collison, Head of the Public Entities Unit, Mr. Kwame Adu Okyere-Mensuo, Head of SOEs and JVCs, Ms. Doris Dzidzornu, Head of Institutional Reforms and SOEs, Ms. Rahinatu Abdul-Rahman, and their team at the MOF Public Investment and Assets Division, as well as with colleagues from Research Division, Public Debt Management Office, Budget Office, and Real Sector Division. From the State Interests and Governance Authority (SIGA), the mission met with the Head of Governance Risk and Compliance Division Mr. Eric Opoku, and Head of Performance Monitoring and Evaluation Division Mr. Alfred Agorbia. The team also met with Mr. Hanson Manny, Director, the Ministry of Energy, and the Audit Service's Assistants Auditor-General Mr. Paul Afram and Mr. Kwadwo Kyeremeh. The mission also conducted meetings with representatives of the key SOEs in Ghana, including the Electricity Company of Ghana Ltd (ECG), Ghana Cocoa Board (COCOBOD), Ghana Ports and Harbours Authority (GPHA), Volta River Authority (VRA), and Ghana Gold Board (GoldBod).

The mission also met with the representatives of the development partners in Ghana, including Mr. Charles Abbey from the Swiss Cooperation Office (SECO), the World Bank's Ms. Ashwini Sebastian and Mr. Andrei Busuioc, and Mr. Ahu Aminu of GIZ Ghana.

The mission team would like to thank Ms. Doris Dzidzornu (MOF) for her excellent assistance and coordination of this mission and its meetings, and Mr. Adrian Alter, IMF Resident Representative, and his team for their guidance and administrative support.

Executive Summary

Over the past decade, the Ghanaian authorities have made notable progress in strengthening the governance arrangements and fiscal risk management of state-owned enterprises (SOEs), driven by joint efforts of the Ministry of Finance (MOF) and the State Interests and Governance Authority (SIGA). Reforms have focused on centralizing oversight, enhancing transparency, and improving performance monitoring.

The authorities have established a robust foundation for SOE oversight through the adoption of the SOE Ownership Policy, the Corporate Governance Code, and standardized financial reporting requirements. The creation of SIGA in 2019 marked a significant shift toward centralized and professional state ownership, with SIGA working in concert with line ministries to expand the use of performance contracts and regular evaluations. The Ministry of Finance (MOF) has increased its role in SOE financial oversight, authorizing capital injections, borrowing, and investments, and developing annual fiscal risk assessments for SOEs. External audits, whether by the Auditor-General or private firms, have become standard, with SOEs required to submit annual audited financial statements and performance reports to SIGA and MOF, improving transparency and comparability across the SOE portfolio.

The continuous improvements in the MOF's analysis and monitoring of the fiscal risks stemming from SOEs have established a strong foundation for informed decision-making by the government. The SOE portfolio is now grouped by purpose and state interest, with commercial SOEs, financial sector entities, joint venture companies, and other specified entities identified for targeted oversight. The authorities have also made progress in expanding the coverage of annual State Ownership Reports and enhancing performance monitoring, which has improved the quality and completeness of SOE financial data.

Despite these achievements, persistent challenges remain in the attainment of SOE financial sustainability, and the effective management of associated fiscal risks. Over the past decade, the SOE portfolio has grown largely in line with the economy, with total assets fluctuating around one third of the country's GDP. SOE liabilities have accumulated at a faster pace, rising from GHS 35 billion (19 percent of GDP) in 2015 to GHS 282 billion (about 25 percent of GDP) in 2024. This rapid growth of liabilities compared to assets has heightened fiscal concerns. SOE assets and liabilities are concentrated with three entities - the Electricity Company of Ghana Ltd (ECG), Volta River Authority (VRA) and Ghana Cocoa Board (COCOBOD) – which together account for the largest share of aggregate liabilities, placing them into the highest-risk category with greatest fiscal risk potential.

The significant reform efforts over the past decade have not yet translated into improved SOE financial performance, pointing to persistent structural weaknesses. Energy and commodity-sector SOEs remain the principal sources of financial strain, with arrears accumulation, liquidity constraints, and non-cost-reflective tariffs contributing to ongoing fiscal pressures. While SOE revenues increased markedly in absolute terms – from GHS 19 billion (2015) to GHS 133 billion (2024) - this has not resulted in improved overall SOE performance. Despite many entities operating profitably or around breakeven point, a few large SOEs continue to drive the portfolio into net losses, which fluctuated around 1 percent of GDP between 2016 and 2024. Part of this is due to financing costs of foreign currency denominated debts. This trend highlights a disconnect between reform progress and lack of tangible performance gains, as

underlying constraints from quasi-fiscal activities and weak enforcement of hard budget constraints, remain largely unaddressed.

The MOF has increased its role in SOE financial oversight and strengthened its fiscal risk assessment practices. At the same time, challenges remain with timeliness, data completeness, and integration of the fiscal risks assessment processes. The MOF has two parallel fiscal risks reports – the Fiscal Risk Statement (FRS) and the SOE Fiscal Risk Report, which provide complementary but sometimes duplicative analyses, with the latter suffering from significant data lags and lack of focus on macro-critical enterprises. The fiscal risk assessment is also complicated by the lack of information on quasi-fiscal activities (QFAs) carried out by SOEs, obscuring the key factor of their persistent losses and the true fiscal cost of SOE operations. Institutional responsibilities for SOE financial oversight are split between the MOF and SIGA, resulting in overlapping functions and fragmented reporting, which reduce efficiency and the effectiveness of fiscal risk management.

On the ownership and governance aspects, Ghana has made notable progress with the establishment of the legislative framework, but implementation gaps persist. Board and CEO appointments remain highly politicized, with active politicians and high-level officials occupying many board seats, undermining boards' independence and professionalism. Compliance with reporting, audit, and performance contracting requirements is uneven among SOEs, with significant irregularities noted by the Auditor General in procurement, financial management, and audit follow-up.

To further strengthen fiscal risk management practices, the MOF should focus their monitoring on macro-critical and high-risk SOEs, which can be identified using clear criteria or materiality thresholds to determine when detailed analysis is needed. The MOF could also consider recommending tailored risk mitigation measures in their SOE reports, which could be facilitated by introducing standardized templates for SOEs to report on QFAs, arrears strategies, and key governance actions. Improving the timeliness of the FRS and aligning it with the budget cycle would ensure fiscal risks are considered during budget preparation and parliamentary debate. Improved data exchange and analytical tools could assist with reducing duplication and improving timeliness of the FRS, including through wider use of the IMF's SOE Health Check Tool, dedicated financial sector models, and establishing direct digital data exchange channels between SIGA and the MOF.

To further advance SOE reforms, the authorities should undertake SOE sectorization, update the SOE Ownership Policy, introduce merit-based selection procedures for SOE boards and executives, and gradually reduce the presence of active politicians and high-level officials on SOE boards. For the infrastructure investments implemented by SOEs, the authorities should seek to align SOEs' investment plans with fiscal and financial constraints, introducing medium-term investment planning by SOEs, reinforcing project assurance and oversight mechanisms, and improving procurement compliance.

The mission further recommends strengthening the enforcement of SOEs financial reporting and audit requirements, expanding the use of performance contracts with clear and measurable financial sustainability metrics, and mandating systematic disclosure of SOE board and committee structures. These measures, if implemented with strong commitment and empowered oversight by the MOF, will enable Ghana's SOEs to progressively improve their ownership and governance practices, deliver sustainable value for the economy and public finances, and support the government's broader fiscal and development objectives.

Recommendations

SOE Financial Performance, Fiscal Risks and Trends		
1	Prioritize fiscal risks analysis of macro-critical and high risks SOEs, identify and propose risk-mitigation measures for the major fiscal risks.	MOF September 2026
2	Prepare and publish FRS in time to inform the budget process and include it in the Medium Term Expenditure Framework or in the Budget Package.	MOF, October 2026
3	Develop templates for macro-critical SOEs to report on all fiscal flows to and from the budget, and to identify and report on QFAs. Implement digital mechanism to ensure timely SOE reporting exchange with SIGA.	MOF, SIGA September 2026
4	Develop models for assessing fiscal risks from financial sector entities tailored to sector specific financial ratios.	MOF, September 2026
5	Introduce forward-looking analysis for key macro-critical SOEs.	MOF, October 2026
6	Build the MOF staff capacity in analyzing SOEs' financial performance, fiscal risks and providing input to the ownership level decision-making.	MOF, continuous
SOE Ownership and Corporate Governance		
7	Review the SOE portfolio, re-classify all entities to appropriate categories. Conduct GFSM sectorization exercise.	MOF, SIGA, December 2026
8	Review the SOP and critically evaluate the Policy alignment of each entity, prepare grounds for policy decisions.	MOF, SIGA, December 2026
9	Design and introduce merit-based selection process for SOE Boards and Executive Management, starting with macro-critical SOEs.	MOF, SIGA, December 2026
10	Develop a plan to progressively reduce the number of active politicians and high level officials on SOE boards.	SIGA, December 2027
SOEs and Infrastructure Governance		
11	Ensure that all major projects by SOEs are subject to independent assurance to assess risks, validate cost and schedule estimates and review planned benefit.	MOF, SIGA, December 2026
12	Include SOE investment plans and project targets in the strategic plans and performance reviews by SIGA and MOF.	MOF, SIGA, December 2026
13	Require major infrastructure SOEs to publish annual investment plans for new, ongoing, and maintenance projects, and their funding sources.	MOF, SIGA, December 2026

I. Background and Recent Reforms

1. Ghana’s SOEs play a pivotal role in public service delivery and economic development.

Over the past decade the authorities have taken steps to strengthen their governance, financial oversight, and reporting frameworks. Notable progress has been made, particularly through enhanced PFM rules, more active oversight by SIGA, and greater emphasis on timely reporting by SOEs.

2. Despite recent reform efforts, challenges persist in ensuring the financial sustainability and transparency of SOEs, as well as in monitoring and managing fiscal risks that arise from their operations. Energy and commodity-sector SOEs remain the principal sources of financial strain and contingent liabilities, with arrears accumulation and liquidity pressures continuing to weigh on the broader public finances. Against this backdrop, improving the timeliness, completeness, and quality of SOE financial data—and translating it into actionable fiscal-risk analysis—remains a core government priority.

A. Recent Reforms

3. Since 2017, the Government of Ghana (GoG) has undertaken significant reforms to improve operations of its SOEs.

These reform initiatives mainly targeted improvements in the state ownership model, SOE corporate governance, performance management, financial oversight, and fiscal risk management, as well as SOEs transparency and reporting.

4. The establishment of the SIGA in 2019 marked a significant shift toward a more centralized and professional state-ownership model. Created under the State Interests and Governance Authority Act (2019), SIGA was mandated to consolidate the government’s shareholder role, improve oversight, enforce governance standards, and facilitate the publication of annual State Ownership Reports. Through standardized reporting templates, governance guidelines, and expanded performance monitoring, SIGA has strengthened the institutional framework, governance and reporting practices among SOEs, although compliance remains uneven and some entities continue to lag in financial disclosures.

5. The 2023 State Ownership Policy¹ has set a clear and coherent framework for the execution of the government ownership function. The Policy defines the government’s role as an owner by establishing principles on state ownership rationale and rights, objectives (financial, economic, social), state-shareholding functions, and financing rules, and criteria for investment or divestment in SOEs and other specified entities. Under the Policy, the state ownership function is formalized and separated from regulatory or policy-setting roles of the government by creating a governance architecture where ownership oversight is centralized under SIGA, as is principally in line with good corporate governance practices.²

¹ Approved by the Cabinet in 2023, officially launched in April 2024.

² Such as those formulated in the Guidelines on Corporate Governance of State-Owned Enterprises (OECD: 2024), and the IMF Fiscal Transparency Code.

6. SIGA developed and introduced a Corporate Governance Code³ to ensure consistent, professional governance practices across SOEs. It also applies to other specified entities and public service organizations. The Code, approved by the Cabinet in 2023, establishes standards for board composition, roles and responsibilities, and introduces requirements for board independence, gender balance, ethical conduct, audit responsibilities, risk management, and disclosure. It was prepared based on the OECD SOE Corporate Governance Guidelines⁴ and tailored to Ghana's legal framework. The Code now serves as the benchmark for assessing board performance and the quality of corporate governance practices, providing SIGA with a structured framework to evaluate, guide, and enhance governance across the state-owned portfolio.

7. SIGA also introduced a formal Performance-Management Framework that binds SOEs and other specified entities to annually negotiated performance contracts. Under this framework, SIGA negotiates a set of Key Performance Indicators (KPIs) with each entity, covering financial performance, operational efficiency, project delivery, governance compliance, and broader management standards, and then evaluates entities against these KPIs to produce a performance index or score. The framework is designed to provide a structured mechanism for aligning SOE operations with national development priorities and fiscal sustainability objectives, while also improving transparency and accountability in state-owned enterprises. Since its initiation in 2020, the coverage of entities subject to performance contracts has gradually expanded from 48 in 2020 to 70 in 2024,⁵ reflecting SIGA's efforts to strengthen performance monitoring across the sector.

8. The State Ownership Report is now prepared annually and is a key instrument that provides a comprehensive, data-driven assessment of a wide range of specified entities. Published annually, the Report consolidates financial, operational, and governance information for the covered entities. It presents key metrics at the aggregate and individual entity level performance, including revenues, assets, liabilities, audited accounts submission status, performance-contract compliance, and performance-index scores. The Report was originally prepared by the MOF between 2016 and 2021 after which the function was transferred to SIGA. Over time, the coverage of entities in the Report has steadily expanded, with the number of participating entities increasing from 18 to 152, reflecting the growing institutional capacity to monitor and evaluate the performance of state-owned and state-interested entities.⁵

9. The MOF regularly analyzes fiscal risks stemming from SOEs and prepares fiscal risk reports that demonstrate the core fiscal risks arising from major SOEs. In 2018, the MOF established a dedicated Fiscal Risk Unit under the Economic Strategy and Research Unit, and in March 2019 released Ghana's first comprehensive Fiscal Risk Statement as part of a structural benchmark under the IMF program. The Statement assessed potential fiscal risks stemming from SOEs alongside macroeconomic, public debt, financial sector, and other fiscal risks. According to consultations with the authorities, the MOF has continued to prepare this Statement annually, although it has not been published since 2019. In addition, a more detailed internal Annual SOE Fiscal Risk Report, which provides a comprehensive assessment of SOE fiscal risks across a broad range of entities using the IMF

³ The Code of Corporate Governance for Specified Entities and Public Service Organizations (PSOs) in Ghana.

⁴ [OECD SOE Corporate Governance Guidelines](#) (2024)

⁵ SIGA Ownership Reports: <https://siga.gov.gh/resource-category/state-ownership-reports/>.

SOE Health Check Tool (HCT), has been prepared by the Public Entities Unit under the Public Investment and Asset Division since 2022. Preparation of the 2024 report is currently ongoing.

10. In key sectors of the Ghanaian economy, significant efforts have been undertaken to address longstanding weaknesses in SOE performance that constrain economic growth. Recent reform efforts, supported by the IMF and the World Bank, have increasingly focused on restoring the operational and financial viability of key SOEs in the energy and cocoa sectors, and which remain the largest sources of fiscal risk. In addition, efforts continue to enhance financial discipline across the value chain, stimulating the circular accounts payable settlement and containing arrears accumulation. Taken together, these reforms aim to improve governance, strengthen financial performance, and reduce the significant fiscal risks and costs arising from these systemically important SOEs:

- In the energy sector, the authorities are advancing a revamped Energy Sector Recovery Program (ESRP), with measures aimed at strengthening the Electricity Company of Ghana (ECG) operational performance, improving revenue collection, reducing technical and commercial losses, and ensuring the full and timely implementation of cost-reflective tariffs, including quarterly adjustments as envisaged under the regulatory framework.
- In the cocoa sector, reforms center on restoring the financial sustainability of COCOBOD through the preparation and implementation of its comprehensive turnaround strategy, supported by strengthened oversight from the MOF, including the establishment of a dedicated “cocoa desk”, and a transition toward a new financing model that reduces reliance on large external borrowings.

B. Technical Assistance Report Scope

11. The reforms implemented by GoG up to date have laid a foundation for further strengthening SOE financial and fiscal oversight, aimed at improving SOEs financial performance, governance, and risk management. Building on these reforms, the next chapters examine the SOEs from multiple perspectives such as: (i) evaluation of the current state in SOE financial performance and institutional responsibilities in carrying out SOE oversight between MOF and other government agencies; (ii) overview of the ownership policy and structure, governance arrangements, SOE board practices, and use of performance contracts, reporting, audit, and disclosure practices; and (iii) SOEs’ role in infrastructure governance, including policy, planning, regulatory structure, investment project assurance, funding, and operational delivery.

12. This report takes stock of the SOE reforms undertaken to date, notes the gains achieved, assesses the existing challenges, and proposes the next steps for Government’s consideration. This report is intended to support the Government’s efforts in enhancing SOE operational efficiency, increasing their contributions to the state budget, strengthening fiscal risk management, reducing political interference over SOE governance, and ensuring that SOEs operate transparently and in the best interest of the citizens of Ghana.

II. SOE Landscape, Financial Performance, Fiscal Risks and Trends

13. This section reviews and assesses the recent financial performance of Ghana’s SOEs, with a particular focus on their balance-sheet strength, profitability, fiscal risks and adequacy of financial oversight. The section draws on SIGA’s State Ownership Report (2024), the MOF SOE Fiscal Risks Report (2022), and analysis undertaken during the mission at a workshop updating the SOE HCT analysis with 2023 and 2024 data where that is available. The section also discusses institutional responsibilities over SOE financial oversight between the MOF units and with SIGA.

A. SOE Landscape

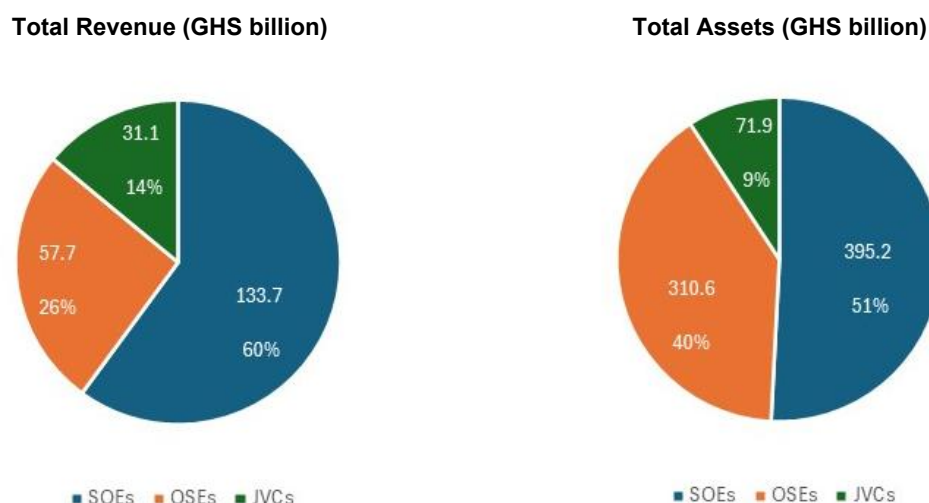
14. The existing legal framework in Ghana classifies various entities with state interest as Specified Entities, providing a clear structure for state ownership and oversight. As of 2024, the SIGA register included 175 Specified Entities that were classified based on SIGA Act (2019) and the state’s ownership:

- State-Owned Enterprises (SOEs) – 53 entities, whose shares are wholly held or controlled by the government, whether incorporated or not under the Companies Act, 1963.
- Joint Venture Companies (JVCs) – 47 companies in which the government holds minority or majority non-control shares.
- Other State Entities (OSEs) – 75 entities that are neither SOEs nor JVCs, declared as other entities by the Minister responsible for SIGA, typically comprising statutory corporations, regulatory bodies, authorities, commissions, and similar institutions.

15. SOEs account for the largest share of assets and revenue among all specified entities in Ghana. Among the specified entities reporting to SIGA, SOEs generated total revenue of GHS 133.7 billion (11.5 percent of GDP) in 2024. The size of the SOE portfolio has broadly grown in line with the economy over the past decade, with total assets fluctuating around 34 percent of GDP and reaching GHS 395 billion in 2024. The SOE liabilities have accumulated at a faster pace, rising from GHS 35 billion (19 percent of GDP) in 2015 to GHS 282 billion (about 25 percent of GDP) in 2024. This rapid growth of liabilities compared to assets has heightened fiscal concerns. SOEs accounted for approximately 60 percent of total revenues and 51 percent of total assets across all specified entities (Figure 1),⁶ highlighting the concentration of financial resources and fiscal significance of SOEs within the state portfolio.

⁶ Excluding minority and mining JVCs in which government has less than 10 percent ownership.

Figure 1. Specified Entities Sectoral Distribution by Total Revenue and Assets (2024)

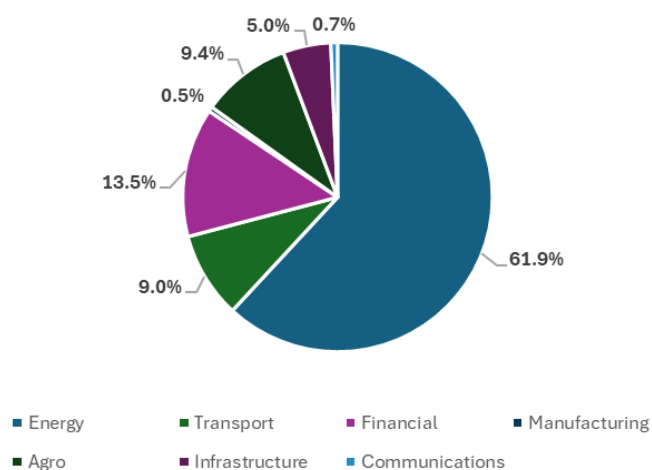


Source: State Ownership Report (SIGA, 2024)

16. Ghana's SOE portfolio spans a diverse range of sectors, but is heavily dominated by the energy sector, which accounts for the majority of assets and associated risks across the portfolio.

The 2024 State Ownership Report covers 152 specified entities out of an approved list of 175,⁷ including 54 SOEs (non-financial and financial), 30 joint venture companies (JVCs) and 68 other state entities (OSEs). Within the SOE subset, entities are grouped into seven sub-sectors: (i) Energy; (ii) Transport & Logistics; (iii) Financial & Allied Services; (iv) Manufacturing; (v) Infrastructure; (vi) Communication; and (vii) Agriculture. The energy sector dominates the SOE portfolio, accounting for 61.9 percent of total assets, followed by Financial & Allied Services (13.5 percent), Agriculture (9.4 percent), and Transport & Logistics (9.0 percent), as presented in Figure 2.

Figure 2. SOE Average Total Assets by Sector (2024, Percent)

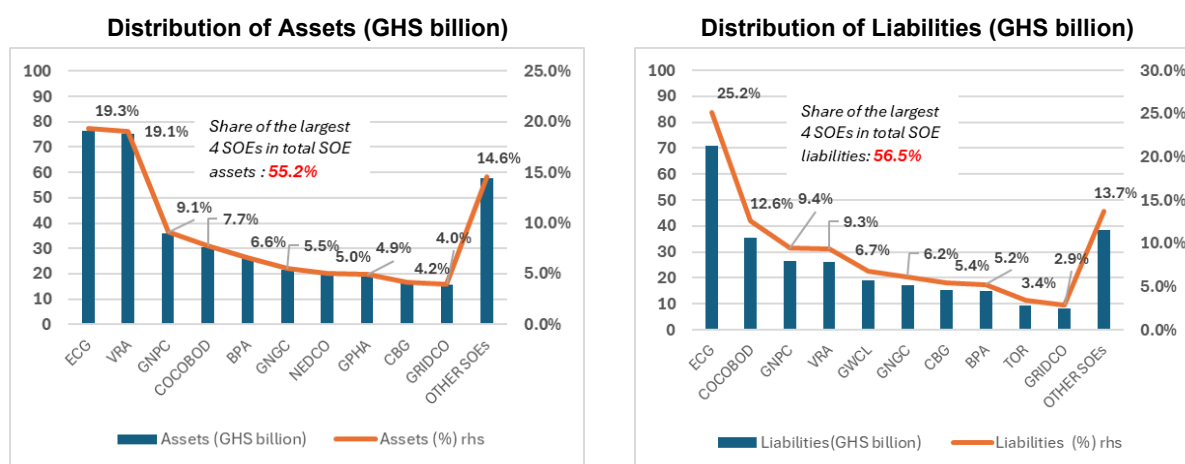


Source: State Ownership Report (SIGA, 2024)

⁷ The partial coverage of Specified Entities in SIGA reports largely reflects persistent gaps in financial reporting compliance and data availability, which constrain comprehensive oversight and obscure the full extent of fiscal risks from the SOE sector.

17. A significant share of total SOE assets and liabilities is concentrated in a small number of systemically important enterprises, amplifying their fiscal significance. The 2024 State Ownership Report shows that the Volta River Authority (VRA), Electricity Company of Ghana (ECG), Ghana National Petroleum Corporation (GNPC), and Ghana Cocoa Board (COCOBOD) together account for the majority of the sector's GHS 395 billion assets and GHS 282 billion liability stock, reflecting their central roles in critical services delivery, such as energy supply, petroleum operations, and commodity marketing, as well as significance to the country's public finance. As presented in Figure 3, top 10 SOEs alone hold around 85 percent of total SOE assets and liabilities,⁸ highlighting their centrality to Ghana's economic structure and explaining why financial pressures within these few entities can generate substantial fiscal risks for the government.

Figure 3. Share of Assets and Liabilities of Top 10 SOEs in Total SOE Assets and Liabilities (2024)



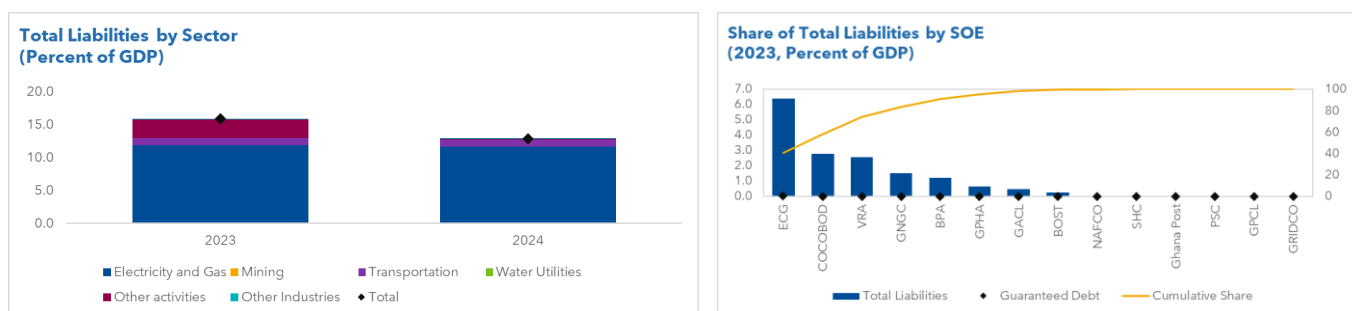
Source: State Ownership Report (SIGA, 2024)

B. SOE Leverage and Borrowing Costs

18. The 2024 State Ownership Report highlights a continued build-up of liabilities across Ghana's SOE portfolio, with total aggregate liabilities reaching 25 percent of GDP. Liabilities growth outpaces asset growth rising from GHS 35 billion (19 percent of GDP) in 2015 to GHS 282 billion (about 25 percent of GDP) in 2024. This rapid growth of liabilities compared to assets has heightened fiscal concerns. ECG alone accounted for GHS 71 billion of aggregated SOE liabilities (or 6 percent of GDP), making it the single largest contributor to the sector's debt burden and a principal source of fiscal risk for the Government. Other large entities such as VRA and GNPC also contributed significantly to the liability stock, underscoring a concentration of debt among a few highly leveraged SOEs (Figure 4).

⁸ Based on 2024 State Ownership Report by SIGA. SOE numbers are taken from the audited financial statements (ECG, GNPC and CBG), draft audit reports (VRA, BPA and GPHA); and management accounts (COCOBOD, GNGC, NEDCO, GWCL, and TOR).

Figure 4. Concentration of SOE Liabilities (2023-2024, Percent of GDP)



Source: Mission during HCT workshop. Analysis includes financial information of 14 SOEs: ECG, COCOBOD, VRA, GNGC, BPA, GPHA, GACL, BOST, NAFCO, SHC, Ghana Post, PSC, GPCL, Gridco.

19. The SOEs' leverage profile is particularly at risk because much of the debt is denominated in foreign-currency or carries implicit government backing. These factors create a key channel of fiscal and external vulnerability. In parallel, the energy SOEs carry extensive obligations under power purchase agreements (PPAs), many of which are USD-indexed and backed by government guarantees, which magnify the foreign-exchange and refinancing risks and link the SOEs' balance sheets closely to the sovereign's own debt position.

20. High finance costs that amounted to GHS 9 billion in 2024, further compounded pressures, effectively absorbing operational gains and worsening net outcomes across the SOE sector. The liability profile also reflects substantial foreign currency (FX) exposures, which are exacerbated by exchange rate volatility; depreciation of the cedi inflates the local currency value of FX-denominated debt and raises the cost of servicing external obligations. COCOBOD and Ghana Water Company Limited (GWCL) drive a large share of finance costs, with GWCL's USD-denominated loans revalued sharply in 2024 due to the GHS depreciation and COCOBOD carrying sizable bank loans and trade payables. In 2024, these two entities alone accounted for well over half of aggregate SOE finance costs.

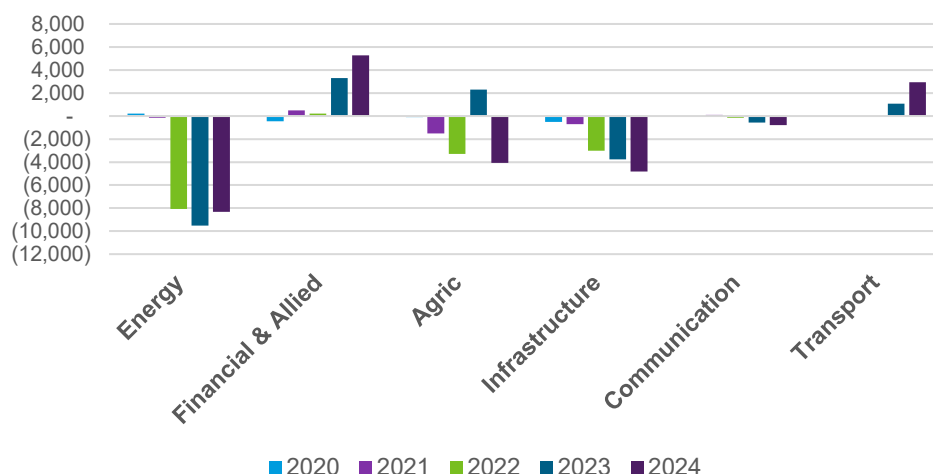
21. The concentration of liabilities in a few large utilities and commodity-related SOEs means that the State's commercial balance sheet is heavily exposed to a few key sectors and their risks. This high concentration of liabilities, combined with significant FX exposure, implies that shocks in a small number of entities can materially affect the overall fiscal and macroeconomic outlook, especially where their liabilities are de facto or de jure backed by government. This underscores the need for strengthened monitoring, tighter debt management practices, and robust oversight mechanisms to safeguard macro-fiscal stability.

C. SOE Financial Performance

22. Aggregate SOE losses increased sharply in 2022, reflecting the impact of severe macroeconomic shock, including exchange rate depreciation, on a sector already characterized by structural inefficiencies and high financial costs. The bulk of the deterioration came from the energy sector, particularly the electricity utilities (ECG, Ghana Grid Company or GRIDCo, Northern Electricity Distribution Company or NEDCo, and VRA), whose large and persistent losses remain the single most significant drag on the portfolio. This sharp increase in energy sector losses was primarily triggered by high-cost, dollar-denominated "take-or-pay" power contracts, combined with significant GHS

depreciation in 2022, which created a liquidity crisis and worsened ECG collection rates. Despite some year-on-year improvement in ECG's bottom line, electricity SOEs continue accounting for the majority of the negative outturn, reflecting chronic operational inefficiencies, high technical and commercial losses, non-cost-reflective tariffs, and substantial payment arrears within the energy value chain. Losses in other sectors, including communications, infrastructure, and agriculture dominated by COCOBOD's sharp reversal, further compounded the aggregated losses. These performance weaknesses were only partially offset by strong performance in the Financial Services and Transport sectors (Figure 5).

Figure 5. SOE Net Performance Results by Sector (GHS million, 2020-2024)

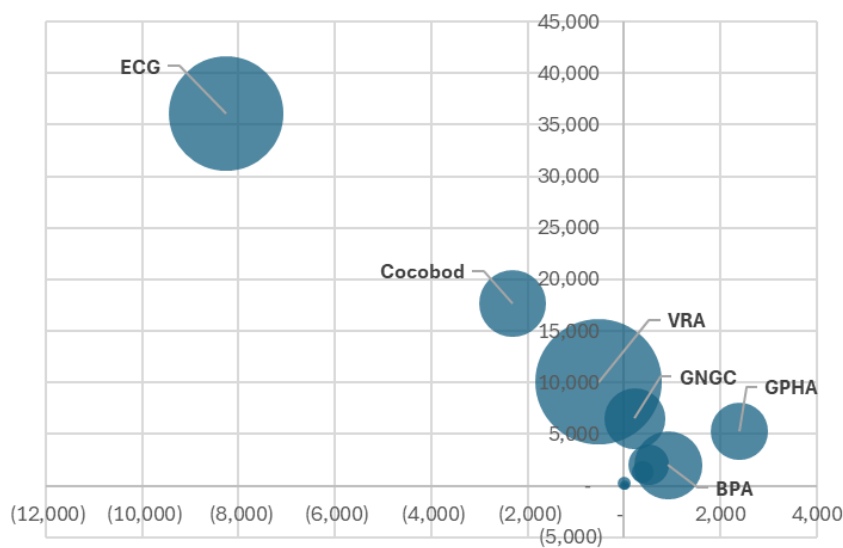


Source: State Ownership Report (SIGA, 2024)

23. The aggregate SOE portfolio remained structurally loss-making through 2024, with net losses reaching 0.8 percent of GDP, continued to be highly impacted by losses of the energy sector SOEs. These losses persist despite strong revenue growth and improved operating performance, underscoring persistent structural weaknesses. Despite total revenue increasing markedly from GHS 56 billion in 2021 to GHS 133 billion in 2024, driven largely by core operating activities, the SOE sector has continued recording aggregate losses for five consecutive years - with net losses deepening from GHS 1.7 billion in 2021 to GHS 9.7 billion in 2024. This increase reflect the combined impact of high finance costs and concentrated losses in the energy and agriculture subsectors largely attributable to ECG and COCOBOD.

24. Further subsector analysis confirms the concentration of losses, which is also reflected in the performance of a small number of large entities. For example, ECG, VRA, GNPC, COCOBOD, Bui Power Authority (BPA), Ghana National Gas Company (GNGC), Northern Electricity Distribution Company (NEDCo), Ghana Ports and Harbours Authority (GPHA), Consolidated Bank Ghana (CBG) and Ghana Grid Company (GRIDCo) together generated almost 80 percent of total SOE revenue in 2024, but collectively recorded a net loss of GHS 8.8 billion (around 1 percent of GDP), representing over 90 percent of total SOE net losses. Figure 6 illustrates total revenues and net profits or losses for the fourteen largest SOEs. Notably, ECG alone contributed 85 percent of the aggregated losses made by SOEs in 2024, equivalent to 0.7 percent of GDP.

Figure 6. Top 14 SOEs by Total Assets, Revenue and Profitability (GHS Million, 2024)



Source: Mission during HCT workshop. Analysis includes financial information of 14 SOEs: ECG, COCOBOD, VRA, GNGC, BPA, GPHA, GACL, BOST, NAFCO, SHC, Ghana Post, PSC, GPCL, Gridco.

Note: X Axis – Net Profit or Loss; Y Axis – Total Revenues; Bubble Size – Total Assets.

25. Financing costs are the critical drag on profitability of the largest SOEs. Aggregate financing costs reached GHS 9.4 billion in 2024 - nearly six times the Earnings before Interest and Tax of GHS 1.57 billion. The bulk of these finance costs stem from a limited set of highly indebted entities (GWCL, COCOBOD and energy sector SOEs), confirming that loss-making is heavily concentrated and could be addressed via a set of measures focused on such priority entities.

26. Underlying the SOEs performance numbers are structural issues that continue to undermine the commercial viability of several large SOEs. Some of the key issues identified by the mission include:

- **Tariffs Below Cost Recovery:** some SOEs in regulated sectors operate under tariff structures that do not reflect actual production and service costs. In the energy sector, non-cost-reflective tariffs, combined with high technical and commercial losses and significant payment arrears, create chronic cash flow deficits, as noted for ECG and NEDCO (Box 1). These deficits cascade through the value chain, affecting VRA, GNGC, and independent power producers.
- **Unidentified and Uncosted Quasi-Fiscal Activities (QFAs):** SOEs frequently deliver non-commercial services or policy-driven mandates without proper costing or compensation from the budget. These QFAs lack transparency and distort SOEs financial performance, making it difficult to assess their true commercial viability. The absence of clear identification and funding for these activities undermines accountability and financial sustainability.
- **Market Factors Affecting Performance:** External market dynamics further exacerbate SOE vulnerabilities. For example, COCOBOD's 2024 losses stem from a sharp decline in cocoa output, a surge in producer prices, and adverse hedging outcomes. Overhedging and forward sales at low prices during a year of exceptional global price increases depleted the stabilization fund and left payables dominating its balance sheet. Similarly, energy sector SOEs are also exposed to market-driven energy price fluctuations, which significantly impact their revenues and financial stability.

These developments underscore the importance of robust risk management policies and procedures at SOEs to manage and reduce exposure to volatile market conditions.

27. At the same time, there are positive pockets of performance that show what is possible when commercial discipline and supportive sector policy are aligned. The overall portfolio averages mask stark differences across subsectors. While the energy and agriculture sectors generate very large and persistent losses, financial & allied services and manufacturing have turned or remained profitable over the past five years. Within financial & allied services, several entities (e.g. Ghana EXIM Bank, Ghana Reinsurance, CBG) have improved profitability, reduced liabilities or strengthened liquidity, while some smaller SOEs (such as Accra Abattoir) generate modest but sustainable surpluses and maintain low leverage. However, these gains are insufficient to compensate for energy and agri-sector losses dominated by ECG and COCOBOD.

28. From a fiscal perspective, the energy sector SOEs constitute the most acute and immediate source of fiscal risk to public finances. Their under-recovery of costs, rising debt burdens, liquidity constraints, and large receivables from the Government create continuous contingent liability pressures. The sector's structural inefficiencies and arrears accumulation raise the likelihood of future fiscal interventions, whether through direct transfers, debt assumption, or implicit guarantees, which could significantly impact public finances. Persistent arrears accumulation across the energy value chain driven by under-recovery of costs and weak collections by ECG constitutes the most immediate and material fiscal risk channel, as payment shortfalls cascade to upstream entities (Box 1).⁹ More broadly, the continued losses across several large SOEs, combined with weak balance sheets and limited capacity for self-financing, underscore the need for strengthened financial discipline, cost-reflective pricing, improved corporate governance, and a more rigorous approach to managing and monitoring fiscal risks across the SOE portfolio.

⁹ ECG accounts payable reached GHS 54.5 billion or 76.8 percent of its liabilities, and which are dominated by balances payable for power purchase and trade payables (source: 2024 ECG financial statements).

Box 1: Electricity Company of Ghana Ltd. (ECG) – Financial Performance and Fiscal Risks

The ECG is the state-owned utility responsible for the distribution and supply of electricity across southern Ghana, serving about 80 percent of the country's population and handling over 90 percent of power purchased for resale from generating entities. ECG is wholly owned by the Government of Ghana.

ECG is simultaneously Ghana's largest SOE by assets and revenue and its single largest loss-maker entity, making it the central node of SOE-related fiscal risk. In 2024, ECG reported total assets of GHS 76.25 billion and equity of GHS 5.25 billion, making it the largest SOE by asset size, just ahead of VRA. ECG generated operating revenue of GHS 36.1 billion (up over 55 percent from 2023 due to increased government support) but still could not reverse its loss-making trend incurring a net loss of GHS 8.3 billion, corresponding to a negative net margin of –22.8 percent, a return on assets of –9.7 percent and an exceptionally negative return on equity of –157 percent. ECG's balance sheet is dominated by trade and other payables (GHS 54.5 billion), and around GHS 5.4 billion in bank overdrafts, commercial loans, external loans and on-lending. Per Company's own assessment, around 40 percent of energy put onto its network is effectively unbilled or uncollected due to technical and commercial losses and non-metered consumption, including from parts of the public sector where disconnection is politically or operationally difficult.

ECG's 2024 revenue is heavily supported by government grants and arrears-clearing operations, masking the extent of its underlying commercial weakness and tightly linking it to the fiscal position. Government payments to Independent Power Producers (IPPs) and other related costs on ECG's behalf were recognized and recorded as revenue (grants) totaling about GHS 19.7 billion in 2024, reaching almost a half of ECG's reported revenue. Despite these large transfers and government support, ECG has accumulated cumulative losses of around GHS 26 billion over the last three years.

From a fiscal-risk perspective, ECG is approaching a point where its high leverage and persistent loss-making could force significant recapitalization and/ or debt assumption by the government unless deeper reforms are implemented. While the reported debt-to-asset ratio for ECG is a modest 0.07, this indicator covers only interest-bearing debt; when trade payables and tax liabilities are included, total liabilities approach 90 percent of total assets, implying very thin equity and a high probability that creditors ultimately rely on government support.

ECG's losses are driven by a combination of factors, that include non-cost-reflective tariffs, foreign current exchange losses that stem from FX-linked Power Purchase Agreements (PPAs) and FX-denominated debt, weak billing and collection processes. The company's foreign-exchange exposure is pronounced, as it procures most of its electricity inputs in U.S. dollars while collecting revenues in Ghanaian cedis, creating a currency mismatch that exacerbates liabilities with cedi depreciation and exacerbating settlement of arrears to the IPPs.

Over the past few years, the government has implemented measures to address ECG challenges. The Cash Waterfall Mechanism (CWM) was introduced to collect revenues from ECG and distribute them to priority recipients, such as IPPs and fuel suppliers, to ensure critical obligations are covered before any remaining funds are used by ECG for other purposes. This mechanism was designed to help reduce arrears and support sector stability. With the introduction of CWM, the sector's situation has improved - ECG revenues have increased, while arrears to IPPs and fuel suppliers have declined. In addition, ECG and SIGA prepared a five-year financial model and restructuring concept that include, among other measures, separating retail segment (billing and collections), but its implementation remains at an early stage, and its effects are yet to be observed.

Given its systemic importance and its role as a material source of fiscal risk and sustained pressure on public finances, ECG should be treated as a high-risk SOE within Ghana's fiscal framework. It should be subject to enhanced oversight, clear separation and budgeting of non-commercial obligations, time-bound operational restructuring, and explicit integration into the government's fiscal risk management and budget frameworks. A time-bound and credible turnaround plan for ECG should be anchored in clear milestones on tariff policy, loss reduction and revenue collection, debt and arrears restructuring, and corporate and governance reorganization.

Source: Mission based on ECG audited financial statements and other publicly available information.

D. Fiscal Risks Assessment and Reporting

Fiscal Risks Assessment and Workshop

29. SOEs generate significant fiscal risks through a combination of direct budgetary support, government-backed borrowing, arrears and quasi-fiscal activities. The exposures are heavily concentrated in a few large entities. Many of them are either explicitly guaranteed by the government or backed by implicit support due to their systemic roles (e.g. ECG for electricity distribution, COCOBOD for cocoa marketing and GNPC for upstream oil and gas). SOE arrears, IPP obligations and foreign currency denominated debt are significant sources of contingent liabilities for the sovereign.

30. Continued losses among several large SOEs, coupled with weak balance sheets and limited capacity for self-financing, highlight the urgent need for stronger financial discipline and fiscal oversight. Urgent measures are needed to improve the financial health of priority SOEs, focusing on cost-reflective tariffs, enhanced corporate governance, and a more rigorous framework for managing and monitoring fiscal risks across the SOE portfolio.

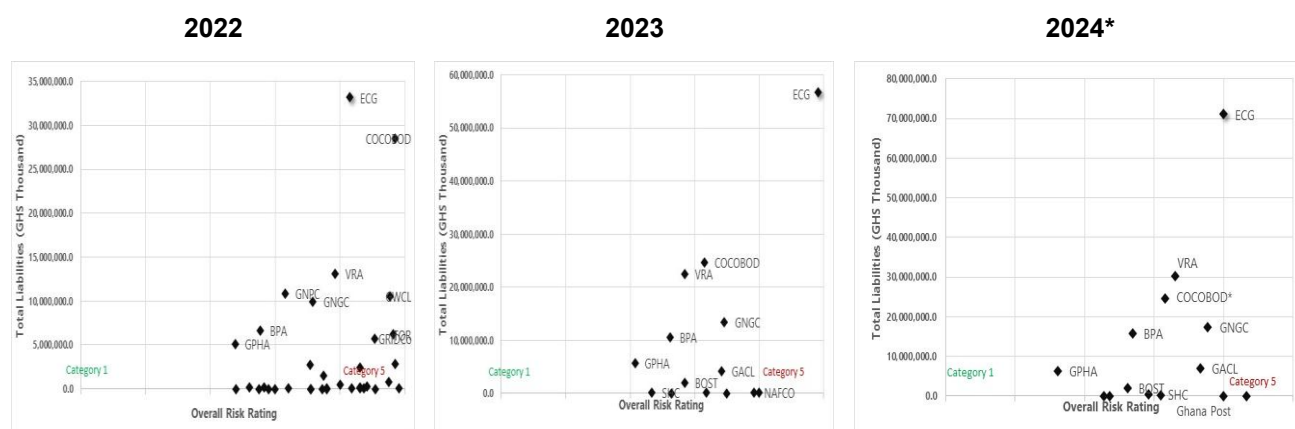
31. The mission conducted a workshop on fiscal risk analysis for selected SOEs to update the analysis and strengthen the MOF capacity in SOE fiscal risks assessment. The workshop included a practical, hands-on exercise using the SOE Health Check Tool (SOE HCT), with participation from staff of the Public Entities Unit, the Fiscal Risk Unit, and the Public Debt Management Office of the MOF. During the exercise, participants reviewed the financial statements of 14 SOEs¹⁰ and entered the necessary company-level data into the SOE HCT to generate fiscal risk indicators.

32. The workshop facilitated a clearer understanding of the existing and most pressing SOE fiscal risk landscape and recent trends. Participants used the latest available audited financial statements to populate the SOE HCT and ensure consistency of inputs – 2023-2024 balance sheets and income statements of 13 SOEs, while 2023 financial statements were used for COCOBOD due to unavailability of 2024 data. To support accurate and consistent data entry, a bridging tool was employed to map core financial information into the SOE HCT format and perform internal consistency checks.

33. Two entities - ECG and COCOBOD - dominate the SOE landscape in 2024, accounting for the largest shares of both total revenues and consolidated losses. They also carry the heaviest liabilities in the portfolio and are assessed by the MOF as presenting the highest fiscal risks (Figure 7), underscoring the need for intensified monitoring, stronger fiscal controls, and targeted reforms.

¹⁰ The SOEs were chosen by the MOF from among the largest enterprises, based on the availability of audited financial statements for 2024 at the time of the mission. These included: ECG, COCOBOD, VRA, GNGC, BPA, GPHA, GACL, BOST, NAFCO, SHC, Ghana Post, PSC, GPCL, and GRIDCO.

Figure 7. SOE Liability Size and Overall Fiscal Risk (2022-2024)



Source: MOF, Mission based on HCT

*Since the 2024 financial statements of COCOBOD are not available, it is assumed that the risk position of the company in 2024 would be identical to the one in 2023.

34. SOEs are highly leveraged, and liabilities are tightly concentrated in a handful of large entities. The SOE sector's aggregate debt-to-asset ratio remains quite stable at high levels and rose slightly to 0.71 in 2024 (from 0.70 in 2023). Ten largest SOEs - ECG, COCOBOD, VRA, GNPC, GWCL, GNGC, CBG, BPA, Tema Oil Refinery (TOR) and GRIDCO - account for roughly 85 percent of the sector's total liabilities.

35. SOEs analyzed during the workshop predominantly fall within the medium- to high-risk categories. The SOE HCT classifies entities into five risk categories, from Category 1 (lowest risk) to Category 5 (highest risk). As shown in Table 1, based on the 2023 and 2024 financial indicators, the vast majority of SOEs in the sample are concentrated in Categories 3 to 4, indicating moderate to elevated levels of fiscal risk exposure. The highest risk exposure entities include ECG, COCOBOD and VRA, and their analysis is detailed below.

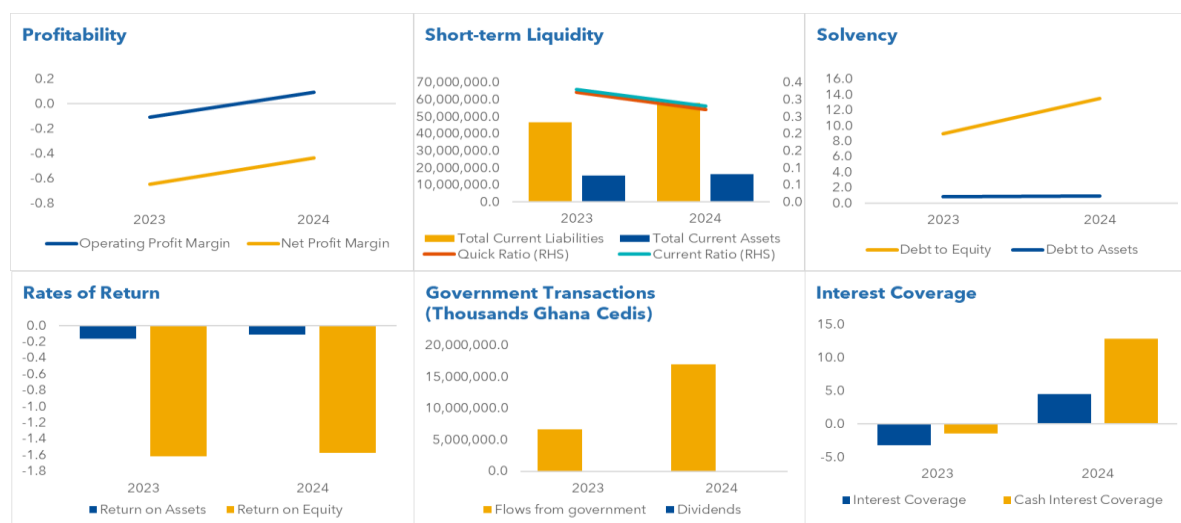
Table 1. SOE Risk Categories (2023-2024)

SOEs	Overall Risk Rating	
	2023	2024
ECG	Category 5	Category 4
VRA	Category 3	Category 3
COCOBOD	Category 3	Category 3
GNGC	Category 3	Category 4
BPA	Category 3	Category 3
GACL	Category 3	Category 4
GPHA	Category 2	Category 2
BOST	Category 3	Category 3
SHC	Category 2	Category 3
Ghana Post	Category 4	Category 3
PSC	Category 3	Category 2
NAFCO	Category 4	Category 4
GPCL	Category 3	Category 2
GRIDCO	Category 4	Category 4

Source: Mission based on MOF assessment, SOE financial statements

36. The ECG remains one of the SOEs with the highest fiscal risk exposure, even though its overall risk rating showed a modest improvement in 2024. The company's composite risk score improved from Category 5 in 2023 to Category 4 in 2024, driven primarily by an improvement in cash flows and interest coverage ratios. However, this improvement was driven by a substantial increase in government support, with grants rising from GHS 6.6 billion (2023) to GHS 17 billion (2024), mainly related to direct settlements with the IPP (Figure 8). While this surge in government grants boosted revenues and operating results, it was not enough to reverse the negative trends in the company's liquidity and solvency indicators. Persistent arrears and the accumulation of trade payables point to ongoing high unpaid obligations to the IPPs, highlighting the structural vulnerabilities that continue to elevate the company's fiscal risk profile.

Figure 8. ECG Key Financial Indicators (2023-2024)

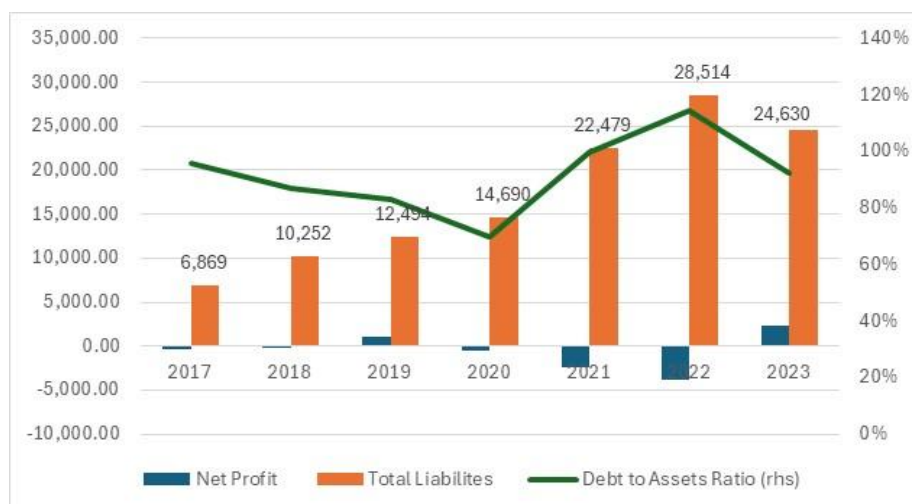


Source: MOF, Mission based on ECG financial statement

37. COCOBOD requires close monitoring by the MOF due to its high leverage and great exposure to market risks. COCOBOD's financial performance has deteriorated markedly since 2020. While the entity benefited in earlier years from favorable global cocoa prices and producer price controls, underlying vulnerabilities—including high operating costs, significant foreign-exchange exposure, and reliance on forward sales—persisted. In 2023, COCOBOD recorded a sharp reversal driven by a substantial decline in cocoa output, a steep increase in producer prices, and adverse hedging outcomes, as forward contracts were executed at prices below prevailing international market levels amid sharp global price increases.

38. Unfavorable market conditions and adverse hedging positions weakened COCOBOD's balance sheet, heightening fiscal risks and underscoring the need to strengthen the entity's risk management policies. As presented in Figure 9, total liabilities of the company increased from GHS 14.7 billion in 2020 to GHS 28.5 billion in 2022, resulting in payables dominating COCOBOD's liability structure. The turnaround in the company profitability in 2023 had a positive impact on its leverage with a reduction in total liabilities of GHS 4 billion and slightly improved fiscal risk outlook. Nevertheless, the debt to assets ratio continues to hover around 90 percent and indicates a considerable risk from solvency perspective. Also, considering its business nature as an operator and regulator in a commodity market, the company profitability and its solvency are subject to significant risks due to any potential volatility in market conditions, such as cocoa price and supply.

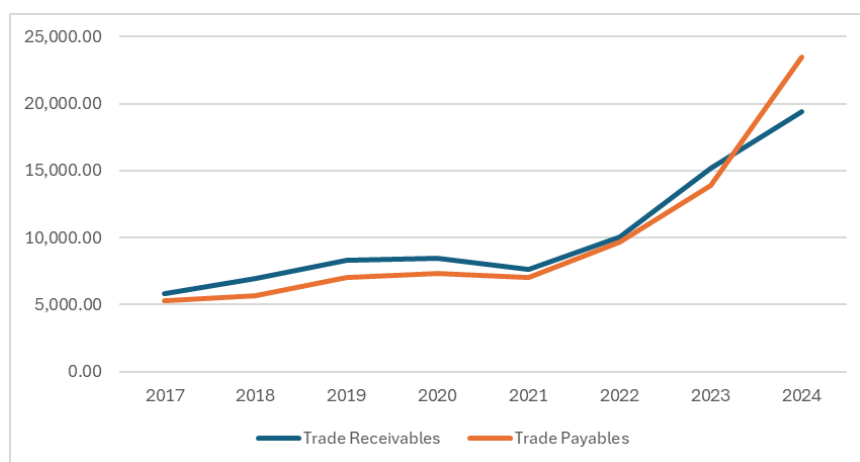
Figure 9. COCOBOD Key Indicators in Leverage and Profitability during 2017-2024 (GHS Million)



Source: MOF, Mission based on COCOBOD financial statement

39. Despite its moderate risk level, the Volta River Authority (VRA) warrants close monitoring due to its fiscal risk potential and risks exposure. The company that is the key energy generation entity in the country, benefits from a strong and growing asset and equity base, which results in favorable solvency indicators, such as debt-to-equity and debt-to-assets ratios. However, it is important to note that most of the equity growth stems from the revaluation of electricity generation assets, and not from the improved profitability. In fact, the VRA reported losses of GHS 381 million in 2023 and GHS 530 million in 2024. Alongside this negative profitability trend, difficulties in timely collection of receivables from distribution companies have led to rising liabilities to suppliers, further deteriorating the company's fiscal risk profile (Figure 10).

Figure 10. VRA Dynamics of Trade Receivables and Payables during 2017-2024 (GHS Million)



Source: MOF, Mission based on VRA financial statement

40. The Ghana Gold Board (“GoldBod”), which has been established earlier in 2025, was not assessed by the mission owing to its early stage of operations and insufficient available data.

GoldBod was created in April 2025 under the GoldBod Act (2025), with a mandate to oversee and participate in gold trading, including in the artisanal and small-scale mining sector. Given its recent establishment, it was not included in the fiscal risks workshop. At the time of the mission, GoldBod’s financial information was limited and abridged, covering only the initial six months of its operations and therefore not sufficient to support a meaningful evaluation of performance or fiscal risks. As GoldBod matures, it should be regularly included in fiscal risk assessments conducted by the MOF, subjected to proper fiscal discipline and dividend policies set by the government.

41. One of key weaknesses identified by the mission relates to the incomplete identification and disclosure of the full range of financial relationships between the SOEs and the government.

While some direct budget transfers and on-lending operations are reported and covered by the MOF analysis, information on other flows, such as settlement of arrears, tax expenditures, quasi fiscal activities, policy-driven pricing arrangements, guarantees, or budget revenues in terms of tax payments or dividends, is fragmented and not systematically consolidated. In practice, large financial interactions with major SOEs, including payment arrears to ECG and VRA by government entities and the absorption of financial pressures within COCOBOD’s balance sheet, are only partially reflected in fiscal risks analysis. This limits the authorities’ ability to assess net fiscal cost and exposures to SOEs comprehensively and obscures the true scale and timing of fiscal support provided to them.

42. Relatedly, quasi-fiscal activities (QFA) undertaken by SOEs are not identified, quantified, or transparently disclosed, despite their material impact on SOE financial performance and fiscal risks. Key examples include electricity supplied by ECG at tariffs below cost, delayed or non-payment by public institutions, and COCOBOD’s assumption of exchange-rate and price risks through cocoa pricing and hedging policies. In the absence of systematic costing and reporting, these QFAs weaken SOE balance sheets, blur accountability between policy and commercial objectives, and shift fiscal pressures off budget. The IMF’s Fiscal Transparency Code explicitly calls for identification, disclosure, and, where possible, quantification of QFAs in fiscal reporting. The Fiscal Transparency Evaluation (FTE) guidance emphasizes that the explicit identification, quantification, and budgetary compensation of QFAs (where appropriate) are critical to strengthening fiscal transparency, improving SOE performance, and reducing hidden and contingent fiscal risks.

43. Introducing a standardized procedure for the identification and quantification of QFAs can help fully understand how they affect the financial performance and fiscal health of SOEs. Good examples could be drawn from other countries that have already introduced such mechanisms (Box 2). This process can start by introducing standard templates to guide SOE in the identification, measurement, and reporting of their QFAs (see Annex I).

Box 2: Georgia's Approach to Identifying and Reducing Quasi-Fiscal Activities in SOEs

Georgia has strengthened the identification and disclosure of QFAs undertaken by their SOEs through its fiscal risk management framework. Since 2021, QFAs have been reported in the annual Fiscal Risks Statement, with further transparency provided through the aggregate SOE report prepared by the Ministry of Finance (MOF). These disclosures have highlighted policy-driven, non-commercial activities embedded in SOE operations that weaken financial performance and obscure the full fiscal cost of public policy objectives.

Material QFAs identified by these reports include subsidized passenger rail services, free electricity supply to the population of the Autonomous Republic of Abkhazia, provision of social gas, and delivery of water services at tariffs below cost. While some activities receive partial compensation from the budget, others remain under-funded and are financed through cross-subsidization within SOEs.

Based on this information prepared by the MOF, the authorities have acknowledged the QFAs, articulated a clear policy objective to significantly reduce QFAs and move SOEs toward full commercial orientation. Going forward, further progress will include formalizing QFA and public service obligation (PSO) frameworks and integrating these costs more systematically into the budget process.

Source: Mission based on Georgia MOF [Fiscal Risk Analysis](#)

Fiscal Risks Reporting

44. The MOF produces two reports analyzing SOE-related fiscal risks, providing a detailed analysis of the country's SOE portfolio. Rationalizing elements of these reports could help reduce overlap, streamline resource use, and further enhance analytical efficiency. A comprehensive Fiscal Risks Statement (FRS) is prepared annually by the Fiscal Risks Unit, and a more detailed SOE-specific fiscal risks report compiled by the Public Entities Unit, which is typically released with a delay.

Fiscal Risks Statement (FRS) by the MOF Fiscal Risks Unit

45. The MOF prepares an annual FRS to enhance the identification, assessment, and reporting of key fiscal vulnerabilities. For this purpose, the Fiscal Risk Unit (FRU) works collaboratively with key stakeholders, including the Budget Division, Public Debt Management Office, Real Sector Division, Public Investment and Assets Division, SIGA, and the Bank of Ghana, to gather relevant information through structured fiscal risk questionnaires. The FRS has been produced by the FRU since 2019 and, with the exception of its inaugural edition, has been treated as an internal analytical document. The mission reviewed the most recent draft of FRS that covers risks for 2024 and is currently under internal review.

46. The FRS provides a comprehensive assessment of the broad spectrum of risks that could affect the government's fiscal outlook. The 2024 draft FRS features detailed analysis of risks related to macroeconomics, revenues, expenditures, as well as those connected to SOEs, the financial sector, and both monetary and external sectors. Additionally, fiscal risks tied to public-private partnerships (PPPs), local governments, and cybersecurity are reviewed in the 'Other Fiscal Risks' section of the FRS.

47. FRS's analysis of SOE related fiscal risks rightfully centers on the largest entities most likely to create fiscal pressures and discusses proposed mitigation measures. Using the SOE HCT tool, the FRS presents risk profiles for ten key SOEs, including ECG, COCOBOD, VRA, and GNPC, featuring key indicators such as profitability, liquidity, and solvency. The report also examines five-year

trends in return on equity (ROE), return on assets (ROA), total and current assets and liabilities, as well as receivables and payables. In addition, it discusses SOE-specific mitigation measures from the government's recent portfolio review, including ongoing or planned actions like privatizations, mergers, divestitures, and liquidations, all aimed at reducing financial vulnerabilities and enhancing SOE sector performance.

48. Mitigation measures covered by the FRS are presented for the entire portfolio and a series of entity specific measures focused on SOEs with lower levels of fiscal risk. Portfolio wide measures include actions like improving SOE reporting and financial statements publication, conducting portfolio reviews, strengthening corporate governance etc. Entity level measures address several SOEs that are part of the government's portfolio oversight, such as Ghana Reinsurance Company, Cocoa Processing Company, Ghana Heavy Equipment Limited, and others. However, compared to major SOEs with the largest assets and liabilities, such as ECG, COCOBOD, VRA, GNGC, BPA, or others covered by this report, these entities have smaller balance sheets and less impact on public finances. As a result, the current measures do not fully tackle the fiscal risks present across the entire SOE sector.

SOE Fiscal Risks Report by the MOF Public Entities Unit

49. The SOE Fiscal Risks Report marks an important step in quantifying portfolio-wide SOE risks. This is an annual detailed analysis of the entire portfolio of SOEs and JVCs owned by the government. The SOE fiscal risks report prepared in 2023, covers 67 entities over 2018–2022, including 33 non-financial SOEs, 20 financial SOEs and 14 JVCs. Its analysis is based on the SOE HCT to assess the financial soundness of the individual entities and the sector as a whole.

50. While the SOE Fiscal Risks Report's broad coverage is valuable, its usefulness for fiscal policy purposes is constrained by the significant data lag arising from delayed SOE reporting and limited forward-looking analysis. The 2024 SOE Fiscal Risk Report is based on 2022 data, featuring a two-year data gap. By the time the SOE Fiscal Risk Report is available, its diagnostics on highly risky entities such as ECG, COCOBOD and GWCL can already be outdated, particularly in the context of high macroeconomic volatility and ongoing debt restructuring.

51. A key methodological gap of the SOE Fiscal Risks Report relates to the assessment of financial sector SOEs, as the analytical tools applied are primarily designed for the real sector entities.¹¹ The SOE HCT provides a structured framework for financial assessment and classification of non-financial SOEs by risk level, but it is not well suited to capturing risks of the financial sector entities. Types of risks faced by the financial sector are different from those of the real sector entities due to different balance-sheet structure, asset quality, liquidity conditions, and contingent exposures to the state. Using tools that are not designed for this purpose can materially understate fiscal vulnerabilities by failing to identify implicit guarantees, directed lending, and other QFAs embedded in financial SOE operations, leading to potential misclassification of risks in entities like CBG, NIB or Ghana Re. This gap could be addressed through complementary, financial sector-specific risk models.

¹¹ Financial sector state-owned institutions include development finance institutions, state-owned banks, insurance entities, and specialized funds.

52. The current dual reporting on SOE related fiscal risks presents both valuable advantages and notable shortcomings in supporting effective fiscal oversight and policy formulation. It provides a timely overview of SOE related fiscal risks to inform the budget planning through the FRS, while the SOE detailed fiscal risks report delivers granular insights into entity-level performance and contingent liabilities. However, the process also has weaknesses: the significant lag in the SOE detailed fiscal risks report limits its relevance to the budget process. The lack of integration between the FRS and SOE Fiscal Risks Report reduces their combined effectiveness in informing fiscal policy and risk mitigation strategies. In addition, overlapping analytical work between the two MOF units creates duplication of efforts, increasing resource demands without fully leveraging synergies.

53. There are several measures the MOF could take to strengthen its fiscal risks analysis and enhance the financial and fiscal oversight of SOEs. These measures would support more timely, policy-relevant analysis to inform the budget process, while deepening the institutional maturity of fiscal risk management in Ghana. In this context, clearer sequencing and complementarities between the SOE Fiscal Risks Report and the FRS would help maximize analytical value and reduce duplication, without altering existing institutional responsibilities. Priority measures could include the following:

- Strengthening the connection between the SOE Fiscal Risks Report, the FRS, and the budget cycle. The SOE Fiscal Risks Report could serve as a key analytical input into the SOE-related section of the FRS. Core diagnostics, such as the identification of macro-critical SOEs, main fiscal transmission channels, balance-sheet vulnerabilities, and proposed risk-mitigation measures, could be synthesized in the FRS in a concise, policy-oriented format and focus on macro-critical entities. To be most effective, the FRS should be finalized alongside the annual budget package, informing budget preparations and medium-term fiscal projections, and integrating SOE fiscal risks information into budget decision-making. See some country examples in Annex II.
- Prioritizing fiscal risk monitoring and assessment on a select group of high-risk and macro-critical SOEs. To enhance the effectiveness of its SOE Fiscal Risk Report, the MOF could adopt a more strategic and targeted approach by shifting its focus to the largest and most financially risky SOEs. Priority SOEs could be identified using criteria such as leverage, profitability, liquidity, business volatility, and overall risk exposure, with indicative thresholds established to inform the selection. By focusing its analytical efforts on macro-critical entities such as ECG, COCOBOD, VRA, GNPC, GWCL, and CBG, the MOF could improve the timeliness and relevance of the report. For SOEs with limited fiscal footprints, a lighter-touch and less frequent review process would be more appropriate.
- Developing a tailored analytical framework and reporting templates for financial SOEs. These should be based on key financial ratios and indicators relevant to the financial sector (banking, insurance) and facilitate systematic identification and quantification of QFAs carried out by these entities, as applicable, to support a more accurate evaluation of their financial performance, and contribution to aggregate fiscal risk.
- Identifying and discussing risk mitigation measures in a more strategic manner. The identification of risk mitigation measures could be done at the strategic portfolio level, with a primary focus on macro-critical SOEs, rather than attempting to address every risk for every SOE. The greatest value for the MOF is likely to lie in early engagement with the largest and highest risk SOEs to develop risk management

strategies in advance of their request seeking capital injections or other form of financial support from the MOF.

- Introducing elements of forward-looking analytical approach. To strengthen the fiscal risks oversight, the MOF is advised to complement the SOE HCT with elements of alternative scenarios and stress testing, specifically for the priority and high-risk SOEs, while maintaining broad monitoring of fiscal risks across the entire SOE portfolio.

E. Financial and Fiscal Oversight Responsibilities

54. Financial oversight over the SOE portfolio in Ghana is shared by the MOF and SIGA. These responsibilities are assigned by law, anchored in the Public Financial Management (PFM) Act of 2016 and the SIGA Act of 2019, as well as supporting regulations and the code of corporate governance.

55. The MOF retains primary responsibility for the macro-fiscal implications of SOE performance and monitoring of the related fiscal risks. The MOF responsibilities include formulation of financial policy, approval of SOE budgets and borrowing limits, assessment of SOE financial performance and managing of the fiscal risks stemming from SOEs. Under the PFM Act and regulations, MOF, often on SIGA's advice, approves key financial parameters for each SOE, such as annual budgets, projected dividends, external and domestic borrowing, and government guarantees, and consolidates SOE financial plans into fiscal forecasts, ensuring consistency with broader fiscal strategy and risk management. MOF's Public Entities Unit also develops overarching policies to promote sound corporate governance and liaises with SIGA to align SOE planning with national fiscal frameworks.

56. SIGA serves as the central ownership entity responsible for managing and administering the state's interests in SOEs and other specified entities. SIGA is established as a centralized ownership and oversight body under the SIGA Act (2019), with a statutory obligation to report to the Minister (in practice, the Minister for Finance). SIGA's mandate includes promoting efficient operations, ensuring adherence to good corporate governance standards, and monitoring SOE performance against annual performance contracts negotiated with each entity. SIGA consolidates financial and operational data across the SOE portfolio, evaluates compliance with governance codes, and conducts performance monitoring to inform policy and ownership decisions.

57. Both the MOF and SIGA have responsibilities for financial oversight over SOEs resulting in duplication of efforts that, if better coordinated, could enhance fiscal risk monitoring and create useful synergies. Both MOF and SIGA collect SOE financial statements and conduct their analysis aiming at two complementing objectives:

- MOF's key responsibilities are to ensure prudent fiscal management, including SOE debt and guarantees as part of the national fiscal framework, for which they supervise and monitor the financial operations and performance of covered entities, managing public financial assets and contingent liabilities.
- SIGA's main objective is to carry out the centralized oversight of SOEs and other specified entities in order to promote their efficient operations, ensure adherence to corporate governance standards, monitor performance against contracts, and assist MOF in assessing borrowing levels and government guarantee requests by SOEs.

58. MOF and SIGA often exercise oversight and authorization in respect of the same SOE issues, however, when decisions have implications for public finances, the MOF should be the final authority. For example, when an entity requests a government guarantee, SIGA conducts a financial analysis and provides direct advice to the Minister for Finance, in line with a provision within the SIGA Act. At the same time, the PFM Act and regulations assign the responsibility of assessing guarantees to the Public Debt Management Office within the MOF. Similar overlaps can be observed in respect of recommendations for budget support and the assessment of requests for acquisition or disposal of assets.

59. As the institution responsible for the management of public finances, the MOF and its associated institutions must play a leading role in assessing financial matters. This includes setting up the appropriate financial reporting standards for SOEs, in partnership with other stakeholders, such as SIGA and Controller and Accountant-General's Department. The MOF should also be able to utilize the most up-to-date information to maintain an accurate register of contingent liabilities, risks to government revenues due to SOE underperformance, impact on economic growth of systemically important SOEs and related scenario analysis.

60. Improving the effectiveness of coordination between the MOF and SIGA is essential to optimizing oversight of Ghana's SOE portfolio. These dual roles at times result in fragmented reporting and parallel monitoring functions, particularly around financial performance, borrowing approvals, and compliance with reporting requirements. However, this also presents a strategic opportunity for synergy: strengthening data sharing protocols could enable a more timely and effective SOE fiscal risk analysis by the MOF, including through making SIGA's real-time performance monitoring available to the MOF staff. Similarly, jointly defining standardized reporting templates can improve early identification of contingent liabilities and fiscal pressures embedded in SOE operations. Enhanced collaboration, anchored in the legal framework and supported by integrated reporting platforms, would help consolidate financial information flows into MOF's fiscal risk management processes, thereby improving transparency and informing more timely and effective policy decisions.

61. Similarly, inside the MOF several divisions carry out complementary oversight functions over SOEs that offer potential for greater synergies to improve the workflow and reduce duplications. These divisions deal with different issues affecting SOEs. Of the 14 main MOF divisions, at least five have direct responsibility for some aspect of SOE governance and finances. In this regard, there are some overlaps in reporting lines, submission requirements and even decision-making mandates. Moreover, the Auditor-General and Audit Services of Ghana have authority established in the Constitution and have to work in partnership with the MOF and SIGA due to these parallel or often overlapping responsibilities.

62. The authorities should consider ways to streamline SOE reporting systems and reduce the administrative burden, including by investing in digital technologies, data sharing mechanisms and a central data repository. Parallel reporting lines are common, and SOEs are required to make submissions, respond to queries and prioritize engagements with different institutions. Many SOEs have multiple stakeholders and so should expect to be accountable across a wider spectrum of governmental and non-governmental bodies. At the same time, there is room for improvement to enhance the data flows and information exchange between SIGA and MOF, and within the MOF to expedite the financial data sharing, reducing effort duplication and improve the effectiveness of SOE oversight.

Recommendations

1. Prioritize fiscal risks analysis of macro-critical and high risks SOEs, identify and propose risk-mitigation measures for the major fiscal risks (MOF, September 2026).
2. Prepare and publish FRS in time to inform the budget process and include it in the Medium Term Expenditure Framework or in the Budget Package (MOF, October 2026 to inform 2027 Budget Package).
3. Develop templates for macro-critical SOEs to report on all fiscal flows to and from the budget, and to identify and report on QFAs. Implement digital mechanism to ensure timely SOE reporting exchange with SIGA (MOF, SIGA, September 2026).
4. Develop models for assessing fiscal risks from financial sector entities tailored to sector specific financial ratios (MOF, September 2026).
5. Introduce forward-looking analysis for key macro-critical SOEs (MOF, October 2026).
6. Build the MOF staff capacity in analyzing SOEs financial performance, fiscal risks and providing input to the ownership level decision-making (MOF, continuous).

III. SOE Ownership and Corporate Governance

63. This section of the report reviews Ghana’s SOE ownership and corporate governance framework. The analysis focuses on: the ownership policy and institutional set-up; board and CEO appointments; board composition; and board committees and processes. Throughout, it compares Ghana’s arrangements with OECD expectations on separation of the state’s roles, professional and independent boards, transparency, and performance orientation, and highlights reform priorities.¹²

64. The reforms undertaken up to date have laid the groundwork for more disciplined SOE oversight and improved fiscal risk management, although more efforts are needed to improve the reforms’ effectiveness. For instance, the reforms have not been able to address persistent financial weaknesses in several large SOEs underscoring the need to further operationalize the existing frameworks and strengthen coordination between the MOF fiscal risk monitoring functions and SOE ownership functions carried out by SIGA.

A. Ownership Policy and Its Review

65. Ghana’s State Ownership Policy (SOP) is a major step towards a coherent, principles-based framework for managing the state’s interests in SOEs, joint ventures and other state entities. The SOP sets out the objectives, guiding principles and rights of the state as owner, including expectations of governing bodies and executives. It consolidates provisions from the Constitution, Companies Act 2019 (Act 992), the Public Financial Management Act 2016 (Act 921) and Regulations, and the SIGA Act 2019 (Act 990) and explicitly requires SOE boards to report on compliance with the policy in their annual reports.

66. While the SOP articulates a clear rationale for state ownership, quasi-fiscal activities undertaken by SOEs are not yet fully aligned with its principles. Ghana’s ownership rationales include correcting market failures, controlling strategic national assets and sectors (such as energy and ports), and pursuing public policy goals such as rural electrification or cocoa price stabilization. The OECD SOE Guidelines similarly urge governments to clearly define, and periodically review, the objectives of state ownership and to distinguish commercial SOEs from those with non-commercial mandates. However, while the SOP lists rationales, in practice entities like ECG, COCOBOD, GPHA and VRA still carry significant quasi-fiscal burdens (e.g. below-cost tariffs, social infrastructure and climate-smart investments) that are not always transparently costed or compensated in line with OECD recommendations on quasi-fiscal activities.

67. Ghana’s SOE portfolio remains relatively large and heterogeneous, encompassing entities with diverse mandates and risk profiles. While the SOP provides a high-level framework for managing this portfolio, it does not yet embed a systematic approach to ownership based on strategic objectives, or mechanism for periodically reviewing the continued rationale for state ownership across entities. In the absence of such a stocktaking exercise, entities with overlapping mandates, limited strategic relevance,

¹² [OECD SOE Corporate Governance Guidelines](#) (2024)

or persistent financial underperformance may remain within the portfolio, weighing in on public finances, stretching oversight capacity and diluting accountability.

68. International good practice and the OECD SOE Guidelines suggest that periodic portfolio reviews are critical to ensuring that state ownership remains aligned with policy objectives and fiscal sustainability. A structured analysis of the existing ownership in SOEs and JVCs, which is planned by the authorities, could assess entities against clear criteria, including public policy justification, commercial viability, governance quality, and fiscal risks. The results of such a stock take could inform decisions on restructuring, consolidation, commercialization, or divestment. They could also help refocus oversight resources on a smaller set of strategically important and fiscally material SOEs. Portfolio reviews could be phased and carried out in stages, initially focusing on the macro critical and priority SOEs. Such reviews would strengthen the effectiveness of the SOE ownership framework and support improved fiscal risk management.

69. The SOP's commitment to centralized oversight, a future State Ownership Law and a financing policy for SOEs is consistent with OECD guidance but implementation is still incomplete. The policy endorses the "single entity concept," positioning SIGA as the central oversight body for financial performance and governance, and calls for a State Ownership Law and a dedicated financing policy to clarify dividend expectations (see Annex III for SOE dividend policy), capital injections and borrowing. OECD guidance strongly supports such centralization to avoid fragmented ownership through multiple ministries and to clarify how the state exercises shareholder rights. However, Ghana is still in transition: the SOP and a harmonized Code of Corporate Governance were only launched in 2024, and the ownership law and financing policy remain under development, leaving some ambiguity around cost-of-capital, dividend discipline and government support to loss-making SOEs.

70. The SOP assigns the MOF a complementary but critical role, focused on fiscal oversight, financial monitoring, and integration of SOE risks into the broader public financial management framework. At the same time, SIGA retains primary responsibility for ownership and performance monitoring. This reflects a dual-institution model, where MOF is explicitly involved in financial and fiscal aspects of SOE oversight, even though it is not the lead ownership entity.

71. Relative to IMF Fiscal Transparency Code, the SOP shows its most significant gaps. While the SOP acknowledges the need for financial discipline and transparency, it does not explicitly require the identification, quantification, and reporting of QFAs undertaken by SOEs, which is a core requirement under the IMF Fiscal Transparency Code (Pillar III) and emphasized in the Fiscal Risks Toolkit. The SOP also does not mandate systematic disclosure of arrears accumulation, or policy-driven losses (e.g., non-cost-reflective tariffs or administered prices), which are critical sources of fiscal risk in Ghana's energy and cocoa sectors. As a result, while governance structures are strengthened, the fiscal implications of SOE operations may remain partially obscured, limiting MOF's ability to anticipate and manage shocks.

72. The SOP stops short of fully operationalizing the fiscal risk interface between SIGA and MOF. While cooperation is encouraged, the SOP does not explicitly require that SOE financial plans, borrowing, guarantees, and contingent liabilities be systematically integrated into MOF's fiscal risk analysis and medium-term fiscal framework, leaving scope for overlaps and fragmented accountability.

73. The main opportunity to strengthen the SOP is to build on the existing framework by strengthening MOF–SIGA coordination. This could be done through institutionalizing a real-time SOE data exchange from SIGA to MOF, embedding systematic identification and quantification of quasi-fiscal activities, and explicitly linking SOE financial oversight to fiscal risk analysis and budget processes. Doing so would move Ghana from good governance architecture toward a fully operational, fiscally anchored SOE ownership model consistent with IMF best practice. Additional observations on the SOP are presented in Annex IV.

B. Legal Framework and Institutional Set-Up

74. Ghana’s legal framework for SOEs is dense and broadly coherent, anchoring the SOEs in a mix of enabling Acts, Company Law and cross-cutting PFM legislation. The SOEs are generally subject to the PFM Act, PFM Regulations, SIGA Act, Audit Service Act, Internal Audit Agency Act, public procurement legislation, and others (Table 2). Many major SOEs (e.g. COCOBOD, GPHA and VRA) are statutory corporations governed by their own establishing Acts, while ECG is a limited liability company established under the Companies Act.

Table 2: Key Legislation Governing SOEs in Ghana

Law	Purpose/Impact of legislation	Entities Directly
Constitution (1992)	- Requires an act of Parliament to establish an SOE - Empowers the President to appoint and dismiss senior officials, including SOE board members - Creates key governance and accountability institutions (e.g. Auditor-General)	All SOEs, JVCs and other SEs (OSEs)
PFM Act (2016)	- Provides for macro-fiscal assessment and debt management functions of MOF, including adjudicating guarantee proposals - Constrains SOE borrowings (MOF approval) - Outlines fiduciary responsibilities of the Board - Financial reporting requirements, including to the Auditor-General - Establishes and outlines the duties of the Controller and Accountant-General	All SOEs, JVCs and OSEs
Companies Act (2019)	- Governs the establishment, management and dissolution of commercial businesses (LLCs) - Establishes the Office of Registrar of companies - Governance arrangements for enterprises	Commercial SOEs, JVCs
State Interests and Governance Authority Act (2019)	- Creates SIGA as a central authority to oversee and administer the government’s interests in SOEs - Requires the development and enforcement of a Code of Corporate Governance for specified entities	All SOEs, JVCs and OSEs
Audit Service Act (2020)	Formalizes a chief audit authority under the Auditor-General	All SOEs, JVCs and OSEs

Public Procurement Act (2003, amended in 2016, 2022 and 2025)	- Established the Public Procurement Authority and the Public Procurement Board - Implementation of procurement rules. Standards and compliance	All SOEs, JVCs and OSEs
Corporate Insolvency and Restructuring Act (2020)	- Governs the winding down of a commercial enterprise which has failed - Makes provision for the appointment of administrators to manage recovery, negotiate with creditors, and restructure a company	Commercial SOEs, JVCs

Source: Mission.

75. In addition to the core legal framework, SOEs are subject to sector-specific laws and support secondary legislation. Such legislation governs regulators such as the Public Utilities Regulatory Commission (PURC), Energy Commission and transport and maritime authorities. Other important guiding documents include the SOP, and the Code of Corporate Governance, framing the ownership and governance mechanisms for SOEs.

76. The institutional division of responsibilities is clear in the SOP, but roles often overlap in practice, especially between the government bodies in charge of ownership and policy making. The SOP allocates policy formulation to the Cabinet, Parliament, and sector ministries. It mandates SIGA and sector regulators (e.g. PURC, Energy Commission, port and maritime regulators) to oversee financial and operational performance; and reserves the appointment and removal of boards and CEOs to the President of the country. In theory, this meets the OECD requirement that the state's ownership function be clearly separated from regulatory functions and from operational management of SOEs. However, in practice, line ministries retain strong directive powers, including the ability to issue binding policy instructions to SOE boards, which is further exacerbated by the presence of ministers and members of the parliament at SOE boards as board chairs or members, blurring the recommended separation of roles.

77. SIGA has emerged as a centralised ownership entity, significantly improving the state's capacity to act as an informed owner while still facing enforcement constraints. Since its establishment in 2019, SIGA has secured the Cabinet approval for an official list of 175 Specified Entities, expanded the use of performance contracts (70 entities in 2024, up from six in 2016) and increased the number of entities submitting financial statements from 18 in 2017 to 152 in 2024. It has also launched a harmonised Code of Corporate Governance and a performance management framework that feed into the annual State Ownership Reports and Governance and Institutional Assessment reports. These achievements align well with the OECD SOE Guidelines that the ownership entity should monitor performance, set aggregate targets (such as dividends) and publish aggregate reports on SOEs. At the same time, SIGA still lacks full legal power to enforce sanctions for non-compliance.

78. Major SOEs like ECG, COCOBOD, GPHA, and VRA face complex ownership and regulatory challenges that are prone to creating conflicting demands. ECG and VRA are policy-supervised by the Ministry of Energy and Green Transition while regulated on tariffs and technical standards by PURC and the Energy Commission, with SIGA scrutinizing their financial performance and governance practices. COCOBOD operates under the Ministry of Food and Agriculture but is also constrained by international lenders through syndicated cocoa loans and increasingly by climate-smart investment

expectations. GPHA falls under the Ministry of Transport, with port-related regulators and SIGA all playing their respective roles. Compared with the OECD SOE Guidelines and good international practice, this configuration offers strong policy alignment. However, in practice with SOE boards represented by high level officials and political appointees, exposes SOEs to multiple principals resulting in conflicting objectives and increasing the complexity of their fiduciary responsibility to pursue the long-term interests of the enterprise.

79. In the current institutional set-up, the role of the MOF in SOE ownership and oversight remains understated relative to the scale of fiscal risks emanating from the SOE portfolio. While recent reforms have strengthened ownership and performance monitoring under SIGA, the macro-fiscal implications of SOE operations, covering debt, guarantees, arrears, QFAs, and contingent liabilities, ultimately fall within the MOF's mandate and require more active engagement. This is particularly acute for a small number of large and highly leveraged SOEs.

80. SIGA is well placed to provide the MOF with timely and standardized SOE financial and performance data and the analytical inputs needed to support fiscal risk analysis on a timely basis. This concerns fiscal risk assessment and integration of SOE financial and fiscal implications into budgetary and medium-term fiscal frameworks. Strengthening information-sharing arrangements and institutional cooperation between SIGA and MOF would therefore enhance the entire SOE ownership and governance arrangements in Ghana and enable early identification of fiscal pressures and support more effective fiscal risk management.

C. Corporate Governance Code and Practices

81. The Code of Corporate Governance (the Code) for specified entities was adopted in 2023 to set the standards for implementing the good corporate governance practices in Ghanaian SOEs. The Code adopts a stakeholder model of corporate governance, by incorporating social interventions and environmental concerns, among other things. It outlines a system of policies and practices and instills a clear separation of powers and roles of the State, as advised by the OECD SOE Guidelines.

82. The Code was designed to address the shortcomings in the Ghana SOE ownership and governance practices. Key weaknesses targeted by the Code included fragmented SOE oversight, poor financial and operational performance and the lack of standardized governance mechanisms. To address them, key requirements within the Code include: 1) a clear definition of roles and separation of powers, where boards are responsible for SOE strategy and oversight, while management is responsible for execution and operational issues; 2) rules for SOE board representation, size and tenure; 3) SOE transparency, disclosure and accountability; 4) regular assessment of performance and alignment with the government policy; and 5) respect for statutory independence, and adherence to the country's laws and broad ethical standards. SIGA is mandated to ensure compliance with the Code requirements.

83. The Code sets the SOE board and CEO appointment framework that stresses fixed terms, performance oversight, and specialized committees to strengthen governance. Members of SOE boards should be appointed to terms of between three and five years by the President of the country. Once the board approves the corporate strategy, board members must monitor financial and non-financial performance. The board of each SOE is responsible for establishing board-level committees to oversee

the risk management, human resource management, financial accounting, reporting and audits, and other critical issues. CEOs are evaluated on a set of performance criteria, and the importance of their relationship with the board is highlighted within the Code.

84. In practice, however, the implementation of the Code and its provisions remain incomplete and there are numerous instances of non-compliance. The Code sets up guidelines for transparency and disclosure by SOEs, including a list of mandatory reports, and provides other requirements, including procurement by SOEs. Nevertheless, the 2024 audit of SOE commitments identified major irregularities, with over 15 percent of payables and 6.4 percent of procurement commitments violating PFM regulations or the law. The biggest portion of these irregularities occurred in SOEs within the energy and roads construction sectors.¹³ These instances suggest ineffective or unethical management practices, political interference and poor oversight by corporate boards.

85. The authorities recognize the need for reforms to strengthen the institutional and legal framework for effective implementation and tangible results. The MOF organizational structure has been redesigned to strengthen the MOF role, including through establishment of a dedicated fiscal risk unit; placing SIGA under the MOF purview; review of the SOP to improve transparency, revise SOE dividend policies, and refine board appointment criteria.

D. SOE Board and CEO Selection and Appointments

86. Formally, Ghana is building a more structured, merit-based nominations framework for SOE boards and CEOs, but in practice appointments remain highly political and centralized in the Presidency. The SOP mandates government, through SIGA, to develop a Nomination Framework to identify, vet and shortlist candidates for board and CEO positions, create a pool of potential directors and define due process for removals based on the Cabinet-approved benchmarks. It also requires mandatory corporate governance training for all new SOE board members, with further training based on annual board evaluations. This architecture is broadly consistent with OECD SOE Guidelines that appointment processes should be transparent, structured and based on skills and experience rather than political loyalty. However, the framework is still at an early stage of implementation.

87. In practice, boards of major SOEs are largely dominated by political appointees, with board chairs frequently being ministers, members of parliament, or prominent party officials. For example, GPHA's newly inaugurated ten-member board is chaired by the national chairman of the governing party, while the VRA board also includes prominent politicians alongside technocrats and a traditional leader. Compared with OECD norms, which caution against active politicians serving on SOE boards and emphasize independent, professional majorities, this represents a significant divergence.

88. Similarly, CEO appointments remain largely political, with SOE boards playing a limited role, which weakens the accountability link between SOE board oversight and management performance. The CEO (or Managing Director) is typically appointed by the President, often in consultation with the relevant minister, rather than selected and appointed by SOE board through a

¹³ Ghana: Fifth Review Under the Arrangement Under the Extended Credit Facility, Requests for Modification of the Monetary Policy Consultation Clause and Program Extension, and Financing Assurances Review-Press Release; Staff Report; and Statement by the Executive Director for Ghana (IMF: 2025)

competitive process. The OECD Guidelines recommend that boards be given clear authority and responsibility to appoint and dismiss CEOs based on performance and in line with the company's long-term interests. In Ghana, boards can influence CEO tenures informally but are not the ultimate decision-makers. This arrangement can discourage boards from robustly challenging management and may incentivize CEOs to respond more to political principals than to their boards.

89. Formal and transparent procedures for the selection and appointment of SOE board members and chief executive officers remain insufficiently articulated and institutionalized. The appointment processes for some entities are not guided by clear, merit-based criteria, competency profiles, or standardized vetting procedures, increasing the risk of politicization and weakening accountability. This can undermine SOE boards effectiveness, dilute fiduciary responsibility, and adversely affect SOE performance, underscoring the need to strengthen appointment processes in line with international good practice. Although, the ultimate appointment authority rests with the President of the country, lack of clear and transparent procedure for board and executive management selection undermines the President's ability to select the top talent for these important positions.

90. There is limited public disclosure of the criteria used for appointments or the outcomes of evaluations. This contrasts with the OECD SOE Guidelines and good international practice where ownership entities typically publish competency frameworks for directors, seek candidates through open or professional search processes and disclose the skills composition of boards.

91. SIGA's recent reform efforts have started to add more structure and capacity around appointments, but issues remain around skills, independence and continuity. SIGA is building a pool of directors, provides governance training when funding allows and is promoting annual board evaluations, but it has difficulty in finding enough suitably skilled and experienced candidates, especially in technical sectors. The authorities should encourage SOE board members to undertake structured training programs in corporate governance and board effectiveness to strengthen oversight, enhance decision-making, and support improved financial performance.¹⁴

E. SOE Board Composition

92. Board sizes and structures of the SOEs in Ghana are broadly within international good practice. For example, VRA has a statutory nine-member board (chair, CEO and seven others); COCOBOD and GPHA historically had around eleven members, though the new GPHA board has nine; and ECG's board is of similar size. In all four entities, boards combine one executive (the CEO) with a majority of non-executive members, matching OECD expectations on board size and the predominance of non-executives. The primary concern pertains to the qualifications of the non-executives rather than their number.

93. Political appointees hold a large number of SOE board seats, reducing SOE board independence and creating potential conflicts of interest. Ghana's ownership framework allows ministers and other public officials to sit on boards. This practice is out of line with the OECD SOE

¹⁴ Such training could include programs offered by national institutions (e.g., SIGA, the Institute of Directors), regulatory certification programs (e.g., for financial sector entities), and executive courses covering corporate governance principles, fiduciary duties, financial oversight, risk management, and board effectiveness, delivered by accredited local providers or international training institutions.

Guidelines, which emphasize professional, independent, and merit-based boards, free from undue political interference, to ensure objective decision-making and accountability. Reducing political representation on SOE boards and strengthening competency-based appointment processes would help align governance practices with international standards and improve SOE performance and fiscal discipline. Ghana's SOP recognizes these conflicts and calls for a clearer delineation of the state's roles, but implementation has yet to fundamentally change board composition.

94. Stakeholder representation is relatively strong at Ghanaian SOE boards, though commercial expertise is sometimes lacking. COCOBOD's eleven-member board includes representatives of cocoa farmers, workers, government nominees, and the central bank, ensuring producer and labor input in strategic decisions. GPHA's board deliberately includes port users and logistics stakeholders, such as the Ghana National Chamber of Commerce and Industry, shipowners and port workers, alongside the Ministry of Transport and other state agencies. VRA's board combines technical experts, legal professionals and a traditional ruler, providing a mix of expertise and local legitimacy. The OECD SOE Guidelines support stakeholder sensitivity but prioritize competence and independence of SOE boards. For example, COCOBOD's board is farmer-interest heavy but limited in commercial and risk-management experience relative to its financial exposure.

95. Gender diversity and inclusion have improved marginally, and most boards still fall short of Ghana's own 30 percent representation target for women. Ghana's Affirmative Action (Gender Equity) Act 2024 requires at least 30 percent female participation, but according to the 2024 State Ownership Report, women occupy about 25.9 percent of board positions across State Entities. Female heads of entities are even fewer, at 17.7 percent in 2024, leaving room for improvement.

96. Many SOE boards lack foundational governance tools such as board charters and codes of ethics. SIGA's governance assessments highlight that a large number of entities still do not have formally adopted board charters or codes of ethics, despite recommendations to make them mandatory and integrate ethical conduct into performance evaluations. VRA is notable exception for having a formal Board Charter, clear delegation of authority, regular governance training and annual self-evaluations of the board and its committees, which align closely with the OECD good practice. In contrast, ECG and GPHA provide limited disclosure on governance processes, making it difficult for stakeholders to evaluate their governance culture.

F. SOE Board Committee Structures and Other Processes

97. Effective oversight and accountability within SOE boards depend on the establishment and functioning of specialized committees. Under the Companies Act (2019) and relevant governance guidelines, SOEs are expected to establish audit committees to oversee financial reporting, internal controls, and external audit processes, while the SIGA governance framework and performance contracts encourage the creation of additional committees, such as risk, remuneration, and nominations committees, to strengthen board effectiveness.

98. Despite formal requirements for specialized committees within SOE boards, significant gaps persist in their effective establishment and functioning. In practice, compliance varies, with some SOEs lacking fully constituted or independent committees, limited clarity on mandates, or insufficient technical capacity to discharge oversight functions effectively. This weakens board-level

scrutiny of financial performance, risk management, and executive accountability, and falls short of good international practice, underscoring the need to standardize committee requirements and strengthen their operation across the SOE portfolio.

99. SOEs are required to establish an Audit Committees under the PFM Act. The Act and its Regulations require every specified entity to establish a five-member Audit Committee with a majority of independent members nominated by the Internal Audit Agency and the Institute of Chartered Accountants, chaired by an external member and mandated to oversee financial reporting, follow-up on audit findings and internal controls. ECG, COCOBOD, GPHA and VRA all have such committees, which embed public-finance accountability into board-level governance and are broadly consistent with OECD expectations for independent audit oversight.

100. VRA exhibits the most mature and transparent committee architecture, closely mirroring OECD recommendations for specialized, professional board committees. VRA's annual reports and governance materials describe a suite of board committees, including Audit & Risk, Finance & Investment and Services & Employee Relations, with earlier reports also referring to an Engineering & Operations committee, all of which meet regularly and handle detailed preparatory work before full board decisions. In a recent year, the board held six ordinary meetings, one emergency meeting and seventeen committee meetings, indicating a substantial workload and suggesting that the board is genuinely engaged rather than ceremonial. The existence of a board charter, clear delegation of authority, formalised self-evaluation and ongoing training further indicates a governance culture that is well aligned with the OECD good practice on active, professional and accountable boards.

101. COCOBOD has a rich but politicized committee ecosystem, reflecting the complexity of its mandate and financial challenges. Beyond the statutory required Audit Committee, COCOBOD operates a Finance Committee, led by senior political figures, which has grown in importance as a response to concerns about its large debt stock and the need for tighter fiscal discipline. It also maintains specialized committees for marketing and for tertiary education and scholarships, reflecting its sectoral and social responsibilities. While such committees create useful focus on critical risk areas, the heavy political leadership of key committees limits their independence and could make it harder to balance commercial imperatives and social activities.

102. GPHA's committee setup appears strong on paper, with promising examples of external participation, but its public disclosure of mandates and performance is limited. GPHA has committees for Finance, Audit, Human Resource Management, Technical, and Risk & Cybersecurity, with an external chair leading the Audit Committee according to PFM regulations. The board reportedly convenes about six times a year, which is appropriate given the complexity of port operations, and committees are assumed to meet beforehand. However, GPHA's public reports do not provide as much information on committee mandates, meeting schedules, or evaluation outcomes as VRA's do, and they fall short of OECD recommendations regarding transparency in board structures and activities.

103. ECG's weak disclosure of its board structures and processes makes its internal control architecture largely opaque to outsiders. This lack of transparency presents challenges, particularly given ongoing concerns regarding ECG's debt levels, outstanding tariff arrears, and procurement procedures.

104. Board processes at the Ghanaian SOEs show a gap between formal requirements (schedule of meetings, evaluations, codes of ethics) and actual practice. SIGA expects SOE boards to operate on annual calendars, meet at least quarterly and sign performance contracts, while the SOP and Code of Corporate Governance call for annual board evaluations, codes of ethics and mandatory governance training. Yet, governance assessments indicate that many SOEs still lack board charters, that board evaluations are only now becoming more systematic, and that only about a third of SOEs report having a code of ethics or gender policy.

G. SOE Reporting, Audit and Disclosure

105. Ghana's legal framework requires SOEs to prepare financial statements in accordance with internationally recognized accounting standards - the International Financial Reporting Standards (IFRS). This is consistent with the OECD SOE Guidelines and the IMF fiscal transparency principles. In practice, however, compliance remains uneven across the SOE portfolio, particularly among large and macro critical entities. For example, the financial statements of ECG and GWCL have historically reflected weaknesses in the treatment and disclosure of arrears, government receivables, and foreign-exchange losses, while COCOBOD's accounts illustrate the challenges of transparently recording hedging positions, exchange-rate exposures, and policy-driven pricing decisions. These inconsistencies and lack of timely reporting limit comparability across entities and weaken the reliability of aggregated SOE financial analysis.

106. SOEs are required to submit annual audited financial statements and performance reports to SIGA and the MOF, which form the basis of the State Ownership Report. This framework has improved coverage and standardization and is broadly aligned with the OECD and IMF expectations for regular reporting on SOE performance. Nonetheless, reporting practices remain fragmented, with delays and gaps in coverage, particularly for large entities with complex operations. For instance, aggregate reporting does not yet fully capture the interconnected financial exposures within the energy sector, linking ECG, NEDCO, VRA, GNGC, and IPPs, nor does it systematically consolidate SOE debt, guarantees, and arrears into MOF's fiscal risk analysis. From an IMF perspective, these gaps constrain effective monitoring of systemic fiscal risks.

107. SOE reporting requirements are currently governed by a range of laws, regulations, and policies. These include the PFM law and its regulations, the Audit Service Act, Companies Act, SIGA Act, Public Procurement Act, and others, all of which outline key reporting expectations. Because these rules often overlap, SOEs typically prepare a single set of documents, such as financial statements and quarterly reports, and submit them to several different stakeholders. The main recipients of financial and non-financial SOE reports are the MOF, SIGA, the Auditor-General, and relevant sector ministries where applicable.

108. Public disclosure of SOE financial information has improved, notably through expanded State Ownership Reports and publication of selected audited accounts. This is an achievement that puts Ghana closer in line with the OECD transparency principles and the IMF Fiscal Transparency Code. However, disclosures remain largely backward-looking and provide limited insight into the QFAs, and implicit subsidies undertaken by major SOEs. For example, the fiscal cost of non-cost-reflective electricity tariffs and delayed payments by public entities to ECG, as well as COCOBOD's assumption of price and exchange-rate risks through administered producer prices and hedging practices, are not systematically

quantified or disclosed. As a result, the fiscal implications of SOE operations, particularly in the energy and cocoa sectors, remain only partially visible in fiscal reporting.

109. SOE financial statements are legally required to be subject to external audit, either by private audit firms or, in some cases, the Ghana Audit Service. This is the requirement of the Companies Act and public sector audit requirements. While this provides a formal layer of assurance aligned with OECD and IMF standards, audit coverage and timeliness vary significantly across entities. Large SOEs such as ECG, COCOBOD, and VRA have experienced delays in finalizing audited accounts and recurring qualified audit opinions, while audit findings are not always followed by timely corrective actions. These weaknesses reduce the effectiveness of audits as a tool for accountability and fiscal risk mitigation, underscoring the need to strengthen audit timeliness, publication, and systematic follow-up for systemically important SOEs.

110. The majority of Ghanaian SOEs struggle with financial reporting and audit timelines. Public institutions such as SOEs must submit financial statements for auditing no later than four months after the end of the financial year.¹⁵ For the 2024 financial year, majority of SOEs were unable to meet this requirement - this included non-submission of financial statements by some entities, late submissions, inaccurate revenue reporting, failure to maintain adequate documentation, inadequate asset management and weak internal audit functions. Across all entity types, audited financial statements show the weakest compliance (24–30 percent of entities), while signed performance contracts compliance is comparatively stronger for commercial SOEs (76 percent) and dual-mandate SOEs (60 percent) but much lower for other entities. Quarterly reporting is also uneven, with higher compliance rate among commercial SOEs (74 percent) but only one third for joint ventures and other state entities. Table 3 summarizes the compliance of SOEs across key reporting and governance areas required by the primary legislation and the Code of Corporate Governance: 1) audited financial statements, 2) management accounts, 3) performance contracts, 4) quarterly reporting for the 2024 fiscal year.

Table 3: Compliance with Reporting Requirements in 2024
(number and percentage of total within the category)

Specified Entity (category or sub-category)	Audited Financial Statements	Management Statements	Signed Performance Contracts	Quarterly Reports Fully Submitted
Commercial SOEs	11 (29%)	19 (50%)	29 (76%)	28 (74%)
Dual Commercial & Public Policy Mandate SOEs	3 (30%)	5 (50%)	6 (60%)	6 (60%)
Joint Venture Companies	5 (25%)	10 (50%)	6 (30%)	6 (30%)
Other State Entities (Regulators and Information Agencies)	19 (24%)	42 (53%)	32 (40%)	29 (36%)
Other State Entities (Special Purpose Vehicles)	2 (29%)	4 (57%)	1 (14%)	1 (14%)

Source: 2024 SIGA, Mission calculations

¹⁵ In line with the Audit Service Act.

111. Weak compliance with financial management standards has undermined the integrity of key processes, resulting in notable irregularities, as per the Auditor-General report. These shortcomings are primarily attributable to insufficient oversight by management and boards. The Auditor-General observed that some company managers exhibit an indifferent attitude toward loan recovery, contributing to delays in debt repayment and the accumulation of interest charges. Furthermore, ineffective debt collection practices have led to a growing volume of accounts receivable. Table 4 summarizes the main categories of irregularities, their respective amounts, and brief descriptions.

Table 4: SOE Reporting Irregularities by Category (2024)

Type	Amount (GHS)	Description
Outstanding debtors & loans	12.54 billion	Overdue receivables; locked-up funds
Cash irregularities	4.58 billion	Unsupported payments, unaccounted revenue
Contract irregularities	871.82 million	Overdue payables, leading to interest penalties
Procurement irregularities	335.27 million	Non-competitive procurement, illegal awards
Payroll irregularities	191.6 million	Unremitted taxes, failure to deduct
Tax irregularities	77.06 million	Unearned salaries, unpaid SSNIT
Stores irregularities	4.5 million	Unaccounted inventory, no stores records

Source: 2024 Report of the Auditor General on the Public Accounts of Ghana

112. Stronger enforcement of the SOE financial reporting and audit requirements will improve the credibility of Ghana's institutions and legal framework. The 2024 SOR¹⁶ highlights the non-implementation of punitive measures already enshrined in the Code of Corporate Governance as a reason for poor compliance. Meanwhile, the 2024 Report of the Auditor General suggests there is insufficient internal audit capacity in SOEs. Both matters need to be addressed in order to improve SOE transparency and accountability.

H. Performance Contracts and Performance Management Framework

113. Ghana has established a formal framework for SOE performance contracting and evaluation as a central pillar of its ownership and governance reforms.¹⁷ This framework aims at strengthening accountability, monitoring results, and aligning SOE operations with government objectives. Annual contracts, overseen by the SIGA and coordinated with the MOF, set financial, operational, and governance targets for SOEs, providing a structured basis for evaluation and accountability. This framework, reflected in SIGA's performance management guidelines and reported through the MOF State Ownership Reports,¹⁸ represents an important step toward institutionalizing performance-based oversight in line with good international practice.

¹⁶ [2024 State Ownership Report by SIGA](#).

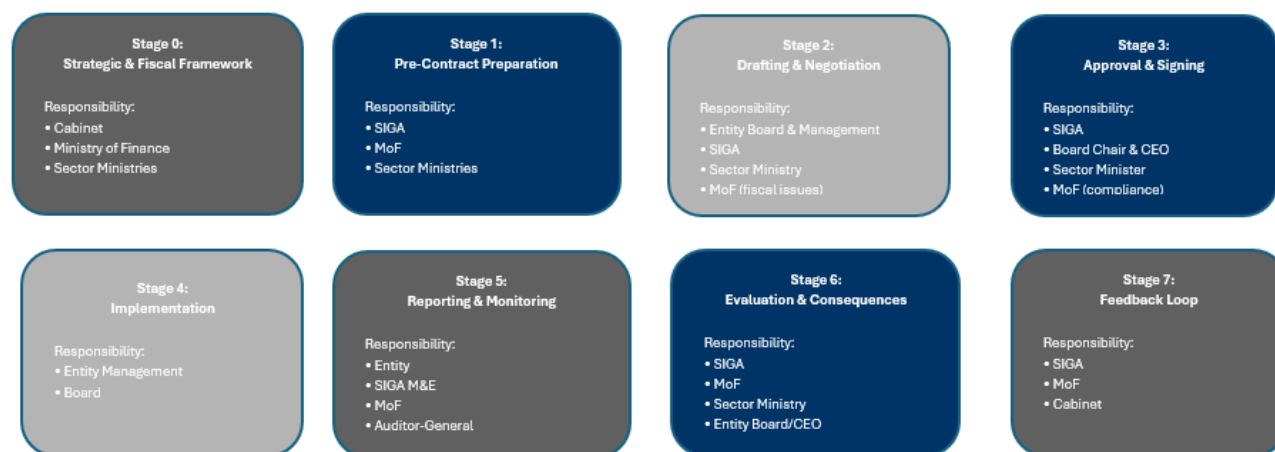
¹⁷ Performance management is implemented through performance contracts with specified entities and monitored through periodic reporting and ex-post assessment, as provided for under the SIGA Act (2019) and complemented by the State Ownership Policy and the Code of Corporate Governance.

¹⁸ [SIGA State Ownership Reports](#).

114. Performance contracts have been formalized in law and institutional arrangements are in place. Each entity is required to enter into a contract which is legally binding between the government and the board and management of the specified entity. SIGA is empowered to negotiate, sign and enforce performance contracts with specified entities on behalf of the government (Figure 11). SIGA also has the mandate to recommend sanctions to the President, including the removal of board members for non-performance.

115. Additional PFM rules were introduced by the MOF to operationalize the principles behind SOE performance contracting. The PFM Regulations of 2019 (L.I 2378) provide practical guidance for implementing the contracting requirements. SOEs must follow budgeting, financial reporting, and annual performance rules, with requests for government support tied to the budget process. The regulations set out penalties such as suspension, dismissal, administration, or liquidation for non-compliance.

Figure 11: SOE Performance Contracting in Ghana



Source: Mission based on MOF and SIGA information

116. Performance is evaluated through a defined process supported by the legislation and institutions in place. The Code of Corporate Governance establishes a sequential process of monitoring and evaluation. It makes provision for both internal and external evaluation of performance evaluation. It assigns responsibilities to the existing Ministries, Departments and Agencies, requires the formation of committees within the institutions, the conduct of peer reviews and external reviews by consultants. The authorities also established dispute resolution and appeal mechanisms for directors and management.

117. Despite the efforts, compliance with performance contracting is uneven among the SOEs and is yet to produce the desired outcomes with only half of specified entities signing performance contracts in 2024.¹⁹ Moreover, despite instances of financial distress, procurement irregularities, abandoned projects and lack of compliance with reporting requirements, there are no verifiable instances of punitive measures being taken due to these and other failures to adhere to performance requirements. Of greater concern is that efforts to implement newly adopted turnaround

¹⁹ 74 out of 175 specified entities.

plans, such as in the case of COCOBOD, may also be subject to the same enforcement weaknesses, thus affecting the credibility of these plans.

118. The authorities are taking steps to address challenges that have emerged, but more action is needed. The government has tightened spending controls, especially in the energy sector. Expensive contracts are being renegotiated, and some quasi-fiscal operations are winding down. However, the credibility of compliance and performance management still needs strengthening, with reporting and internal performance management still insufficient. The scale of financial losses and operational challenges of the major SOEs will require transparent and stricter adherence to performance contracts.

119. Ghana's ownership and corporate governance framework for SOEs are broadly aligned with international standards, but implementation gaps persist. The PFM Act, SIGA Act, and the recently introduced SOP and Code of Corporate Governance provide the essential elements recommended by the OECD SOE Guidelines, including a clear ownership policy, centralized oversight, performance contracts, and aggregate reporting. However, these frameworks have not yet translated into consistently effective governance of the Ghanaian SOEs. Persistent financial underperformance, high quasi-fiscal burdens, and recurring audit findings underscore weaknesses in board independence, role separation, and transparency.

120. Examples of good practice demonstrate the potential of the current framework when governance principles are applied effectively. Adoption of SOE board charters, structured board level committees, regular evaluations, and training reflects can contribute to a more mature governance culture. Similarly, structured stakeholder representation, including a stronger role for the MOF, will help align governance with public interest objectives. Expanding performance contracts and improving audit coverage through centralized oversight are positive steps that signal gradual behavioural change across the SOE portfolio.

121. Three systemic weaknesses continue to constrain progress and require decisive action. Politicized appointments, insufficient separation of ownership and policy roles, and weak SOE transparency remain pervasive. Active political representation on boards undermines independence and professionalism of SOE boards. Line ministries continue to influence appointments and operational decisions, despite formal role distinctions in the ownership policy. Disclosure of governance practices—such as board composition, committee mandates, and evaluation outcomes—remains limited. Addressing these gaps will require operationalizing a merit-based nomination framework, reducing political presence on boards, enforcing the Code of Corporate Governance, and mandating systematic disclosure. If these measures are implemented with strong political commitment and the oversight authority is empowered to apply sanctions and incentives, Ghana's SOE sector can progressively converge toward the OECD good practices and deliver sustainable value for the economy and public finances.

122. To ensure fiscal sustainability and effective governance for SOEs, Ghana must shift from policy frameworks to enforceable, performance-based practices. Priority actions should include operationalising the SOE board and executive management nomination framework to enable a genuinely merit-based, transparent process for appointing boards and CEOs; progressively reducing the number of active politicians on SOE boards and replacing them with independent professionals and sector experts. The Code of Corporate Governance should be fully implemented. This includes mandatory board charters, codes of ethics, annual evaluations, and training. Systematic disclosure of board and committee

structures, attendance, and evaluation findings must be enforced. These details should be included in annual reports and published on entity websites.

123. The MOF should actively participate in SOE boards merit-based appointments, strengthening spending controls, and enforcing transparent reporting and oversight. Clarifying and compensating QFA mandates, such as ECG's tariff under-recovery and COCOBOD's social programmes, would further align SOE incentives and help their boards focus on long-term value creation rather than ad-hoc crisis management. If these steps are pursued with political commitment with SIGA and MOF empowered to enforce both sanctions and incentives, Ghana's SOE sector could gradually converge towards the OECD good practices and become the engine of sustainable growth and fiscal contribution envisaged in the State Ownership Policy.

Recommendations

7. Review the SOE portfolio, re-classify all entities to appropriate categories: (i) commercial or having potential to operate commercially; (ii) mixed mandates; and (iii) general government units (incl. regulators). Conduct GFSM sectorization exercise (MOF, SIGA, December 2026).
8. Review the SOP and critically evaluate the Policy alignment of each entity, prepare grounds for policy decisions (MOF, SIGA, December 2026).
9. Design and introduce merit-based selection process for SOE Boards and Executive Management, starting with macro-critical SOEs (MOF, SIGA, December 2026).
10. Develop a plan to progressively reduce the number of active politicians and high level officials on SOE boards (SIGA, December 2027).

IV. SOEs and Infrastructure Governance

A. SOE Investment Trends and Infrastructure Quality

124. SOEs are the key providers of economic infrastructure in Ghana, predominantly in the energy, transport and water sectors. SOEs are active in electricity generation, transmission and distribution, natural gas production and transmission, development and operation of ports and airports, rail and bus transport, telecommunications and water production, transmission and distribution.

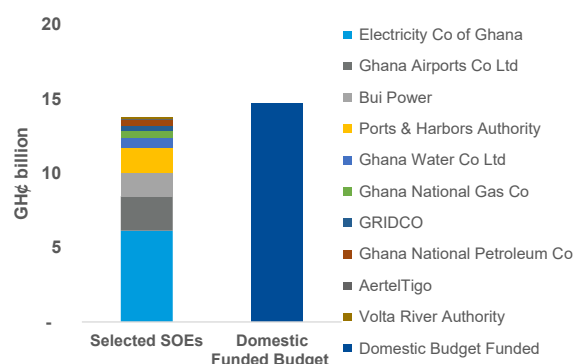
125. The investment footprint of the top ten infrastructure-related SOEs is equivalent to the total domestically funded portion of Ghana's budgeted capital investment. In 2024 this totaled about GHS 14 billion or 1.2 percent of GDP (Box 3). As an order of magnitude, this comparison underscores the importance of SOE public investment both from the perspective of infrastructure provision and robust public financial management.

Box 3: Public Investment footprint of Ghana's SOEs

In 2024, ten infrastructure-centric SOEs together invested over GHS 14 billion in physical assets. The electricity sector accounted for GHS 8.75 billion, driven by ECG. The international transport sector was also a significant driver, with Ghana Airport Co Ltd (GACL) and Ghana Ports and Harbors Authority (GPHA) together accounting for GHS 3.9 billion. Recent investment projects and programs include enhancement of electricity distribution assets, expansion of airport runway capacity and new cargo facilities.

The sources of SOE public investment are typically own-sourced funds, borrowing and – to a lesser degree – budget funding. In addition to the companies whose mandates relate primarily to infrastructure assets and services – other SOEs such as COCOBOD have historically had large investment programs, for instance in regional roads.

Major SOEs' and Domestically Funded Investment



Source: Staff analysis of Ghana Budget Outturn 2024; selected companies audited accounts or management accounts where audited accounts are not yet available.

126. Public access to critical infrastructure services provided by SOEs has improved in recent decades and compares favorably to peers. SOEs are key players in each stage of the electricity market. From a base of under 50 percent of the population in 2000, reliable access to electricity now stands at close to 90 percent, considerably ahead of Sub-Saharan Africa and low-income comparators (Figure 12). Ghana's efforts to achieve 100 percent coverage are largely budget funded, under the Rural Electrification program, although this is supervised by ECG. Ghana Water Company is responsible for production, transmission and distribution of water in urban areas. Access to basic drinking water has also steadily improved and is considerably ahead of peers.

Figure 12-1. Access to Electricity, 2000-2023
(percent of population)

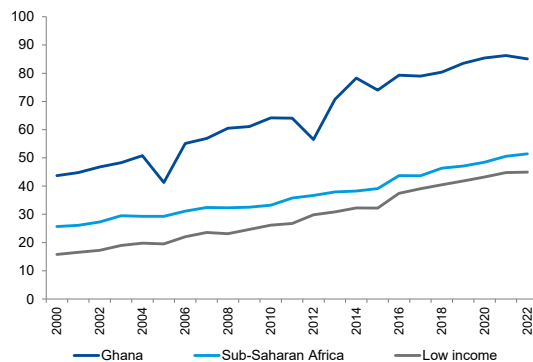
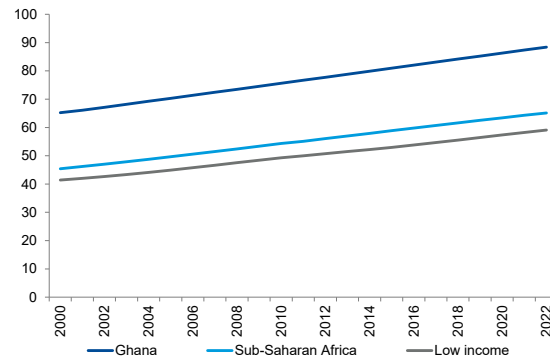


Figure 12-2. Access to Basic Drinking Water, 2000-2023
(percent of population)



Source: World Economic Forum Database

127. Ghana has enhanced its air and sea transport infrastructure but there is scope for further improvement. Ghana Airport Company Limited (GACL) is an SOE responsible for planning, developing, managing and maintaining all airports and aerodromes in Ghana. Airport connectivity – partially attributable to airport infrastructure - ranks ahead of regional and income group peers, though behind the global average (Figure 13-1). Ghana Ports and Harbors Authority (GPHA) has the responsibility to plan, build, manage, maintain, operate and control the country's maritime infrastructure. A significant program of public investment in recent years – largely financed through PPPs – has expanded the company's facilities. The perceived efficiency of Ghana's seaports climbed 20 places in the world rankings between 2019 and 2024 and is ahead of regional and income group peers (Figure 13-2).²⁰

Figure 13-1. Index of Airport Connectivity
Ghana and Peers, 2019-2024 (1-7 Scale)

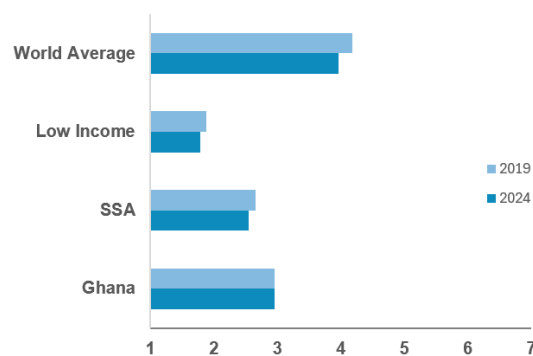
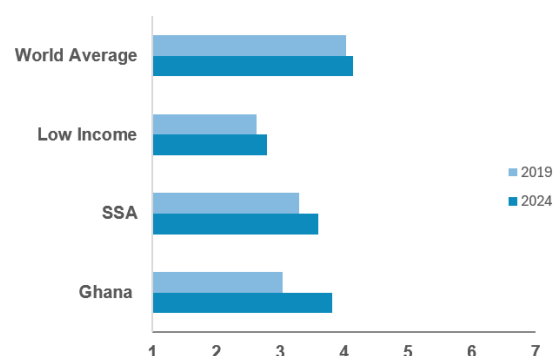


Figure 13-2. Index of Seaport Efficiency
Ghana and Peers, 2019-2024 (1-7 Scale)



Source: World Economic Forum Database

²⁰ World Bank (2025) WEF - [Quality of Port Infrastructure](#)

128. Land transport in Ghana is also dominated by SOEs and the comparative efficiency of bus services stands in contrast to weak performance of rail operations. Ghana's railway operations were unbundled in 2008 with the Ghana Railway Authority – a statutory body - taking responsibility for infrastructure management. The Ghana Railway Company Ltd is the SOE responsible for operating passenger and freight services. Perceptions of rail service efficiency lag comparators (Figure 14-1), although has improved over the past five years. Bus services are operated by private firms, as well as the Metro Mass Transport Company, in which the government holds a 45 percent stake. Public transport services – including buses – are rated as more efficient than rail alone and ahead of peer groups (Figure 14-2).

Figure 14-1. Index of Train Service Efficiency, Ghana and Peers, 2019-2024 (1-7 Scale)

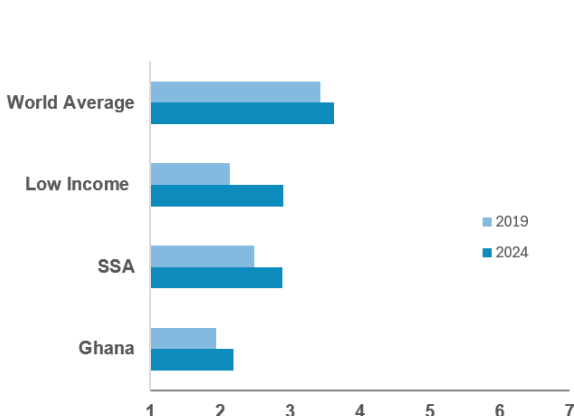
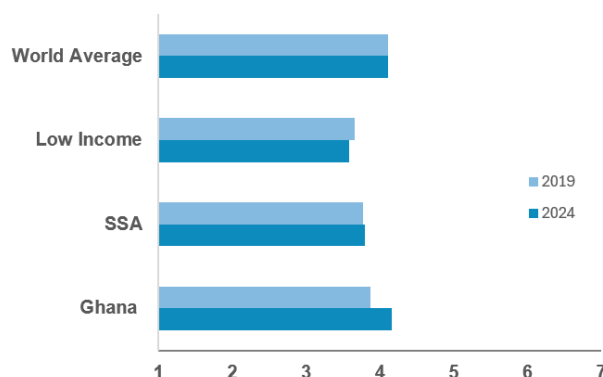


Figure 14-2. Index of Public Transport Efficiency Ghana and Peers, 2019-2024 (Scale 1-7)



Source: World Economic Forum Database

B. Assessing SOE Infrastructure Governance

129. Given the scale of their importance in providing critical infrastructure, the SOE investment governance practices in Ghana - as elsewhere - should be continuously evaluated. Assessing SOE investment across the full PIM lifecycle helps ensure that projects are chosen, designed and delivered on a consistent, value-for-money basis, rather than through parallel, less-scrutinized channels. Applying rigorous standards to planning, appraising, assuring, funding, contracting, executing and operating infrastructure investment supports efficient infrastructure delivery and prudent fiscal risk management. A proportionate approach with closer scrutiny for large, novel or system-shaping projects can balance fiscal risk management with SOEs' operational autonomy.

130. The following sections consider the investment management practices among Ghana's key infrastructure-centric SOEs across the policy, program and portfolio and project lifecycle. The approach draws on relevant aspects of the IMF Public Investment Management Assessment, a diagnostic framework for public investment management practices across the lifecycle.²¹ The assessment also draws on the principles set out by the World Bank in its SOE investment diagnostic framework.²² The

²¹ IMF (2022) [Public Investment Management Assessment Handbook](#)

²² Glenday, G and others (2021). [Assessing Public Investment Management Functions and Institutional Arrangements for State-Owned Enterprises: A Diagnostic Framework](#).

coming sections consider the SOE infrastructure governance lifecycle in three phases – policy, planning and regulation; funding and risk management; and infrastructure implementation and operation. The phases are further broken into three sub-elements (Figure 15).

Figure 15. Assessment Framework for SOE Infrastructure Governance in Ghana

Policy, Planning and Regulation	Funding and Risk Management	Implementation and Operation
Alignment with Policy	Medium-term Budgeting	Commercial Contracting
Market Structure and Regulation	Funding and Risk Management	Project and Portfolio Management
Project Preparation and Appraisal	Project Assurance	Asset Management



Source: Mission.

C. Investment Policy, Planning and Regulation

Alignment with National and Sectoral Strategy

131. Aligning SOE investment with national and sectoral strategy supports coherent, interconnected infrastructure networks – irrespective of funding source. Infrastructure systems that deliver public services are interdependent, and fragmented planning between ministries and SOEs can undermine the strategic direction of public investment or miss opportunities for network synergies and positive externalities. Explicitly integrating SOE investment projects into national and sectoral strategies supports a single, coherent strategy in which power, transport and water infrastructure is planned alongside critical social facilities such as schools, hospitals and public housing. This alignment can strengthen spatial planning, facilitate balanced regional development and help ensure that major investments - however funded and delivered - function as a connected system rather than isolated assets. Setting out the policy principles that shape SOE public investment in the national Ownership Policy and in individual SOE mandates further supports alignment.

132. Ghana has a number of mechanisms to align SOE investment with national and sectoral policy. The Ghana Infrastructure Plan (GIP)²³ is a long-term investment framework – updated periodically – that sits within the framework of the over-arching National Development Plan.²⁴ The GIP is composed of a set of sectoral investment frameworks, including energy; transport; water; human settlement and housing; social civic and commercial infrastructure; and ICT assets. SOE investments are within scope of these planning exercises. From an SOE oversight perspective, SIGA has a legal mandate to evaluate the strategic plans of SOEs and to advise the MOF in relation to an entity's investment plan.²⁵

133. In practice, most SOE investments are well-integrated into the national investment strategies, but plans are aspirational, and some SOE infrastructure spending is unconnected to their core business. The sectoral frameworks that make up the GIP feature many major investment projects and programs of the key SOEs in those sectors including GRIDCO, VRA, ECG, Ghana Airport Company. The results framework that accompanies the GIP presents an integrated set of output and

²³ National Development Planning Commission (2025) [Ghana Infrastructure Plan](#).

²⁴ National Development Planning Commission (2024) [Long-Term National Development Perspective Framework](#).

²⁵ Republic of Ghana (2019) [State Interests and Governance Act](#). 990/2019

outcome indicators that covers public investment of SOE activities alongside MDAs.²⁶ However, there is no evidence that SIGA considers the infrastructure investment plans of SOEs or evaluates their strategic plans from the perspective of alignment with national investment strategy. In addition, the plans are highly aspirational – with indicative costs running to many hundreds of billions of US dollars – and not contained by available resources. In addition, there have been cases where the investment activities of SOEs have been weakly linked to the core business of the company – for example, COCOBOD embarked on a large-scale road building program with major fiscal implications and the GPHA engaged in road and rail construction.

Market Structure and Regulation

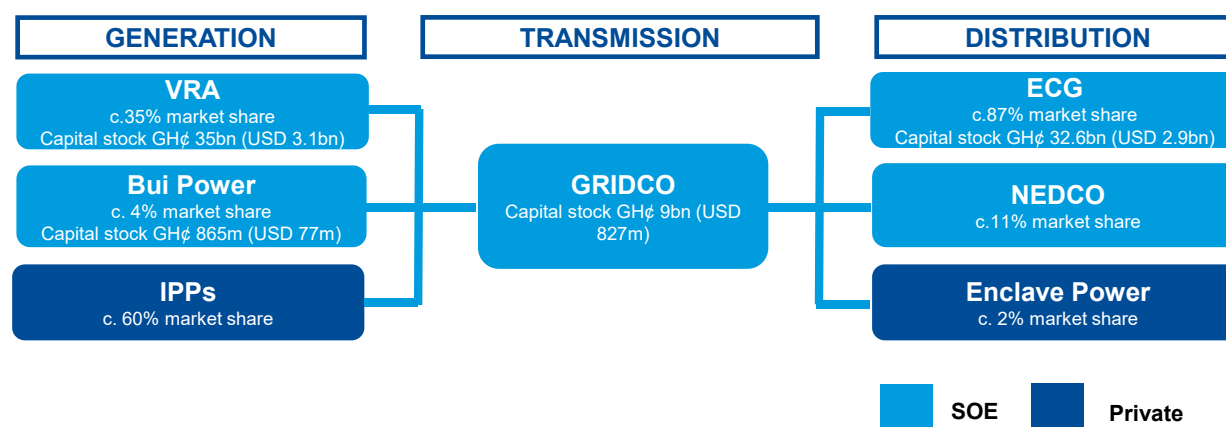
134. Effective regulation and an appropriate market structure are central to ensuring that infrastructure services are reliable, efficiently priced and receive sustainable investment. In natural monopoly sectors - such as electricity and water networks - independent economic regulation can help mimic the impact of competition to set tariffs, performance standards and investment obligations. Where SOEs are dominant, clear regulatory mandates and transparent pricing frameworks are particularly important to avoid cross-subsidization of commercial activities by public service activities. Competitive markets can be suitable for segments like power generation, telecoms or freight transport, but still require rules on access and pricing to prevent dominance and ensure new entrants can invest. Price regulation is therefore most relevant where market power is concentrated or public ownership is significant, while lighter regimes are likely to be more appropriate in contestable segments with multiple providers and clear competitive incentives. Where SOEs perform commercial activities as well as public sector obligations – as is common in land transport – there should be clear arrangements to prevent distortionary cross-subsidization.

135. Tariffs are regulated in utility transmission and distribution, and the models include an allowance for investment and maintenance. The Public Utilities Regulatory Committee (PURC) was established as a multi-sector regulator to regulate the provision of electricity and water utility services.²⁷ PURC follows a Regulated Asset Base model, designed to factor in the cost of investment in new infrastructure and maintenance of existing assets in setting allowable revenues. SOEs dominate the energy sector (Figure 16) and have a combined asset capital stock of GHS 80 billion, equivalent to about 7 percent of GDP. Key transport SOEs such as ports, airports and bus transport are not economically regulated.

²⁶ National Development Planning Commission (2025) [Results Framework 2018-2047](#)

²⁷ Republic of Ghana (1997) [Public Utilities Regulatory Commission Act](#), 539/1997

Figure 16. SOE role in Electricity Sector in Ghana



Sources: Staff analysis of ECG (2023) [Annual Report and Financial Statements 2022](#); GRIDCO (2024) [Annual Report and Financial Statements, 2023](#); VRA (2024) [Annual Report and Financial Statements, 2023](#); Bui Power (2024) [Annual Report and Financial Statements 2023](#)

136. There are weaknesses in the operation of economic regulation that undermine infrastructure investment and operations. In the electricity sector, tariffs have been consistently set below cost recovery levels. This reduces resource available for investment in transmission and distribution networks. In addition, the tariff calculation does not include the cost of excess capacity, however the “take-or-pay” structure of many Power Purchase Agreements (PPAs) means that this is a real cost to ECG. While PURC is nominally independent, tariff decisions are approved by the Board which is politically appointed.

Project Preparation and Appraisal

137. Strong project preparation and appraisal help ensure that SOE investments are feasible, well-designed and deliver value for money. Where an SOE has a clear mandate grounded in public policy – for example with robust regulation and well-specified service obligations, financial analysis may be sufficient for routine, incremental projects since the wider welfare rationale is embedded in the ownership objectives and sector framework. In these cases, appraisal can focus on cost, efficiency, affordability and expected returns to confirm that the project is the most cost-effective way to fulfil the mandate. In the case of larger, more complex projects that reshape networks or carry significant environmental, spatial or distributional effects, wider socio-economic appraisal such as cost–benefit analysis (CBA) is needed to assess alternatives, account for externalities and examine the net welfare impact of the proposal.

138. There are appraisal requirements for SOE projects that are partially government- or debt-funded and PURC requires investment appraisal as part of regulatory determinations. Ghana’s 2020 PIM Regulations apply to all projects that are whole or partially budget-funded, involve debt or guarantees or are PPP-financed.²⁸ Pre-feasibility study and full feasibility study are required for projects with an estimated cost in excess of USD 5 million. As part of the PURC’s tariff determination process,

²⁸ Government of Ghana (2020) [Public Financial Management \(Public Investment Management\) Regulations](#), LI 2411.

GRIDCO and GWCL are required to submit an investment plan to upgrade and expand transmission assets and improve the efficiency of operations, including CBA of proposed investments.²⁹

139. The degree of compliance with appraisal requirements is unclear. Several SOE projects have been considered by the Public Investment Plan Working Committee (PIPWC) in recent years, including investments by GRIDCO, GACL and GWCL but appraisals are not published. There is evidence that some feasibility studies have been commissioned for donor-funded projects in electricity transmission, airports and water. These have included costing, financial analysis and – to a lesser degree – economic appraisal. Submissions to PURC by GRIDCO as part of the tariff determination refer to priority investment projects but do not include CBA.

D. Funding and Risk Management

Financing SOE Investment

140. Clear funding policies and disciplined fiscal risk management are essential to ensure that SOE investment is affordable, transparent and fiscally sustainable. A well-defined framework should specify permissible funding sources – internally generated (own) revenues, borrowing, guarantees and PPP arrangements - and the conditions under which each may be used. Explicit limits on borrowing, guarantees and long-term contractual commitments help prevent SOEs from assuming risks that ultimately fall to the state, while standardized approval processes ensure that contingent liabilities are assessed before commitments are made. Transparent reporting on debt, guarantees, PPP exposures and projected cash flows allows government to monitor emerging risks and incorporate them into fiscal frameworks.

141. SOEs in Ghana have made substantial use of PPPs and external borrowing and this is now required to be approved by the MOF. Borrowing, PPPs and guarantees by SOEs are required to be approved by the MOF, though historically this was not adhered to in practice and many SOEs took on PPP arrangements, often unsolicited. SOE investment programs contain the largest PPP projects in Ghana, the majority of which are contracted by GPHA (Table 5). In addition, the Ghana Railway Authority has two megaprojects in preparation with a combined value of over USD 4.5 billion.

²⁹ PURC (2025) [Rate Setting Guidelines for Electricity Transmission and System Operations](#); PURC (2025) [Rate Setting Guidelines for Water Production, Transmission, Distribution and Supply](#).

Table 5. Selected SOE PPP and Concession Projects in Implementation and Operation

SOE	Project	Issues and risks	Cost (USD million)
GPHA	Takoradi Ship Repair Facility	Not reached financial close, prompting concerns over capacity to execute.	100
GPHA	Tema LNG Terminal	Project delays have led to foregone revenue and increased commercial risk	350
GPHA	Takoradi Integrated Terminal	Stable performance but demand-side risks persist.	210
Ghana Water Ltd	Teshie Nungua Desalination	Failure to meet payment obligations has necessitated project restructuring and the renegotiation of contractual arrangements.	125
GPHA	Tema Terminal 3	Stable performance recently but operational risks linked to climate change and equipment unreliability.	1,500
GPHA	Takoradi Bulk Terminal	Concessionaire has yet to fulfil an outstanding Upfront Fee payment of \$6.8 million to GPHA and significant market risks due to the lack of tank farms and storage facilities.	65
GPHA	Inland Container Terminal	Market risks and other challenges have led to the concessionaire accumulating outstanding fees owing to the authority of GHC 16 million, leading to GPHA terminating the contract	70

Source: Staff analysis of Ministry of Finance (2025) [2024 Annual Report on Public Private Partnerships](#)

Medium-term Budgeting

142. Medium-term budgeting is essential for SOEs to plan infrastructure coherently and manage delivery risks in a predictable fiscal environment. A credible multi-year budget should transparently set out financing sources including own resources, borrowings, PPPs, and budget support where relevant. SOEs should also have a clear understanding of their contractual commitments relating to ongoing projects and the resources available for new projects. This helps test affordability and debt sustainability, reducing the risk of overextended programs and unrealistic investment activities. When realistic and regularly updated, medium-term budgets strengthen prioritization, improve coordination with government, and align SOE investment with sector and national strategies.

143. Most SOEs do not have consistent medium-term budgeting for public investment. SOEs are required to submit financial and business plans to SIGA, but capital investment plans – as they relate to investment spending – are not consistently prepared. The mission learned that some SOEs budget for major projects on an annual basis. Performance contracts reviewed by the mission do not include explicit information on major projects to be implemented over the medium-term.

144. Medium-term investment planning remains an issue for the Ghanaian SOEs. The current time horizon for allocating public funds remains mainly short-term, as it depends on annual budget allocations, with no guarantee of continuity of funding from one year to another. The investment planning process for SOEs is also complicated by the fact that the government does not have predictable dividend

policies. These two factors undermine SOEs' ability to do mid-term capital investment planning. To implement large capital investments, the implementation of which spans several years, SOEs have been relying on long-term funding from IFIs and other lenders as sustainable sources of long-term financing.

Project Assurance and Approval

145. Independent assurance and scrutiny of SOE investment proposals help improve investment efficiency and reduce risk of cost escalation, schedule delay and benefit shortfall. A structured challenge process – sometimes referred to as “the outside view” - can test assumptions on demand, cost, risk and implementation. Such approaches are key to countering optimism bias and strategic misrepresentation. The case for such review is strongest where SOEs undertake large or innovative projects, operate in regulated or monopoly settings, or where investments generate significant environmental, spatial or network effects that extend beyond the entity's commercial balance sheet. In these circumstances, independent assurance may be carried out through a central review function, an economic regulator with sector expertise, or specially constituted panels with technical capacity. This facilitates robust review at arm's length from commercial or political incentives. Smaller, routine investments by commercially disciplined SOEs may require lighter oversight, but proportionate assurance remains an essential safeguard for high-value or projects.

146. SOE projects that are wholly or partially funded by the government, debt, PPP or that require guarantees should be reviewed by the PIPWC PURC reviews some utility investments. The PIPWC was established under Regulation 8 of the PFM (PIM) Regulations of 2020 with a mandate to review project documentation including technical, legal, financial, economic and institutional aspects.³⁰ Based on the review, the Committee recommends that investments either be issued a SoQ by the MOF or be returned to the proposing MDA for further development. As part of the tariff determination process, SOE investment plans in water, energy transmission and energy generation are reviewed by the PURC. Many – though not all – SOE projects have adhered to the process. About 19 percent of investment projects reviewed by PIPWC have been from SOEs (Figure 17-1) and close to 60 percent were approved, with the remainder rejected or recommended for further analysis and refinement (Figure 17-2).

Figure 17-1. Number of Projects Reviewed by PIPWC, 2022-2024

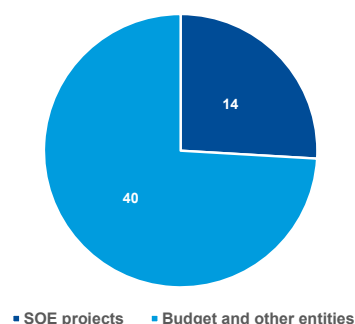
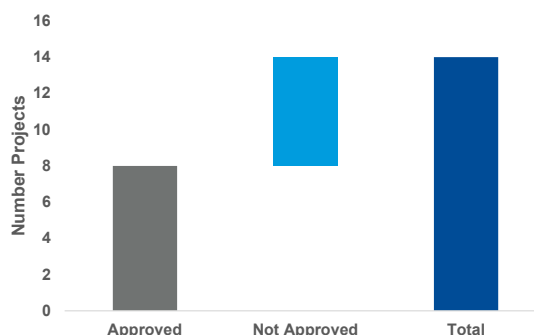


Figure 17-2. PIPWC Decisions on SOE projects, 2022-2024



Source: Staff Analysis of MOF Briefing Notes on PIPWC. The data only includes new projects reviewed. Over the period the Committee also reviewed a further six projects already in implementation. Other projects entered the budget without presentation to PIPWC. Projects in the Other Specified Entities are not counted as SOE investment for this purpose.

³⁰ Government of Ghana (2020) [Public Financial Management \(Public Investment Management\) Regulations](#), LI 2411.

E. Implementation and Operation

Procurement and Contracting

147. Effective procurement can help ensure that public investments by SOEs deliver infrastructure efficiently, to required specifications while minimizing exposure to corruption. Open and competitive tendering - supported by clear evaluation criteria and transparent documentation - increases market participation, strengthens price discipline, and reduces corruption exposures. Equally important is the quality of contracting: commercially sound contracts that allocate construction and operation risks to the parties best able to manage them can limit variations, cost escalation and schedule delay and ensure better operational performance. This requires careful definition of technical requirements, payment milestones and penalty or incentive structures, as well as robust contract management capacity within the SOE. For large or highly complex projects, international competitive bidding can broaden the supplier base and enable access to advanced technology and delivery capability where domestic markets are thin. Taken together, strong competition, well-designed contracts, and disciplined risk transfer are critical to maximizing efficiency and safeguarding public resources in SOE investment programs.

148. SOEs in Ghana are subject to the PPP framework and the Public Procurement Act with competitive, open procurement as the default option. The Act applies to SOEs “to the extent that they utilize public funds”.³¹ Standard PPP contracting arrangements are also applicable to SOEs.

149. In practice, weak procurement and contracting practices have significantly undermined the efficiency of public investment by SOEs in Ghana. While data contracting practices are not disaggregated by SOEs, there is a persistently high share of direct award or restricted tendering. There have been high profile cases of weak procurement practices by SOEs and commercial contracting by SOEs in infrastructure services has also undermined efficiency and brought significant fiscal risks (Box 4).

³¹ Republic of Ghana (2003) [Public Procurement Act](#)

Box 4. Weak Procurement and Commercial Practices in Ghana's Infrastructure SOEs

There have been several instances of non-compliance with the Public Procurement Act, risky commercial practices and failure to meet contractual commitments relating to the infrastructure investment and service provision activities of SOEs in Ghana.

- ECG entered into multiple “take-or-pay” contracts, obligating the SOE to purchase a given level of electricity irrespective of demand. Many of the contracts were unsolicited. The result has been a level of generation capacity far in excess of needs. The financial and fiscal impacts of this has been compounded by the fact that PURC does not allow for the cost of excess capacity in the calculation of allowable revenue.
- COCOBOD directly awarded 87 percent of the contracts in the COCOROADS portfolio, underestimated project costs and failed to adequately manage contracts
- An Audit by the Ghana Audit Service (GAS) found that ECG purchased electricity meters to the value of USD 145 million via 50 contracts without adhering the Public Procurement Act.

Sources: Staff analysis and GAS (2023) [Performance Audit Report of the Auditor General on the Construction of Cocoa-Roads](#); GAS (2023) [Performance Audit Report of the Auditor General on the Management of Meters by the Electricity Company of Ghana](#).

Project and Portfolio Management

150. Strong project and portfolio management and structured adjustment practices are critical for ensuring SOE-led infrastructure is delivered on time and within budget. Clear governance arrangements with defined accountability, qualified project teams, and decision-making authority aligned to project size are central to this. For megaprojects or highly complex investments, expertise at board and senior management level becomes particularly important. This may also be supported by specialist commercial, engineering and contract-management capability, gateway reviews, and escalation arrangements for emerging risks. Formal change-control processes should govern any adjustment in scope, schedule or cost, with transparent documentation and justification. Ongoing portfolio oversight and assurance can further strengthen discipline by challenging assumptions, validating forecasts and providing scrutiny at key delivery milestones. A key element of reliable project execution is that contracts are paid on time.

151. The PIM regulations set out arrangements for project management and portfolio monitoring, but these do not apply to all SOE projects. Many individual SOEs have their own portfolio management practices. The procurement framework requires that contracts must be reviewed where costs increase by more than 10 percent of the original contract value. These reviews do not constitute a reexamination of the continuing merit of the project however or aim to systematically adjust project scope, schedule or costs.

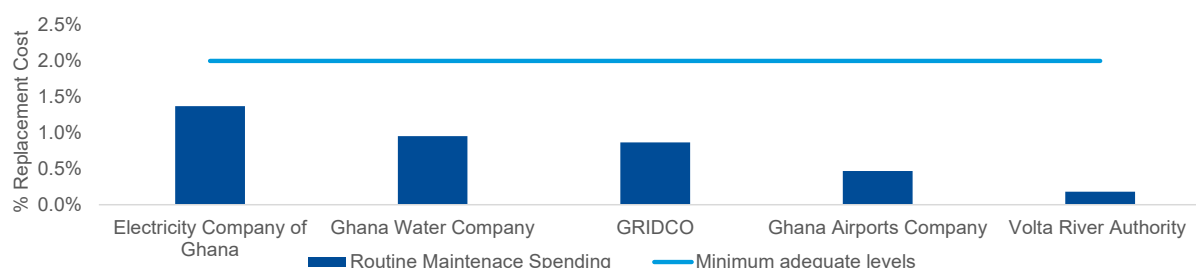
Maintenance and Asset Registry

152. Adequate maintenance funding, supported by comprehensive and regularly updated asset registers, is essential to sustain the performance and value of SOE-owned infrastructure. Insufficient upkeep raises whole-life costs, undermines reliability and can lead to costly rehabilitation or asset failure. Comprehensive and regularly updated asset registers - capturing asset age, condition, location, technical characteristics, maintenance history and climate exposure - can support risk-based planning, realistic capital budgeting and better decisions between renewal and expansion in new

infrastructure. International experience shows that ring-fenced maintenance budgets and performance-linked incentives strengthen discipline and counter the bias toward new construction. Where maintenance is deferred or data are weak, independent technical audits or regulator-led condition reviews can provide assurance. Strong asset information and reliable funding together help ensure SOE investment delivers reliable services.

153. Most infrastructure-oriented SOEs have comprehensive and regularly updated asset registers, but routine maintenance budgeting is insufficient to maintain service standards. Annual routine maintenance cost needs vary with different infrastructure types, but a minimum level across several different asset classes is at least in the range of 2–3 percent of replacement values.³² In the case of the main infrastructure investing SOEs in Ghana, spending on routine maintenance is far below this level (Figure 18). Inadequate maintenance is among the causes of high technical losses in electricity transmission and distribution and service interruptions.

Figure 18. Routine Maintenance Budgeting in Infrastructure SOEs (most recent year available)



Sources: Staff analysis of Electricity Company of Ghana (2023) [Annual Report and Financial Statements 2022](#); Ghana Water Company (2020) [Annual Report and Financial Statements 2019](#); GRIDCO (2024) [Annual Report and Financial Statements, 2023](#); Ghana Airports Company (2016) [Annual Report and Financial Statements, 2015](#); Volta River Authority (2024) [Annual Report and Financial Statements, 2023](#).

Recommendations

- 11.** Ensure that all major projects by SOEs are subject to independent assurance to assess risks, validate cost and schedule estimates and review planned benefit (MOF, SIGA, December 2026).
- 12.** Include SOE investment plans and project targets in the strategic plans and performance reviews by SIGA and MOF (MOF, SIGA, December 2026).
- 13.** Require major infrastructure SOEs to publish annual plans for new, ongoing, and maintenance projects, and their funding sources (MOF, SIGA, December 2026).

³² IMF (2022) [Public Investment Management Assessment Handbook](#)

Annex I. QFA Reporting Template Example

This example offers a sample template for the identification and quantification of QFAs carried out by public entities and SOEs. Authorities can modify the template to fit their specific policy, sectoral, and reporting needs. It is recommended that the most critical SOEs complete this template on a regular basis to ensure transparency, more informed analysis of SOE financial performance, proper monitoring of related fiscal risks and costs, and alignment with IMF good practice for fiscal reporting and accountability.

A. Basic Information

Reporting Entity:

Sector:

Reporting Period:

Government Directive? Yes / No / Implicit

Legal / Policy Basis:

B. Identification of Potential QFAs

Provides goods/services below cost-recovery? Yes / No

Applies administered prices/tariffs for social reasons? Yes / No

Provides credit at below-market interest rates? Yes / No

Bears non-commercial risks on behalf of government? Yes / No

Undertakes activities without compensation? Yes / No

C. Description of the QFA

Type of QFA: Price subsidy / Credit subsidy / Risk absorption / Service obligation

Beneficiary:

Policy Objective: Social protection / Financial stability / Regional access / etc.

Compensation Provided? Full / Partial / None

D. Quantification Method

1. Benchmark Definition:

Market price / interest rate:

Cost-recovery price:

Commercial risk-adjusted return:

2. Financial Impact Calculation:

Price or Service QFA: $\text{QFA Cost} = (\text{Benchmark Price} - \text{Actual Price}) \times \text{Quantity Supplied}$

Credit QFA: $\text{QFA Cost} = (\text{Market Interest Rate} - \text{Applied Rate}) \times \text{Outstanding Loan Balance}$

Risk Absorption / Guarantees: $\text{QFA Cost} = \text{Probability of Default} \times \text{Loss Given Default}$

3. Estimated Annual Cost:

Gross QFA Cost:

Budget Compensation:

Net QFA Cost:

E. Fiscal Risk Assessment

Predictability: Low / Medium / High

Contingent Liability: Yes / No

Impact on Entity Financial Viability: Low / Medium / High

Potential Budget Impact: Low / Medium / High

F. Accounting and Reporting Treatment

Recorded in Budget? Yes / No

Reflected in SOE Financial Statements? Yes / No

Disclosed in Fiscal Risk Statement? Yes / No

GFSM Treatment: Subsidy / Transfer / Capital Injection

Annex II. Fiscal Risk Statements: Examples of SOE Coverage and Integration with Budget

International experience shows that well-designed FRSs are a critical tool for strengthening transparency and supporting fiscal policy decisions, particularly in countries with significant SOE-related exposures. In line with IMF good practice, effective frameworks are typically anchored in the budget process, provide systematic coverage of SOEs and contingent liabilities, and, where feasible, quantify risks and link them to fiscal aggregates and policy responses. The examples below illustrate how selected countries have operationalized these principles, with varying degrees of institutional maturity and analytical depth.

- **Zambia** has recently strengthened its fiscal risk disclosure framework, with the publication of a standalone FRS alongside the annual budget documents. The IMF-supported reforms helped broaden the FRS coverage to feature macroeconomic risks, and quantitative analysis on SOEs, PPPs, contingent liabilities, local authorities, other obligations, and the effects of climate change. The FRS analyzes the elevated fiscal risks stemming from SOEs, which hold assets exceeding 30 percent of GDP and liabilities of about 26 percent of GDP. Consolidating this information in a single report provides the government with greater transparency over its fiscal position and supports more effective policy responses.
- **Georgia** provides a strong example of good practice in fiscal risk management and disclosure. Fiscal risks are presented in a dedicated FRS annexed to the annual budget documentation, ensuring that SOE related risks are assessed in time to inform budget preparation and parliamentary scrutiny. The FRS covers macro-critical SOEs, including their financial performance, risk ratings, and key contingent liabilities, as well as power purchase agreements, guarantees, and quasi-fiscal activities, particularly in the energy sector. The statement includes both qualitative analysis and increasing quantification of risks, including financial indicators for major SOEs and scenario-based assessments. This way, fiscal risks are integrated into the medium-term fiscal framework and debt sustainability analysis, allowing SOE-related exposures to inform fiscal policy decisions.
- **Mongolia's** fiscal risk framework places strong emphasis on the macro fiscal implications of large SOEs, particularly in the mining and energy sectors. The MOF publishes the FRS alongside the annual budget, with a strong emphasis on SOEs. The FRS provides detailed disclosure of SOE financial performance, debt, as well as aggregate quasi-fiscal activities, and contingent liabilities. It also includes scenario analysis, linking SOE risks to macro-fiscal outcomes such as debt and fiscal balances. The FRS is embedded within the budget process and informs fiscal policy discussions, including decisions on borrowing and guarantees.

Annex III. SOE Dividend Policies, Practices and Examples

Distribution of income in the form of dividends by SOEs may contemplate a significant revenue stream for the state budget. In the current economic environment, many countries are reviewing and strengthening their dividend policy for SOEs, aiming to increase the budget revenues and to maximize the use of SOEs capital.

SOEs' investment potential largely depends on the amount of profits they can retain, with a balanced and predictable dividend policy forming a foundation for proper planning and implementation of their investment plans. When fiscal pressures are low, SOEs are held less accountable for their financial inefficiency; but during times of fiscal stress, they are usually requested to transfer more profits to the budget. This approach impacts SOEs' ability to properly plan their investments and sustain their investment commitments, leading to productivity losses.

SOEs should be allowed to retain a stable and healthy portion of their earnings to re-invest these funds into building the critical infrastructure and growing public asset value. This is now complicated by the annual determination of the dividend to be paid, which varies significantly from year to year and precludes SOEs from sustainably planning their investment strategy.

When developing dividend policies and deciding on the distribution of net income, authorities must carefully consider both legal and financial factors. Legally, dividends should only be paid out of profits and must not compromise the entity's capital base. Financially, SOE management should establish clear expectations for dividend amounts, while maintaining enough flexibility to respond to crisis situations and market changes. Additional factors to consider when creating an open and transparent dividend policy include:

- Type of industry: industries that benefit from relative stability of earnings may enjoy a more consistent dividends policy than those having an uneven flow of income or be subject to market volatility. For example, public utilities have a more stable flow in income to adopt a relatively fixed dividend rate than extractive industries or industrial producers, which are dependent on commodity market prices.
- Age of a company: newly established enterprises/ entities need their earnings to re-invest into plant improvements or expansion, while established entities may afford distribution of their net income.
- Need for additional capital: the capital needs for business expansion or new investments/ projects influence the dividend policy greatly and must be considered in assigning a dividend requirement.
- Business cycle: in good times prudent management creates sufficient reserves for a company to face potential market downturns or crisis situations. Dividend policy should account for effect of business cycles on SOEs' activities and provide flexibility for reserves accumulation.
- Profit trends: SOEs past profit trends should be thoroughly examined to find out the average earning position of leading companies. The average earnings should be subjected to the trends of general economic conditions. If depression or downturn are approaching, only a conservative dividend policy can be regarded as prudent.

There are several dividend models used globally to determine the SOEs pay out levels and mechanisms.

It must be noted that in majority of economies the State leads the dividend policy setting process, however, the dividend level is produced in negotiations with the entities boards. At the same time, other models also exist, as outlined below.

Dividend Models

“Negotiation” Model

This model is employed by many OCED member states. It generally includes the following steps: (i) a ratio or a dividend expectation is set for each SOE; (ii) SOE boards propose a dividend ratio target; and (iii) dividend level is negotiated between SOE board and SOE Ownership Entity.

Finland: SOE boards propose annual dividend levels at annual general meeting following informal discussions with the Ownership Steering Department in the Prime Minister’s Office.

New Zealand: SOE boards set and publish dividend policies, based on expectations of the Crown Ownership Monitoring Unit, which include proposed capital investments, targeted profitability, and optimal capital structure. Exact dividend levels are discussed during annual meeting between SOE boards and COMU and published in the Statement of Corporate Intent (SCI).

South Korea: The Government established guiding principles and procedures for determining dividend levels for SOEs that must take the following into account: (i) SOE financial performance, including capital level, debt/equity ratio, past dividend pay-outs and future investment needs; (ii) financial needs of the Government; and (iii) the pay-out ratios of private sector peers. Additionally, dividend pay-out levels take into account whether SOEs receive state budget support. Annual dividend levels are negotiated between SOE boards and the government, based on materials submitted by boards.

Sweden: Individual SOE boards set their target dividend levels based on the objective of maintaining an optimum capital structure, following governmental guidelines. SOEs determine their cost of capital, set profitability targets and based on these parameters produce a dividend policy. For the 2014 fiscal year, 23 state-owned companies contributed SEK 18.1 billion to the state budget as dividends.

Set Percentage of Net Income

Ireland: The general dividend expectation of 30% of net income applies to commercial SOEs regardless of sector. In most cases, this expectation is not formal. Many SOEs receive an annual letter of expectation from the relevant shareholding ministry, which is elaborated in consultation with the ownership function, and wherein the dividend expectations take into account individual SOEs’ capital expenditure needs, as well as the goals of increasing shareholder value and achieving adequate credit ratings.

Lithuania: The Government establishes an explicit dividend expectation to all SOEs as follows: SOEs are required to pay dividends of at least 7% of equity but not exceeding 80% of company profits. Reductions in annual dividend pay-outs may be granted by the Government of Lithuania, for example for SOEs implementation of strategic projects. SOEs contributed EUR 74.3 million to the state budget for 2014 financial year, with energy sector SOEs providing EUR 52.9 million out of total.

Netherlands: The Government has a general dividend expectation of 40% of SOEs net income, as established by the Government's ownership policy. In practice, dividend levels are negotiated annually between SOEs boards and the Ministry of Finance, taking into account the pay-out ratios of comparable firms, the SOE's future investment needs and the achievement of the target credit rating. However, in 2014 only nine of the 26 SOEs distributed 40% of their profit as dividend to the shareholders.

Switzerland: The Federal Council communicates its dividend expectations to individual SOEs through the annual strategic objectives. These dividend expectations often take the form of a given percentage of net income or free cash flow, and are based on each SOE's expected profitability and future investment needs. If dividend levels need to be lowered due to lower-than-expected SOE performance, annual consultations occur between the Federal Council and the concerned SOE.

Extraordinary Dividends

The practices also exist for a State to impose extraordinary dividends on some SOEs. Such instances are not frequent and mainly promulgated by certain capital surpluses at SOEs, or budgetary needs. Such dividends are typically announced by a special Government decree or resolution. Examples include reduction in SOEs capital or reserves to meet the targeted capitalization levels. Overcapitalization would typically result from strong financial performance of such companies or successful transactions, such as the case with some SOEs in the United Kingdom, Norway, Sweden, Estonia, Netherlands, Poland and other countries. Extraordinary dividends may also be employed to cover temporary budgetary needs, as recently noted in economies impacted by the economic crisis.

Ghana Context

International good practices show that many countries adopt fixed-rate models for SOE dividend payments, providing clear and stable baselines over several years. For example, Brazil requires a minimum of 25 percent of net income to be paid as dividends, while India mandates at least 30 percent of profit after tax or 5 percent of net worth, whichever is higher. In countries such as Romania, Latvia, Bulgaria, Serbia, and Uzbekistan, the minimum is typically set at 50 percent of net profit, with some flexibility for adjustment based on the SOE's financial health or investment needs. These fixed-rate models are periodically reviewed to ensure their continued relevance and effectiveness, but their simplicity and predictability make them attractive for fiscal planning and SOE management.³³

For the Ghana context, it is critical to ensure predictable and stable fiscal revenues from SOEs, equally important for the state budget and SOEs themselves. Therefore, Ghana should consider adopting a simple, fixed-rate dividend policy, such as requiring all profitable SOEs to pay a minimum range from their net profits (e.g. between 30 and 50 percent of net profit) as dividends to the state each year, fixed for a 3–5-year period. This approach, widely used in peer countries, would balance the need for government revenue with SOE financial sustainability, and can be periodically reviewed to reflect changing circumstances.

³³ OECD/World Bank (2024), Dividend payments by state-owned enterprises: Policies and practices.

Annex IV. SOE Ownership Policy Review

SOP remains more advanced on governance matters than on fiscal integration. The main opportunity going forward is to build on the existing framework by strengthening MOF–SIGA coordination, building effective and timely mechanisms of SOE financial data exchange between SIGA and MOF, embedding systematic identification and quantification of quasi-fiscal activities, and explicitly linking SOE financial oversight to fiscal risk analysis and budget processes. Doing so would move Ghana from good governance architecture toward a fully operational, fiscally anchored SOE ownership model consistent with IMF best practice.

The SOP broadly reflects the OECD SOE Guidelines on centralizing the ownership function, although the institutional responsibilities could be defined more clearly. SOP assigns SIGA a clear role in monitoring performance, enforcing governance standards, and representing the state's ownership interests, while recognizing the MOF's mandate over fiscal policy, public finances, and macro-fiscal risk.

Relative to IMF standards, this is where the Policy shows its most significant gaps. While the SOP acknowledges the need for financial discipline and transparency, it does not explicitly require the identification, quantification, and reporting of quasi-fiscal activities (QFAs) undertaken by SOEs—a core requirement under the IMF Fiscal Transparency Code (Pillar III) and emphasized in the Fiscal Risks Toolkit. The Policy also does not mandate systematic disclosure of implicit guarantees, arrears accumulation, or policy-driven losses (e.g., non-cost-reflective tariffs or administered prices), which are critical sources of fiscal risk in Ghana's energy and cocoa sectors. As a result, while governance structures are strengthened, the fiscal implications of SOE operations may remain partially obscured, limiting MOF's ability to anticipate and manage shocks.

The SOP stops short of fully operationalizing the fiscal risk interface between SIGA and MOF. While cooperation is encouraged, the SOP does not explicitly require that SOE financial plans, borrowing, guarantees, and contingent liabilities be systematically integrated into MOF's fiscal risk analysis and medium-term fiscal framework, leaving scope for overlaps and fragmented accountability.

The emphasis on performance contracts, board evaluations, and separation of board and management roles reflects international good practice. However, IMF experience suggests that performance contracts are most effective when they include financial sustainability metrics (e.g., leverage, liquidity, arrears, and subsidy dependence) and are explicitly linked to fiscal risk thresholds. SOP currently places more weight on operational and governance compliance than on forward-looking financial risk indicators, which limits its effectiveness as a fiscal risk management tool.

The SOP is well aligned with the OECD Guidelines on SOE board responsibilities, merit-based appointments, fiduciary duties, and performance monitoring. At the same time, practical implementation of the SOE board appointment and composition remain to be improved to de-politicize SOE boards. This could be done gradually by reducing the number of active politicians, high level officials on SOE boards, and raising the number of professional directors that bring sector expertise.

The SOP is well structured around the regular SOE reporting and public disclosure. The expansion of State Ownership Reports and standardized reporting templates reflects the OECD SOE Guidelines and supports IMF objectives on fiscal transparency.

That said, IMF standards would call for further progress toward aggregated SOE reporting, including balance-sheet exposure, foreign-exchange risk, and stress-testing of large SOEs. The SOP does not yet require publication of a comprehensive SOE fiscal risk statement, nor does it explicitly link SOE disclosures to the budget documentation. This remains a key gap that could be closed in the upcoming SOP revision or its conversion into the State Ownership Law.

Comparative Review: Ghana State Ownership Policy vs. OECD SOE Guidelines and IMF Benchmarks³⁴

Area	OECD Guidelines (Benchmark)	IMF Guidance (Benchmark)	Ghana 2023 State Ownership Policy (SOP)	Status
State's Role as Owner	Clear articulation of ownership objectives; separation of ownership, policy, and regulatory functions	Clear assignment of ownership and fiscal risk responsibilities; avoidance of fragmented mandates	Clearly defines state ownership objectives and roles; establishes centralized ownership through SIGA	Aligned
Centralization of Ownership Function	Centralized or well-coordinated ownership entity to improve consistency and accountability	Centralized oversight essential for fiscal risk identification and control	SIGA established as central ownership entity with portfolio-wide mandate	Aligned
Role of MOF	MOF involved in financial oversight and dividend policy	MOF responsible for SOE-related fiscal risks, guarantees, debt, and contingent liabilities	MOF role acknowledged but fiscal risk interface with SIGA not fully operationalized	Gap vs. IMF
Financial Oversight & Fiscal Risks	Centralized financial oversight by the ownership entity	Centralized financial oversight by the MOF, systematic identification, quantification, and disclosure of fiscal risks from SOEs	Emphasizes financial discipline but lacks explicit fiscal risk framework	Gap vs. IMF
Quasi-Fiscal Activities (QFAs)	QFAs should be transparent and compensated where required (PSOs)	Explicit identification, quantification, and reporting of QFAs required	QFAs acknowledged implicitly but not systematically identified or costed	Gap vs. IMF

³⁴ IMF Benchmarks include Fiscal Transparency Code, Fiscal Risk Toolkit, SOE TA from comparable countries.

Area	OECD Guidelines (Benchmark)	IMF Guidance (Benchmark)	Ghana 2023 State Ownership Policy (SOP)	Status
Board Governance & Appointments	Professional, merit-based boards with clear fiduciary duties	Governance arrangements should support financial sustainability	Strong provisions on board roles, performance, and accountability	Aligned
Performance Monitoring	Clear performance objectives, including financial and non-financial targets	Performance monitoring should include measurable financial metrics and fiscal risk indicators	Performance contracts emphasized; limited focus on financial risk metrics	Partially aligned
Transparency & Disclosure	Regular aggregate reporting on SOE performance, disclosure	Aggregate reporting of SOE finances and fiscal exposures	Annual State Ownership Reports published and expanding in coverage	Aligned
Debt, Guarantees & Contingent Liabilities	Clear rules and disclosure of state support	Full disclosure and integration into fiscal frameworks	Policy references oversight but lacks systematic fiscal integration	Gap vs. IMF
Integration with Budget Process	Not covered	SOE risks integrated into budget and MTFF	Limited explicit linkage to budget documentation	Gap vs. IMF