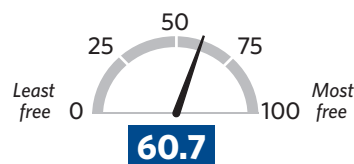




# GHANA

## Economic Freedom Score



World Rank: **84** Regional Rank: **9**

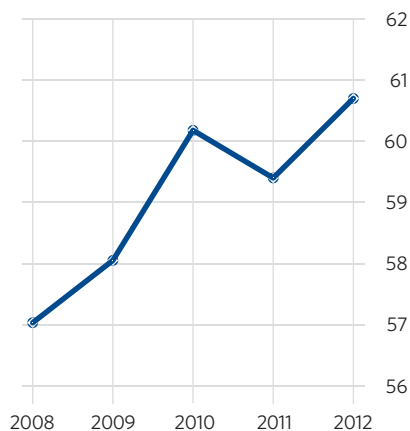
**G**hana's economic freedom score is 60.7, making its economy the 84th freest in the 2012 *Index*. Its overall score is 1.3 points better than last year due to improvements in four of the 10 freedoms including labor freedom and monetary freedom. Ghana is ranked 9th out of 46 countries in the Sub-Saharan Africa region, and its overall score has risen above the world average.

Recording one of the 20 largest score improvements in the 2012 *Index*, Ghana has become a "moderately free" economy. With a five-point increase in economic freedom since 2006, the economy has been growing at an average rate of 6 percent per year. A vibrant private sector, benefitting from macroeconomic stability and ongoing reforms, has contributed to the economic expansion. Maintaining the momentum for reform will be vital in solidifying an entrepreneurial framework that can sustain long-term economic growth and contribute to a further reduction in poverty.

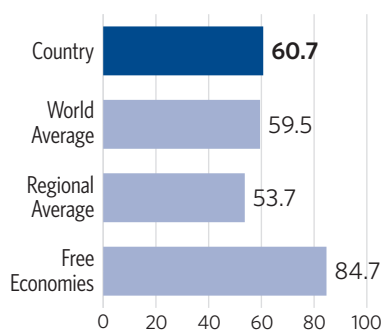
Lingering institutional impediments to economic freedom include inefficient protection of property rights and weak rule of law. Despite some progress, corruption remains a serious deterrent to translating overall economic growth into sustained and broad-based economic development.

**BACKGROUND:** Ghana has been a stable democracy since 1992. Long-time opposition candidate John Atta Mills was elected president in December 2008. Considered a regional model for political and economic reform, Ghana has achieved strong growth within a sound macroeconomic environment. Prudent fiscal and monetary management has contributed to the easing of inflationary pressures with declining interest rates. Ghana is rich in natural resources, including gold, diamonds, manganese ore, and bauxite, and has significant oil reserves. The industrial sector, at about 30 percent of GDP in 2007, is more developed than in many other African countries, yet agriculture is the key economic pillar and in 2007 accounted for 50 percent of employment and 39 percent of exports (predominantly cocoa, cocoa products, and timber). Ghana is the world's second-largest producer of cocoa.

## Freedom Trend



## Country Comparisons



## Quick Facts

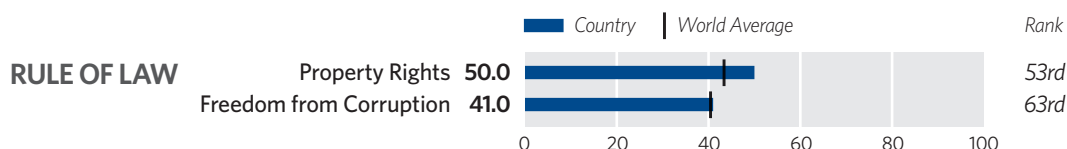
- Population:** 23.7 million
- GDP (PPP):** \$62.0 billion
- 5.7% growth in 2010
- 5-year compound annual growth 6.0%
- \$2,615 per capita
- Unemployment:** 11.0%
- Inflation (CPI):** 10.7%
- FDI Inflow:** \$2.5 billion
- Public Debt:** 37.4% of GDP

### How Do We Measure Economic Freedom?

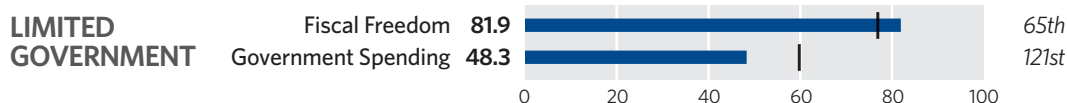
See page 455 for an explanation of the methodology or visit the *Index* Web site at [heritage.org/index](http://heritage.org/index).

2010 data unless otherwise noted.  
Data compiled as of September 2011.

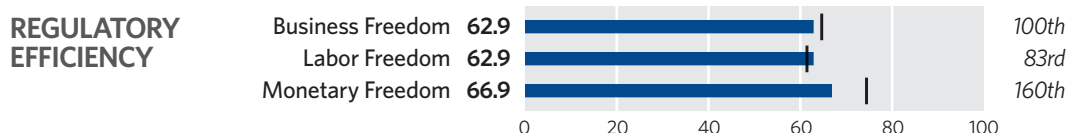
## THE TEN ECONOMIC FREEDOMS



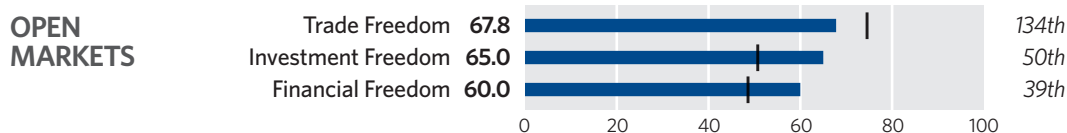
The judicial system is subject to political influence and suffers from corruption, albeit to a somewhat lesser extent than elsewhere in the region. The courts are slow to dispose of cases and face challenges in enforcing decisions, largely because of resource constraints and institutional inefficiencies. In the absence of effective anti-corruption measures, pervasive corruption severely undermines the foundations of economic freedom.



The top income and corporate tax rates are 25 percent. Other taxes include a value-added tax (VAT), a national health insurance levy, and a capital gains tax. The overall tax burden equals 23.7 percent of total domestic income, and government spending has come down to the equivalent of 41.5 percent of GDP. Although the budget balance remains in deficit, public debt remains equivalent to less than 40 percent of total domestic output.



Recent regulatory reform measures have yielded reductions in bureaucracy and increases in transparency. However, progress in easing constraints on business and enhancing overall regulatory efficiency has lagged compared to other economies. Labor regulations have been modernized, but informal labor activity remains significant. The government influences prices through state-owned utilities.



The trade weighted tariff rate remains quite high at 8.6 percent, with pervasive non-tariff barriers impeding the dynamic growth of trade. The government generally does not discriminate against foreign investors except in key sectors, but the overall investment regime lacks efficiency and transparency. The financial sector has undergone restructuring, but access to financing remains limited, particularly for major projects.

## Score Changes

RULE OF LAW		LIMITED GOVERNMENT		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	0	Fiscal Freedom	-1.4	Business Freedom	-0.5	Trade Freedom	0
Freedom from Corruption	+2.0	Government Spending	+2.2	Labor Freedom	+6.8	Investment Freedom	0
				Monetary Freedom	+3.6	Financial Freedom	0