AFRICAN ECONOMY INC.
INSTITUTIONAL RESEARCH & MARKET INTELLIGENCE

The Central Bank Insolvency Paradox

How Ghana's GH¢96.28 Billion Negative Equity Coexists with Disinflation Success

INTELLIGENCE BRIEF · INAUGURAL EDITION · JUNE 2026

The headquarters of the Ghana central bank in Accra. Photographer: Ernest Ankomah/Bloomberg

ABOUT AFRICAN ECONOMY INC.

African Economy Inc. is a media and economic intelligence platform under Majons Media Ltd., delivering in-depth reporting, analysis, and institutional-grade intelligence on markets, companies, and economic developments across Africa. Our research is built exclusively on primary sources official publications, audited financial statements, regulatory filings, and multilateral institution releases. We serve a professional audience spanning development finance institutions, fund managers, private equity and venture capital firms, sovereign wealth funds, central banks, and senior banking executives globally.

The African Economy Intelligence Brief is our flagship subscription intelligence product, a structured analytical publication produced to institutional publishing standards and reviewed by our editorial desk before distribution. Each edition investigates a specific macroeconomic or sovereign risk theme with rigour, data depth, and decision-relevant framing.

THIS BRIEF

Research & Analysis Joellin Aboagyewah Inkum African Economy Inc. Research Desk	Editorial Review African Economy Inc. Editorial Desk Majons Media Ltd.	Edition Inaugural Volume 1, Issue 1 June 2026

ABOUT THE AUTHOR

Joellin Aboagyewah Inkum is a Macroeconomic Reseach Intern on the Macroeconomic Analysis track at African Economy Inc. She's a MPhil in economics Candidate and her work provides institutional-grade intelligence across the spectrum of macroeconomic indicators, with a focus on central bank balance-sheet dynamics, fiscal-monetary coordination, and sovereign debt sustainability within frontier African markets.

PUBLICATION NOTICE

EXECUTIVE SUMMARY

Ghana faces a macroeconomic paradox: the Bank of Ghana reports GH¢96.28 billion in negative equity, yet has achieved disinflation, with headline inflation at 3.4% by April 2026. This insolvency stems from liquidity sterilisation and currency valuation effects. The critical risk is the 2026–2032 recapitalisation programme, imposing annual fiscal costs of 1.2% of GDP. Investors must monitor the June 2026 IMF mission; the terms it sets for recapitalisation transfers under the new Policy Coordination Instrument (PCI) will determine if Ghana's fiscal-monetary firewall holds. Long-term stability depends entirely on political adherence to this untested, state-led recapitalisation plan.

MACROECONOMIC SNAPSHOT — GHANA 2025/2026

Indicator	Value	Period	Note
Headline Inflation	3.4%	April 2026	Down from 53.6% peak (Jan 2023)
Cedi Appreciation	**+40.7%**	2025	vs. USD — world-leading performance
Gross Int'l Reserves	US$13.83 Billion	End-2025	5.7 months import cover
BoG Negative Equity[1]	**GH¢96.28 Billion**	2025 Audited	Standalone entity; KPMG-verified
BoG Operating Loss	**GH¢15.63 Billion**	FY 2025	Up from GH¢9.49Bn in 2024
OMO Interest Costs	**GH¢16.73 Billion**	FY 2025	Up from GH¢8.6Bn in 2024
OCI Valuation Loss	**GH¢19.32 Billion**	FY 2025	Cedi appreciation effect
Inflation (Dec 2024)	23.8%	Dec 2024	Starting point of 2025 cycle
Inflation (Dec 2025)	5.4%	Dec 2025	18pp decline over 2025
Private Sector Credit Gr.	24.5% YoY	April 2026	Real terms growth
IMF Programme	PCI 36-month	From May 2026	Post-ECF reform framework
Recapitalisation MOU	2026–2032	Ongoing	GH¢5.8Bn COCOBOD conversion
Recap. Transfer Threshold	**≥1.2% GDP**	Annual	~GH¢11.5Bn trigger level
PCI Deficit Ceiling	4.5% GDP	IMF PCI	Fiscal boundary under new programme

Source: Bank of Ghana Audited Financial Statements 2025; IMF Press Release No. 26/152; Ghana Statistical Service.

INTRODUCTION

Setting the Scene

In the conventional framework of sovereign risk analysis, a central bank reporting negative equity is a distress signal, an institution compromised in its capacity to anchor monetary stability and defend macroeconomic credibility. Ghana's Bank of Ghana (BoG), as of its KPMG-audited 2025 financial statements, presents a case that challenges this framework entirely.

The BoG carries GH¢96.28 billion in cumulative negative equity[1] and an annual operating loss of GH¢15.63 billion. And yet, by April 2026, Ghana's headline inflation had fallen to 3.4% from a crisis peak of 53.6% in January 2023. The cedi recorded one of the strongest currency performances globally in 2025, appreciating 40.7% against the US dollar. Gross international reserves reached US$13.83 billion, representing 5.7 months of import cover. Inflation had already fallen to 23.8% by end-2024, then decelerated sharply to 5.4% by December 2025 before reaching 3.4% by April 2026.

This brief investigates the paradox at the centre of Ghana's macroeconomic moment: how an institution that is technically insolvent by conventional accounting measures has simultaneously delivered the most consequential stabilisation outcome in a generation. Understanding this requires a fundamental reframing from balance-sheet solvency to operational sovereignty, and from accounting loss to sterilised fiscal cost.

The analysis is made urgent by three converging events. On 15 May 2026, the IMF completed its Article IV Consultation and reached a staff-level agreement on a 36-month Policy Coordination Instrument (PCI), transitioning Ghana from a financing arrangement to a reform-focused framework, maintaining IMF oversight but ending automatic balance-of-payments support. Simultaneously, the BoG's audited statements have placed the 2026–2032 recapitalisation question squarely in the public domain ahead of the June 2026 IMF mission.

This brief addresses three questions: What caused the BoG's technical insolvency, and why does it not impair operational effectiveness? What is the recapitalisation pathway, and what fiscal risk does it introduce? And what are the actionable implications for institutional investors and analysts monitoring Ghana's sovereign risk profile?

ANALYTICAL SCOPE

Timeframe	2022–2026, with forward outlook to 2032 recapitalisation window
Primary Sources	BoG Audited Financial Statements 2025; IMF Press Release No. 26/152; Ghana Statistical Service; KPMG Independent Auditor's Report; BoG Public Q&A Document, May 2026
Audience	DFIs, fund managers, sovereign wealth funds, senior banking executives, and institutional analysts with Africa exposure
Methodology	Primary source analysis, comparative central bank precedent review (Czech National Bank, Central Bank of Chile), and fiscal stress-test framing with quantified risk thresholds

THE CONTEXT

The Bank of Ghana's audited 2025 financial statements, published 30 April 2026, reveal a cumulative negative equity of GH¢96.28 billion[1] and an annual operating loss of GH¢15.63 billion up from GH¢9.49 billion in 2024. This deterioration is driven by GH¢16.73 billion in interest costs from Open Market Operations (OMO) deployed to mop up excess liquidity and arrest currency depreciation, and an OCI loss of GH¢19.32 billion.

The OCI loss represents a valuation paradox: the cedi's 40.7% appreciation in 2025 mathematically reduced the local-currency value of foreign-denominated reserves penalising the bank for the success of its own stabilisation policies. Despite these technical losses, headline inflation decelerated from a crisis peak of 53.6% in January 2023 to 3.4% by April 2026; the cedi recorded one of the world's strongest currency performances in 2025; and gross international reserves reached US$13.83 billion, representing 5.7 months of import cover.

BOG KEY METRICS: 2023–2025 DETERIORATION TRAJECTORY

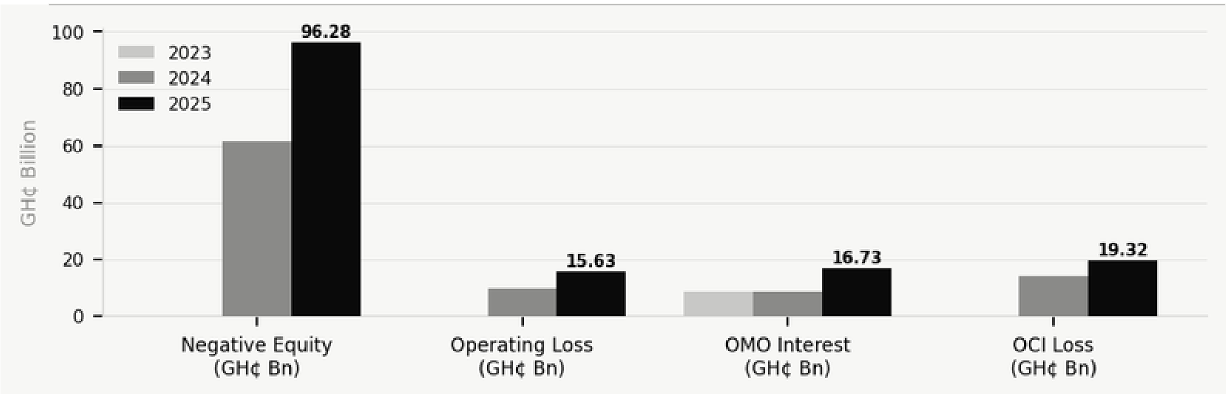

Figure 1: Bank of Ghana key loss metrics (GH¢ Billion), 2023–2025. Source: BoG Audited Financial Statements 2023–2025.
[1]Standalone entity. 2023 negative equity shown as zero as BoG moved from small positive equity into deficit during 2024.

WHY IT MATTERS NOW

IMF Transition (15 May 2026)	Completion of Ghana's three-year ECF and staff-level agreement on a 36-month PCI shifting from financing to reform-focused coordination. IMF oversight continues but automatic balance-of-payments support ends.
Recapitalisation in the Public Domain	The Ministry of Finance and BoG signed a recapitalisation MOU on 6 January 2025, spanning 2026–2032. The Bank of Ghana Act was amended (Act 1158, 2025) to raise minimum authorised capital to GH¢1 billion.
Three Analytical Imperatives	The Fiscal-Monetary Cliff whether the government has fiscal space to honour transfer obligations; Institutional Credibility decoupling BoG accounting losses from policy efficacy; Systemic Contagion Risk, Ghana as diagnostic blueprint for other African central banks absorbing similar sterilisation costs.

The headquarters of the Ghana central bank in Accra. Photographer: Ernest Ankomah/Bloomberg

GHANA INFLATION TRAJECTORY — JAN 2022 TO APR 2026

The chart below makes the paradox visual: the steepest phase of BoG balance-sheet deterioration coincides precisely with the most dramatic disinflation in Ghana's modern economic history. Note the corrected peak figure of 53.6% in January 2023.

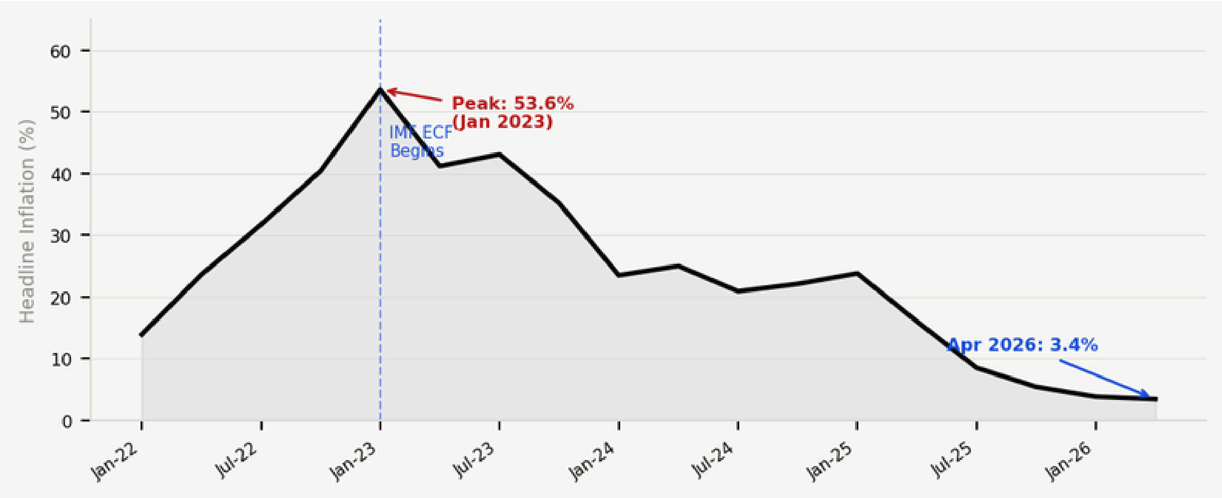

Figure 2: Ghana headline inflation rate (%), January 2022 – April 2026. Peak: 53.6% (January 2023). IMF ECF commenced January 2023. Source: Ghana Statistical Service; Trading Economics.

THE ANALYSIS

Accounting Insolvency vs. Operational Sovereignty

The central analytical error in many sovereign-risk frameworks is treating central banks as commercial institutions subject to the same solvency constraints. They are not. Central banks possess monetary sovereignty, the unique legal authority to issue legal tender which makes the conventional insolvency calculus inapplicable.

Historical precedents confirm this: the Czech National Bank held negative equity for 17 years without loss of monetary policy effectiveness; the Central Bank of Chile operated similarly. Ghana has not crossed into operational paralysis. The cedi's 40.7% appreciation and 3.4% inflation rate are market verdicts on institutional credibility not balance-sheet weakness.

The Sterilisation Mechanism: The Price of Stability

The BoG's GH¢15.63 billion operating loss is not administrative mismanagement. It is the structural cost of breaking fiscal dominance. For years, the central bank was compelled to finance government deficits directly producing hyperinflationary pressures that peaked at 53.6% in January 2023. To reverse this, the BoG deployed aggressive OMOs to absorb excess systemic liquidity, at a cost of GH¢16.73 billion in 2025, up from GH¢8.6 billion in 2024.

The counter-intuitive reality: the very policies that damaged the balance sheet were the precise mechanisms required to stabilise the macroeconomy. The technical insolvency is a sterilised fiscal cost, the price of national stabilisation mathematically transferred onto the central bank's books.

The OCI Valuation Paradox

Because central banks hold the majority of their assets in foreign reserves, the domestic exchange rate directly dictates balance-sheet valuation. The cedi's 40.7% appreciation against the USD in 2025 generated an OCI loss of GH¢19.32 billion, the bank penalised by international accounting standards for the success of its own stabilisation interventions.

The underlying foreign assets grew in real dollar terms. The loss exists only on paper, as a translation artefact. This is the OCI valuation paradox: the stronger the stabilisation outcome, the larger the accounting loss recorded.

The Fiscal-Recapitalisation Cliff

The BoG cannot restore the GH¢96.28 billion gap through retained earnings alone. The burden shifts to the sovereign via the 2026–2032 MOU. Central to this plan is the commitment to retire GH¢5.8 billion in legacy COCOBOD debt by converting liabilities into equity.

COCOBOD — the Ghana Cocoa Board is the state entity responsible for purchasing and exporting Ghana's cocoa crop. The BoG holds this legacy liability because it historically provided direct credit advances to fund COCOBOD's seasonal operations; these advances were subsequently impaired and absorbed onto the central bank's balance sheet during the 2023 Domestic Debt Exchange Programme (DDEP). This context is essential: the COCOBOD liability is not an operational failure but a structured legacy of state-directed fiscal financing.

While the phased recapitalisation prevents immediate cash-flow shocks, it introduces severe secondary fiscal pressure: mandatory sovereign capital transfers risk crowding out essential social and infrastructural spending. If fiscal revenues underperform, these obligations could create a negative feedback loop widening deficits undermining the very monetary credibility the BoG fought to restore, and potentially forcing inflationary financing to fund the bank's own recapitalisation.

IMPLICATIONS FOR INSTITUTIONAL INVESTORS

Monitor the June 2026 IMF Article IV follow-up mission for specific details on the annual transfer obligations stipulated in the recapitalization MOU. If transfers are not clearly defined and time-bound, the risk of secondary fiscal pressure rises materially where the government's obligation to the BoG crowds out infrastructure and social spending at the precise moment that political capital is needed to sustain reforms.

For institutional analysts and bond investors, the analytical focus must shift from nominal balance-sheet figures to the credibility of the fiscal-monetary interface. The BoG's accounting losses are a resolved question; the live question is whether the sovereign can honour seven years of capital transfers without fiscal drift. Stability is currently real, but its long-term viability depends on the government's adherence to the 2032 recapitalisation target without recourse to inflationary financing.

Stress-test sovereign exposure models against a scenario in which recapitalisation transfers are deferred by one or two fiscal cycles. Under this scenario, the resulting balance-sheet gap would likely force the BoG into limited monetary financing, reversing the disinflation gains of 2025 and triggering a reassessment of Ghana's sovereign risk premia.

Maintaining the IMF programme anchor remains the primary signal for gauging the government's commitment to keeping the BoG's balance sheet insulated from fiscal pressures.

RISK & UNCERTAINTY FLAG

PRIMARY RISK SCENARIO — QUANTIFIED THRESHOLDS

The primary threat to Ghana's disinflation stability is a breakdown of the 2026–2032 recapitalisation MOU, where technical insolvency risks transitioning into operational failure. This risk becomes material under two specific conditions:

Transfer shortfall ≥1.2% of GDP	Approximately GH¢11.5 billion annually. A shortfall of this magnitude, compounded by 1–2% accumulation of unbudgeted energy sector arrears, will instantly erode the targeted 1.5% primary surplus and push the commitment-basis deficit above the IMF's 4.5% PCI ceiling.
Fiscal slippage above 4.5% PCI ceiling	Breaching the IMF's PCI deficit threshold signals programme stress. Deprived of sovereign capital injections, the BoG cannot sustain its high-cost liquidity sterilisation which cost GH¢16.73 billion in OMO interest during 2025. The BoG would be forced to resume monetary financing, triggering a liquidity trap and breaking the IMF anchor.

Subscribers must monitor June's IMF mission for formalised transfer schedules. A breach of either threshold will signal an immediate reversal of recent disinflation gains and catalyse currency volatility. The primary vulnerability remains political: the assumption that fiscal discipline holds constant through electoral cycles spanning 2026–2032.

SOURCES & REFERENCES

1. Bank of Ghana. Audited Financial Statements for the Year Ended 31 December 2025. Published 30 April 2026.

2. Bank of Ghana. 2025 Financial Statements — Public Questions & Answers. May 2026.

3. International Monetary Fund. Press Release No. 26/152: IMF Staff Completes 2026 Article IV Consultation and Reaches Staff-Level Agreement with Ghana. 15 May 2026.

4. Ghana Statistical Service. Consumer Price Index — April 2026. Released May 2026.

5. KPMG Ghana. Independent Auditor's Report on the Bank of Ghana 2025 Financial Statements. 30 April 2026.

6. Bank for International Settlements. BIS Bulletin No. 68: Why Are Central Banks Reporting Losses? Does It Matter? September 2022.

7. Czech National Bank. Statement on Negative Capital Position. 2022.

8. Bank of Ghana. 2022 Annual Report and Financial Statements. Published 2023.

9. Ghana News Agency. BoG Records Negative Equity in 2025 Following DDEP. 1 May 2026.

10. Finex Insights. Inside Ghana's Disinflation: What's Driving the Sharp Drop? April 2026.

11. Bank of Ghana Act, 2002 (Act 612), as amended by Bank of Ghana (Amendment) Act, 2025 (Act 1158).

[1] The GH¢96.28 billion figure is the Bank of Ghana standalone entity negative equity as at 31 December 2025, per the BoG's audited financial statements and official Q&A. The consolidated Group figure is GH¢93.82 billion. This brief uses the standalone entity figure consistent with BoG's own public communications.

AFRICAN ECONOMY INC.

A media and economic intelligence platform delivering institutional-grade reporting, analysis, and market intelligence on Africa.

INTELLIGENCE BRIEF

Analyst · Professional · Institutional

Intelligence@africaneconomyinc.com