

Stopping the Silent Drain

Why Ghana Must Act Decisively Against Illicit Financial Flows, Trade Misinvoicing and Export Under-Declaration



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BudgIT is a civic organisation that uses creative technology to simplify public information, stimulating a community of active citizens and enabling their right to demand accountability, institutional reforms, efficient service delivery and an equitable society.

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Introduction

In January 2025, when President John Dramani Mahama assumed office as the President of Ghana, he inherited an economy which was in a free fall. The inflation rate was above 23%, interest rates were over 30%, the Ghana Cedi was in evident collapse and public debt figures was at 61.8% of GDP^{1, 2}.

Twelve months later, the numbers now present a completely different story. Seasoned rating agencies, specifically Fitch, Moody's and S&P have all upgraded Ghana's credit ratings³,

representing the first triple upgrade in years. Foreign exchange reserves have reached \$13.8 billion, which covers 5.7 months of imports⁴. Furthermore, the IMF's Fifth Review⁵ which was completed in December 2025 unlocked a \$385 million disbursement and the President, following this has declared that this is Ghana's last IMF programme. These represent very real gains that have been built on real sacrifice and prudent governance. As such, they must be duly protected.

¹<https://mofep.gov.gh/index.php/news-and-events/2025-01-05/resetting-ghanas-economy-the-20-reforms-and-achievements-that-defined-2025#:~:text=These%20figures%20signalled%20a%20decisive,percentage%20points%20to%206.6%20percent.>

² <https://www.bog.gov.gh/wp-content/uploads/2025/01/MPC-Press-Statement-January-2025.pdf>

³ https://fr.theglobaleconomy.com/Ghana/credit_rating/

⁴ <https://www.bog.gov.gh/wp-content/uploads/2026/01/MPC-Press-Release-January-2026-.pdf>

⁵ <https://www.imf.org/-/media/files/publications/cr/2025/english/1ghaea2025002-source-pdf.pdf>



Africa's Development Challenge Is Also Ghana's

Africa suffers a loss of \$88.6 billion per year due to illicit financial flows, which is equivalent to its ODA and FDI combined⁶. Africa is not only underfunded but is being actively drained of resources. One of the channels that facilitates such draining is trade misinvoicing, in which invoices are falsified for tax evasion, profit repatriation, money laundering, or bypassing currency regulations⁷.

The situation in Ghana is far from being marginal. With debt restructuring and budget consolidation ongoing, the problem remains unresolved if export proceeds continue to be transferred abroad unnoticed, thanks to poor customs control and enforcement fragmentation⁸.

⁶ <https://unctad.org/news/africa-could-gain-89-billion-annually-curbing-illicit-financial-flows>

⁷ <https://gfintegrity.org/report/report-trade-misinvoicing-in-ghana-kenya-mozambique-tanzania-and-uganda/>

⁸ <https://www.imf.org/en/news/articles/2025/07/07/pr-25242-ghana-imf-completes-the-4th-review-under-the-ecf-arrange>

⁹ <https://gfintegrity.org/wp-content/uploads/2026/01/Trade-related-IFFs-Africa-near-final-1.pdf>

¹⁰ <https://gfintegrity.org/report/report-trade-misinvoicing-in-ghana-kenya-mozambique-tanzania-and-uganda/>



The Evidence From Ghana Is Too Large To Ignore

Trade misinvoicing in Ghana remains substantial and highly persistent. According to estimates by Global Financial Integrity, between 2013 and 2022, Ghana lost \$54.1 billion through trade misinvoicing, which made it the third-largest country in Africa in terms of misinvoiced value, after South Africa and Nigeria, and constituted about 28% of total merchandise trade. Furthermore, \$20.5 billion of the above loss was incurred while trading with advanced countries⁹.

This trend has been present for a long time now. The earlier findings by GFI on Ghana's trade misinvoicing between 2002 and 2011 revealed that there were trade misinvoicing losses worth \$14.39 billion, which included \$5.1 billion worth of illicit financial flows through export misinvoicing. The tax loss was at \$3.86 billion, which translates to an average annual tax loss of \$386 million, or about 11% of GDP¹⁰. Though some of these differences may be due to data inadequacies, persistent and substantial differences are clear red flags which are indicative of serious problems facing Ghana.

⁹ <https://gfintegrity.org/wp-content/uploads/2026/01/Trade-related-IFFs-Africa-near-final-1.pdf>

¹⁰ <https://gfintegrity.org/report/report-trade-misinvoicing-in-ghana-kenya-mozambique-tanzania-and-uganda/>



The Raw Rubber Case Shows How The Leakages Happen

The under-reporting of exports is exemplified by the recent raw rubber export case. According to Daily Graphic investigations, more than \$70 million in raw rubber exports was under-reported over a period of two years. In the year 2024, it was reported that there were approximately 89.68 million tonnes of raw rubber exported despite lacking export authorisation from the Tree Crops Development Authority (TCDA). In the year 2025, there were only 13,000 tonnes of exported raw rubber that had been authorised, while there were actually 39,000 tonnes exported. This implies that there was an increase of 26,000 tonnes or roughly 200% of authorised exports. These irregularities reflect serious shortcomings in export control and weak enforcement of regulations ¹¹.

Pricing data further sheds light on how value erosion occurs. Although the price floor fixed by TCDA was at GH¢8.62/kg in 2024 and GH¢9.08/kg in 2025, the prices invoiced FOB amounted to only GH¢0.99/kg and GH¢1.91/kg, resulting in an under-invoicing of \$49.6 million and \$21 million, respectively. Only \$6.17 million out of the total \$55.83 million and \$4.48 million out of the Total \$26.03 million of foreign exchange income were repatriated in 2024 and 2025, respectively, indicating that the income from foreign exchange is retained abroad. Aside from fiscal deficit, the problem also affects industrial development as factories now operate at below 40% of their production capacity, employment figures have fallen from over 1,300 to roughly 800 people, and one processing factory has closed down since 2024.

¹¹ <https://www.graphic.com.gh/news/general-news/ghana-news-under-invoicing-rocks-raw-rubber-exports.html>



Why This Matters For Ghana's Economic Recovery

Ghana's current policy strategy depends on stronger domestic resource mobilisation, sounder reserves, lower borrowing costs, and the credibility of the reform process. The IMF highlights the importance of strong revenue administration, enhanced public financial management, and improved transparency in governance. Similarly, the World Bank has also raised caution about the possibility of fiscal imbalance, risks associated with state-owned enterprises, inflation, and changes in the exchange rate that might threaten all the achievements made. In light of this, the persistence of illicit trade leakages could further worsen these vulnerabilities ¹².

First, the practice of underinvoicing affects the repatriation of foreign exchange. The Foreign Exchange Act 2006 (Act 723) mandates that the export proceeds be repatriated fully into the country via banks licensed to operate by the Central Bank of Ghana. Undervaluation of exports means that the foreign currency to be remitted is minimised artificially. This can distort external sector data, reduce foreign exchange availability, and weaken macroeconomic management ¹³.

Secondly, under-reporting reduces the efficiency of tax and customs revenue collection. This is because Ghana's Customs Act, 2015 (Act 891) stipulates the need to report accurately, maintain records for at least six years, conduct audits after clearance, and levy fines, forfeiture, and even seize property where necessary. The challenge with this is weak and inconsistent enforcement, coupled with weak interagency coordination.

Moreover, there are difficulties in implementing any regulations because of the opaque nature of ownership structures. While Ghana has shown significant improvements in terms of beneficial ownership transparency, the Ghana report by Global Financial Integrity has identified several challenges in verifying information, making it accessible, reporting trusts, and aligning institutions. When ownership is not transparent or easily verifiable, it can be manipulated through invoices and avoid sanctions¹⁴.

¹²<https://www.worldbank.org/en/news/press-release/2025/08/14/ghana-economy-shows-resilience-amid-a-challenging-environment>

¹³ <https://sec.gov.gh/wp-content/uploads/Securities-Industry-Laws/Foreign-Exchange-Act-2006-Act-723.pdf>

¹⁴<https://gfintegrity.org/wp-content/uploads/2025/03/Assessment-of-Beneficial-Ownership-Regime-in-Ghana-FINAL-COPY-2.pdf>

<https://sec.gov.gh/wp-content/uploads/Securities-Industry-Laws/Foreign-Exchange-Act-2006-Act-723.pdf>
https://rome.mfa.gov.gh/uploads/SectionImagWithLinks/3285_CUSTOMS-AMENDMENT-ACT.pdf



What Must Change

1. Build a joint national trade integrity task force

The government must create a standing interagency Trade Integrity and Export Proceeds Enforcement Task Force comprising the Ghana Revenue Authority, the Bank of Ghana, the Financial Intelligence Centre, the Office of the Registrar of Companies, the Ghana Ports and Harbours Authority, and commodity-specific regulators like the TCDA, Minerals Commission, and COCOBOD. Such a task force should target specific high-risk industries, ensure that export proceeds match shipment prices and benchmarks, and determine if export proceeds are being brought back into the country within statutory timeframes. This type of enforcement coordination is precisely what is lacking in Ghana's current disjointed approach.

2. Link permits, customs declarations and bank repatriation data digitally

The key vulnerability in the rubber case is the disparity between permit issuance, shipment volumes, and reported values. The government through GRA and Customs, needs to computerise and harmonise Ghana's export permit system with the country's customs declaration system and bank verifications of payments. Any shipment that is found with volumes that exceed the permit issuance amount and declared values that significantly undercut reference levels should be flagged immediately. According to UNCTAD, there needs to be improved trade data management systems, including customs data portals to identify IFFs.



3. Enforce existing customs powers more visibly

The current Customs Act in Ghana provides the authority with the power to perform post-clearance audit, ensure accuracy in documents, forfeit goods, impose penalties, conduct searches and seizures. The GRA needs to issue an annual report of its enforcement measures concerning export declaration of misdeclaration in terms of the number of audits performed, sectors involved, recovery measures, licenses revoked, and prosecution cases undertaken ¹⁵.

4. Protect domestic value addition, not just raw exports.

The rubber industry case cited by the Daily Graphic is a reflection of what happens when raw material exports continue without industrialisation and local value addition, with industries unable to secure inputs for their processes. The industrial development policies in Ghana must focus on adding value locally by controlling the raw material exports in those sectors that have the ability to process them, at fair prices, to avoid punishing the farmers or producers. A country cannot speak of industrial transformation while valuable raw materials leave under-declared and unprocessed.

¹⁵ https://gra.gov.gh/wp-content/uploads/2020/09/1_Abridged-version-of-Customs-Act.pdf



Conclusion

Ghana's recovery is tangible but vulnerable. Winning back confidence among investors, creditors, and even the general populace cannot be achieved merely through good publicity but will require stopping the ongoing leakages in the system. Studies have shown that leakages contribute to poor tax collection, investment, and policy credibility, all of which undermine the pillars of economic recovery. The question is not just hypothetical but one that the government has to address.

Illicit financial flows, trade misinvoicing, and under-reporting of exports remain as core issues that undermine fiscal

policy, exchange rate stability, and industrial restructuring. These issues hamper efforts at resource mobilisation within the country, disrupt market dynamics, and undermine the effectiveness of institutions. For Ghana to achieve economic growth and development, it needs to go beyond recognition to implementation.

Ghanaians deserve a state that fights for the full value of their resources. The legal tools exist, and the data is available. The only missing ingredient is political will and the courage to act before the leaks undo the recovery.

