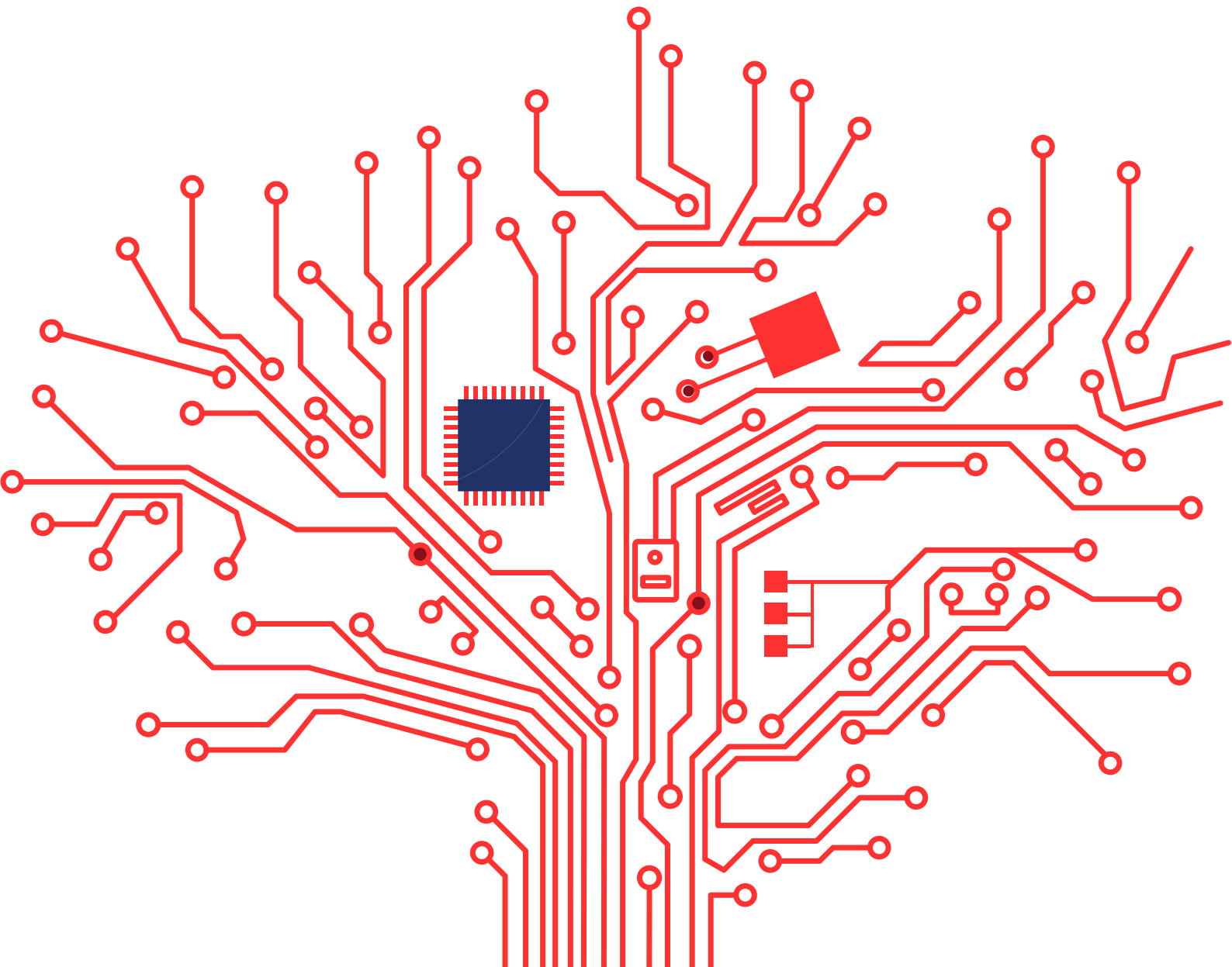


# ASSESSING GHANA'S 2025 BUDGET: DIGITALIZATION AS A CATALYST FOR INCLUSIVE GROWTH AND GOVERNANCE

APRIL 2025



## INTRODUCTION

In today's rapidly evolving world, digitalization is no longer a luxury but a necessity for economic growth, efficient governance, and social inclusion. Evidence abound across the globe that Countries that embrace digital transformation are better positioned to enhance service delivery, boost revenue generation, and improve public sector transparency.



## Key Digitalization Initiatives in the 2025 Budget

Recognizing this, It is refreshing to note that the recently read Ghana 2025 Budget statement outlined several key digitalization initiatives aimed at fostering inclusive growth and improving governance, including the modernization of tax administration and the integration of digital platforms for public financial management.

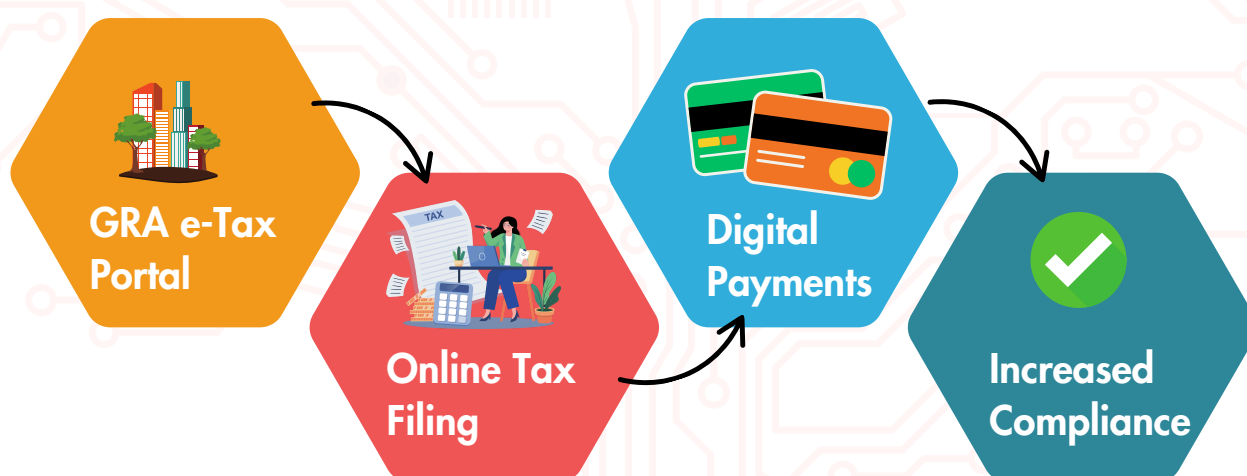
These initiatives span tax administration, financial management, public service delivery, and digital skills development. While the 2025 budget signals a commitment to leveraging technology for development and governance, the effectiveness of these initiatives will depend on addressing key challenges, such as infrastructure deficits especially in rural Ghana, digital literacy gaps, and cybersecurity risks, and ensuring robust implementation. Other challenges include the digital divide between urban and rural areas, the need for robust cybersecurity measures to protect sensitive and personal data, and ensuring that government agencies have the technical expertise to manage and sustain these digital platforms effectively for inclusive growth and ensuring no one is left behind.

Opportunities & Initiatives	Challenges & Risks
<b>Modernizing Tax Administration</b> – Streamlining tax collection through digital platforms.	<b>Infrastructure Deficit</b> – Rural areas lack reliable internet access.
<b>Public Financial Management</b> – Integrating digital payment systems for accountability.	<b>Digital Divide</b> – Unequal access between urban and rural communities.
<b>Public Service Digitalization</b> – E-government services to enhance efficiency.	<b>Cybersecurity Risks</b> – Need for stronger protections against data breaches.
<b>Digital Skills Development</b> – Upskilling the workforce for a tech-driven economy.	<b>Capacity Gaps</b> – Government agencies require skilled personnel to manage digital platforms.

## DIGITAL TECHNOLOGY IN TAX ADMINISTRATION

One of the significant areas of digitalization in the budget is tax administration, given its crucial role in addressing historical inefficiencies and revenue losses due to tax evasion and weak enforcement mechanisms. The government plans to modernize tax collection processes using digital technology to optimize domestic revenue mobilization. According to the budget, "optimising domestic revenue mobilisation through the broadening of the tax base, increased non-tax revenue collection, adopting enhanced tax compliance measures, and modernisation of tax administration through digital technology" is a priority (Page 30).

Given Ghana's persistent tax compliance challenges, a digital tax system could improve efficiency and transparency and broaden the tax net. A relevant example is the e-Tax portal launched by the Ghana Revenue Authority, which has facilitated online tax filing and payment, reducing the need for physical visits to tax offices and increasing compliance. However, the success of this measure hinges on the ability of the Ghana Revenue Authority (GRA) to implement user-friendly platforms that enhance taxpayer compliance while addressing digital infrastructure gaps in rural areas. Limited internet penetration, inadequate access to digital devices, and unreliable electricity supply remain key challenges in these areas. The NDC government, pledged in its **2024 manifesto** to expand broadband coverage, invest in digital literacy programs, and enhance rural electrification to bridge this gap which will ensure the inclusivity of the digital tax system



## TECHNOLOGY-DRIVEN SOLUTION FOR ROAD TOLLS

Another notable digital intervention is the proposed technology-driven reintroduction of road tolls in 2025 under the **Big Push Programme**. By leveraging electronic tolling, the government aims to improve revenue collection and reduce leakages. The budget states: "Government will work with stakeholders, including the private sector, to roll out a technology-driven solution to re-introduce road tolls in 2025 as part of the Big Push Programme" (Page 46).

While this approach enhances efficiency and curbs corruption in manual toll collection, challenges such as system maintenance, cyber threats, affordability, public acceptance and usual the traffic bottlenecks at toll booths could affect implementation.

Ghana's previous experience with electronic road tolling at the Tema Motorway toll booth highlights both the potential for improved revenue collection and the challenges of system malfunctions and user adaptation. Additionally, ensuring interoperability with existing digital payment systems and addressing long-term financial sustainability will be crucial to its success.

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## The Big Push— National Infrastructure Development Programme

The NDC will roll out the 'Big Push' for national infrastructure development to continue our legacy of massive infrastructure development to boost growth and create sustainable jobs.

### In furtherance of this policy, we will:

1. Embark on a US\$10 billion accelerated infrastructural plan to drive job creation and prioritise the completion of uncompleted and abandoned government infrastructural projects across all sectors.
2. Revamp the Ghana Infrastructure Investment Fund (GIIF) to undertake strategic self-financing projects for jobs and national transformation.
3. Construct, rehabilitate and expand water supply systems to guarantee sustainable and equitable access to clean and safe water for all communities, including:



## DIGITALIZATION OF PUBLIC FINANCIAL MANAGEMENT

The budget also emphasizes digitalization in public financial management through the integration of the **Ghana Electronic Procurement System** (GHANEPS) with the **Ghana Integrated Financial Management Information System** (GIFMIS). This integration is expected to ensure that only budgeted and approved projects receive procurement approvals. "Fully integrate GHANEPS with GIFMIS to ensure that only MDAs' projects and purchase orders that have approved budgets and allotments can obtain procurement approvals" (Page 36).

This initiative is a positive step towards enhancing fiscal discipline and reducing corruption in public procurement. However, it requires rigorous enforcement mechanisms and capacity-building for public officials to prevent manipulation. Past inefficiencies in procurement processes, such as unauthorized expenditures and contract irregularities, highlight the need for strong oversight and continuous monitoring to ensure compliance with digital procurement guidelines. For instance, the rollout of the GHANEPS platform has already started streamlining procurement, ensuring that public contracts are awarded transparently and reducing opportunities for corruption.



## SIMPLIFIED GHANEPS AND GIFMIS INTEGRATION FLOW

### Submit Project/Purchase Order by MDAs:

Government agency (MDAs) submits project or purchase order for approval.



### System Check for Approved Budget and Allotment:

System checks if the project has an approved budget and allotment.



### Procurement Approval or Rejection:

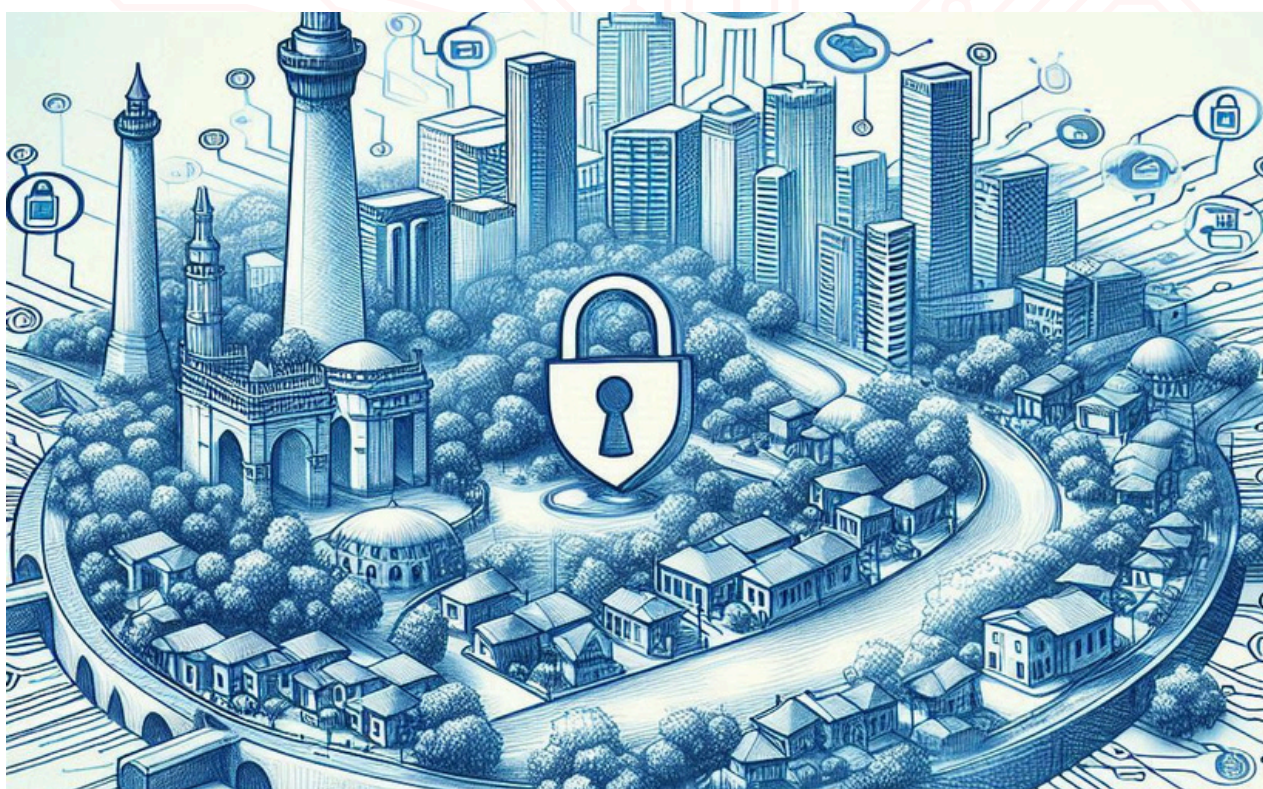
Approved projects receive procurement approval; rejected projects are sent back.



## DIGITALIZATION OF NON-TAX REVENUE COLLECTION

In terms of non-tax revenue collection, the government plans to strengthen the legal framework and explore a regulatory system for property rate collection and management. Digitalization in this area is expected to enhance accountability and revenue generation at the local government level. The budget highlights: "Government will explore and operationalize a regulatory framework for the collection, management and reporting of property rates" (Page 47).

However, concerns over data security, system integration, and equitable property valuation must be addressed to avoid disparities that could affect compliance. The success of this initiative will also depend on the seamless integration of digital platforms with local government databases, ensuring that property assessments are accurate and transparent. Furthermore, public sensitization campaigns will be essential to increase acceptance and voluntary compliance with the new system.



## TAX EDUCATION AND COMPLIANCE THROUGH DIGITAL MEANS

Tax education and compliance will also benefit from digital platforms, with the government committing to an aggressive tax education campaign over the next two to three years. "Government will embark on an aggressive and sustained tax education campaign in the next 2-3 years to ensure improved compliance and tax revenue mobilisation" (Page 47). This could increase tax awareness and compliance, particularly among small and medium-sized enterprises (SMEs). However, digital tax education platforms must be designed in multiple local languages, incorporate interactive and user-friendly features, and be accessible to non-tech-savvy users to maximize impact. Additionally, targeted outreach through social media, SMS notifications, and partnerships with local business associations could enhance engagement and effectiveness.

## DIGITALIZATION IN VAT REFORMS

Further, the budget outlines VAT reforms that will likely leverage digital tools for improved compliance and efficiency. "Our VAT regime has been distorted and rendered inefficient... We have requested Technical Assistance from the Fiscal Affairs Department of IMF on VAT reforms" (Page 48).

Given the complexities of VAT administration, digitalization could simplify filing processes and reduce fraudulent claims. However, the extent to which businesses, especially SMEs, can seamlessly transition to digital VAT systems will determine the success of this initiative. The government must ensure that digital VAT platforms are user-friendly, interoperable with existing accounting software and supported by extensive taxpayer education programs to facilitate compliance.

## DIGITALIZATION IN THE GHANA GOLD BOARD

The establishment of the **Ghana Gold Board** (GOLDBOD) is another area where digitalization is expected to play a crucial role. The board will oversee gold transactions, utilizing digital tracking systems to ensure accountability, prevent illegal mining, and streamline revenue collection. The budget states: "The GOLDBOD shall regulate, oversee, monitor and undertake the purchasing, assaying, refining, exporting, selling and other related activities concerning the gold resources of Ghana" (Page 56).

To maximize its effectiveness, the board must implement real-time digital tracking mechanisms, enforce compliance through stringent policies, and offer training programs for artisanal miners to enhance their technological literacy and participation in the formalized system.



**Finance Minister Inaugurates Technical Committee to Establish Gold Board**



## DIGITALIZATION IN THE LABOUR EXPORT PROGRAMME

Digitalization is also set to transform the **Ghana Labour Export Programme** by creating structured digital platforms for registration, monitoring, and safeguarding workers' rights. "We will formalize the export of Ghanaian labour to other countries... ensuring a structured and beneficial system for Ghanaian workers seeking employment abroad" (Page 58).

This initiative is vital for protecting Ghanaian workers abroad, but its effectiveness will depend on robust data protection policies, seamless integration with existing labour databases, and international cooperation with destination countries. Additionally, ensuring accessibility for all workers, particularly those in remote areas, will be crucial for widespread adoption of the platform.

Digitalization in the National Apprenticeship Programme and National Coders Programme Similarly, the National Apprenticeship Programme and National Coders Programme will leverage digital tools for training and monitoring. "We have allocated GH¢300 million to the National Apprenticeship Programme" and "GH¢100 million to the National Coders Programme" (Page 64). While these initiatives could enhance skills development and employability, their success depends on internet accessibility, particularly in underserved communities, the quality of digital training materials provided, and the availability of mentorship and hands-on practical training opportunities to ensure that participants gain real-world skills.

## DIGITALIZATION IN PUBLIC SERVICE DELIVERY

Lastly, the budget acknowledges digitalization in public service delivery as a crucial component of governance reforms. Digital platforms for accessing government services can improve efficiency, reduce bureaucratic delays, and enhance transparency. "Efficient public service delivery as part of structural reforms, which may involve the use of digital tools and platforms to improve service delivery across various sectors" (Page 57).

However, challenges such as digital exclusion, cybersecurity risks, and public adoption of e-government services must be addressed. Ensuring interoperability among digital platforms, improving internet accessibility in underserved areas, and launching targeted digital literacy programs will be crucial in maximizing the impact of these reforms. Ghana's National Identification System (Ghana Card) integration with government services demonstrates how digital platforms can enhance public service delivery but also underscores the importance of ensuring that citizens have access to the necessary digital tools and literacy to utilize them effectively.



## CHALLENGES AND CONSIDERATIONS

The potential implications of these digitalization initiatives vary across different stakeholders. For citizens, improved digital services could enhance convenience, reduce bureaucratic delays, and increase access to essential government services. However, challenges such as inadequate technological infrastructure, digital literacy gaps and affordability of internet-enabled devices must be addressed to prevent exclusion. A successful example is Ghana's mobile money interoperability system, which has significantly improved financial inclusion but required extensive public education efforts to maximize adoption.

Businesses, particularly SMEs, stand to benefit from streamlined tax processes, enhanced procurement transparency, and digital VAT compliance mechanisms. However, adaptation costs and the need for technical capacity-building could pose challenges. The introduction of the Ghana.gov portal, which facilitates business registration and tax payments online, has demonstrated the potential for efficiency gains, but initial hurdles in usability and accessibility highlighted the importance of ongoing system improvements and user support. For government agencies, digitalization can improve efficiency, enhance revenue mobilization, and reduce corruption through automation. The Ghana Integrated Financial Management Information System (GIFMIS) has been instrumental in reducing financial leakages and improving budget execution. However, successful implementation of broader digitalization efforts will require investment in cybersecurity, staff training, and infrastructure expansion to ensure equitable access nationwide. The challenge is to ensure that government employees receive proper training to effectively navigate digital platforms while safeguarding sensitive data from cyber threats.

## RECOMMENDATIONS

To bolster these efforts, the following recommendations are proposed:

1. **Enhance Digital Literacy and Inclusion:** Implement nationwide digital literacy programs with a focus on underserved communities, incorporating mobile-based learning, community training centers, and public-private partnerships to ensure equitable access to digital services and bridge the digital divide.
2. **Strengthen Cybersecurity Measures:** Invest in robust cybersecurity infrastructure, implement stringent data protection regulations, and establish continuous monitoring systems to safeguard sensitive information and bolster public confidence in digital platforms.
3. **Foster Public-Private Partnerships:** Establish structured collaborations with private sector entities to drive innovation, share best practices, provide technical expertise, and secure sustainable funding for digital infrastructure projects, ensuring long-term success and scalability.

By addressing these areas, the government can ensure that its digitalization initiatives lead to increased efficiency in public services, greater economic opportunities, and improved civic engagement, thereby fostering sustainable development and good governance.

Effective implementation will require a coordinated effort among government agencies, private sector players, and civil society to ensure that digital transformation genuinely benefits all citizens.





## CONCLUSION

In summary, the 2025 Budget underscores the government's commitment to leveraging digitalization for national development, inclusive growth and governance enhancement. Key initiatives include modernizing tax administration, integrating digital platforms for public financial management, and enhancing public service delivery through technology. While these efforts are commendable, their success hinges on addressing challenges such as digital literacy gaps, infrastructure deficits, and cybersecurity risks. Additionally, ensuring equitable access to digital resources and fostering user trust in digital services, will be crucial to achieving widespread adoption and long-term sustainability.

The government's dedication to digital transformation is evident through initiatives like the **Digital Ghana Agenda**, which encompasses projects such as Mobile Money Interoperability, the National Identification System (Ghana Card), the **Ghana.gov.gh** platform, and the e-levy framework. Additionally, the introduction of the paperless port system and the expansion of digital payment solutions have further streamlined service delivery and improved efficiency in revenue collection. These projects aim to improve efficiency, transparency, and accessibility in public services while enhancing revenue generation and financial inclusion.

## ABOUT

Penplusbytes is a not-for-profit organization driving change through innovations in the following key areas: using new digital technologies to enable good governance and accountability, new media and innovations, climate and well-being, and enhancing oversight for effective utilisation of mining, oil and gas revenue and resources.

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