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C-NERGY THOUGHT LEADERSHIP SERIES

Beyond the Balance Sheet: Sustaining Ghana's Gold-led Recovery in a Post-Bank of Ghana-backed Era - The Role of Goldbod

In this Issue:

- Previous formalisation efforts, to rein in Artisanal Small Scale Mining (ASM) benefits, including withholding taxes, licensing requirements and enforcement actions, generally failed because these efforts made compliance compulsory but not commercially attractive.
- Official ASM gold exports rose from 63.6 metric tonnes in 2024 to between 103 and 104 metric tonnes in 2025, a volume increase of around 62% in a single year. The IMF estimates that the value of those exports reached $10.8 billion. The macroeconomic transmission from these inflows was direct. Dollar receipts from the gold transactions were routed through official channels into the foreign reserve buffer, which rose from $8.98 billion at the end of 2024 to $13.8 billion by the end of 2025. The Bank of Ghana's gold holdings also climbed to 38.04 tonnes by October 2025,
- IMF quantified losses from the gold for reserves program at **$1.7 billion** in 2025 (approximately GH¢22 billion, or 1.5% of GDP), driven almost entirely by Gold-for-Reserves doré purchases, service and assay fees paid to GoldBod, discounts to off takers, and exchange-rate losses arising from the difference between the forex-bureau rate used to buy gold and the BoG reference rate used for accounting.
- The economic benefits of the program have been enormous, reflecting in the Cedi's appreciation of approximately 40.7% against the US dollar over the course of 2025, **its first annual gain in over three decades;** and a drop in imported inflation by -0.6% by early 2026. Combined with tight monetary policy and fiscal consolidation, the disinflation that followed was real and the Gold for Reserve Program's contribution was a decisive variable in achieving it.

Ghana's macroeconomic turnaround over the past eighteen months has been described, with some justification, as one of the more remarkable recoveries in recent West African history. Inflation fell from 54.1% in December 2022 to 3.2% in March 2026, its lowest reading since July 2002 (though it has since edged up to 4.6% as of July). The Cedi posted its first annual gain against the US dollar in over thirty years. Gross international reserves nearly doubled. Real GDP expanded at 6.4% in the first quarter of 2026. Artisanal Small-Scale Mining (ASM) gold exports exceeded Large Scale gold exports for the first time in Ghana's recorded mining history. On paper, these numbers tell a story of discipline rewarded.

Underneath this recovery sits a mechanism that generated most of it, the Ghana Gold Board, known as GoldBod, and a financing architecture, provided by the Bank of Ghana (BoG), that delivered extraordinary results while quietly distributing its costs in a way the headline accounts did not capture. That architecture has now fundamentally changed. From the first of July 2026, the Bank of Ghana ceased pre-financing GoldBod's gold purchases. A formal tripartite agreement between the Government, the BoG and GoldBod completed the transfer of all remaining Domestic Gold Purchase Programme activities and costs to GoldBod. The numbers that defined 2025 were built on a model that no longer exists. Understanding what that model was, what it achieved, and what has replaced it is a crucial element in Ghana's near to long term macroeconomic outlook.

THE PROBLEM GOLDBOD WAS BUILT TO SOLVE

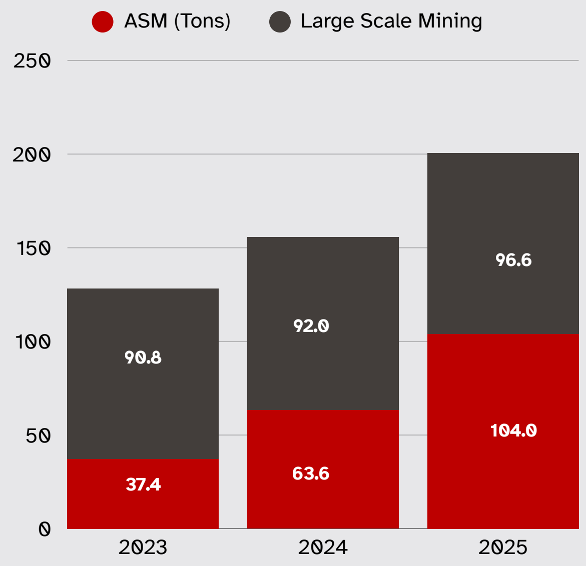
For decades, Ghana's ASM sector operated largely outside the formal economy despite employing over one million people and supporting millions more. This informality contributed to significant gold leakages, with estimates suggesting smuggling losses exceeding US$1.2 billion in 2022. The scale of the problem was illustrated by trade data showing that while UAE authorities recorded 49.7 tonnes of gold imports from Ghana in 2021, official Ghanaian records showed only 4.9 tonnes exported to the UAE. Previous formalisation efforts, including withholding taxes, licensing requirements and enforcement actions, generally failed because they made compliance compulsory but not commercially attractive.

The new approach differed fundamentally from earlier interventions. Rather than penalising miners into formalisation, it sought to make formal participation financially preferable by paying market-based cedi prices, eliminating withholding taxes and providing immediate settlement. Established under the Ghana Gold Board Act, 2025 (Act 1140), GoldBod was granted exclusive authority over the buying, assaying, export and regulation of ASM gold, while foreign entities were restricted to participating only as approved off takers through the Board. This model was designed to redirect gold flows from informal networks into official channels by aligning regulatory objectives with miners' economic incentives.

IMMEDIATE RESULTS

Official ASM gold exports rose from 63.6 metric tonnes in 2024 to between 103 and 104 metric tonnes in 2025, a volume increase of around 62% in a single year. The IMF estimates that the value of those exports reached $10.8 billion, generated by artisanal miners alone. Large-scale mining, which had historically dominated Ghana's gold export statistics, contributed $9.2 billion from 96.6 tonnes. For the first time in the country's recorded mining history, artisanal miners outperformed large-scale operators in both volume and value.

TOTAL GOLD EXPORTS AND VALUES

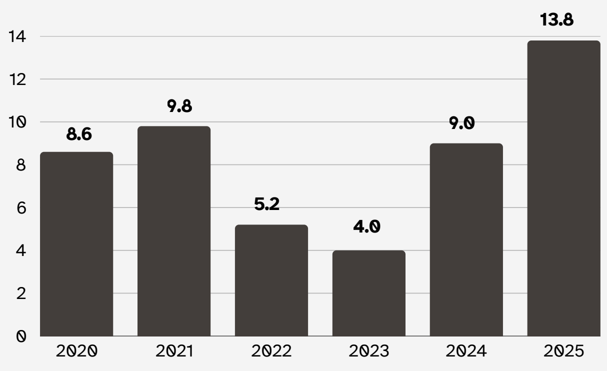


Source: IMF, Business Insider Africa

The macroeconomic transmission from these inflows was direct. Dollar receipts from the gold transactions were routed through official channels into the foreign reserve buffer, which rose from $8.98 billion at the end of 2024 to $13.8 billion by the end of 2025. The Bank of Ghana's gold holdings also climbed to 38.04 tonnes by October 2025, driven by the Domestic Gold Purchase Programme that ran alongside GoldBod's commercial operations. Holdings were later deliberately rebalanced downward to around 18.6 tonnes by end-December 2025 once gold exceeded 40% of total reserves, as part of a reserve portfolio rebalancing exercise, to manage concentration risk, according to the BoG governor.

Favourable external factors which supported a spike in gold prices and the simultaneous fall in the dollar, strengthened reserves and supported a stronger cedi. The currency appreciated approximately 40.7% against the US dollar over the course of 2025, its first annual gain in over three decades. Imported goods inflation turned negative at -0.6% by early 2026. Combined with tight monetary policy and fiscal consolidation, the disinflation that followed was real and rapid and GoldBod’s contribution was a decisive variable in achieving it

Ghana’s Gross International Reserves (USD ‘bn)



Source: Bank of Ghana

THE ENGINE BEHIND THE CHANGE

GoldBod however did not operate in isolation. Its capacity to pay market rates immediately on every ounce delivered at the scale it did, required a financial backstop that the institution itself did not possess. It therefore relied on the Bank of Ghana to provide it.

Through two mechanisms operating in parallel, the central bank provided the liquidity that fuelled GoldBod's operations. The Domestic Gold Purchase Programme allowed the BoG to accumulate gold reserves by "purchasing" from GoldBod and licensed operators. The second mechanism, which was pre-financing of GoldBod's gold purchases through auction arrangements, provided upfront cedi liquidity that enabled GoldBod to settle with miners immediately, before export proceeds had been received.

This proved to be more than just an operational convenience. It served as the very basis for which the first phase of GoldBod's formalisation gains were made.

THE PHANTOM COST

As profound as the economic rebound was, there was an expense that didn't initially appear. The IMF's assessment of the quasi-fiscal nature of the Domestic Gold Purchase Programme was unambiguous. The Fund quantified losses at $1.7 billion in 2025 (approximately GH¢22 billion, or 1.5% of GDP), driven almost entirely by Gold-for-Reserves doré purchases, service and assay fees paid to GoldBod, discounts to off takers, and exchange-rate losses arising from the difference between the forex-bureau rate used to buy gold and the BoG reference rate used for accounting. These losses sat on the central bank's balance sheet, not GoldBod's commercial accounts, and were not formally captured on the government's fiscal balance sheet. A full audit due this year will refine the precise scale.

The IMF's recommended remedy was indicated in three parts:

- bring the losses onto the government's balance sheet,
- formally discontinue quasi-fiscal central bank activities,
- commit to recapitalising the Bank of Ghana by 2032.

That recapitalisation commitment is particularly important as it will demand real resources at a time when the country is also managing significant bond maturities and coupon obligations.

A NEW ENVIRONMENT

The conditions under which GoldBod operated have changed significantly since its inception. Most notably, the Bank of Ghana ended its pre-financing arrangement on 1 July 2026, requiring GoldBod and licensed Self-Financing Aggregators to fund gold purchases from their own capital, commercial credit facilities or retained earnings. The importance of this shift was underscored by the Bank of Ghana Governor, who identified the withdrawal of GoldBod-related liquidity as one of the key factors shaping the monetary policy environment.

Secondly, GoldBod replaced Ghana's real-time gold pricing system with a fixed twice-daily London Bullion Market Association (LBMA) pricing mechanism. LBMA is an independent precious metals authority which sets global standards for metal quality, trading practices, and responsible sourcing. Through its ICE Benchmark Administration (IBA) it administers the price of gold and provides the auction platform on which the LBMA Gold Price is calculated. While spot gold prices change continuously, LBMA prices are fixed and set twice a day (AM & PM). Post-July 1, 2026, Goldbod expects Licensed participants to transact at either the LBMA AM (9.30 am to 2.20pm) or LBMA PM (2.30pm to 8.30pm) reference price, with breaches subject to penalties under the Ghana Gold Board Act, 2025 (Act 1140), including licence revocation, gold seizure and prosecution. **LBMA pricing introduces more stability and predictability.**

Also, a more restrictive regulatory framework now governs Self-Financing Aggregators. Off-taker relationships require GoldBod approval, while prospective off-takers must undergo KYC, AML and financial due diligence assessments. Foreign entities remain prohibited from purchasing gold domestically and may only participate as approved off takers through GoldBod.
GoldBod's mandate has also expanded through the Ghana Accelerated National Reserve Accumulation Policy (GANRAP), under which it is required to purchase 30% of large-scale miners' output as part of the country's strategy to build gold reserves and increase import-cover capacity by 2028.

PURCHASE & FINANCING FLOW - PRE & POST REFORM PROCESSES

PHASE ONE (PRE-JULY 2026)
ATTRACTION VIA FINANCIAL INCENTIVES

01 **Bank of Ghana** Pre-finances GoldBod via auctions

02 **Goldbod** Receives cedi liquidity up-front to settle miners

03 **ASMs** receive immediate market-rate settlement in cedis from gold sold to GoldBod

04 **Export Proceeds/FX Reserves** in US Dollars flow to BoG reserve buffer from gold sales

PHASE TWO (FROM 1 JULY 2026)
RETENTION VIA REGULATORY ENFORCEMENT

01 **Aggregators** purchase gold from ASM miners using their own capital or commercial credit, at LBMA fixed prices

02 **Goldbod** authorises every commercial relationship between an SFA and an offtaker before gold purchase.

03 Once authorised, **Offtakers** purchase the aggregated gold from SFAs

04 **Export Proceeds/FX Reserves** in US Dollars flow to BoG reserve buffer from gold sales

THE FORWARD RISKS

While the July 1 reforms are intended to strengthen oversight, increase forex inflows and curb BoG exposure, they replace one set of risks with another.

First, with GoldBod and Self-Financing Aggregators now funding purchases from their own capital, credit facilities and retained earnings, GoldBod must demonstrate that its gold-buying operations can remain commercially sustainable without the Bank of Ghana's financial backstop. Should losses under the Domestic Gold Purchase and Gold-for-Reserves programmes persist, they could place direct pressure on public finances.

Furthermore, the success of the new regulatory regime depends on GoldBod's ability to offer competitive pricing and timely payments. If formal channels become less attractive than informal alternatives, smuggling and leakages could persist, limiting forex gains and undermining the progress made in formalising the ASM sector.

Finally, GoldBod now suffers exposure to gold price volatility and volume risks. Its 2026 framework was built on an average gold price of approximately US$5,000/oz and weekly purchases of 2.5 tonnes, implying about US$20 billion in annual forex generation and supporting its 127-tonne annual target.

However, gold has traded closer to US$4,000-4,100/oz for much of 2026, while first-half purchases reached only 50-54 tonnes. At the volume of 103 tonnes and a gold price of US$4,000/oz, annual forex generation falls to roughly US$13.2 billion and declines further to about US$9.9 billion at US$3,000/oz, representing a 54% reduction from the original planning assumption. While increasing purchase volumes is the primary hedge against lower prices, sustaining such volumes will require enforcement and operational effectiveness, that has not yet been tested at scale without the BoG financial backstop.

Price × Volume Sensitivity Matrix — GoldBod Annual Revenue Scenarios (USD billion)

PRICE	Volume (tonnes)					
	80 t	90 t	100 t	103 t	120 t	127 t
$5,000	12.9	14.5	16.1	16.6	19.3	20.4
$4,000	10.3	11.6	12.9	**13.2**	15.4	16.3
$3,000	7.7	8.7	9.6	9.9	11.6	12.2

Source: Author's Computation

WHAT PHASE TWO MUST DELIVER

GoldBod has delivered a genuine policy success. A sector that was haemorrhaging more than $1.5 billion a year to smuggling was formalised at scale, reserves were rebuilt, and the cedi recorded its first annual gain in over three decades. However, the cost, roughly $1.7 billion in quasi-fiscal losses on the Bank of Ghana's balance sheet, only partly offset by formalisation and reserve gains, is now a long recapitalisation obligation running to 2032.

The critical question is whether the new architecture can hold on to what Phase One built. Prioritizing the following will determine the answer:

1. Close the financing gap.

To address the liquidity challenges created by the withdrawal of the Bank of Ghana's financial backstop, GoldBod will need to move beyond short-term borrowing arrangements and establish a more sustainable and diversified funding framework.

GoldBod's proposed Dedicated ASM Financing Centre, being developed in partnership with "Better Brands Zimbabwe," is intended to serve as a specialised financing and technical support hub for artisanal and small-scale miners, particularly those engaged in capital-intensive hard-rock mining. The facility is expected to provide tailored credit solutions, equipment financing, and operational support to assist GoldBod's broader objective of formalising the ASM sector and maximising foreign exchange earnings from gold exports.

2. Complete the domestic value chain.

Accelerate the Rand Refinery–Gold Coast Refinery partnership, which was signed in Johannesburg on January 20, 2026, so that Ghana captures refining premiums, builds local employment, and can supply ESG-compliant, fully traceable gold, rather than raw doré gold.

3. Plug the remaining informal holes.

The Swissaid African gold report estimated 31 tonnes still outside formal channels each year. This cannot be captured by price incentives alone. This requires stronger field-level traceability, sustained anti-smuggling corridor interdiction, and institutional crackdown capacity beyond GoldBod's current scope.

4. Enforce the new rules without exception.

The twice-daily LBMA pricing windows, Self-Financing Aggregator compliance regime, mandatory off taker KYC/AML, and Act 1140 monopoly are promising corrective instruments. Their effectiveness depends on consistent, politically insulated enforcement.

The success of these measures will determine whether the 2025 gains are considered a foundation, or zenith in retrospect.

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