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Ghana to subsidise fuel prices for one month amid global oil spike

By Joojo Maapa



Ghana will temporarily absorb part of retail fuel costs beginning April 16, in a move aimed at cushioning consumers and businesses from rising global oil prices linked to tensions in the Middle East, the government said on Wednesday.

Minister for Government Communications, Felix Kwakye Ofori, said the government would cover GH¢2.00 per litre on diesel and GH¢0.36 per litre on petrol for an initial period of one month.

The intervention comes as global energy markets

remain volatile, with supply concerns pushing up fuel prices and exerting pressure on domestic transport and production costs across West Africa.

Before the Iran-conflict, a liter of petrol was selling for under GH¢10 per litre, one of the lowest prices in years after a strong showing by the local currency against major trading currencies.

“The decision is in response to external market conditions affecting domestic fuel prices,” the minister said in a statement.

The temporary subsidy is expected to provide relief to households, transport

operators, and businesses, particularly in sectors sensitive to fuel price fluctuations, including logistics, agriculture, and manufacturing.

Officials said the measure follows consultations with stakeholders, including civil society organisations, on the economic impact of rising fuel costs. The discussions were held after President John Dramani Mahama engaged key groups to assess the potential fallout of sustained price increases.

The move could help stabilise short-term inflationary pressures and support consumer spending, though its fiscal

implications will depend on global oil price trends and the duration of the intervention.

Ghana, like many import-dependent economies in the region, remains exposed to external energy price shocks, making temporary subsidies a common policy tool during periods of heightened volatility.

The government did not indicate whether the measure could be extended beyond the one-month period, noting that it would continue to monitor developments in global markets.

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Ghana to Launch e-Visa System in May to Streamline Travel



Ghana will roll out an electronic visa (e-Visa) system in May 2026 as part of efforts to modernise its immigration processes and improve border security, ahead of a visa-free regime for all Africans.

Foreign Affairs Minister, Samuel Okudzeto Ablakwa, said the digital platform will allow travellers to apply for visas online, reducing processing times and improving efficiency in consular services.

The launch coincides with a broader policy shift announced

by President John Dramani Mahama to grant visa-free access to African travellers.

The policy is expected to take effect on Africa Day in May 2026 and will allow citizens across the continent to obtain Ghanaian visas without paying application fees.

Officials say the e-Visa system is designed not only to ease travel but also to strengthen border management through enhanced data integration.

The platform will be linked to Ghana's Advance Passenger

Information and Passenger Name Record (API-PNR) systems, as well as international security databases.

According to Ablakwa, the integration will enable immigration and consular authorities to conduct more robust background checks prior to approving entry requests.

"The new e-visa system will allow our officers to verify applicant information and ensure appropriate vetting without compromising national security," he said.

The initiative forms part of Ghana's wider strategy to promote intra-African mobility, boost tourism, and position the country as a key gateway for travel and investment in West Africa.

Analysts say the move aligns with broader continental efforts to ease visa restrictions and facilitate trade and movement under the African Continental Free Trade Area framework.

The World Is Learning to Work Around America

By Pedro Abramovay



Even as Israeli bombs rained down on Lebanon, most of the world breathed a cautious sigh of relief when news broke that Pakistan had mediated a ceasefire between the United States and Iran, with the goal of reopening the Strait of Hormuz.

The reprieve, however, was not the product of sudden restraint by US President Donald Trump. Behind the scenes, American officials had pressed Pakistan to broker an agreement that would allow Trump to step back from his threats to destroy Iran's "whole civilization" if it did not relent. The ceasefire, in other words, came about not because the world's most powerful military imposed order, but because it was forced to contain a crisis of its own making.

While the ceasefire Pakistan

negotiated is tenuous, and Iran continues to control the Strait of Hormuz (which Trump now plans to blockade after negotiations stalled), this dynamic points to a deeper shift. As the era of American hegemony comes to an end, the outlines of what may come next—with countries of the Global South exercising their leadership to shape an emerging world order—are coming into view.

The war against Iran highlights the unsustainability of a global order built on ultimatums and military might. While the system's fragility has become unmistakable under Trump, this moment has been long in the making. Trump's extrajudicial killings of suspected drug traffickers in the Caribbean, for example, echo the practices of his predecessors who refined drone warfare as a central instrument

of American power. Likewise, hostility toward China, the isolation of Cuba, unconditional support for Israel, and a hardline stance on Iran were all pillars of both Democratic and Republican administrations' foreign policy.

Undeniably, US unilateralism has intensified over the past year. Trump's tariffs and severe foreign-aid cuts, his menacing of Greenland, the kidnapping of former Venezuelan President Nicolás Maduro, and the illegal, ill-conceived war on Iran, whose aftershocks have been felt across the global economy, are all evidence of this escalation.

The closure of the Strait of Hormuz poses what the International Energy Agency has described as the "greatest threat to global energy security in history," but the economic fallout

is likely to be uneven. A close historical parallel is the oil shock that followed the 1970s embargo, which recast wars in the region as threats to energy flows and helped plunge many developing countries into the debt crises that defined the 1980s.

Yet the Hormuz crisis better recalls Egypt's closure of the Suez Canal in 1956, which followed a joint British, French, and Israeli invasion aimed at seizing the waterway and removing President Gamal Abdel Nasser. The failure of that intervention exposed the terminal decline of Europe's imperial power and contributed to the emergence of the Non-Aligned Movement in the early 1960s.

Iran's decision to follow in Nasser's
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footsteps could create an impetus for a similar realignment. The closure of the Strait of Hormuz has led to fuel rationing, surging food prices, and higher borrowing costs worldwide. And in the scramble for limited supplies of fuel and fertilizers, Global South economies will inevitably be outbid by their more affluent counterparts.

However, these uneven effects have also revealed who has geopolitical leverage, and it is not the G7. At last month's meeting of the group's foreign ministers, there were faint stirrings of criticism of US Secretary of State Marco Rubio.

absent. One of the only concrete policies the group floated was new sanctions against Iran—a failure to recognize how years of “maximum pressure” had contributed to the current crisis. More striking still, it did not reckon with the strategic implications of Iran's move, including the likelihood that it will seek to retain selective control over the Strait even after a ceasefire.

What was needed was something akin to the Black Sea Grain Initiative, brokered by Turkey and the United Nations, which enabled grain shipments to leave Ukrainian ports despite Russia's ongoing war of aggression. It was a practical arrangement rather than

while publicly threatening Iran with civilizational destruction.

Pakistan was well positioned to play that role. Despite close ties between ceasefire architect Army Chief Asim Munir and Trump—and Pakistan's defense pact with Saudi Arabia—the country immediately condemned the US-Israeli strikes. As divisions emerged among the Gulf states, with some pushing for escalation and others urging restraint, Pakistan was able to serve as a bridge between them. Pakistan also brought China on board, persuaded the US to rein in Israeli airstrikes on Iran, and moderated Saudi Arabia's fury at an Iranian strike that threatened to derail

all) governments have restrained their criticism, failing not only to condemn the war as a violation of international law, but also to cite the cause of the crisis as the American-Israeli attack rather than Iranian retaliation.

And yet, the fact remains that the US had to rely on the Global South to contain the fallout of its own irresponsibility. Whereas ceasefires were once brokered in European capitals, Islamabad hosted the most senior in-person talks between Iran and the US since 1979. States may still hesitate to confront a declining and vengeful hegemon, but the ceasefire offers a glimpse of a different future, one in which



Yet the official communiqué merely called for a “cessation of attacks against civilians and civilian infrastructure,” without acknowledging America's responsibility for the bombing of an Iranian school that killed more than 100 children. It also cited discussions about mitigating “global economic shocks,” but offered no meaningful solutions.

Under pressure from the Trump administration, the United Kingdom convened more than 40 countries to push Iran to reopen the Strait of Hormuz. Neither the US nor Israel attended, and key mediators like Pakistan, Egypt, and China were notably

a political one, built on inspections, continuous vessel tracking, and coordination between Russia and Ukraine. By stabilizing global food prices, it showed that cooperation among adversaries is possible when the costs of disruption become too high.

Replicating the Black Sea model in the Strait of Hormuz would require leadership less constrained by Western hostility toward Iran, as underlined by the fact that Iran has never fully closed the waterway to vessels from non-hostile countries. The Trump administration recognized this, which may explain why it privately encouraged Pakistan to broker a ceasefire even

weeks of back-channel diplomacy only hours before Trump's war-crime-laden ultimatum.

Still, the fog of war remains dangerously thick. The fragile ceasefire is already showing cracks as Israel devastates Lebanon. Hundreds of ships remain stranded in the Strait of Hormuz, while oil prices and financial markets oscillate with each contradictory statement by Trump.

The international response has been relatively muted, despite the immense economic consequences. Wary of an administration willing to use economic coercion to advance its agenda, many (but not

the countries of the Global South have both the political will and the means to navigate crises on their own terms.

Pedro Abramovay, Vice President of Programs at the Open Society Foundations, is a former Brazilian Secretary of Justice and the co-author (with Gabriela Lotta) of *Democracy on a Tightrope: Politics and Bureaucracy in Brazil* (Central European University Press, 2025).

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Middle East tension slashes IMF global growth to 3.1 per cent for 2026

By Francis Ntow



Global growth is projected to slow to 3.1 per cent in 2026 due to the Middle East war, the International Monetary Fund (IMF) has said.

The Fund projects a slight rise to 3.2 per cent in 2027, assuming the conflict does not escalate, but warns risks remain tilted to the downside.

Mr Pierre-Olivier Gourinchas, Director of the IMF Research Department, said at the April 2026 World Economic Outlook (WEO) press briefing during the Spring Meetings on Tuesday that the duration and scope of the conflict would determine the depth of the slowdown.

“Despite trade disruptions and policy uncertainty, last year ended on an upbeat note. The private sector adapted to a changing business environment, helped by a lower than announced US tariffs, fiscal support in some countries, favourable financial conditions and a tech-boom.

“Despite downside risks, this momentum was expected to carry

into 2026, and we were looking to lifting up our global growth forecast. A war in the Middle East has halted this momentum,” he said.

Mr Gourinchas, who is also the IMF Economic Counsellor, said the IMF had observed trade disruptions and heightened energy market volatility, with governments diverting resources into defence spending, undermining investment in growth-supportive sectors due to the conflict.

The Fund also observed disruptions to shipping routes and rising insurance costs for vessels navigating conflict-prone waters, adding to inflationary pressures, particularly in energy-importing countries.

“Global growth falls to 3.1 per cent this year, a downgrade from January forecast, and headline inflation rises to 4.4 per cent,” he said, adding that the adverse scenario assumed further disruption, leading to higher energy prices, rising inflation expectations and tighter financial conditions throughout 2026.

Mr Gourinchas explained that growth is projected to slow to 2.5 per cent this year, with inflation rising to 5.4 per cent.

In a severe scenario, he said, energy supply disruptions could extend into next year, worsening macroeconomic instability.

Global growth would then fall to two per cent in both years, while inflation would exceed six per cent.

Mr Gourinchas said the development could complicate monetary policy decisions in both advanced and emerging economies as governments face policy trade-offs between increased defence spending and sustaining social and economic investments.

He said no central bank could influence global energy prices on its own, noting that, “provided inflation expectations remain well anchored, central banks can afford to wait and watch for now.”

“But they must be attentive to risks and communicate clearly

their readiness to act decisively to maintain price stability. In most cases, exchange rates should be allowed to adjust, allowing central banks to focus on their mandates,” he recommended.

On the fiscal side, Mr Gourinchas called for targeted and temporary measures, consistent with medium-term plans to rebuild fiscal buffers and avoid stimulating demand where inflation was rising.

“If financial conditions tighten sharply, as in our severe scenario and global activity deteriorates markedly, monetary and fiscal policy should be ready to pivot to support the economy and safeguard the financial system alongside appropriate financial and liquidity policies.

“We should keep strengthening global cooperation with the right policies, including a swift cessation of hostilities and reopening of the Strait of Hormuz,” he advised.

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High Debt, Hard Choices

By : Era Dabla-Norris, Rodrigo Valdes



Fiscal policy has always involved trade-offs. Whose priorities will be financed? Whose burdens will be deferred? Under what conditions? Until recently, governments could postpone these choices by borrowing on convenient terms. But now, unprecedented debt levels and higher borrowing costs have raised the stakes. At the same time, demand for public funds is growing even as resources are stretched thin. Societies can reconcile competing priorities successfully only if they depend on something often overlooked and currently in short supply: public trust.

Even before the COVID-19 pandemic, public debt was climbing steadily. In many democracies, political platforms favored higher spending and deficits while deferring structural reforms (Cao, Dabla-Norris, and Di Grigorio 2024). Modest economic growth, spending to care for a swelling elderly population, and reluctance to raise taxes just made things worse. Hard choices were put off, and debt accumulated, sustained by the unusually low interest rates of the past two decades.

Then, in 2020, faced with the worst

economic collapse since the Great Depression, governments began to borrow extensively. Advanced economy debt jumped by tens of percentage points of GDP; in some countries it exceeded 120 percent (see Chart 1). Emerging market and low-income countries, though more constrained, also borrowed heavily. The response averted a deeper catastrophe, and while debt levels have since stabilized in many cases, countries now face a world where borrowing is no longer cheap.

Today, policymakers face the fiscal version of long COVID—higher interest rates and rising debt costs. Global public debt climbed to 93.9 percent of GDP in 2025 and is on track to breach 100 percent by 2028—levels never seen in peacetime—marking a turning point for economic policy and politics (Chart 2). Meanwhile, long-term structural forces—aging populations, climate change, rising social demands, and, for low-income countries, declining aid flows and persistently high borrowing costs—continue to bear down on budgets even as emerging geopolitical tensions exert pressure to spend on defense and industrial policy.

Debt

The era of ultra-low interest rates has ended, but economic growth trends have not changed appreciably. Within a short span, borrowing costs have doubled or tripled. Interest bills now take a larger bite out of budgets, crowding out other priorities. In the US, for example, net interest payments climbed from about 2 percent of GDP before the pandemic to 4.2 percent in 2025—surpassing defense spending—and are set to rise further. In low-income countries, interest payments consume 21 percent of tax revenues on average.

High debt means less room to respond to shocks, interferes with the broader economy by raising the cost of capital, and complicates monetary policymaking while motivating financial repression. It can also threaten financial stability, especially in emerging markets, if yields rise as investors begin to doubt government's ability to make good on its obligations. As financing conditions tighten, adjustments can become sharper and more sudden—recalling German 20th century economist Rudi Dornbusch's insight that "crises take much longer to happen than you think, and then they happen faster than you thought

they could." And high debt shifts national income toward creditors at the expense of other needs.

In a low-debt, low-rate world, governments could sidestep hard choices by borrowing more and hoping economic growth would generate enough additional tax revenue to service and eventually repay the debt. But today, the era of easy choices is over. Every dollar a government borrows without matching revenue implies higher taxes or lower spending in the future, at least to cover the additional interest the new debt generates. Beyond a certain point, more borrowing forces painful decisions—through austerity, inflation, financial repression, or even default. The question becomes unavoidable: With limited fiscal space, what will be the trade-offs, and who will bear the cost?

Fiscal **Predicament**
One enduring trade-off centers on the size of government. Rising living standards have led citizens to expect reliable social safety nets, affordable education and health care, robust public investment, and protection against a growing range of risks,

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including extreme weather and pandemics. Advanced economies greatly expanded their welfare states following World War II; many did so again after the global financial crisis of 2008 and in response to COVID-19. Emerging market economies face strong pressure to strengthen their more modest safety nets as citizens demand growth with equity. The problem is that the appetite for benefits usually exceeds societies' willingness to mobilize revenue. And decisions to lower taxes are not always followed by spending restraint. Governments cannot provide Nordic-level benefits without Nordic-level taxation, and even with such taxes,

A third conundrum is whether to invest now or conserve firepower for later. Pressing needs—national security, resilience to shocks, climate transition, social inclusion, and development—demand resources. But every dollar spent today means a thinner cushion for the next crisis. In a world of frequent shocks, the trade-off is harsh. Countries that exhaust borrowing capacity in good times will find themselves dangerously exposed when the next recession or disaster strikes. It's not about planning around best-case scenarios but designing fiscal strategies that are workable when surprises hit: It pays to hold something back when the next crisis may be just around the corner.

debt is large and interest rates rise, more public resources flow to bondholders than to public goods. That transfer continues as long as the debt remains—and grows larger if borrowing continues.

Demographics intensify the challenge in two ways. As societies age, the cost of providing pensions and health care begins to grow faster than tax revenue. And where birth rates collapse, these costs are borne by a shrinking workforce. Advanced economies now have about three workers per retiree, down from roughly four in 2000, and the number is heading toward two workers by 2050 (OECD 2025). Moreover, many pension and health care obligations remain off the

broadening the tax base, let debt take the strain instead. This bias toward the present raises significant fairness issues. Younger people see governments running up debt and suspect that they will be handed the check through higher taxes and leaner public services when they retire. Trust erodes, and the social contract between generations frays. Financial markets also take notice, demanding higher risk premiums or pulling back when they perceive that fiscal adjustment is being postponed indefinitely.

But borrowing is not inherently bad for the young. Debt can help build a better future if it fuels growth or averts deep recessions. Debt-financed



aging and other pressures challenge the arithmetic.

Balancing credibility and flexibility poses another dilemma. Governments need room to respond to shocks, yet they must also reassure markets and citizens that debt will remain under control. Rigid fiscal rules—such as an overly binding debt ceiling—or cutting spending and raising taxes too quickly can deepen recessions, and ignoring deficits can trigger a market backlash, as happened during the euro area debt crisis. The challenge is solid commitment to sustainability without straitjacketing policy. This calls for credible medium-term fiscal anchors with escape clauses for rare shocks; transparent plans that prioritize investment while protecting the vulnerable; and institutional frameworks that build confidence without undermining the government's capacity to respond to severe downturns. Getting this balance right has never been more important—or more difficult.

Each budget decision now has explicit winners, losers, and timing—and the political economy of those choices has grown more complicated. Who or what gets priority? Which taxes will fund it, and which programs must give way? These questions can no longer be papered over with new debt. They must be answered clearly, and that is proving to be a formidable challenge.

Intergenerational Challenges:

High public debt is more than a macroeconomic concern; it is also a question of fairness across generations. In the words of the 18th century statesman Edmund Burke, "Society is a partnership...between those who are living, those who are dead, and those who are to be born." Debt makes it possible to finance growth-enhancing projects, cushion a shock, or spread costs more evenly over time. But persistent deficits are financed with debt that tomorrow's workers and taxpayers must service. When the

government's balance sheet, and as populations age, these implicit liabilities surface in budgets, often with destabilizing force. That poses difficult choices: Raise taxes, lower benefits, or keep borrowing and simply delay the reckoning.

The longer tough decisions are postponed, the more abrupt and onerous the adjustment when creditors or fiscal reality finally forces action. And worse, the bill falls to fewer people. Meanwhile, transfers and other current spending and debt service can crowd out investment in education, technology, and infrastructure, eroding the prosperity of the next generation. The political economy magnifies the challenge. Current voters resist cuts to earned or promised benefits, and older voters can form an especially powerful electoral bloc.

Politicians, tempted to avoid unpopular measures like raising retirement ages, trimming benefits, or

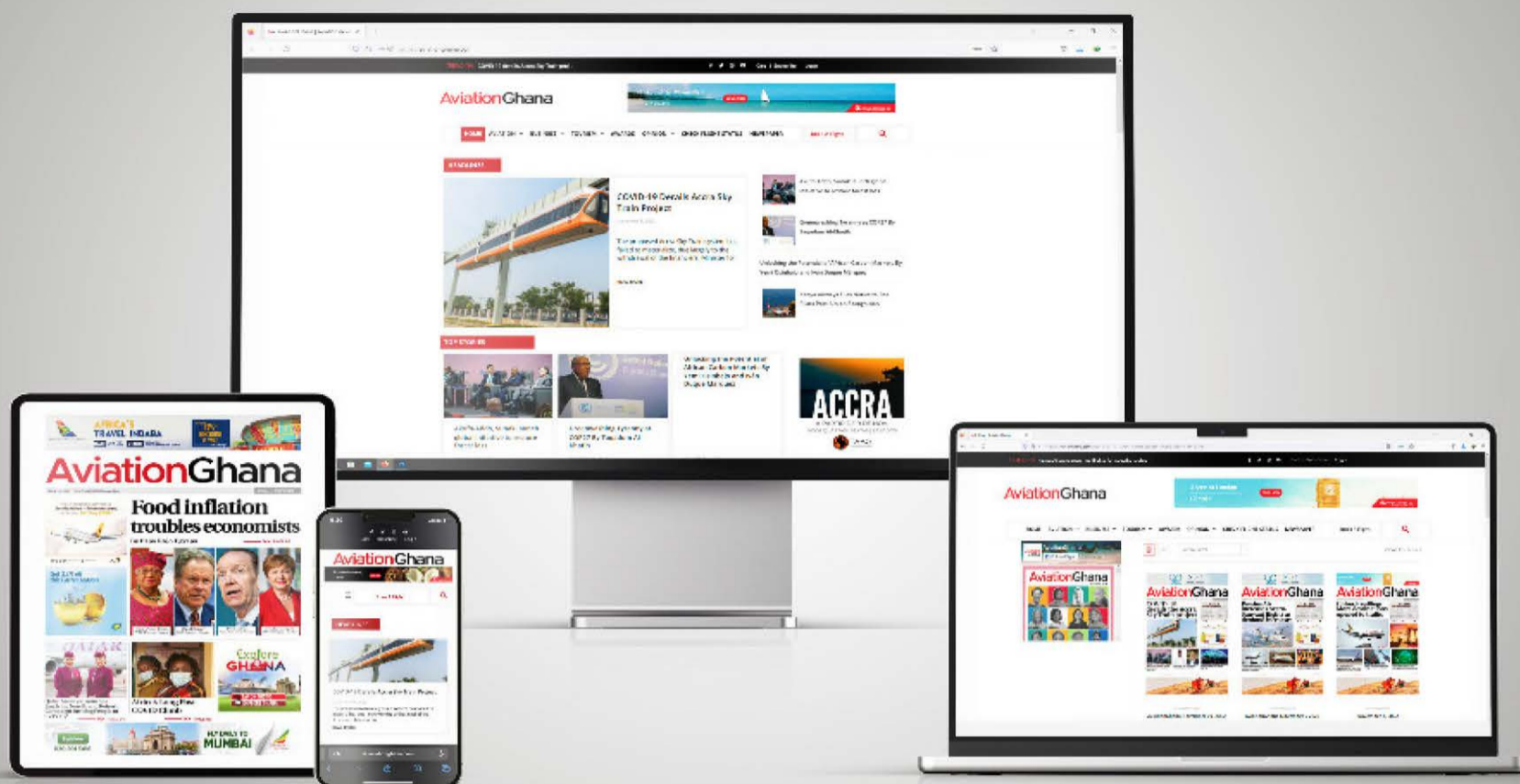
investments in infrastructure, education, and climate resilience can yield benefits for future citizens. What is worrisome is that too much recent debt has financed current consumption or avoidance of tough choices, effectively transferring more of the burden to future taxpayers rather than to those benefiting today. The key question is whether we are leaving a better and more prosperous world for the next generation—or simply leaving them the bill.

If fiscal policy is about distributing costs across time and social groups, then trust is the currency that makes this distribution politically feasible. Without trust, even the most sensible and well-designed reforms can falter as citizens doubt motives and outcomes. With trust, societies are more willing to accept difficult trade-offs and sustain them over time.

(Source: IMF)

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