

This thesis provides an overview of monetary policy in Ghana during the past two decades. A special focus is placed on assessment of inflation-targeting regime that the Bank of Ghana adopted in 2002 and became the first developing country to do so. After detecting the sources of inflation and a thorough description of monetary policy pursuit before 2002, the inflation-targeting regime is scrutinized. Despite the initial inability of the Bank of Ghana to meet its inflation targets, I consider the disinflationary process as well set. Optimistic expectations about the future success of inflation targeting, that the author of this thesis has, stems from the legislative changes that were made in 2002. Finally the credibility of the Bank of Ghana is identified as the main area for improvement.