



2022 Budget Highlights

**Budget Statement and Economic Policy of
the Government of Ghana for the 2022
Fiscal Year**

November 2021

KPMG Ghana



Foreword

“Building a Sustainable Entrepreneurial Nation: Fiscal Consolidation and Job Creation”



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At the beginning of 2021, Ghana, like many other countries started to chart a path to economic recovery with the hope of restoring macro-economic stability to Pre-Covid-19 levels. Despite the ambition and aspiration of government, the country experienced a third wave of the pandemic, which again disrupted economic activities and affected households and individuals. This called for a further prioritisation of the health, safety and well being of the citizenry, which subsequently impacted government expenditure.

Although we are not out of the woods yet, it appears the economy is on a recovery trajectory, albeit at a slower pace but quite competitive in comparison to our peers in the sub-region. Macroeconomic growth rate at the end of June 2021 stands at **3.5% against a projected 5.1% growth rate** full year 2021.

On 17 November 2021, the Minister for Finance, Hon. Ken Ofori-Atta presented the Budget Statement and Economic Policy (the budget) under the theme, “**Building a Sustainable Entrepreneurial Nation: Fiscal Consolidation and Job Creation**” to Parliament on behalf of the President, His Excellency Nana Addo-Dankwa Akufo-Addo.

With this budget, government seeks to sustain the recovery efforts and restore economic growth to pre-pandemic levels whilst achieving a sustainable debt position.

From the recent population and housing census, the Ghanaian youthful group is growing at a burgeoning rate amidst high unemployment. Government intends to find innovative solutions to curb the unemployment issue in the country. Several policies have been rolled out in the past to salvage the employment situation by successive governments. We believe that a lot more could be done through a collaborative effort with the private sector. The rising debt levels, which has been a major concern in the economy, calls for drastic debt management measures to bring to sustainable levels.

In achieving and realising the objectives of the 2022 budget, government set out the following to be the main macroeconomic focal areas:

- Ensuring restoration and sustained macroeconomic stability with a focus on debt sustainability.
- Building a robust financial sector to support growth and development;

- Maintaining a good balance between the implementation of the revitalisation and transformation programme and fiscal consolidation to promote growth within a stable macroeconomic environment;
- Providing a supportive private sector environment (including promoting entrepreneurship) for domestic businesses and for Foreign Direct Investment (FDI) to thrive;
- Deepening structural reforms to make the machinery of Government work more efficiently and effectively to support socio-economic transformation. In particular, implementing reforms to increase revenue mobilisation and the efficiency of public expenditure.
- Using digitisation to increase tax revenue, expand the tax net and monitor expenditure

We encourage the government to consolidate the gains of digitisation by harnessing data to uncover predictive patterns and insights into key focus areas of the economy for decision making.

We also encourage government to ruthlessly implement the stated policies to consolidate the gains achieved on the path to economic recovery. This is expected to provide certainty in the business environment and ultimately drive job creation.



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• Budget Theme •

Building a Sustainable Entrepreneurial Nation: Fiscal Consolidation and Job Creation



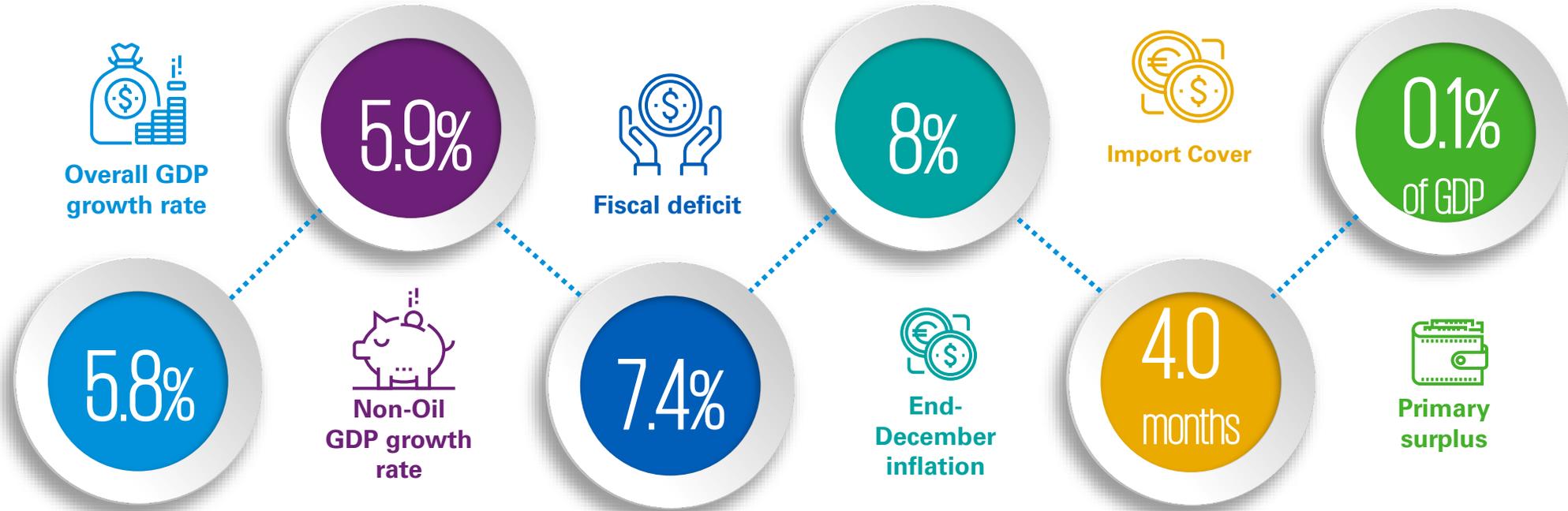


Executive Summary





2022 Budget At a Glance



Revenue

GH¢ 100.5 billion

Overall Budget Deficit

GH¢ 37.01 billion

Expenditure

GH¢ 137.5 billion



Tax Initiatives & Revenue Measures

Tax Revenue Initiatives



Introduction of 1.75% Electronic Transaction Levy ("E-Levy")

on the value of digital transactions, with exemptions for transactions of up to GH¢100 or less per day (which is approximately GH¢3,000 per month).



Simplified Tax Compliance System for Self-employed Individuals

to provide basic record keeping templates and a simplified tax return subject to the 3% presumptive tax.



Restoration of Benchmark Values

to protect the environment, local industry, strengthen public safety and support public health.



Approval for Implementation of the Revised Tax Exemption Bill



Revision of Value Added Tax Flat Rate Scheme (VFRS)

by applying the standard VAT rate to all firms except retailers with turnover thresholds between GH¢200,000 and GH¢500,000.



Extension of the VAT Relief on Local Textile Manufacture by 2 Years

to help expand production and provide affordable textiles to the market.



Reduction of Withholding Tax (WHT) on Sale of Unprocessed Gold

from 3% to 1.5% to reverse the significant decline in exports by small scale miners through official channels.



Intensifying the Revenue Assurance and Compliance Enforcement (RACE)

to seal revenue leakages and plug-in more revenue.

Non - Tax Revenue Initiatives



Zero Rate Tolls on all Public Roads and Bridges

to help reduce congestion on the tolled roads, allow free flow of vehicles, reduce travel time and the pollution caused by emissions from vehicles



Implementation of Unified Common Platform for Property Rate Administration

with effect from 1 January 2022.



Revision of Fees and Charges of MDAs

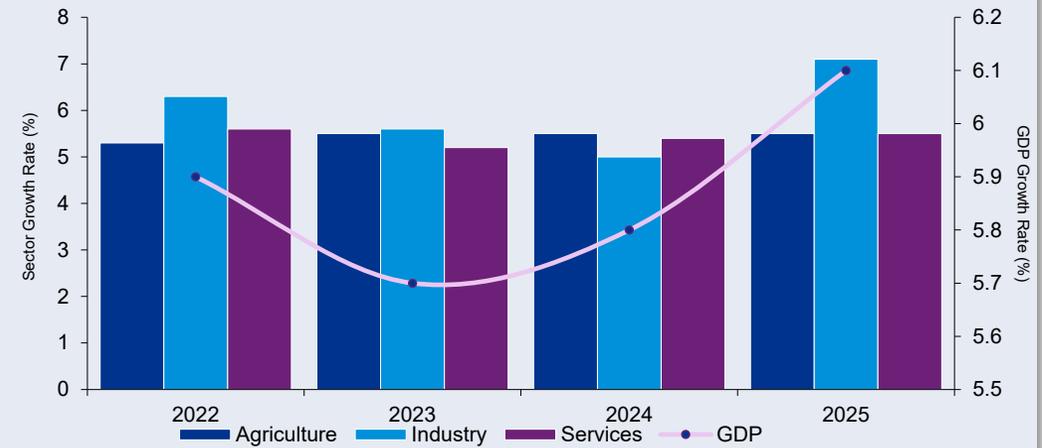
by at least an average increment of 15%, subject to automatic annual adjustments by average inflation.



Medium Term Macro-Fiscal Targets

- Over the medium-term covering the period 2022-2025, real GDP is projected to grow at an average of 5.6 percent. Non-oil real GDP is estimated to grow at an average of 5.9 percent over the medium-term.
- The growth of the industry sector is expected to recover with average of 5.9% from 2022 to 2025. Contributing to this recovery will be the Mining and Quarrying subsector which is expected to recover and grow by 6.5% in 2022. This subsector is projected to grow by 4.3%, 2.5 %, and 8.5% in 2023, 2024, and 2025, respectively.
- The services sector is expected to attain an average growth of 8.3%, the highest average growth of the three sectors over the medium term. Although the sector was severely hit by the pandemic, a pre-pandemic growth path is expected to be restored over the medium-term. Thus, the sub-sector is expected to record an average growth of 5.4%, over the medium term.
- The agriculture sector is expected to grow at an average rate of 5.5% over the medium term, mainly as a result of gains from the Planting for Food and Jobs and Modernisation of Agriculture initiatives.

Medium-term GDP Growth (in %) Projection (2022 – 2025)



Source: 2022 Budget Statement

Macroeconomic targets for the medium term (2022 – 2025)

Indicator	Target
Overall GDP growth (%)	5.6% (average)
Non-Oil GDP growth (%)	5.9% (average)
Inflation (%)	8±2 target band
Fiscal deficit (%)	not more than 5% of GDP
Primary balance	To be in surplus
Gross International Reserves	4.0 months cover

Source: 2022 Budget Statement



Global Developments





Global Economic Developments and Outlook

IMPACT OF COVID-19



The pandemic continues to depress the global economy



5.1m total lives lost to the pandemic



Total vaccine doses rolled out globally

7.2bn doses

60% : 4%

Percentage of vaccinated population in advanced against low-income countries



- **Global growth is expected to reach 5.9% in 2021 from 2020's 3.1%, and 4.9% in 2022 then stabilise to 3.5% over the medium term.**
- **Advanced economies are projected to grow at 5.2% average, an increase from the 4.5% 2020 contraction.**
- **6.4% growth is forecast for emerging and developing economies in 2021, projected to decrease to 5.1% in 2022.**



NORTH AMERICA

- Economic growth in the United States is projected to hit 6.0% in 2021.
- Increased government expenditure on the new infrastructure bill and other social initiatives is expected to fuel this growth.

AFRICA

- The Sub-Saharan African region is the most adversely impacted by the pandemic, with poverty, income gaps and social issues worsening.
- Economic growth is expected to rise to 3.7% (the slowest rate) in 2021, attributable to rising commodity prices and improved economic activity.
- Economies depending largely on tourism are projected to lose GDP income of about 15%.

IMF, October 2021 World Economic Outlook

EUROPE

- The Eurozone area is expected to continue its growth to 5.0% in 2021.
- The projected growth is driven by the region's relative ease of access to covid-19 vaccines as well as robust economic recovery measures.

ASIA & PACIFIC

- The region is expected to continue as the fastest growing despite dealing with the delta variant.
- 6.5% economic growth is projected for 2021 and 5.7% for 2022 with China and India leading the way.
- Japan's economy is expected to grow by 2.4%.

Projected Inflation



Inflation is projected to regress back to pre-pandemic levels by mid 2022, despite its current upward trend.

Inflation of **5.5%** is expected for emerging and developing economies.

2.8% inflation is projected for

advanced economies in 2021, a significant increase from 2020's 0.7%.



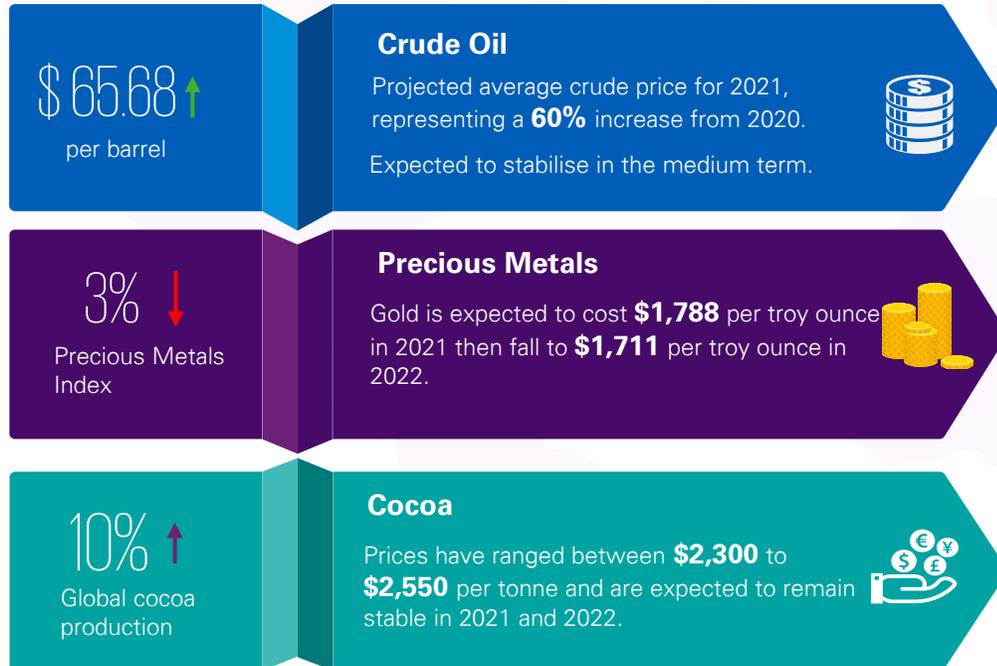
Inflation in Sub-Sahara African is projected to decline to about **8.6%** in 2022 and 9.6% for the ECOWAS zone. Policy reaction is expected to be a mixed bag.



Global Economic Developments and Outlook

COMMODITY PRICES

Favourable global trade recovery and increased demand from developed economies pushed commodity prices beyond the pre-pandemic levels.



IMPLICATIONS FOR GHANA'S ECONOMY



\$161bn
Net ODA

Net Official Development Assistance (ODA) exceeded \$161bn (0.32% of donors GNI) in 2020, still short of the targeted 0.7% GNI.

Source: UNIFAD, UNCTAD

\$ 100bn

COP26 calls for \$100bn yearly for developing nations to adapt to climate change.

FDI inflows to Africa is projected to increase by 5%, to be accelerated by AfCFTA.

5% FDI Inflow Increase

Remittance flows to low and middle income countries has reached \$540 billion.

\$540bn
Remittances



Performance on Rationalised ECOWAS Convergence Criteria

	 Budget Deficit (Incl. Grants) /GDP	 Inflation (Annual Average)	 Central Bank Budget Deficit Financing	 Gross External Reserves	 Nominal Exchange Rate	 Public Debt / GDP
Target	≤ 3%	≤ 5%	10%	≥ 3 months	± 10%	≤ 70%
No. of countries that met target in 2020	2	9	13	9	15	12
No. of countries that met target in 2021	2	9	14	12	15	11
Ghana (June 2021)	5.1 	7.8% 	0% 	5.0 months 	0.0% 	76.2% 



COVID-19 has undermined the region's progress made in recent years in performance against macroeconomic convergence criteria.



Out of the 15 member states, only 2 (Liberia and Guinea) satisfied the criteria on budget deficit in 2020



Apart from Liberia, the budget deficit worsened in all member states, with the highest recorded by Ghana and Cape Verde.



Performance on the inflation criterion remained unchanged as nine (9) member states satisfied the target at end-December 2020.



In 2021, the outturn on the Central Bank Financing of Budget Deficits improved as 14 member states met the target.



Ghana's economic revitalisation programme, aimed at expansion of the economy, is expected to promote fiscal sustainability and absorption of COVID 19 shocks.



The Economy





Macro Economic Snapshot: 2019 - 2021

Macroeconomic Performance		2020 End Sept. Outturn	2020 Outturn	2021 Rev. Target	2021 End Sept. Outturn
Overall GDP Growth Rate		0.8%	0.7%	5.1%	3.5% **
Non Oil GDP Growth Rate		1.2%	0.9%	7.0%	4.9%
End Period Inflation Rate		10.1%	10.4%	8.0%	11% *
Fiscal Deficit (% of GDP)		8.6%	11.7%	9.4%	7.7%
Primary Balance (% of GDP)		3.7%	(5.3)%	(2.0)%	(1.9) %
Import Cover (Number of months cover)		4.0	4.0	4.0	4.9

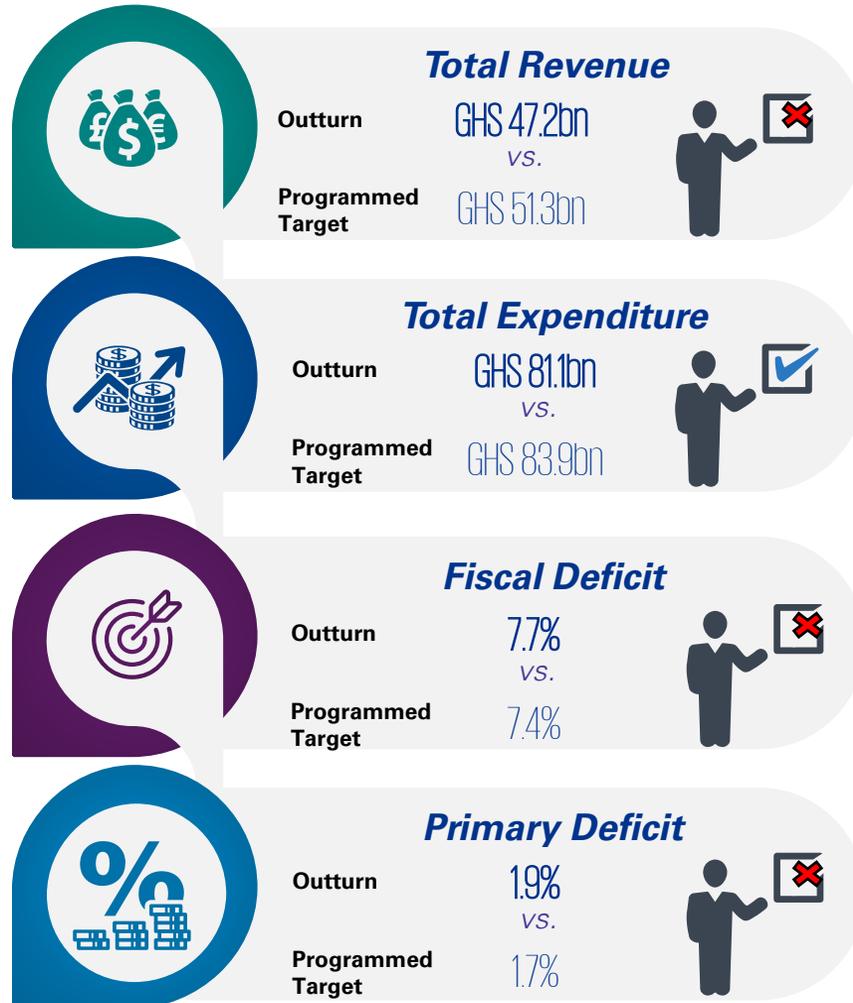
* As at end of October 2021

**As at end of June 2021

Source: 2022 Budget Statement



Fiscal Performance for 2021 (Outturn vs Revised Target)



Figures as at end September 2021

- The subpar revenue outturn was the result of a shortfall of 29% and 7.4% in grants and domestic revenue respectively against revised targets.
- Non oil tax revenue also saw a dip in expected performance as a result of shortfalls in Corporate Income Tax, Personal Income Tax, Mineral Royalties, Excise, Duty, and Communications Services Tax.
- Expenditures were largely within the ceilings set by the Budget's Appropriation with Wages and Salaries, Interest Payment and Capital Expenditure as exceptions
- Other Expenditure comprising mainly Energy Sector Levies (ESL), transfers and COVID-19-related expenditures were 23.6% below the programmed target.
- Government's fiscal operations including the financial sector bailout & independent power producers (IPP) cost resulted in a cash deficit of 9.3% of GDP, compared to the programmed deficit of 9.9% of GDP.
- Excluding the financial sector bailout & IPP cost, fiscal operations dropped to a deficit of 7.7% compared to the revised target of 7.4% of GDP.
- Primary balance including the financial sector bailout & IPP cost for 2021 was in a deficit, representing 3.5% of GDP against the programmed outturn of 4.2% of GDP.
- The exclusion of the financial sector bailout & IPP cost resulted in a primary balance deficit of GH¢8.5 billion, representing 1.9% of GDP against the programmed deficit of GH¢7.4 billion (1.7% of GDP).



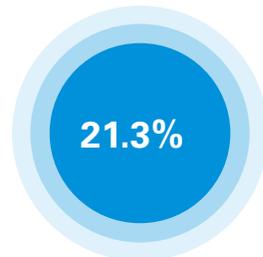
Real Sector Performance (June 2021)



Agriculture

- The agriculture sector recorded an average growth of 4.9% in the first half of 2021. This was 320 basis points lower than the growth rate of 2020.
- The average share of the sector increased from 19.1% in the first half of 2020 to 21.3% for the same period in 2021
- The highest average growth performance of 5.8% was chalked by the Forestry and Logging subsector in the first half of 2021. In the first half of 2020, this subsector contracted by 8.1%.
- The Crops (including Cocoa) subsector and Fishing subsector grew by an average of 4.7 % and 4.6% respectively, over the first half of 2021.

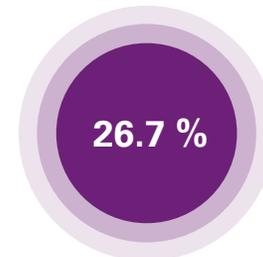
2021-Q2
Share of GDP



Industry

- The Industry sector recorded an average contraction of 1.3% in the first half of 2021, compared with an average contraction of 3.2 % over the same period in 2020.
- Water Supply, Sewerage, Waste Management & Remediation Activities (13.6%), followed by Construction (8.1%), were the key industry subsector drivers, achieving the highest average growth rates.
- The Mining and Quarrying subsector contracted by 15.1% on average in the first half of 2021. This contraction reflects a decline in the production of oil and gas, as well as gold, over the period.
- Oil and Gas dipped by 13.4% within the first two quarters of 2021, compared with a 4.2% decline recorded for the same period in 2020.

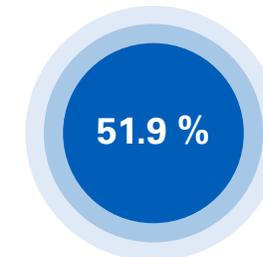
2021-Q2
Share of GDP



Services

- The Services sector recorded an average growth rate of 7.2%, making it the sector with highest growth rate.
- Information and Communication subsector (average of 21.0%), Health and Social Work (average of 14.7%), and Real Estate (average of 11.8%) were the subsectors with the highest growth as at the first half of 2021.
- The Hotels and Restaurants subsector contracted by 5.4% over the first two quarters of 2021. This suggests the industry is still struggling to recover from the adverse economic effects of the pandemic.

2021-Q2 Share
of GDP

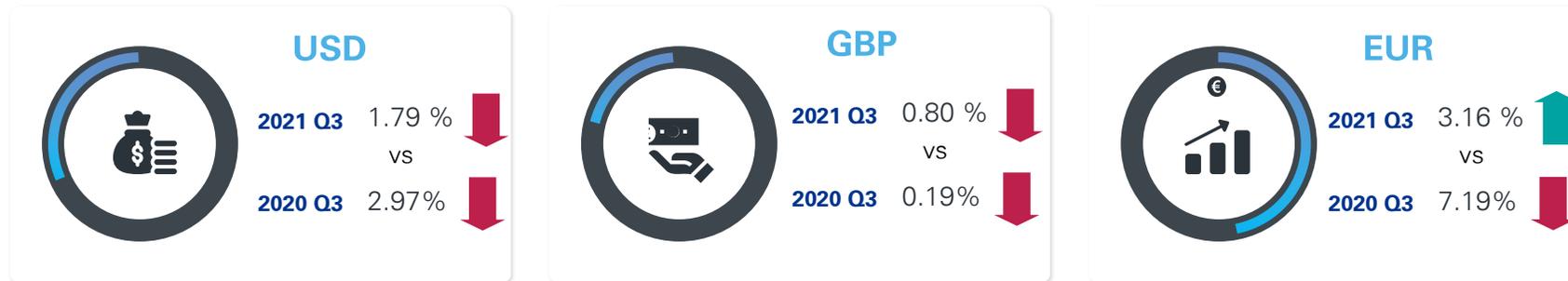


Source: 2022 Budget Statement



Monetary Sector Developments

Performance of the Ghana Cedi against major trading currencies



Inflation and Monetary Policy Rates

- Monetary policy focused on steering inflation towards the medium-term target band of 8±2 percent in 2021, following the surge in inflation at the onset of the COVID-19 Pandemic.
- Monetary policy performance in 2021 has been broadly in line with expectations, with significantly stable exchange rate developments, increased reserves accumulation, and generally low inflation.
- The Monetary Policy Rate (MPR) was reduced by 100 basis points to 13.50% in May 2021 on account of generally favourable inflation expectations, and as an additional measure to support the recovery of activity from the COVID-19 pandemic.
- Money market rates also broadly declined in line with easing inflation expectations and the cut in the monetary policy rate. The 91-day and 182-day Treasury bill rates declined to 12.47 % and 13.20 %, respectively in September 2021, from 14.02% and 14.12%, respectively, in September 2020. The rate on the 364-day instrument followed the trend and decreased marginally to 16.12% from 16.95% over the same comparative period.
- Consistent with the reduction in MPR, the weighted average interbank rate declined to 12.61% from 13.58 %. This is reflected in a marginal reduction of average lending rates. Consequently, average lending rates of banks declined marginally to 20.23% in September 2021 from 21.30% in September 2020.
- Inflation rose from 10.6% in September 2021 to 11.0% in October 2021, driven by non-food inflation mainly on account of price increases in the transport and housing & utility components of the consumer price index (CPI).

Source: 2022 Budget Statement



Cumulative
Appreciation



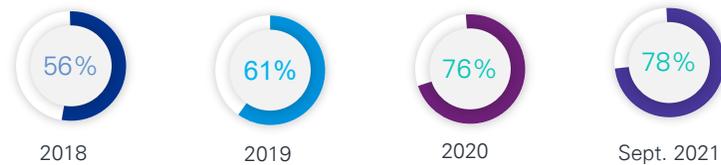
Cumulative
Depreciation



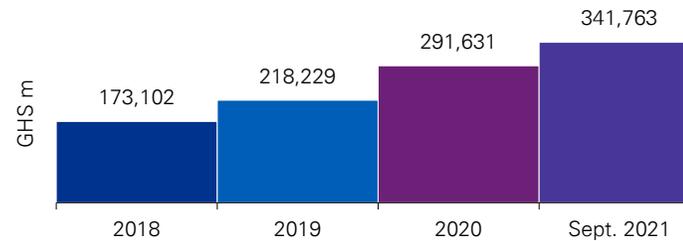


Public Debt

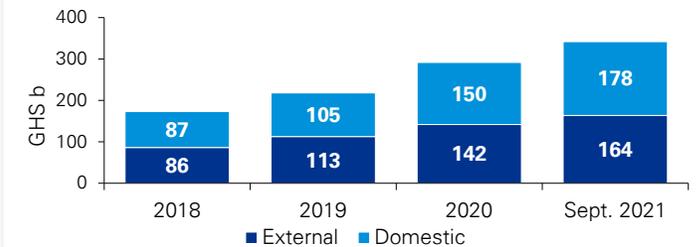
Debt to GDP Ratio



Total Debt



Public Debt Composition



- COVID-19 pandemic continues to exert a toll on the global economy as the cyclical fiscal adjustments effected to save lives and livelihood, have had negative effects on global debt developments.
- Global public debt to GDP ratio is expected to decline slightly from the 98.6% of GDP recorded in 2020 to 97.8% of GDP in 2021, according to the IMF's October 2021 Fiscal Monitor report.
- Ghana's debt to GDP ratio stands at 78%, when the cost of the financial sector bailouts and energy sector IPP payments are factored in.
- The debt to GDP ratio is 72% when the financial sector bailout and IPP costs are excluded.

- The provisional nominal debt stock, including financial sector bailout costs and energy sector IPPs payments, stood at GH¢341.8 billion (US\$58.2 billion) as at end-September 2021, from end-December 2020 stock of GH¢291.6 billion (US\$50.8 billion).
- The elevation in the debt stock in 2021 arising from the impact of the COVID-19 pandemic seems to be stabilising as at end-September 2021.
- The Government expects to taper the debt dynamics since there are no further large issuances expected before the end of the year

- The composition of public debt comprises external debt of GH¢163.7 billion (US\$27.9 billion) and domestic debt of GH¢178.1 billion (US\$30.45 billion).
- External and domestic debt represented 47.9% and 52.1% of total debt, respectively.
- This represents a foreign-domestic share split of 47.9 percent and 52.1 percent, respectively.

Source: 2022 Budget Statement



Tax Initiatives





Proposed Tax Initiatives & Revenue Measures

1. Imposition of 1.75% Electronic Transaction Levy (“E-Levy”)

Government intends to impose an electronic transactions levy of **1.75%** on the value of digital transactions. This levy seeks to cover mobile money payments, bank transfers, merchant payments, and inward remittances.

Except for inward remittances, which the charge will be borne by the recipient, the sender will be the bearer of this charge.

Transactions of up to GH¢100 or less per day (which is approximately GH¢3000 per month) will, however, be exempt from this levy. The recommended effective date of implementation is 1 January 2022.

2. Extension of the Value Added Tax Relief on Local Textile Manufacture by Two (2) Years

In order for local manufacturers of African textile prints to consolidate the gains from the VAT relief granted in 2019, help to expand production in the industry and provide affordable textiles to the market, the Government intends to extend the current VAT relief which expires by 31 December 2021 for another 2 years to 31 December 2023.

3. Revision of Value Added Tax Flat Rate Scheme

Government has proposed a review of the VAT Flat Rate Scheme (VFRS) by applying the standard VAT rate to all firms except retailers with turnover thresholds of between GH¢200,000 and GH¢500,000, for whom the VFRS will apply.

4. Provision of Simplified Tax Compliance System for Self-employed Individuals

Government intends to provide basic record keeping templates and a simplified tax return for self-employment individuals subject to the 3% presumptive tax. This is expected to promote compliance and expand the tax net. Also, Government has proposed to increase the current threshold on turnover of these individuals subject to modified taxation from GH¢200,000 to GH¢500,000.



Our point of view

- **Modern trends and Government’s digital transformation agenda has led to the high patronage and value of digital transactions. As a result, the introduction of the 1.75% E-Levy has the potential to raise the revenue required by the Government to pursue its fiscal and debt sustainability agenda in the short to medium term. However, being a consumption tax, care must be taken that it does not result in unintended inflationary pressures. Also, the levy has the potential to discourage the use of the digital platforms for payments, thereby returning the country to the cash economy. To avoid these consequences, the Government should consider imposing a cap or limit on the amount of the levy that is payable per transaction irrespective of the amount involved. This is based on the fact that, if the levy is calculated on relatively large amounts, the charge (if not capped) may be significant enough to influence a consumer’s decision to use a digital payment platform or otherwise.**
- **The review of the VFRS to cover only retailers with turnover between GH¢200,000 and GH¢500,000 should simplify compliance for tax payers and make it easier for retailers to voluntarily fulfil their tax obligations.**
- **The provision of simplified tax returns and basic record keeping templates for self-employed individuals subject to the presumptive tax will increase compliance and enhance revenue mobilisation. Government should however, engage with tax payers to educate them on the use of the templates and there should be enough sensitization before the templates are rolled out. Also, the adjustment in the threshold of these taxpayers to GH¢500,000 will make the modified taxation regime applicable to more persons given that the Ghanaian economy is dominated by informal sector activity and self employed individual businesses.**



Proposed Tax Initiatives & Revenue Measures

5. Approval for Implementation of the Revised Tax Exemption Bill

Following the completion of Parliamentary review of the Tax Exemption Bill, the Government intends to work with Parliament in 2022 to ensure its final passage and implementation.

6. Reduction of Withholding Tax on Sale of Unprocessed Gold

To reverse the significant decline in exports of unprocessed gold by small scale miners through official channels, the Government after consultation with the stakeholders in the industry has proposed a reduction in the applicable withholding tax on the sale of unprocessed gold by small-scale miners from **3% to 1.5%** with effect from 1 January 2022.

7. Restoration of Benchmark Values

In order to protect the environment, local industry, strengthen public safety, and support public health, the Government has proposed the restoration of the benchmark values of imports by suspending the 50% discount on selected general goods and the 30% discount on vehicles.

8. Revision of Fees and Charges of Ministries, Departments and Agencies (MDAs)

Government has proposed at least an average increment of 15% of the Fees and Charges of MDAs, effective 1 January 2022 and thereafter subject it to automatic annual adjustments by average inflation rate as published by the Ghana Statistical Service, but with the prior consent of the Minister for Finance. This is, however, intended to be subjected to general review every 5 years.

9. Zero Rate Tolls on all Public Roads and Bridges

Government proposes to remove toll charges on all public roads and bridges upon approval by Parliament. This is intended to help reduce congestion on the tolled roads, allow free flow of vehicles, reduce travel time and the pollution caused by emissions from vehicles in and around the tolling points.



Our point of view

- Tax exemptions cost the Government a lot of money which otherwise is tax revenue that could be used for the public good. A revised exemption bill is expected to improve on the current exemption provisions to ensure that the exemptions granted can be effectively monitored in terms of its implementation as well as its total cost to the nation. The passage of the bill should be accompanied by a broader conversation to critically identify and leverage the benefits of tax exemptions in areas where the country has a competitive advantage to attract foreign direct investments.
- The proposed reduction of the 3% withholding tax rate on unprocessed gold to 1.5% could be a good initiative to encourage honest declarations and reduce the incidence of the sale of gold from small scale miners through unauthorised channels. However, more engagement and a robust compliance and monitoring regime to cease the channels for unofficial export of the unprocessed gold will be necessary to improve revenue flows from the sector.
- The restoration of benchmark values will give some competitive advantage to the local producers of the same products on which the discounts on the benchmark values have been reversed. However, in the case of commodities for which local production cannot fully meet the local demand, the government could consider maintaining the discount as the higher import duties will be passed on to final consumers in higher prices.
- An upward adjustment in fees and charges that enables the Ministries, Departments and Agencies (MDAs) to get internally generated funds to meet the cost of providing services to the public is welcome. However, the adjustments should be set to help the MDAs raise income that enables them to just breakeven, as the services provided by the MDAs are inelastic, there are no alternatives for the services provided by the MDAs that the general public can explore if they consider the new fees and charges to be too high.



Proposed Tax Initiatives & Revenue Measures

10. Implementation of Unified Common Platform for Property Rate Administration

Government has proposed the implementation of the Unified Common Platform for Property Rate Administration with effect from 1 January 2022. The platform will be administered by the Ghana Revenue Authority for the collection of property rates on behalf of Metropolitan, Municipal and District Assemblies (MMDAs). The arrangement will be subject to review every five years.

11. Intensifying the Revenue Assurance and Compliance Enforcement (RACE)

Government proposes to intensify the Revenue Assurance and Compliance Enforcement (RACE) initiative in order to seal revenue leakages and plug-in more revenue. This is expected to be achieved through a collaboration between the Ghana Revenue Authority and Revenue Assurance and Compliance Enforcement (RACE) to continue with its enhanced compliance measures.



Our point of view

- The proposed introduction of a common platform for property rate administration will help streamline the collection of property rates. To make this policy work, however, the following must be considered:
 - I. An improvement in the current system of property registration is essential to facilitate the ease of identification of the owners of properties.
 - II. The prioritisation of local services and infrastructure in the use of the revenue realised from property rates to motivate home owners to voluntarily comply as they can see the direct benefits of the rates collected in their communities. Example, improved town roads, schools, hospitals etc.
- The RACE initiative is to enhance revenue collection by blocking leakages in areas such as petroleum bunkering, gold and minerals export, port operations, transit goods, warehousing, border controls and the Free Zones among others. This is an important initiative to identify and block revenue leakages which will play a significant role in achieving Government's revenue target. We therefore expect that Government will appropriately resource them to enable them carry out their mandate effectively and they in turn will co-operate with the other revenue collection agencies for efficiency.



Sector/Other Initiatives





Financial Sector



Budget Proposal

❑ Transformation of the Ghana Amalgamated Trust (GAT) into a Permanent Company

Government intends to create a dedicated government-backed private equity company (new GAT) which will focus on undertaking equity investments in the Financial, Fintech, Hospitality, Transport and Manufacturing Sectors in order to strengthen Ghanaian businesses.

❑ Operationalisation of the Domestic Credit Rating Agency (DCRA)

The DCRA, which will be operationalised by June 2022, is expected to reduce information asymmetry between market agents, enhance risk-based lending and promote informed investor decisions.

❑ Establishment of the International Financial Services Centre (IFSC)

To position Ghana as a hub for capital inflows to both Ghana and its regional peers, the IFSC will focus on creating the right legal and business environment to attract global pension funds, asset managers, stock exchanges, trustees and insurance firms. Procurement process for the development of a business plan as well as the legal framework for the IFSC is expected to be concluded by end of March 2022.



Our point of view

- The proposed interventions have the potential to deepen financial intermediation, if effectively implemented.
- The establishment of the new GAT as the private equity business provides another channel for the local businesses to access medium to long term funds to support the growth plans.
- The operationalisation of the DCRA will facilitate the de-risking of lending and improve the efficiency of the financial and capital markets.
- The establishment of the IFSC could provide the framework to attract long term capital for businesses in Ghana and the sub-region as trade under AfCFTA gathers momentum.



Financial Sector



Budget Proposal

□ Developments in the Ghana Commodity Exchange (GCX)

As part of the efforts to equip the GCX in implementing its strategic plan, the following are planned:

- Establishment of the Aggregation and Entrepreneurship Development Fund to provide funding for commodity aggregators to buy produce from smallholder farmers on the GCX;
- Greater focus on the sale of Cocoa and Gold on the GCX platform;
- Operationalisation of a Settlement Guarantee Fund by Q12022 to cushion depositors on the GCX against possible default in settlements.

□ Full Operationalisation of the Development Bank Ghana (DBG)

Having received operational license from the BOG coupled with the appointment of a Governing Board and Management Personnel, the DBG is expected to commence full operation in 2022. DBG has a dedicated purpose of offering long-term capital for business growth in order to enable business enhance their competitiveness in the sub-region and ultimately employ more .

□ Portfolio Allocation to SMEs by Banks

As part of the post-COVID19 recovery efforts to fast-track growth of SMEs, Government intends to work with banks in Ghana to increase their lending to qualifying SMEs by between GHS2.5bn and GHS5bn over the next three years.

□ Skill Development Programme for Young Graduates

As part of efforts to alleviate unemployment among the youth, the banking industry will collectively support skills development of young graduates and youth entrepreneurs over the next three years. A total of GHS75m is planned to be spent by the banking industry on this initiative.



Our point of view

- **Supporting SMEs to develop resilience and competitiveness is a strong lever for achieving sustainable and inclusive economic growth. The availability of skilled human capital and access to long term funds should boost Ghana's job creation and SME growth agenda.**
- **The initiatives to support access to finance for SMEs and skills development for young graduates are commendable.**
- **However, there are a number of existing programmes already under implementation for youth skills development and SME financing. It is important that the implementation of all these programmes are coordinated to maximise their impact.**
- **The initiatives to increase trading activities on the GCX also have the potential to expand market access for small holder farmers and boost market liquidity in the commodity value chain.**
- **The Government, through COCOBOD should consider making more cocoa available for trading on the GCX to support local value addition. The trading of gold on the exchange, especially from the small scale sector, could maximise revenue mobilisation and promote greater value addition in the value chain.**



Financial Sector



Budget Proposal

❑ Acceleration of the Implementation of the National Homeownership Fund (NHF)

The Government intends to accelerate the implementation of the successfully piloted NHF fund, as a means of facilitating the use of innovative products in harnessing pensions and other long-term funds to support homeownership in Ghana. The NHF will be independently and professionally managed.,

❑ Roll-out of the Farmers Pensions Scheme and expansion of the enrolment on the 3rd Tier

Following the successful pilot registration of farmers in 2021, the National Pensions Regulatory Authority (NPRA) intends on rolling out the Farmers Pensions Scheme in 2022. The objective of this scheme is to provide guaranteed retirement income security to all cocoa farmers. The NPRA also intends to expand the 3rd Tier to 12% of the Ghanaian workforce.

❑ Deployment of Risk-Based Supervisory Software (RBSS)

To facilitate real-time monitoring of private pensions schemes, the National Pensions Regulatory Authority (NPRA) will deploy a Risk-Based Supervisory Software.



Our point of view

- The Government's commitment to prioritise the housing sector in 2022 is a move in the right direction given the housing deficit in Ghana.
- Considering that most Ghanaians prefer to build and own their own houses, the successful implementation of the National Housing Fund is expected to offer families the option to access long-term financing to build and own their homes or buy from the real estate market.
- It is commendable that Government intends on establishing the NHF as an independently and professionally managed fund. It is important that good corporate governance practice is observed in the management of the fund to enhance its sustainability, accountability and capacity to contribute effectively to the reduction of the housing deficit in the country.
- The successful implementation of the farmers pensions scheme will ensure a decent retirement income security for cocoa farmers post retirement. However, the COCOBOD and the NPRA need to reinforce their education and sensitisation programme to enhance awareness and enrolment of the target groups.



Transportation Sector



Budget Proposal

❑ Establishment of the Home-Based Carrier

In pursuit of the goal to make Ghana an aviation hub, the Government intends to finalise negotiation and commence the establishment of the airline in 2022.

❑ Proposal for the Adoption of E-Mobility

In order to alleviate the high levels of green house gases and air pollution while providing sustainable and environmentally friendly intra-city transportation services, the Government is developing a proposal for the adoption of E-Mobility in the transport sector.

❑ Planned projects in Aviation Management Programmes

- Commencement of the feasibility studies and construction processes for airports in Central Region and Western Region (or straddle of the 2 regions)
- Commencement of the extension of the runway at the Sunyani Airport
- Operationalisation of the Air Navigation Services (ANS) complex at Kotoka International Airport (KIA)



Our point of view

- **As a party to the Paris Agreement, the adoption of the E-mobility is a significant step towards reducing national carbon emissions in response to the threats of global warming. Nevertheless the execution of this commitment would require restructuring of our transport networks and this requires massive financial investment.**
- **The adverse impact of the COVID-19 on Aviation sector cannot be overemphasised. While global travel has since rebounded as vaccination levels across the world improves, it is still below pre-pandemic levels. It is therefore important that careful consideration is given to the viability of the home-based carrier given the relatively depressed levels of global travel and tourism.**



Energy & Natural Resources



Budget Proposal

□ Mineral Resources Development and Management Programme

- Government intends to procure drones, patrol boats, tracking devices, operational vehicles and recruit river guards to enhance monitoring of mining operations in order to reduce the menace of illegal mining and pollution of rivers.
- The Ghana Integrated Iron and Steel Development Corporation (GIISDEC) will undertake mineral resource estimate on iron ore deposits and undertake investor engagement processes to secure an investor to partner in developing an integrated iron and steel plant in Ghana.
- The Minerals Commission (“The Commission”) will undertake further geological investigations of blocked-out areas and allocate additional viable areas available to small scale miners.
- The Commission will launch 100 community mining concessions expected to create over 150,000 direct and indirect jobs.
- The Commission will also continue to facilitate the ratification of new mining leases and increase the list of locally procured items on the Local Content Procurement list from 29 to 34 to ensure that the benefits of mining are retained for socio-economic growth and development of the mining localities.



Our point of view

- **Government’s intention to monitor mining operations to ensure the adverse effects of illegal mining are mitigated is commendable. However, Government needs to ensure the punitive measures in place for illegal mining activities are fully enforced by the appropriate institutions to achieve the objectives of this initiative.**
- **Government’s plan to encourage investment in the integrated steel iron and steel industry requires a coordinated effort across all of government to attract the right partners for the realisation of this objective. This will include working with the relevant sector ministries and MMDAs to establish the infrastructure and provide the relevant permits required for the establishment of an integrated iron and steel industry.**
- **Granting more mining leases to small scale miners under the community mining programme should reduce the harmful environmental practices of some small scale miners, while making the benefits of gold mining available to local communities.**
- **Increasing the list of locally procured items on the Local Content Procurement list will encourage local content participation in the mining sector and potentially boost job creation.**



Energy & Natural Resources



Budget Proposal

❑ Small Scale Mining Incubation Programme

Minerals Income Investment Fund (MIIF) is seeking to develop local capacity in the Ghanaian mining sector by providing technical support and long-term capital to viable and licensed small-scale miners and local mining operators.

❑ Repowering of T3 Power Project and Relocation of the Ameri Project

Government is looking to engage, a joint venture partner to undertake the repowering of the T3 Power Project with VRA. A proposed site has been identified at Anwomaso in the Ashanti Region for the Ameri Relocation Project which would be done in 2022. These projects will aim to connect approximately 800 towns and Government will also select 2,401 communities with population of 400 and above to be connected to the national grid as a priority.

❑ Energy Efficiency and Demand-Side Management

The Ministry of Energy will embark on streetlight metering as a measure to efficiently determine the accuracy of electricity consumption as a means of eradicating the use of estimates by Electricity Distribution Companies.



Our point of view

- It is without doubt that the COVID-19 drastically impacted mining sector causing many small scale mining businesses to consider folding up. In addition to this, the sector has been subjected to massive national scrutiny in response to threatening activities of illegal miners. Given that the sector is a source of livelihood for significant portion of the Ghanaian workforce, with planned initiatives such as the MIIF initiative and the promise of potential investment from the proposed New GAT company, it is expected that the sector will see considerable recovery and reinvigoration.
- Government's intentions to adopt a pragmatic approach to extending power supply to unconnected communities is commendable. Nevertheless, consideration should be given to implementing a cost reflective tariff structure to ease the build up of energy sector debt as capacity and coverage are extended.



Energy & Natural Resources



Budget Proposal

□ Renewable and Alternative Energy Development Programme

- The Ministry of Energy will in 2022 construct 10 mini-grids in 10 island communities as well as supply and install solar home systems in 20 island and lakeside communities as part of the strategy to electrify island communities and hard-to-reach areas with renewable energy technologies.
- Government will also distribute additional 10,000 units of solar lanterns to rural and peri-urban communities at subsidised prices as part of efforts to promote clean lighting sources.
- An additional 295,000 Improved Charcoal Cook Stoves will be distributed by Government in a bid to address the exposure of women and children to carbon monoxide emissions from the use of wood fuel for cooking and also to reduce deforestation.
- The Ministry of Energy and Nuclear Power Ghana Limited will finalise processes to identify a vendor country and continue efforts toward the identification of the preferred site for the first nuclear power plant.



Our point of view

- **In the wake of the global discussions on the need for countries to reduce national carbon emissions in response to the threats of global warming, resorting to solar energy is a preferred alternative. However, the Government could adopt the approach of countries like India by building large scale solar grids to serve the targeted communities.**
- **The distribution of Improved Charcoal Cook Stoves will indeed play a vital role on improving the wellbeing of affected persons. The Government should however, consider involving private sector actors in the local communities in manufacturing of the improved cook stoves, to support job creation in the implementation of this initiative.**



Energy & Natural Resources



Budget Proposal

□ Petroleum Sector Development and Management Programme

Government has set up the Petroleum Hub Corporation, completed an Interim report on the Strategic Environmental Assessment (SEA) of the Petroleum Hub Infrastructure Master Plan and a temporary environmental permit obtained. The draft Spatial Plan has been subjected to review at a stakeholders' forum.

The Ministry of Energy also engaged prospective investors at the recent Offshore Technology Conference (OTC) to promote Ghana as an attractive destination for investment, technology, and a hub for refined petroleum products in the West African sub-region

Feasibility studies will commence in 2022 on the Petroleum Hub Infrastructure Master Plan.



Our point of view

- **Government is on course to establishing the petroleum hub which would serve not just the country but the entire West African Region. The move will help to create more jobs in the oil and gas sector of the economy and also provide investment opportunities for interested companies within and outside Ghana.**



Trade & Industry



Budget Proposal

❑ Strategic Anchor Industries Initiative

Government will implement more project interventions under the Strategic Anchor Industries Initiative to enhance production capacity of selected companies and reforms to improve the competitiveness of the Garments and Textiles Sector and the Pharmaceutical Industry. Thus in 2022, the Government is considering an extension of the tax relief period of the Garments and Textiles Sector.

❑ Ghana National Accreditation Service Bill and the National Quality Policy

The Ghana Standards Authority (GSA) will draft an Accreditation Service Bill which will provide an internationally recognised and effective accreditation system for conformity assessment and a National Quality Policy to ensure that goods and services emanating from or traded in Ghana meet quality standards. The GSA will also implement nationwide calibration of medical devices, develop National Hydrocarbons Standards and establish a Metrology Laboratory to provide services to the Oil and Gas Industry.



Our point of view

- The proposed extension of the tax relief of the garments and textiles sector will grant additional cash flows to businesses in this sector and sustain their operations.
- The proposed quality standards will ensure that goods and services produced in the country meet the required quality standards for both the local and international markets to enhance confidence in goods and services on our local markets.
- Businesses may however, need to make some adjustments to their production processes to ensure they meet the standards.



Trade & Industry



Budget Proposal

Vehicle Assembly and Automotive Industry

- As part of the Vehicle Assembly and Automotive Industry component of the Ghana Automotive Development Programme, Nissan, KIA, Hyundai and Renault are to establish in Ghana and commence commercial production in 2022.
- In 2022, Government intends to build local capacity by completing the establishment of the Automotive Development Support Centre to promote innovative vehicle financing, regulate vehicle standards, and facilitate the domestication of the industry through the local manufacture of components, parts and accessories by SMEs to supply local assemblers.



Our point of view

- **Government's continued commitment to promote the vehicle assembly and automotive industry will enhance job creation and promote local content participation through the local manufacture of the components, parts and accessories.**
- **Government should seek to integrate local component capacity such as foundry and OEM parts fabrication into the vehicle assembly supply chain to enhance skills and technology transfer and promote the sustainability of the industry.**
- **Government should also consider catalysing an innovative vehicle financing initiative to boost local demand for vehicles manufactured in Ghana.**



Agriculture



Budget Proposal

□ Modernisation of Agriculture:

Government will pursue the following initiatives for agricultural modernisation;

- Create a Ghana Agricultural Land Information Bank (GhLIB) to provide a reliable and easily accessible land-based information platform to improve and facilitate access to land for commercial farming.
- Develop, print, and disseminate investment related leaflets and brochures on priority commodities.
- Sensitise and engage the youth on the opportunities within the agricultural sector.
- Map-out the agribusiness start-up ecosystem resources and disseminate them to the youth.



Our point of view

- **The proposed Ghana Agricultural Land Information platform, if well implemented, will ensure that farmers have better access to land for agricultural production.**
- **It is important for the government to consider agribusiness linkages and introduce innovative farmgate acquisition and receipting systems. The GCX receipting system could be further strengthened and extended to promote transparency and consistency in pricing and enhance market efficiency across the value chain.**
- **Government will also need to consider incentives to attract the youth into agriculture to advance the agenda for job creation.**



Health



Budget Proposal

Expansion of the Manufacturing and Export Capacity of Pharmaceutical Products

- To reduce imports of pharmaceutical products, Government intends to upgrade at least one pharmaceutical company under the CARES program to achieve World Health Organisation (WHO) Good Manufacturing Practices (GMP) standards.
- It also intends to commence works towards establishing the Bioequivalence Center at Noguchi to support the local pharmaceutical manufacturing industry. These will enhance the export capacity of the local pharmaceutical company under the African Continental Free Trade Area (AfCFTA).

Expansion of Domestic Procurement of Pharmaceuticals

As part of Government's agenda to expand industrial capacity, it intends to expand domestic procurement of pharmaceuticals and work with industry to facilitate the production of Active Pharmaceutical Ingredients (API) in 2022.

Health Care in the Digital Economy

- The government is in the process of digitizing the health records of Ghanaians and creating a national digital platform for the sale of pharmaceutical products to improve healthcare delivery.
- Also, the Electronic Health Medical Records System (LIGHTWAVE), will be expanded to cover all district hospitals and other targeted health facilities.



Our point of view

- The Government's initiative to enhance the operations of the pharmaceutical industry in Ghana will translate to a significant boost in the pharmaceutical industry in Ghana, improve productivity, intensify their capacity as well as their operational efficiency and effectiveness.
- The potential export of vaccines and active pharmaceutical ingredients will be a good source of revenue for the country and add significant value to the industry, hence moving Ghana from net importers to net exporters of essential medicines.



Health



Budget Proposal

❑ Equipping the Health Sector

The government is seeking to construct some specialized medical facilities in designated hospitals across the country to enhance healthcare delivery in the country. Similarly, the government will procure 100 more ambulances to augment the existing fleet.

❑ Health Sector Management and Administration Program

Government intends to undertake the following under the program:

- Develop a national Public Health Laboratory System Policy to guide the laboratory systems in Ghana.
- Roll out a new curricula for the College of Pharmacy.
- Implement draft guidelines for the college of Physicians and Surgeons.
- Upgrade some Nursing and Midwifery training schools to offer specialized training.
- Review the National Health Financing Strategy to guide the implementation of the Universal Health Coverage (UHC) road map and the new Health Sector Medium-Term Development Plan.
- Revise the National Health Insurance tariffs to allow coverage of childhood cancers and long-term family planning services.
- Establish Mental Health Tribunals to deal with the abuse of mental health patients.



Our point of view

- **The new reforms in the health sector will enhance the quality of health workers, translating into the improvement of quality health care delivery in the country. It also looks at protecting the rights of mental health patients - this will encourage people to diligently embrace issues surrounding their mental health and seek help when needed, in line with SDG 3 (Good Health and Well being).**
- **The budget statement also seeks to reinvigorate the National Health scheme to cover childhood cancer. This will help achieve SDG 3.2 (Child mortality) by providing funding to combat this canker which statistically, has a survival rate of 80% when detected early and progressively treated, (WHO: Beating childhood cancers through early detection and treatment)**



Education



Budget Proposal

□ Scholarships, Grants and Allowances

The Government projects that 31,000 students across the country will be enrolled into the decentralized District Level Local Tertiary Scholarship Scheme. Similarly, thesis grants will be made available to postgraduate students, long stay allowances will be distributed to medical students and allowances paid to the physically challenged.

□ Inclusive and Special Education Program

The National Council for Curriculum and Assessment will unpack the Standards-Based Curriculum and the Common Core Program Curricula to accommodate learners with special education needs.

□ Institutional Development Program

The Government will train 3,000 girls from three selected regions under the Girls-in-ICT Program while providing them with mentorship from interactions with selected women in technology related fields.



Our point of view

- The scholarships granted to tertiary students will ease the burden and provide relief to needy but brilliant students who have successfully completed the Free Senior High School graduates (FSHS) program – grants instituted for post graduate students and allowances for medical students and the physically challenged will cushion them through their study period.
- In line with the Government's digitalisation agenda, enhancing the skills of the girl child from disadvantaged societies with 21st century Information Technology skills will help erase the notion that Technological education is for boys as well as decrease the spate of teenage pregnancies among young girls in the targeted regions, while equipping them with skills for the digital world.



Education



Budget Proposal

□ Technical, Vocational Education and Training (TVET)

The Free SHS Program will cover all first year students in public TVET Institutes and the government will retool existing TVET Institutes as well as establish 10 State-of-the-Art TVET Institutes. Also, to support the implementation of the 1D1F agenda within the local communities, the government seeks to train and equip the youth with vocational and technical skills as well as enhance their employable skills on income generating activities through the Department of Community Development.

□ Zongo Development Fund Program

Under the Zongo Infrastructure Development Program, the fund will continue to implement the activities outlined in the social and economic development program which focuses on skills training and entrepreneurship support, provision of social protection for the poor, community mobilization and public sensitization programs.

Government purposes to undertake the following initiatives under the program:

- Conduct feasibility studies for the development of Model Senior High Schools in Zongo communities across the country.
- Train 3,000 Zongo Youth in various vocational skills and support 1,000 of them with start-up grants.
- Train 1,000 Zongo Poultry out-growers, of this number, 500 will be supported with start-up grants.



Our point of view

- **With the increasing number of Senior High School (SHS) graduates churned out as a result of free access to secondary education, it has become necessary that these young people are adequately equipped with relevant skills in order not to increase the rate of unemployed youth in the country – and so the initiative of government to enhance the employable skills and entrepreneurial capacity will become an alternative for the youth who may not necessarily want to transition into the tertiary level.**



Ghana CARES (Obaatan Pa)





Updates on Ghana CARES

The Ghana COVID-19 Alleviation and Revitalisation of Enterprises Support (Ghana CARES) programme is government's response to mitigate the impact of the COVID-19 pandemic on the lives and livelihoods of Ghanaians. Ghana CARES is a two-phase programme :

- a. Phase I - Stabilise the Economy (July –December 2020)
- b. Phase II - Revitalize and Transform the Economy (2021 - 2023)

Implementation Update

The following initiatives were accomplished under the programme:

- Provision of free water and electricity for lifeline consumers.
- COVID 19 Expenditure on Mass Reopening of Schools and Tertiary Institutions.
- Procurement of COVID 19 vaccines.
- Establishment of CARES Coordinating Unit (CCU) in the Ministry of Finance (MoF) and CARES Delivery Units (CDUs) in participating institutions.
- Registration of 45.6% of the 1.2 million farmers targeted, in the electronic database for farmers.
- Set-up of an Aggregation and Entrepreneurship Development Fund.
- Set-up and operationalisation of the Development Bank Ghana (DBG).
- Operationalisation of the CARES Guarantee Scheme.

Implementation Agencies & Ministries of the Ghana CARES “Obaatan Pa” Programme

Implementing MDAs

1. Ministry of Food and Agriculture (MoFA)
2. Ministry of Tourism, Arts and Culture (MoTAC)
3. Ministry of Environment, Science, Technology and Innovation (MESTI)
4. Ministry of Trade and Industry (MoTI)
5. Ministry of Communications and Digitalisation (MoCD)
6. Ghana Investment Promotion Centre (GIPC)
7. Ghana Revenue Authority (GRA)
8. The Financial Sector Division of the Ministry of Finance on behalf of the Ghana Incentive-Based Risk Sharing System for Agricultural Lending (GIRSAL), Ghana Commodity Exchange (GCX), and the National Housing Fund (NHF)



Ghana CARES "Obaatan Pa" Initiatives

Agriculture

- Registration of an additional 3 million farmers in the electronic database for farmers.
- Grant of 50% interest rate subsidy to at least 50 agribusinesses.
- Provision of starter packs for youth in the poultry, rice, soya, and tomato value chains.

Tourism, Arts & Culture

- Upgrade of parts of the Aburi Botanical Gardens and the Yaa Asantewaa Mausoleum in Ejisu-Besease by end of March 2022.
- Transformation of the Pikworo Heritage and Slave Market, the Salaga Slave Market, and four targeted beaches.
- Training and certification of 10,000 persons by 2023 on specific tourism and hospitality skills.

Digitalisation

- Digitisation of the health records of Ghanaians and creating a national digital platform for the sale of pharmaceutical products.
- Upgrade of the Kumasi, Tamale, Sunyani, and Sekondi-Takoradi Regional Innovation Centres to digital centres.



Manufacturing and Export

- Establishment of a Foundry for the manufacture of machine tools.
- Construction of the Machine Tooling Centre to be completed in 2022.
- Upgrade of at least one existing first tier pharmaceutical manufacturing company to achieve World Health Organisation GMP Standards.
- Provision and upgrade of machinery and equipment for at least 30 Tier-2 local garment manufacturing companies.
- Construction of a Garment Enclave at the Dawa Industrial Park.
- Acceleration of Business Regulatory Reforms.

Youth Employment

- Establishment of the National Unemployment Insurance Scheme (NUIS) and the Training/Retraining Programme.
- Development of the YouStart initiative.
- Skills development programmes for at least 150,000 young graduates and youth entrepreneurs.

Finance

- Set-up of a Special Purpose Vehicle (SPV) with banks to raise finance to support the affordable housing schemes.
- Promotion of the sale of cocoa and gold on the GCX platform.
- Capitalisation of Development Bank Ghana with US\$250 million.
- Transformation of Ghana Amalgamated Trust (GAT) into a permanent company.
- Establishment of a Domestic Credit Rating Agency (DCRA) in Ghana.

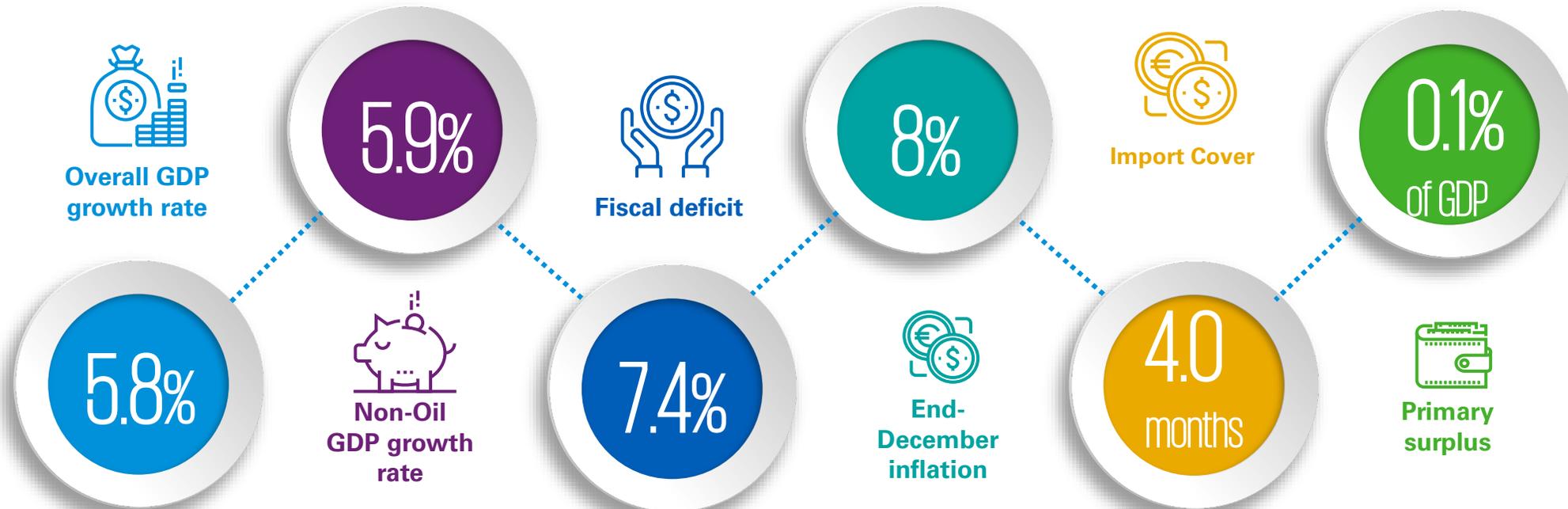


Outlook





Targets for 2022



Revenue

GH¢ 100.5 billion

Overall Budget Deficit

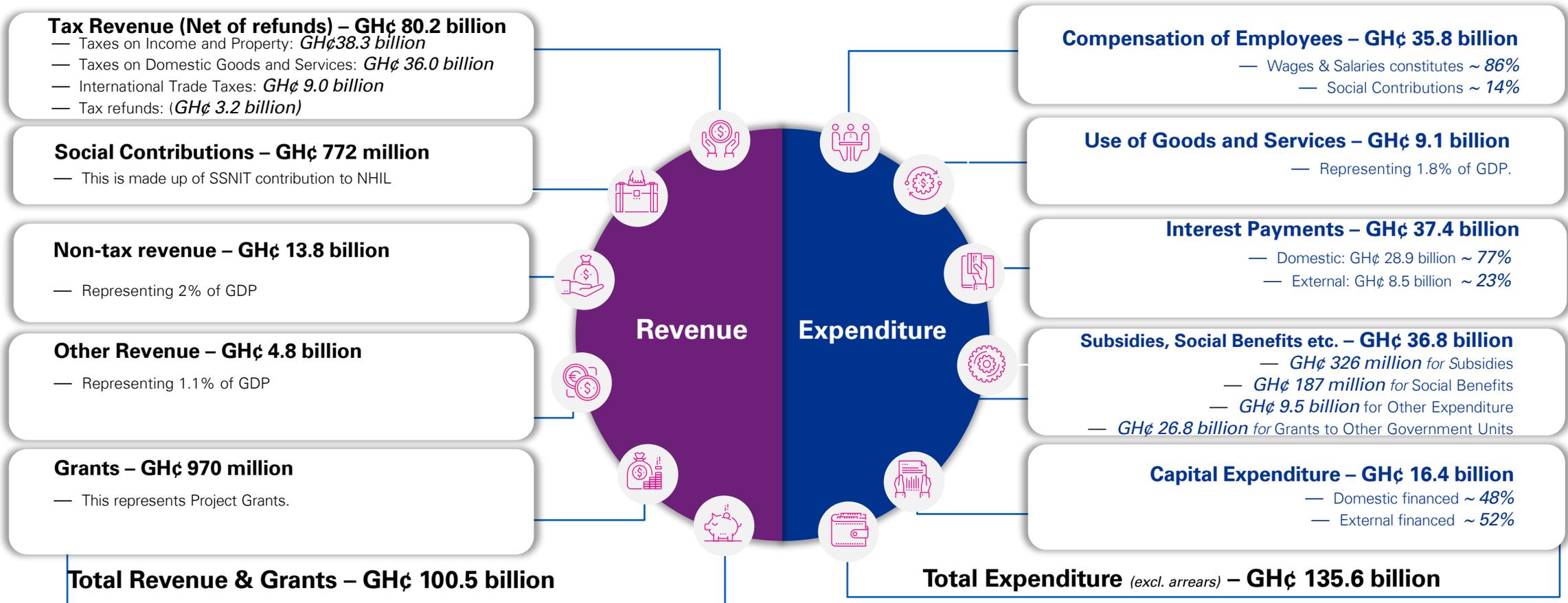
GH¢ 37.01 billion

Expenditure

GH¢ 137.5 billion



Fiscal Outlook for 2022



- ✓ Total government revenue and grants of **GH¢ 100.5 billion** represents **20%** of projected GDP for 2022. This is expected to be driven mainly by taxes on income and property (~41% of total revenue and grants) as well as taxes on domestic goods and services (~31% of total revenue).
- ✓ Total projected expenditure of **GH¢ 135.6 billion** for the same period is expected to represent **27%** of GDP.
- ✓ An overall budget deficit of **GH¢37.01 billion (7.4% of GDP)** is expected for 2022. The historical trend of huge allocations to the Social sector is expected to continue in 2022.
- ✓ Arrears payments for 2022 is estimated at **GH¢1.9 billion**



Sectoral Outlook for 2022

Economic

The economic sector has a sectoral allocation of **GHS 4.4 billion**, making it the least of all the sectoral allocations.



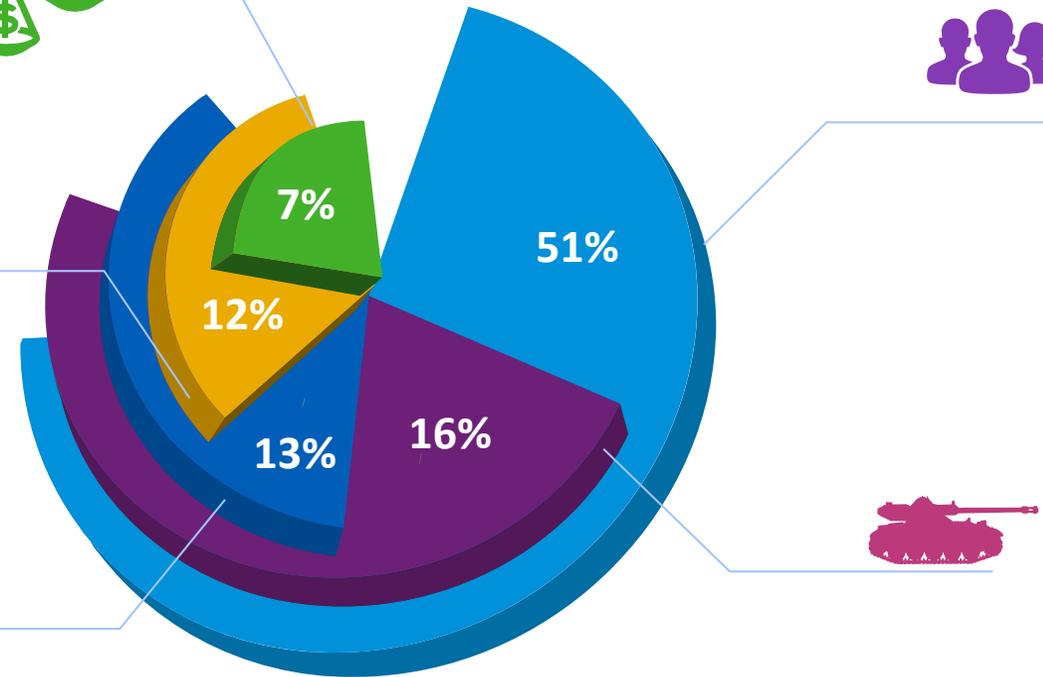
Infrastructure

GHS 7.2 billion has been apportioned for the infrastructure sector in 2022.



Administration

The administration sector has been assigned **GHS 8 billion** of the total sectoral allocation for their activities.



Social

The social sector has the largest share of the 2022 sector expenditure allocation with **GHS 30.7 billion** allocated towards social activities.



Public safety

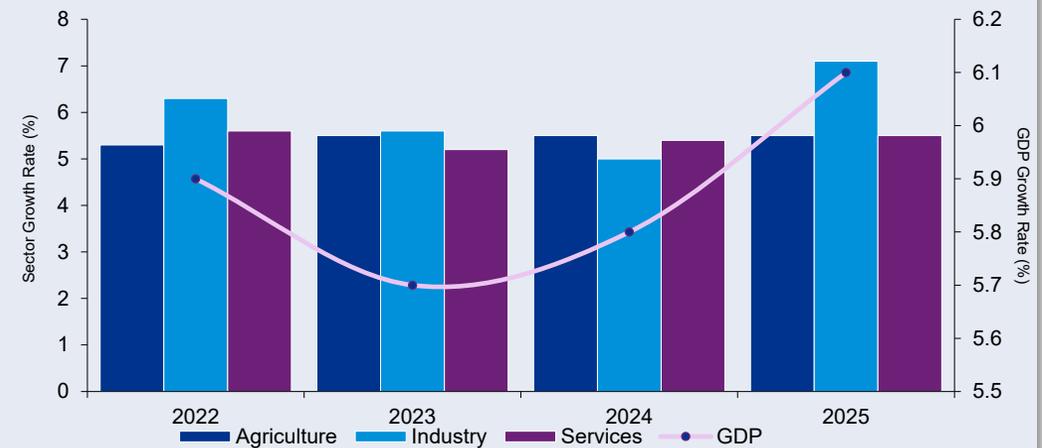
The public safety sector with the main focus being human security and public safety; and law and order has been allocated **GHS 9.3 billion**



Medium Term Macro-Fiscal Targets

- Over the medium-term covering the period 2022-2025, real GDP is projected to grow at an average of 5.6 percent. Non-oil real GDP is estimated to grow at an average of 5.9 percent over the medium-term.
- The growth of the industry sector is expected to recover with average of 5.9% from 2022 to 2025. Contributing to this recovery will be the Mining and Quarrying subsector which is expected to recover and grow by 6.5% in 2022. This subsector is projected to grow by 4.3 percent, 2.5 percent, and 8.5 percent in 2023, 2024, and 2025, respectively.
- The services sector is expected to attain an average growth of 8.3%, the highest average growth of the three sectors over the medium term. Although the sector was severely hit by the pandemic, a pre-pandemic growth path is expected to be restored over the medium-term. Thus, the sub-sector is expected to record an average growth of 5.4%, over the medium term.
- The agriculture sector is expected to grow at an average rate of 5.5% over the medium term, mainly as a result of gains from the Planting for Food and Jobs and Modernisation of Agriculture initiatives.

Medium-term GDP Growth (in %) Projection (2022 – 2025)



Source: 2022 Budget Statement

Macroeconomic targets for the medium term (2022 – 2025)

Indicator	Target
Overall GDP growth (%)	5.6% (average)
Non-Oil GDP growth (%)	5.9% (average)
Inflation (%)	8±2 target band
Fiscal deficit (%)	not more than 5% of GDP
Primary balance	To be in surplus
Gross International Reserves	4.0 months cover

Source: 2022 Budget Statement



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