



REPUBLIC OF GHANA

BUDGET HIGHLIGHTS

of the Government of Ghana for the

2020 FINANCIAL YEAR

PRESENTED TO PARLIAMENT ON
WEDNESDAY, 13TH NOVEMBER 2019
BY

KEN OFORI-ATTA
MINISTER FOR FINANCE

ON THE AUTHORITY OF
HIS EXCELLENCY NANA ADDO DANKWA AKUFO-ADDO,
PRESIDENT OF THE REPUBLIC OF GHANA

THEME:

“Consolidating the Gains for Growth, Jobs & Prosperity for all”





**2020
BUDGET STATEMENT
AND ECONOMIC POLICY
HIGHLIGHTS**

Theme: “Consolidating The Gains For Growth, Jobs & Prosperity For All”



MINISTRY OF FINANCE
Government of Ghana

2019 MACROECONOMIC PERFORMANCE

Overall real GDP - Sept	6.2
Non-Oil real GDP - June	5.2
End- period inflation - Sept	7.6
Overall budget deficit on cash basis as % of GDP - Sept	4.5%
Primary balance - Sept	0.3%
Current account balance	1.2
Debt to GDP	60.5%
Gross International Reserves (import cover)	4.1

2019 SECTOR GROWTH (JUNE)

	PROVISIONAL REVISED FINAL					END YEAR PROJECTION	
	2014	2015	2016	2017	2018	2019 HALF YEAR	2019
AGRICULTURE	0.9	2.3	2.9	6.1	4.8	2.7	6.9
INDUSTRY	1.1	1.1	4.3	15.7	10.6	7.3	8.8
SERVICES	5.4	3	2.8	3.3	2.7	5.4	5.4

SUCCESSES RECORDED IN FLAGSHIP PROGRAMMES

- 1.2 million students enrolled under Free SHS
- 97,373 graduates employed under NABCO Programme
- 181 companies benefitted from the 1D1F programme
- 307 Ambulances procured for distribution
- 200 dams completed and additional 560 dams under construction
- 50 prefabricated grain warehouses constructed
- 25 markets under construction
- 1,000 sanitary facilities under construction
- 55,000 nurses recruited
- GHC468m paid as allowances to nurses
- 49,000 nurses benefitted from allowances
- 48,000 teacher trainees benefitted from allowances
- 1.9 people benefitted from PFJ Programme
- 19,500 start-up businesses trained
- 80 incubation hubs set up
- 100 disabled women supported
- 20,000 students trained under Students Entrepreneurship
- 83,000 Ghanaians recruited under Forest Plantation
- 138,026 Ghanaians recruited into the Public Sector
- 3.6 Million Ghanaians registered by NIA

ECONOMIC TURNAROUND FROM 2016 - 2019

- Economic growth rebounded from 3.4 percent in 2016 to an average of 7 percent in the past 2 years
- Inflation dropped from 15.4 percent in December 2016 to 7.6 in September
- 91-day Treasury Bills declined from 17 percent in December 2016 and now stands at 14.7
- Fiscal deficit declined from 6.5 percent of GDP in 2016 to 4.5 percent at the end of third quarter, 2019
- Trade deficit improved from US\$1.8 billion in 2016 to Surplus of US\$2.6 billion in August 2019

2020 MACROECONOMIC TARGETS

- Overall Real GDP growth of 6.8 percent;
- Non-Oil Real GDP growth of 6.7 percent;
- End-period inflation of 8.0 percent;
- Fiscal deficit of 4.7 percent of GDP;
- Primary surplus of 0.8 percent of GDP;
- Gross International Reserves - not less than 3.5 months of imports of goods and services

STRATEGIC PILLARS TO ACHIEVE MEDIUM TERM VISION

- Restoring the Economy
- Transforming Agriculture and Industry
- Strengthening Social Protection & Inclusion
- Revamping Economic & Social Infrastructure
- Reforming Public Service Delivery Institutions

MEDIUM TERM MACROECONOMIC TARGET (2020-2023)

- Overall Real GDP to grow at 5.7 average
- Non-Oil Real GDP to grow at 5.9 average
- Inflation to be within 8±2 percent target band
- Overall fiscal deficit to remain within the Act Threshold of not more than 5 percent of GDP;
- Primary balance to be in a surplus; and
- Gross International Reserves to cover at least 3.5 months of imports

EXCHANGE RATE DEVELOPMENT

- Cedi/Dollar depreciation- Sept. 9.33%
- Cedi/Pound depreciation- Sept. 4.87%
- Cedi/Euro depreciation- Sept. 5.66%



MACROECONOMIC PERFORMANCE (2019)

- To put the performance of the economy for the first nine months of 2019 in perspective, the following is a restatement of the macroeconomic targets set in the 2019 Budget and Mid-Year Review documents:
 - Overall real GDP growth rate of 7.1 percent;
 - Overall non-oil GDP growth rate of 6.0 percent;
 - End-period inflation of 8 percent;
 - Overall budget deficit (measured on cash basis) of 4.5 percent of GDP;
 - Primary balance of 1.1 percent of GDP;
 - End- period December Gross International Reserves to cover at least 3.5 months of imports of goods and services.
- Provisional data available on the performance of the economy as at the end of September, 2019 shows that most of the macroeconomic indicators are on target, summary of which is shown in Table 1:

Table 1: Summary of Macroeconomic Performance, 2019

Economic Indicators	2018 Actual End Sept.	2019 (Target)	2019 Actual End Sept.
Overall real GDP	5.4*	7.1	6.2*
Non-Oil real GDP	4.6*	6.0	5.2*
End-period inflation	9.8	8	7.6
Overall budget deficit on cash basis as percentage of GDP	2.8	4.1	4.5
Primary balance	0.7	0.1	0.3
Current Account Balance	-1.5	-	-1.2
Gross International Reserves (import cover)	3.6 months	≥3.5 months	4.1months

Source: GSS, BOG and MOF

*Data as at first half 2019

Real Sector Performance

- The 2019 growth of 6.2 percent resulted from 2.6 percent, 7.3 percent and 5.4 percent growth rates in the Agriculture, Industry and Services Sectors respectively. Sector performance for the first half of 2019 is indicated in Table 2:



Table 2: Summary of Sector Performance for first half of 2019

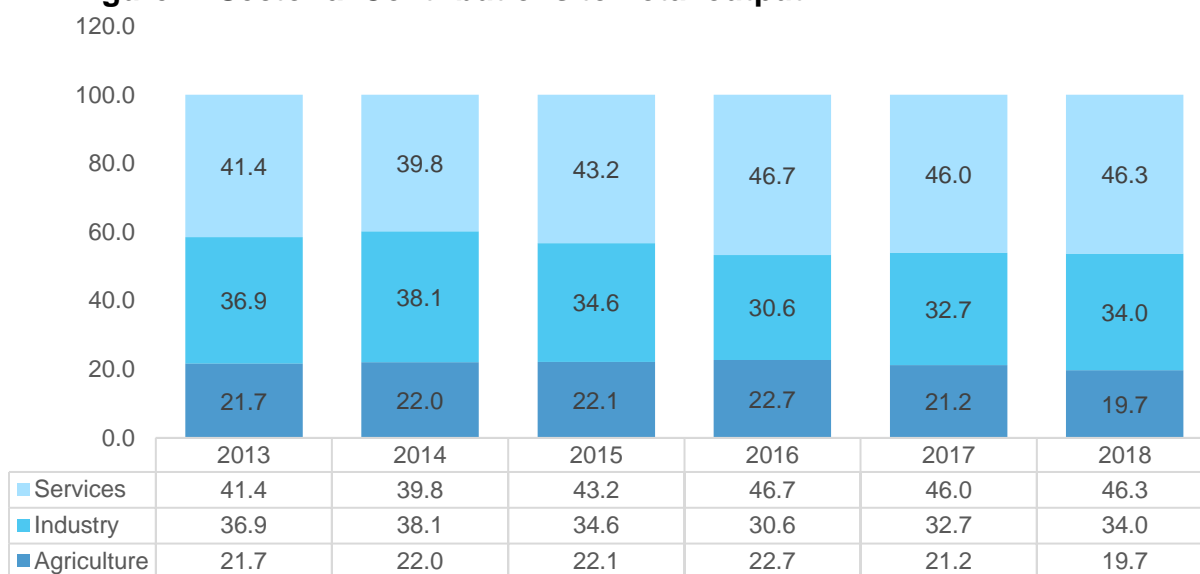
Sector	Provisional/Revised/Final						End Year Projection
	2014	2015	2016	2017	2018	2019 Half Year	2019
AGRICULTURE	0.9	2.3	2.9	6.1	4.7	2.6	6.9
INDUSTRY	1.1	1.1	4.3	15.7	10.8	7.2	8.8
SERVICES	5.4	3	2.8	3.3	0.9	6.9	5.4

Source: Mof

Structure of the Ghanaian Economy

- The Services sector continues to remain the largest share of the Economy. However, the share of Agriculture decreased in 2018 at the expense of Industry as shown in Figure 1:

Figure 1: Sectorial Contributions to Total output



Source: GSS

Monetary Sector Performance

- Annual growth in banks’ outstanding credit to the public and private institutions as of September 2019 increased marginally, relative to that of the comparative period in 2018. The nominal annual growth rate of outstanding credit increased from 13.01 percent in September 2018 to 14.88 percent in September 2019.
- Growth in private sector credit, however, moderated from 17.24 per cent in September 2018 to 12.62 per cent in September 2019. In real terms, bank credit expanded by 6.77 per cent from 2.9 per cent over the same comparative period.



Interest Rate Developments

7. Money market rates have broadly remained unchanged since the beginning of the year. The 91-day Treasury bill rate has remained steady at 14.7 percent since January 2019. Similarly, the 182-day instrument has also stabilized at around 14.1 percent. Rates on the secondary bond market remained stable for the 7-year, 15-year bonds have remained steady at 16.3 percent and 19.8 percent respectively. However, the rate on the 10-year bond increased to 19.8 percent from 17.5 percent at the beginning of the year.
8. Average lending rates of banks have moved in line with the Monetary Policy Rate. Lending rates have moved within a range of 22.0 percent and 24.0 percent in the first nine months of the year. The Ghana Reference Rate, which serves as the base rate of the commercial banks, was virtually flat over the review period remaining at 16.1 percent at end-September 2019.

External Sector Developments

9. The trade balance for the first nine months of 2019 recorded a surplus of US\$1,683.4 million. Though the values of both exports and imports increased, the growth in export receipts (3.3%) exceeded that of imports (2.5%).
10. The trade balance is estimated to improve to a surplus of US\$2,164.9 million by the end of 2019 from a surplus of US\$1,808.7 million recorded in 2018; mainly on account of increased exports receipts from gold and crude oil exports. Imports are projected to increase marginally on account of non-oil imports.
11. The country’s gross international reserves at the end of September 2019 increased by US\$1,111.8 million to US\$ 8,136.6 million from a stock position of US\$7,024.8 million as at the end of December 2018. This was sufficient to provide 4.1 months of imports cover compared to 3.6 months of imports cover for both September and December 2018. Gross international reserves is expected to end the year at US\$7,456.8 million sufficient to cover 3.8 months of imports as at December 2019.
12. The Ghana Cedi cumulatively as of September 2019, depreciated by 9.33 percent against the US dollar compared with 7.81 percent depreciation during the same period in 2018. Against the other major trading currencies, the Ghana Cedi depreciated by 4.87 percent against the Euro and 5.66 percent against the Pound Sterling compared to the 4.38 percent and 7.57 percent depreciation against the Euro and Pound Sterling respectively during the same period in 2018.



Fiscal Developments (2019)

13. Provisional data on Government’s fiscal operations as at September 2019, shows the fiscal deficit amounted to 4.5 percent of GDP on cash basis relative to a target of 4.1 percent of GDP as shown in Table 3:

Table 3: Summary of Central Government Operations & Financing -2018/2019

Indicators (in GH¢ mn)	2018		2019				
	(Q1-Q3) Outturn	Budget	Revised Budget	(Q1-Q3)			
				Prog.	Prov. Outturn	Dev GH¢	Dev %
Total Revenue & Grants	33,201	58,905	58,897	41,963	36,250	-5,714	-13.6
% of GDP	11.0	17.0	14.2	12.1	10.5		
Total Exp. (incl. Arrears clearance)	41,625	73,441	74,612	56,126	51,921	-4,205	-7.5
% of GDP	13.8	21.2	21.6	16.2	15.0		
Budget Balance	-8,424	-14,536	-15,715	-14,163	-15,672	-1,509	10.7
% of GDP	-2.8	-4.2	-4.5	-4.1	-4.5		
Primary Balance	2,111	4,110	3,883	202	-916	-1,118	
% of GDP	0.7	1.2	1.1	0.1	-0.3		

Source: MoF

14. The higher-than-programmed fiscal deficit resulted mainly from revenue underperformance, which, in the year-to-date, achieved an execution rate of 86.4 percent.

Revenue Performance

15. Total Revenue and Grants for the period, amounted to GH¢36.3 billion (10.5% of GDP). The outturn represents a per annum growth of 9.2 percent despite a 13.6 percent shortfall relative to the target of GH¢42.0 billion (12.1% of GDP) as shown in Table 4:



Table 4: Summary of Central Government Revenues & Grants-2018/2019

Indicators (in GH¢ mn)	2018		2019				
	(Q1- Q3) Outturn	Budget	Revised Budget	(Q1-Q3)			
				Prog.	Prov. Outturn	Dev. GH¢	Dev. %
Total Revenue & Grants	33,201	58,905	58,897	41,963	36,250	-5,714	-13.6
<i>% of GDP</i>	11.0	17.0	17.0	12.1	10.5		
Non-oil Tax Revenue	24,245	42,875	33,427	30,564	27,189	-3,375	-
<i>% of GDP</i>	8.1	12.4	9.7	8.8	7.9		11.0
Non-Oil Non-Tax Revenue	2,951	6,536	5,888	4,088	3,428	-660	-
<i>% of GDP</i>	1.0	1.9	1.7	1.2	1.0		16.1
Oil Revenue	3,272	5,430	5,675	4,146	3,468	-678	-16.4
<i>% of GDP</i>	1.1	1.6	1.6	1.2	1.0		
ESLA Receipt	1,440	2,469	2,631	1,902	1,430	-472	-24.8
<i>% of GDP</i>	0.5	0.7	0.8	0.5	0.4		
SSNIT Contribution	327	486	494	363	103	-259	-71.5
<i>% of GDP</i>	0.1	0.1	0.1	0.1	0.0		
Grants	966	1,110	1,110	900	632	-269	-29.8
<i>% of GDP</i>	0.3	0.3	0.3	0.3	0.2		

Source: MoF

Expenditure Performance

16. Expenditures (incl. arrears clearance & discrepancy) was generally below target by 7.5 percent for the period. The resultant execution rate of expenditures of 92.5 percent, however, outpaced revenue mobilisation execution rate of 86.4 percent. Programmed arrears clearance for the period amounted to GH¢409.8million.
17. Altogether, total expenditures (incl. arrears clearance & discrepancy) amounted to GH¢51.9 billion (15.1% of GDP) compared to the target of GH¢56.1 billion (16.2% of GDP). Arrears clearance for the period was below the programmed target by 39.7 percent as indicated in Table 5:



Table 5: Summary of Central Government Expenditures – 2018/2019

Indicators (in GH¢ mn)	2018		2019				
	(Q1-Q3) Outturn	Budget	Revised Budget	Q1-Q3			
				Prog.	Prov. Outturn	Dev. GH¢	Dev %
Total Expenditure (incl. arrears)	41,625	73,441	74,612	56,16	51,921	- 4,205	-7.5
% of GDP	13.8	21.2	21.6	16.2	15.0		
Comp of Employees	14,593	22,838	22,838	16,853	16,579	-273	-1.6
% of GDP	4.9	6.6	6.6	4.9	4.8		
o/w Wages & Salaries	12,798	19,437	19,767	14,508	14,540	32	0.2
% of GDP	4.3	5.6	5.7	4.2	4.2		
Use of Goods & Serv	3,856	6,333	6,938	5,961	4,713	-1,248	-20.9
% of GDP	1.3	1.8	2.0	1.7	1.4		
Interest Payment	10,535	18,646	19,598	14,365	14,756	391	2.7
% of GDP	3.5	5.4	5.7	4.2	4.3		
Grants to Other Gov't Units	8,254	13,798	14,034	10,084	8,799	-1,285	-12.7
% of GDP	2.7	4.0	4.1	2.9	2.5		
Capital Expenditure	3,329	8,531	7,711	6,202	4,557	-1,645	-26.5
% of GDP	1.1	2.5	2.2	1.8	1.3		
Other Expenditure	1,674	2,564	2,762	1,982	1,616		
% of GDP	0.6	0.7	0.8	0.6	0.5		
Arrears	-856	-730	-730	-680	-410	270	-39.7
% of GDP	-0.3	-0.2	-0.2	-0.2	-0.1		

Source: MoF

Overall Budget Balance and Financing Operations

18. Overall fiscal balance on cash basis resulted in a deficit of GH¢15.7 billion (equivalent to 4.5% of GDP) against the target of GH¢14.2 billion (or 4.1% of GDP). The higher-than-programmed financing (especially from domestic sources) stems mainly from the frontloading of financing requirements to meet Government expenditures and other debt service obligations, including for the settlement of uncovered Government auctions following substantial revenue shortfalls.
19. As a result, total Domestic Financing constituted about 59.6 percent of total financing, amounting to GH¢9.3 billion (2.7% of GDP) against the target of GH¢3.7 billion (1.1% of GDP). Foreign financing including the US\$3.0 billion Eurobond



issuance in the first quarter of the year, constituted the remaining 40.4 percent as indicated in Table 6:

Table 6: Summary of Central Gov’t Budget Balances & Financing –2018/2019

Indicators (in GH¢)	2018		2019				
	(Q1-Q3) Outturn	Budget	Revised Budget	(Q1-Q3)			
				Prog	Prov. Outturn	Dev GH¢	Dev %
Total Financing	8,424	14,536	15,715	14,163	15,672	1,509	10.7
<i>% of GDP</i>	2.8	4.2	4.5	4.1	4.5		
Foreign Financing	3,795	9,748	8,238	10,492	6,338	-4,154	-39.6
<i>% of GDP</i>	1.3	2.8	2.4	3.0	1.8		
Domestic Financing	4,629	4,788	7,477	3,671	9,334	5,663	154.3
<i>% of GDP</i>	1.5	1.4	2.2	1.1	2.7		

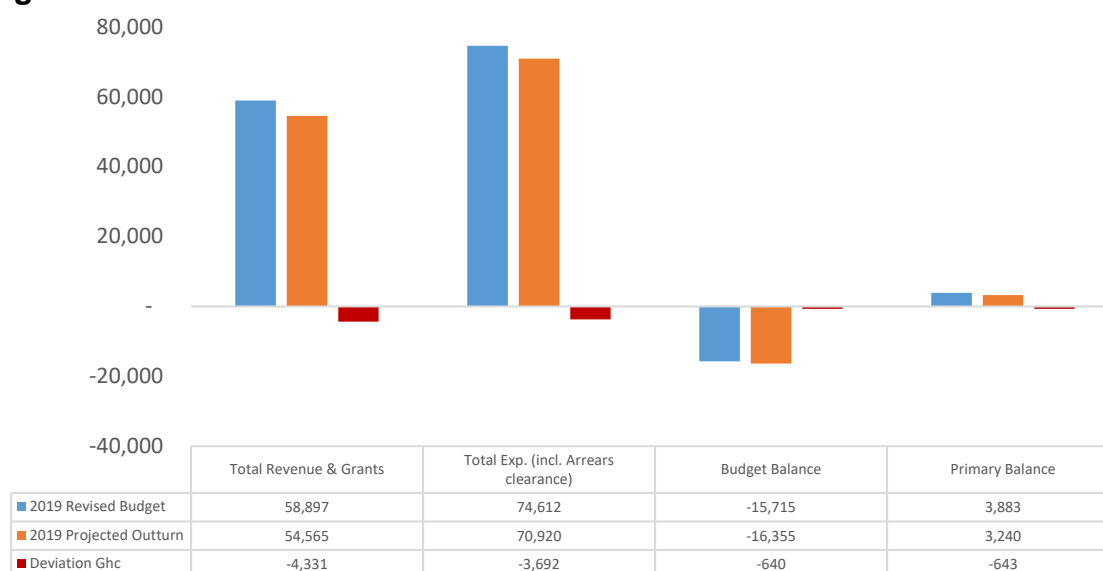
Source: MoF

Outlook for End-year 2019

20. Based on the provisional fiscal outturn for the first nine months of the year, revised projection for the year resulted in Total Revenue and Grants of GH¢54.6 billion (15.8% of GDP). This projection represents a 7.4 percent shortfall relative to the 2019 revised annual budget target of GH¢58.9 billion (17.0% of GDP), as shown in Figure 2:
21. Fiscal deficit target is expected to reach 4.7 percent of GDP, which is within the Fiscal Responsibility Rule target of not more than 5 percent of GDP, as well as a modest primary surplus of about 0.9 percent of GDP.



Figure 2: 2019 Fiscal Outlook



Source: MoF

PETROLEUM RECEIPTS AND UTILISATION IN 2019

22. Total petroleum receipts (i.e. proceeds from liftings and other petroleum receipts) as at September 2019, was US\$668.41 million (GH¢3,436.30million), as shown in Table 7. This compares with the receipts of US\$723.55 million (GH¢3,292.20 million) for the same period in 2018 as indicated in Table 7:

Table 7: Sources of Petroleum Receipts, January-September 2019

ITEM	UNIT	JUBILEE	TEN	SGN	OTHER RECEIPTS	TOTAL
Royalties	US\$	70,321,602.51	47,330,713.43	70,002,597.76		187,654,913.70
Carried and Participating Interest	US\$	182,256,621.58	134,892,533.32			317,149,154.90
Corporate Income Tax	US\$				161,254,385.05	161,254,385.05
Surface Rentals	US\$				656,407.68	656,407.68
PHF Income	US\$				1,697,798.19	1,697,798.19
Total Petroleum Receipts	US\$	252,578,224.09	182,223,246.75	70,002,597.76	163,608,590.92	668,412,659.52
	GH¢	1,312,162,602.49	918,239,774.67	365,825,633.35	840,073,682.32	3,436,301,692.83

Source: MoF and BoG

23. Table 8 compares the performance of petroleum receipt in January – September 2019 to previous years.



Table 8: Analysis of Petroleum Receipts from Jan-Sept (2017 to 2019)

Item	Unit	2017	2018	2019	Variance
					2019 vrs 2018
Royalties	US\$	91,760,907	208,656,066	187,654,914	(21,001,152)
Jubilee	US\$	54,045,362	75,908,682	70,321,603	(5,587,079)
TEN	US\$	37,715,546	69,716,782	47,330,713	(22,386,069)
Sankofa	US\$	-	63,030,602	70,002,598	6,971,996
Carried and Participating Interest	US\$	247,561,839	395,429,812	317,149,155	(78,280,657)
Jubilee	US\$	140,072,533	196,736,982	182,256,622	(14,480,361)
TEN	US\$	107,489,306	198,692,830	134,892,533	(63,800,296)
Sankofa	US\$	-	-	-	-
Surface Rentals	US\$	845,429	700,262	656,408	(43,854)
Corporate Income Tax	US\$	22,073,745	117,608,720	161,254,385	43,645,665
PHF income	US\$	334,121	1,154,387	1,697,798	543,411
Gas Royalties	US\$	-	-	-	-
Gas Carried and Participating Interest	US\$	-	-	-	-
Interest on Late Payment on TEN 3	US\$	4,274	-	-	-
Total Petroleum Receipts	US\$	362,580,316	723,549,248	668,412,660	(55,136,588)
	GHC	1,552,129,143	3,292,197,054	3,436,301,693	283,456,558

Source: MoF and BoG

Allocation of 2019 Petroleum Receipts

24. The 2019 petroleum receipts were distributed based on the provisions of the PRMA (as amended). Out of the total revenue of US\$668.41 million, the national oil company, GNPC, was allocated a total of US\$148.19 million, made up of Equity Financing Cost (US\$95.66 million) and its share of the net Carried and Participating Interest (US\$52.54 million), as shown in Table 9:

Table 9: Distribution of January-September 2019 Petroleum Receipts

	Jubilee 47th	Jubilee 48th	Jubilee 49th	TEN 10th	TEN 11th	TEN 12th	Sankofa 2ND	TOTAL
Date of Distribution	13-Mar-19	13-Jun-19	3-Sep-19	15-Apr-19	12-Jun-19	3-Sep-19	6-Aug-19	
Transfer to GNPC	US\$ 20,536,602.42	27,358,133.09	22,066,906.49	23,271,303.77	27,121,829.19	27,844,536.37	-	148,199,311.32
o/w Equity Financing cost	US\$ 11,710,084.53	18,410,730.47	11,577,417.53	16,049,175.01	18,704,709.79	19,203,128.53	-	95,655,245.86
o/w Crude oil Net Carried and Participation Interest	US\$ 8,826,517.89	8,947,402.62	10,489,488.96	7,222,128.76	8,417,119.40	8,641,407.84	-	52,544,065.46
GoG Net Receipts for Distribution to	US\$							
ABFA and GPFs	US\$ 67,717,205.96	55,248,395.21	42,703,032.52	106,435,168.55	36,047,585.44	37,186,599.28	70,360,383.56	415,698,370.51
o/w Annual Budget Funding Amount	US\$ 47,402,044.17	38,673,876.65	29,892,122.76	74,504,617.98	5,083,441.84	26,030,619.50	49,252,268.49	270,838,991.40
o/w Ghana Petroleum Funds	US\$ 20,315,161.79	16,574,518.56	12,810,909.75	31,930,550.56	30,964,143.59	11,155,979.78	21,108,115.07	144,859,379.12
o/w Ghana Stabilisation Fund	US\$ 14,220,613.25	11,602,162.99	8,967,636.83	22,351,385.39	21,674,900.52	7,809,185.85	14,775,680.55	101,401,565.38
o/w Ghana Heritage Fund	US\$ 6,094,548.54	4,972,355.57	3,843,272.93	9,579,165.17	9,289,243.08	3,346,793.94	6,332,434.52	43,457,813.74
Total Payments	US\$ 88,253,808.38	82,606,528.30	64,769,939.00	129,706,472.31	63,169,414.63	65,031,135.65	70,360,383.56	563,897,681.84
	GHC 448,460,169.36	420,313,157.68	340,559,954.19	645,057,640.82	321,544,954.35	341,803,760.14	367,696,415.51	2,885,436,052.05

Source: MoF and BoG



ABFA Utilisation

25. An amount of GH¢987.94 million, representing 50.1 percent of total ABFA receipts, was utilised at the end of September 2019. This compares with a programmed ABFA amount of GH¢2,496.43 million for the whole of 2019. Table 10 provides a summary of utilisation by the priority areas.

Table 10: ABFA Utilisation by Priority Area for Jan-Sep 2019 (in GHS)

S/N	Priority Area	ABFA Utilisation (Jan-Sep)
1.0	Agriculture	70,608,661.01
2.0	Physical Infrastructure and Service Delivery in Education	570,865,917.58
3.0	Physical Infrastructure and Service Delivery in Health	43,646,794.46
4.0	Road, Rail & Other Critical Infrastructure Development	300,258,670.79
5.0	Sub-Total	985,380,043.84
6.0	Public Interest and Accountability Committee (PIAC)	2,900,000.00
7.0	Grand-Total	988,280,043.84

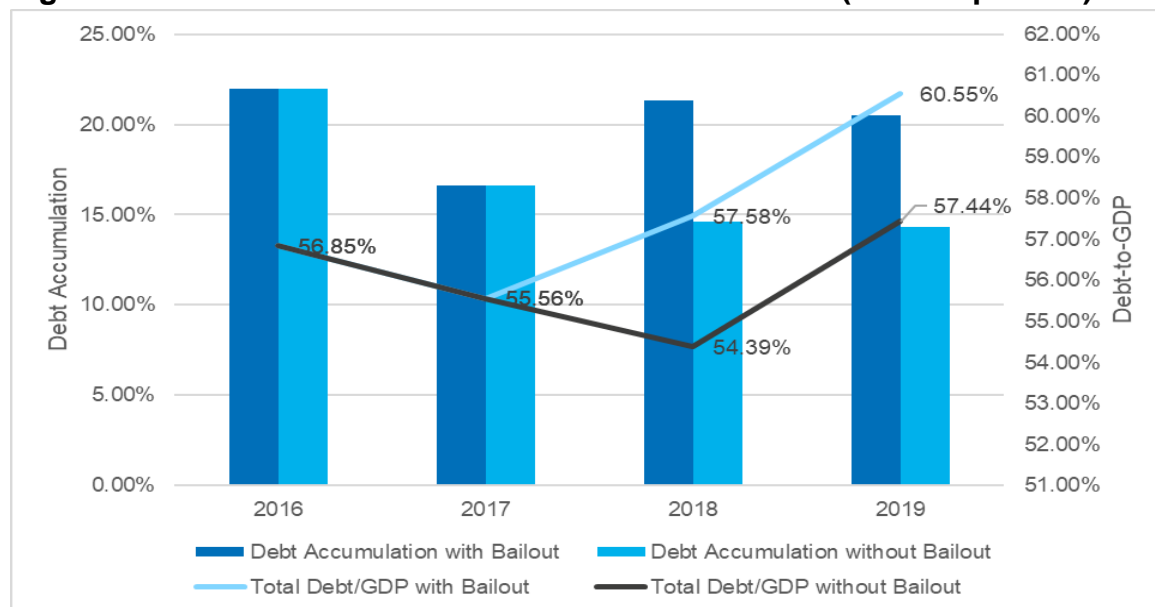
Source: MoF

Public Debt Dynamics

26. As at end September 2019, the nominal public debt stock was GH¢ 208,565.18 million (US\$ 39,212.83 million), comprising external and domestic debt of GH¢107,166.78 (US\$ 20,148.68 million) and GH¢101,398.4 (US\$ 19,064.15million) respectively.
27. The nominal public debt stock as at the end of September 2019, excluding the financial sector bailout, stood at GH¢ 197,867.09 million (US\$37,201.45 million).
28. The rate of debt accumulation as at end September 2019 was 20.51 percent mainly driven by the micro finance institutions and Savings and loans institutions bailout and the US\$3,000.00 million sovereign bond issuance, depreciation of the Ghanaian currency against major trading currencies and new disbursement on committed loans. Without the micro finance institutions and Savings and loans institutions bailout, the rate of debt accumulation would have been 14.33 percent as shown in Figure 3:



Figure 3: Trend in Public Debt and Debt Accumulation (2016-Sept 2019)



Source: MoF

Financial Sector Development

29. At the start of the reforms in August 2017, total assets of the banking sector was GH¢89.1 billion for 36 banks. Two years after the reforms, total assets have increased to GH¢115.2 billion at end August 2019, even with 23 banks. In the same direction, total deposits have improved from GH¢55.7 billion to GH¢76.0 billion over the same comparative period, reflecting a stronger deposit base, owing to increased trust and confidence in the banking sector.

30. The completion of reforms within the Financial Sector will pave a way for the operationalization of the Ghana Deposit Protection Scheme. The Scheme will protect the national budget from costs arising from banking sector failure, if that were even to happen in the future, and ensure that going forward all depositors funds are insured against bank and SDI failures. This scheme, supplemented by effective regulation and supervision by the Bank of Ghana, and the work of the Financial Stability Council, will go a long way to make our financial system more resilient and supportive of our efforts to foster inclusive socio-economic growth.



MEDIUM TERM OBJECTIVES AND TARGETS

Real Sector outlook

31. In the medium term, real GDP is expected to record an average growth rate of 5.7 percent, with projected growth of 6.8 percent, 4.9 percent, 4.6 percent and 6.5 percent in 2020, 2021, 2022 and 2023 respectively.
32. Real GDP (Non-Oil), is projected to grow at an average rate of 5.9 percent over the medium term, growing by 6.7 percent, 5.9 percent, 5.5 percent, and 5.5 percent in 2020, 2021, 2022 and 2023 respectively as shown in Table 11:

Table 11: Real Sector Growth, 2020 – 2023 (percent)

	2020	2021	2022	2023	Average
Agriculture	5.1	5.8	5.3	5.3	5.4
Industry	8.6	3.3	2.3	6.7	5.2
Services	5.8	6	6.3	6.9	6.3
Overall GDP (incl. oil)	6.8	4.9	4.6	6.5	5.7
Overall GDP (excl. oil)	6.7	5.9	5.5	5.5	5.9

Source: Mof

2020 AND MEDIUM-TERM FISCAL FRAMEWORK

2020 and Medium-Term Overall Macroeconomic Targets

33. Based on the medium-term policy objectives, the following macroeconomic targets are set for the (2020-2023) medium-term:
 - Overall Real GDP growth to average 5.7 percent for the period;
 - Non-Oil Real GDP to grow at an average of 5.9 percent for the period;
 - Inflation to be within the target band of 8 ± 2 percent;
 - Overall fiscal deficit to remain within the Fiscal Responsibility Act Threshold of not more than 5 percent of GDP;
 - The primary balance to be in a surplus; and
 - Gross International Reserves to cover at least 3.5 months of imports of goods and services.
34. Based on the overall macroeconomic objective and the medium term targets, specific macroeconomic targets for the 2020 fiscal year are as follows:



- Overall Real GDP growth of 6.8 percent;
- Non-Oil Real GDP growth of 6.7 percent;
- End-period inflation of 8.0 percent;
- Fiscal deficit of 4.7 percent of GDP;
- Primary surplus of 0.8 percent of GDP; and
- Gross International Reserves to cover not less than 3.5 months of imports of goods and services.

Fiscal Outlook

35. Fiscal balance is projected to end 2020 at 4.7 percent of GDP but thereafter will moderate to 4.5 percent of GDP in 2021, and further to 3.5 percent of GDP in 2022 and will stabilize at 3.0 percent by 2023. The Primary Balance is projected to record a surplus of 0.8 percent of GDP in 2020 and remain above positive through 2023 as shown in Table 12:

Table 12: Summary of Central Government Fiscal Operations (2019-2023)

Indicators (GHS mn)	2019	2020	2021	2022	2023
	Proj Outturn	Budget		Medium-Term	
Total Revenue and Grants	54,565	67,071	72,988	83,103	94,272
<i>% of GDP</i>	15.8	16.9	16.1	16.2	15.9
<i>Projected Growth (%)</i>		22.9	8.8	13.9	13.4
Total Expenditure (incl. arrears)	70,920	85,952	93,558	101,057	112,123
<i>% of GDP</i>	20.5	21.6	20.7	19.7	18.9
<i>Projected Growth (%)</i>		20.9	8.8	8.0	11.0
Non-Interest Expenditure	51,325	64,261	70,835	79,848	89,634
<i>% of GDP</i>	14.8	16.1	15.7	15.5	15.1
<i>Projected Growth (%)</i>		25.2	10.2	12.7	12.3
Budget Balance	-16,355	-18,881	-20,570	-17,954	-17,851
<i>% of GDP</i>	-4.7	-4.7	-4.5	-3.5	-3.0
<i>Projected Growth (%)</i>		15.4	8.9	-12.7	-0.6
Primary Balance	3,240	2,811	2,152	3,255	4,638
<i>% of GDP</i>		0.7	0.5	0.6	0.8

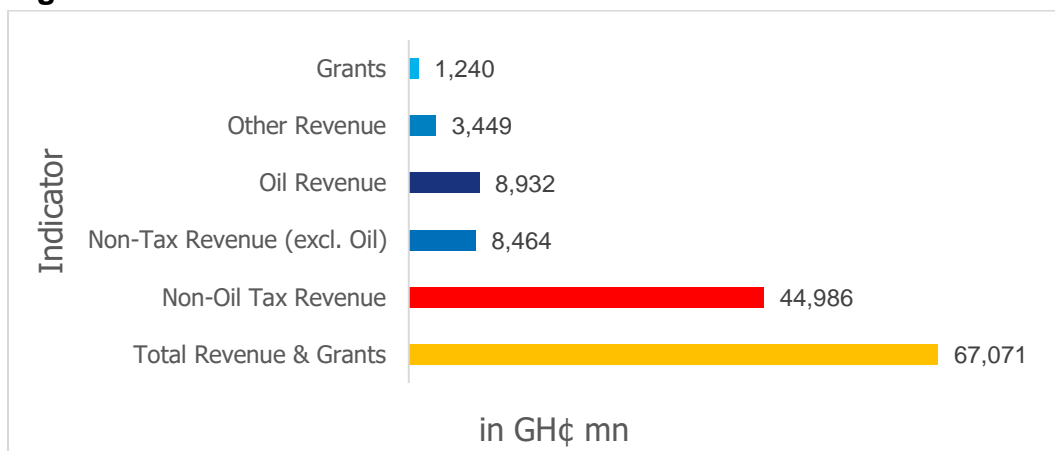
Source: MoF



Resource Mobilization for 2020

36. Total Revenue and Grants for 2020 is projected to rise to GH¢67.0 billion (16.8% of GDP), up from a projected outturn of GH¢54.6 billion (15.8% of GDP) for 2019. Revenue mobilization effort from the various sources is as shown in Figure 4:

Figure 4: Resource Mobilization for 2020

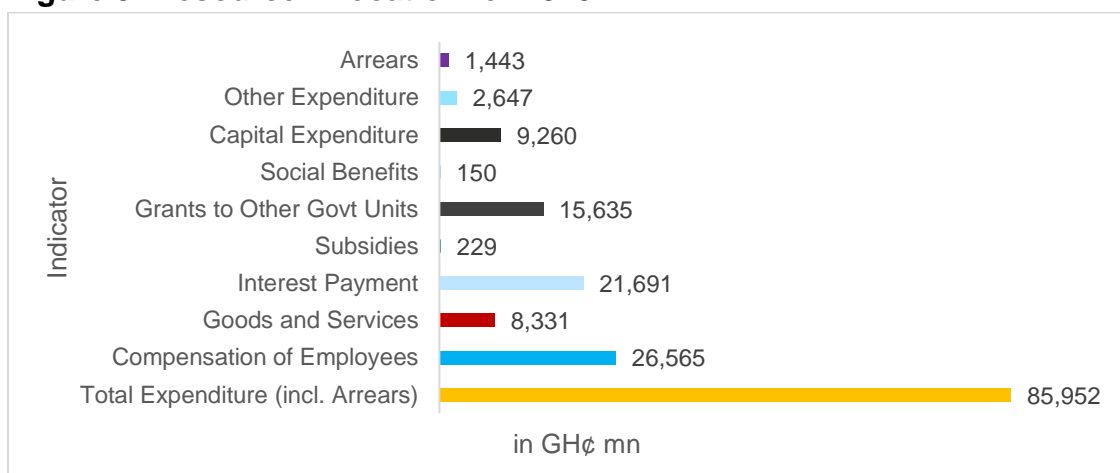


Source: Mof

Resource Allocation for 2020

37. Total Expenditure (including clearance of Arrears) is projected at GH¢85.9 billion (21.6% of GDP) as seen in Figure 5. The estimate for 2020 represents a growth of 21.2 percent above the projected outturn for 2019. The key drivers of expenditure growth include: the wage bill, interest payments, one-off costs associated with the 2020 Presidential and Parliamentary elections, full funding of Government flagship programmes, and security.

Figure 5: Resource Allocation for 2020



Source: Mof



Transforming Ghana Beyond Aid

38. Transforming Ghana beyond aid is premised on the need to significantly increase domestic revenues to raise our own contribution towards financing our development agenda, without over-burdening citizens with additional taxes. Currently, Ghana’s tax-to-GDP ratio of 12.9 percent (in 2018) is below that average of our middle-income country peers of 18 to 20 percent.
39. To this end, Government has developed a strategy to begin to address this situation, including:
- expanding the tax net through digitisation to improve identification of tax payers and efficient collection of both tax and non-tax sources of revenue;
 - transforming and strengthening the capacity of the Ghana Revenue Authority (GRA) to an organization that combines efficient revenue collection with excellent customer orientation.
 - supporting MDAs to efficiently collect and report non-tax revenues.

2020 Revenue Measures

40. Government shall continue to provide the necessary support to the Ghana Revenue Authority (GRA) in the institutions ongoing reforms for 2020 and the medium term to optimize revenue collection. Government will pursue the following revenue measures to boost domestic revenue mobilisation:
- Renew and extend the National Fiscal Stabilisation Levy and Special Import Levies (SIL) for another five years (5) to support the Budget;
 - Pursue Non-Tax revenue inflows associated with the operations of some Telco’s and State-Owned Enterprises to yield about 0.5 percent of GDP in revenue inflows;
 - Review current legislation to strengthen the relevant laws and provide additional regulations and administrative guidelines for the taxation of e-services;
 - Review and incorporate in legislation the outstanding relevant actions including requiring taxpayers to disclose their aggressive tax planning arrangements under the relevant Base Erosion and Profit Shifting (BEPS) action points in existing legislation; and



- Make revenue legislations more user friendly by making available abridged versions of the major revenue laws; the Customs Act, Excise Duty Act, Income Tax Act and the Value-Added Tax Act to the public.

2020 Expenditure Measures

41. Government will remain vigilant on the areas that have often derailed fiscal programmes during election years. Government will not hesitate to initiate the sanctions under the PFM Act against any line ministry that does not comply with the established commitment control systems by processing transactions only through the GIFMIS.



PERFORMANCE OF GOVERNMENT FLAGSHIPS AND OTHER PRIORITY PROGRAMMES

Agriculture Modernisation

42. Under the Food Crop Production module, a total subsidy in the form of 12,000mt of organic and 821,778mt of blended inorganic fertilizers as well as 24,000mt of improved seeds valued at GHS0.6 billion was provided to about 1.9 million farmers.
43. A total production of 1,505,850mt of cereals and legumes and 405,630mt of vegetables with a total value of GHS1.55 billion and GHS3.43 billion respectively was achieved between 2017 and 2018.
44. A total of 746,601 and 794,944 jobs were created in 2017 and 2018 respectively under the programme. Additionally, 2,700 extension officers were recruited leading to an improvement in the Extension Agent Farmer ratio from 1:1908 to 1:706.
45. In 2020 government will continue to supply organic and inorganic fertilizers and improved seeds to about 1.2 million farmers. The seeds and fertilizer interventions are expected to significantly increase the production of maize, rice, soya, sorghum, cowpea, groundnut, cassava, sweet potato and assorted vegetables.

Tree Crops Module - Planting for Export and Rural Development (PERD)

46. As as September, 2019, 29 million certified seedlings of Cashew, Coffee, Coconut and Oil Palm were distributed to 91,292 farmers from 4,777 communities in 199 districts across twelve (12) regions to diversify exports and income sources of farmers.
47. In 2020, a total of 11,740,000 seedlings comprising 5 million cashew, 100,000 coffee, 40,000 coconut, 5 million oil palm, 100,000 mango and 1.5 million rubber will be distributed for establishment of 88,917.71 hectares of plantations in 212 project districts.

Livestock Development Module - Rearing for Food and Jobs (RFJ)

48. Since the launch of the Rearing for Food and Jobs in June, 2019, 7,500 improved breeding stock of sheep has been distributed to 750 farmers in Upper West, Northern and Oti regions and 30,000 cockerels to 3,000 farmers in Upper West, Eastern, Ashanti, Northern and Greater Accra regions.



49. In 2020, Government will continue to distribute:
- 14,000 small ruminants to 1,400 livestock farmers in 35 districts in the Savannah regions,
 - 18,000 piglets to 1,800 farmers in 45 districts in the Southern regions
 - 105,000 guinea fowls to 5,250 farmers in 35 districts of the Savannah regions.
 - 80,000 cockerels to 4,000 farmers
 - 182,000 layer pullets to 1,400 women farmers in 14 regions
50. In addition, Government will procure 70 small scale chicken processing units for (7) medium scale poultry farmers in 35 districts of the Savannah regions as well as restock eleven (11) livestock breeding stations with 5,500 small ruminants breeding stock and a mechanized borehole for animal watering and irrigation. Ten existing regional veterinary laboratories will be refurbished and six initiated in the new regions for efficient diagnosis of animal diseases.

One District –One Factory Initiative.

51. Under the 1D1F programme, 181 projects spread over 110 districts across the 16 regions are at various levels of implementation with 58 of them being operational. The 58 1D1F companies in operation had created 10,983 direct and about 43,000 indirect jobs bringing the total to about 54,883.
52. In 2020, government will focus on identifying and supporting private sector business operators in the remaining 150 districts where no promoter has shown interest as of now.

Road Infrastructure (Sinohydro)

53. The first phase involving the construction of 442km of roads and two major interchanges across the country under the Sinohydro facility is on course. Preliminary designs on 4 out of 10 projects namely, Tamale Interchange, Western Region and Cape Coast Inner City Roads, Construction of Jasikan–Dodi-Pepesu and Upgrading of Selected Feeder Roads in Ashanti have been completed.

Zongo Development Fund

54. To improve businesses and increase household incomes within the Zongo communities, Government trained:
- 500 women and extended credit under the “Zongo Cuisine Promotion Programme”;



- 250 young men and women in various ICT and software development programmes to empower the youth to take advantage of technological advancement.

55. In 2020, the Zongo Development Fund (ZoDF) will improve physical conditions in Zongo communities by providing basic community infrastructure such as access roads, alleyways, drains, bailey bridges, recreational parks, household and institutional toilets as well as wastewater management systems.

Water and Sanitation

56. As part of the efforts to achieve the “Water for All” agenda, Government initiated the construction of 654 boreholes to provide water to about 220,000 people with 283 boreholes completed.

57. To aid the proper disposal of litter (waste), the Government launched a Street Litter Bin Campaign and deployed 4,000 (240-Litre capacity) bins along the principal streets in selected MMDAs within the Greater Accra, Ashanti, Western, Central, Oti and Eastern Regions.

Free SHS

58. At the end of the 2018/19 academic year, total beneficiaries for the first two cohorts of the Free SHS was 794,899 students and projected to reach 1,264,000 with the addition of the third cohort. This would be the highest number of students concurrently enrolled in the Public Secondary Education system in Ghana.

59. To phase out the double track system, Government commenced the construction of 962 structures in secondary schools across the country comprising classroom blocks, dormitories and toilet facilities.

Nation Builders Corps

60. The Nation Builders Corps (NABCO) initiated in November 2018 has provided employment to about 100,000 young unemployed tertiary graduates across seven modules of the scheme namely, Educate Ghana, Heal Ghana, Feed Ghana, Revenue Ghana, Civic Ghana, Digitise Ghana, and Enterprise Ghana.

National Entrepreneurship Innovation Programme (NEIP)

61. The National Entrepreneurship and Innovation Programme (NEIP) trained 12,000 young entrepreneurs drawn from the 16 regions in modern business practices to improve their capacity and to make their products competitive at the global level



and provided financial support to 3,000 of the trainees. Financial support was also provided to 100 disabled women entrepreneurs to scale up their businesses.

62. In 2020, another set of 15,000 entrepreneurs will be trained out of which 4,000 will be financially supported under the Presidential Business Support Programme.

National Identification Authority (NIA)

63. The National Identification Authority commenced the National Mass Registration Exercise on 29th April 2019 and enrolled 3,692,608 citizens in six regions namely, the Greater Accra, Volta, Oti, Northern, North East and Savannah regions. The NIA also registered 13,575 legally resident foreign nationals over the same period.
64. The NIA will upscale from mass to continuous registration operations to cover all sixteen (16) regions. Registration of Citizens Abroad will be pursued with the Ministry of Foreign Affairs and Regional Integration (MoFARI) and other related agencies to cover about 54 Ghana Foreign Missions and Embassies abroad from the end of first quarter of 2020.

Fish Landing Sites

65. To ensure safe launching and landing of artisanal fishing as well as create and maintain hygienic environments and create potential job opportunities within the fishing communities, construction of 11 coastal fish landing sites have commenced.
66. As part of preparations towards the construction of the coastal fish landing Sites, stakeholder sensitization events were carried out in the beneficiary communities. Sod-cutting ceremonies were performed by H.E. The President at the following sites Axim, Dixcove, Elmina, Moree, Mumford, Winneba, Senya Beraku, Fete, Teshie, Keta and Jamestown.
67. Five out of the 11 sites namely, Axim, Dixcove, Fete, Senya Beraku and Jamestown, access roads have been constructed; topographic and bathymetric surveys have been completed; site clearance has been completed and campsites and offices have been established. Additionally, excavation works have started in Axim and Dixcove.



