

HIGHLIGHTS OF THE 2023 BUDGET AND ECONOMIC POLICY

of the
Government of Ghana
for the

2023 FINANCIAL YEAR

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By

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***Theme: “Restoring and Sustaining Macroeconomic Stability and
Resilience through Inclusive Growth and Value Addition”***

on the Authority of
His Excellency Nana Addo Dankwa Akufo-Addo,
President of The Republic of Ghana



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2023 BUDGET HIGHLIGHTS

Theme: “Restoring and Sustaining Macroeconomic Stability and Resilience through Inclusive Growth and Value Addition”

2022 Macroeconomic Performance

Overall real GDP - June 4.0%
 Non-Oil real GDP - June 5.1%
 End-October inflation – 40.4%
 Overall budget deficit as % of GDP- 7.4%
 Primary surplus – 2.0% of GDP
 Debt to GDP 75.9%
 Gross International Reserves (import cover) – 2.9 months

Macroeconomic Goals to Support Medium Term objectives

- restore fiscal and debt sustainability as well as minimise fiscal risks including risk from contingent liabilities from SOEs;
- re-anchor inflation expectations, achieve low and stable inflation, and strengthen the exchange rate regime;
- deepen structural reforms, restore investor confidence, regain market access, and unlock other financing sources;
- build buffers to strengthen resilience to economic shocks;
- improve our sovereign credit ratings and regain International Capital Market access;
- vulnerable. and the efficiency of public expenditure

2023 Sector Growth (September)

Sector/ Subsector	Agriculture	Industry	Services
2014	0.9	1.1	5.2
2015	2.1	1.2	2.9
2016	2.7	4.3	2.8
2017	6.2	15.6	3.4
2018	4.9	10.5	2.8
2019	4.7	6.4	7.6
2020	7.3	-2.5	0.7
2021	8.4	-0.8	9.4
2021 H1 Avg	8.9	-3.1	8
2022 H1 Avg	4.9	1.8	5.4

2023 Macroeconomic Targets

- Overall Real GDP growth of 2.8 percent;
- Non-Oil Real GDP growth of 3.0 percent;
- End-December inflation rate of 18.9 percent;
- Primary Balance on Commitment basis of a surplus of 0.7% of GDP; and
- Gross International Reserves to cover not less than 3.3 months of imports.

Medium Term Macroeconomic Target (2023-2026)

- Overall Real GDP to grow at an average rate of 4.3 percent;
- Non-Oil Real GDP to grow at an average rate of 4.0 percent;
- Inflation to be within the target band of 8 ± 2 percent;
- Primary Balance on Commitment basis to average 1.3 % of GDP in the 2023-2026 period; and
- Gross International Reserves to cover at least 4 months of imports.

Exchange Rate Development

Cedi/Dollar depreciation- Oct. 53.8%
 Cedi/Pound depreciation- Oct. 45.7%
 Cedi/Euro appreciation- Oct. 46.9%



Overview of Macroeconomic Performance 2022

1. To better evaluate the macroeconomic developments for the first three quarters of the year, the macroeconomic targets set for 2022 as presented in the 2022 Mid-Year Fiscal Policy Review:
 - Overall Real GDP growth of 3.7 percent;
 - Non-Oil Real GDP Growth rate of to 4.3 percent;
 - End-period inflation of 28.5 percent;
 - Overall fiscal deficit of 6.6 percent of GDP;
 - Primary surplus of 0.4 percent of GDP;
 - Gross International Reserves sufficient to cover at least three and half months of imports of goods and services

2. Available data on the performance of the economy at the end of the third quarter highlights the continued adverse impact of the challenging global and domestic environment on the economy. These developments have manifested through rapid exchange rate depreciation, high inflation, unsustainable debt burden, fiscal stress and external sector shocks despite the monetary and fiscal policy interventions that were deployed in the first three quarters of the year. The economic performance for the first three quarters of the year is summarised as follows:
 - Real GDP growth averaged 4.0 percent y/y for the first half of 2022 compared with 3.9 percent in 2021;
 - Headline inflation accelerated to 40.4 percent in October 2022, from 37. 2 percent in September and 33.9 percent in August 2022. The rise in inflation, was driven by both food and non-food prices which was influenced by prices of both local and imported components;
 - Developments on the money market broadly showed rising interest rates across the yield curve, with the discount rate on the 91-day instrument increasing to 32.5 percent as at today from 12.5 percent in December 2021;
 - Overall budget deficit (cash) of 7.4 percent of GDP against the target of 6.2 percent of GDP and a corresponding primary deficit of 2.0 percent of GDP against a target of 1 percent of GDP;
 - The Public Debt-to-GDP ratio stood at 75.9 percent at the end of September 2022, up from 76.7 percent at the end of December 2021. The elevated public debt burden largely reflects the impact of the currency depreciation;
 - The Monetary Policy Rate increased by 1,000 basis points (from 14.5% to 24.5%);
 - Gross International Reserves at end-September 2022 stood at US\$6,591.8 million, sufficient to cover 2.9 months of imports, compared to US\$9,695.2 million covering 4.3 months of imports recorded at end-December 2021;
 - The exchange rates across the major international currencies remained stable by the end of the third quarter of 2022. In particular, the Ghana cedi

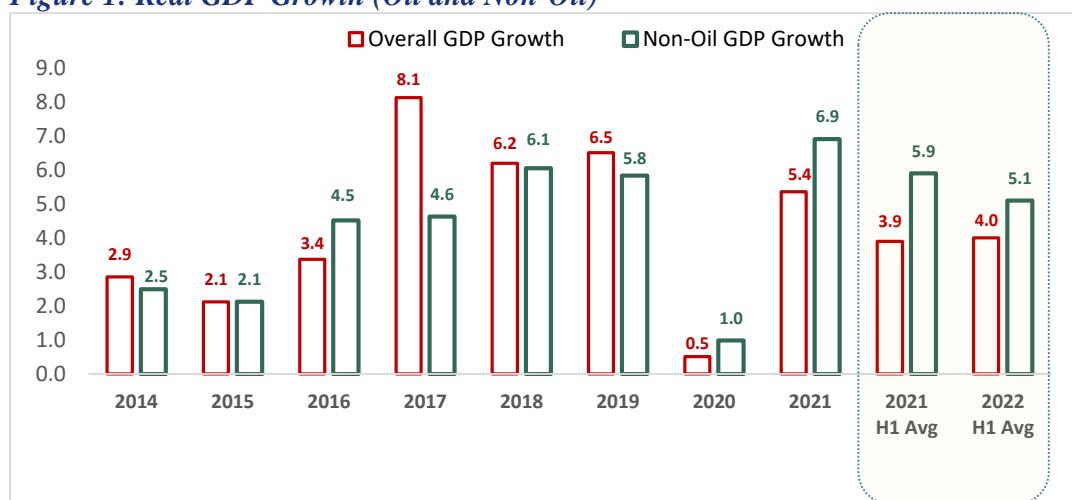


depreciated cumulatively by 54.2 percent against the US Dollar as at 23rd November 2022 compared to a 4.1 percent at the end of December 2021.

Real Sector Developments

3. Provisional GDP data from GSS indicate that overall Real GDP for the first half of 2022 recorded an average year-on-year growth 4.0 percent (3.4 percent in Q1 2022 and 4.8 percent in Q2 2022 respectively), compared with the average growth of 3.9 percent (3.6 percent in Q1 2021 and 4.2 percent in Q2 2021) in the corresponding periods of 2021.
4. Non-Oil GDP expanded by 4.1 percent and 6.2 percent in the first and second quarters in 2022, respectively, compared with 5.3 and 6.6 percent over the same periods in 2021. This corresponds to an average Non-oil GDP growth of 5.1 percent for the first half of 2022 compared with 5.9 percent in the first half of 2021. See Figure 1 for historical trends in GDP growth.

Figure 1: Real GDP Growth (Oil and Non-Oil)



Source: GSS, 2022

Real Sector Growth Performances for 2022

5. The 2022 half year growth rate of 4.0 percent resulted from 4.9 percent for Agriculture, 1.8 percent from Industry and 5.4 percent for Services. Table 1 below depicts a summary of sector performance for the first half of 2022.

Table 1: Summary of Sector Growth Performance

No.	Sector/ Subsectors	2014	2015	2016	2017	2018	2019	2020	2021	2021 H1 Avg	2022 H1 Avg
1	Agriculture	0.9	2.1	2.7	6.2	4.9	4.7	7.3	8.4	8.9	4.9
2	Industry	1.1	1.2	4.3	15.6	10.5	6.4	-2.5	-0.8	-3.1	1.8
3	Services	5.2	2.9	2.8	3.4	2.8	7.6	0.7	9.4	8.0	5.4

Source: GSS, 2022

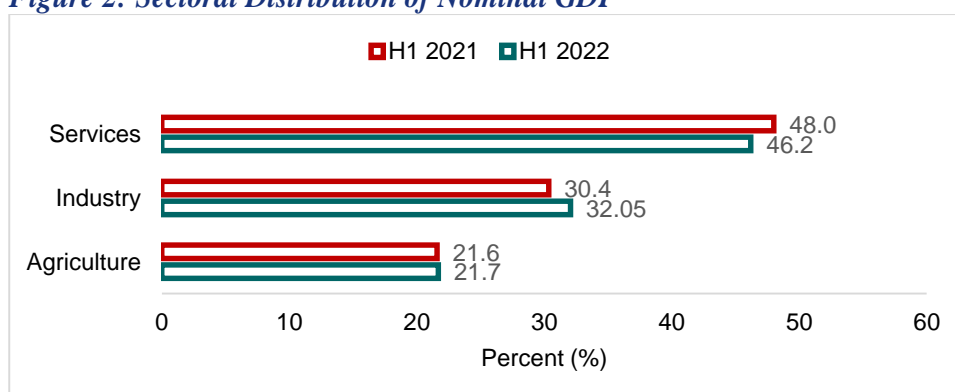
Structure of the Economy

6. The structure of the economy remained unchanged from previous years. The Services sector continued to lead by contributing an average share of 46.2



percent in the first half of 2022, followed by the Agriculture sector with 21.7 percent, while the Industry sector contributed 32.1 as shown in Figure 2.

Figure 2: Sectoral Distribution of Nominal GDP



Source: GSS, 2022

Monetary Aggregates and Credit Developments

7. Monetary aggregates in October 2022 showed a faster pace of growth in broad money supply (M2+). Provisional data showed an annual growth of 45.2 percent in M2+ from 14.51 percent in October 2021. The observed expansion in M2+ was attributed to the significant increase in Net Domestic Assets (NDA) of the depository corporations sector, largely driven by increased claims on Government, and a strong rebound in credit to private and public sectors institutions. Net Foreign Asset (NFA), however, contracted over the same comparative period, reflecting increased foreign exchange demand pressures amid constrained foreign inflows.
8. Annual growth in total outstanding credit was 57.48 percent in October 2022 compared with 8.90 percent in October 2021. As at the end of October 2022, total outstanding credit stood at GH¢81,226.03 million compared with GH¢51,580.16 million in the corresponding period of 2021. In real terms, total outstanding credit grew moderately by 12.02 percent.

Interest Rate Developments

9. The Monetary Policy Committee (MPC) of Bank of Ghana systematically increased the Monetary Policy Rate (MPR) from 14.5 percent in December 2021 to 24.5 percent in October 2022. These measures were instituted to tighten liquidity conditions in the banking system to rein in aggregate demand pressures and, in turn, inflation.
10. Interest rates broadly trended upward across the spectrum of the yield curve. The 91-day and 182-day Treasury bill rates increased to 31.53 percent and 32.61 percent in October 2022. Similarly, the rates on the 364-day instrument, 2-year, 3-year, and 5- and 6-year bonds increased to 32.32 percent, 21.50 percent, 29.85 percent, 22.30 percent, and 21.75 percent, respectively. Rates on the long-dated bonds, however, remained broadly unchanged during the review period.



11. The interbank weighted average rate increased to 23.98 percent in October 2022 from 12.66 percent in October 2021, consistent with the increases in the policy rate and the systematic increases in the Cash Reserve Ratio. In tandem, the average lending rates of banks increased to 31.40 percent in October 2022 from 20.34 percent in the same period of 2021. The Ghana Reference Rate, which serves as the base rate of the commercial banks, also rose steadily to 27.44 percent in October 2022 from 13.47 percent a year earlier.

Banking Sector Developments

12. Banks exhibited resilient performance despite the elevated macroeconomic risks, evidenced by 43.7 percent annual growth in total assets to GH¢249.86 billion as at end-October 2022, compared with 16.1 percent growth in October 2021. The higher growth in the industry's assets was mainly driven by increases in deposits during the review period.

GSE Composite Index Performance

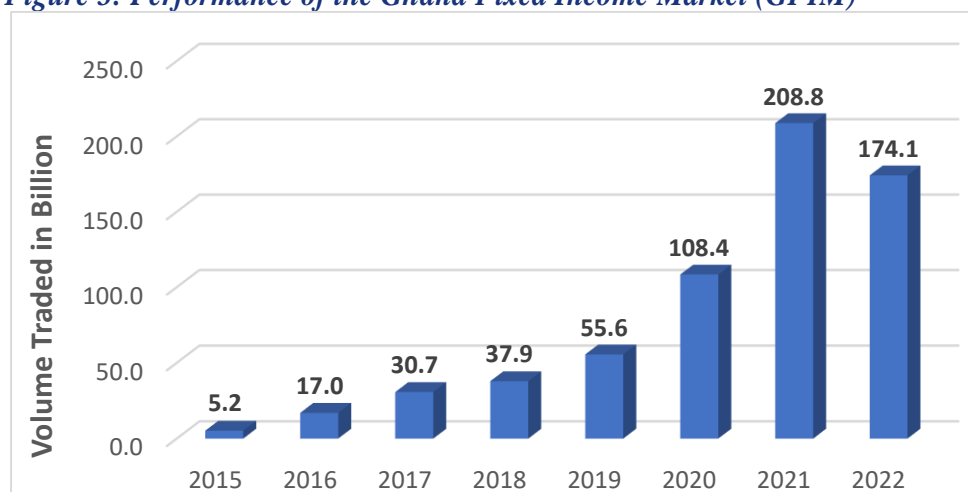
13. The Ghana Stock Exchange's (GSE's) Composite Index (GSE-CI), recorded a year-on-year loss of 14.10 percent (404.00 points) in October 2022, compared with a gain of 55.90 percent (1027.04 points) in the corresponding period of 2021. The GSE-CI performance declined partly on account of increased investor preference for alternative investments, as well as portfolio reversals induced by inflation and exchange rate pressures.

Ghana Fixed Income Market Performance for 2022

14. The Ghana Fixed Income Market (GFIM) continued to grow steadily in 2022. The market traded a volume of 174 billion securities, valued at GH¢168.98 billion by the end of September 2022, representing an increase of 12.27 percent and 4.93 percent respectively over the same period in 2021. Corporate transactions accounted for 21.2 billion of the 174 billion volumes traded. Market liquidity increased by 144 percent at end-September 2022 compared to 96 percent at end-September 2021.
15. As of September 2022, the 91-day bills, 182-day bills, and 364-day bills all yielded above 30% (30.45%, 31.57%, and 31.55%) respectively compared to 12.49%, 13.22%, and 17.50% offered during the same period in 2021. See Figure 3 for the performance of the Ghana Fixed Income Market.



Figure 3: Performance of the Ghana Fixed Income Market (GFIM)



**Note: the year 2015 is from August to December and 2022 is from January to September. All other years are from Jan-Dec*

Source: Ghana Fixed-Income Market (GFIM)

External Sector Developments

16. Global developments, characterised by high energy and food prices and tightening financing conditions, shaped performance of the external sector in the first eight months of 2022. The trade balance improved to a surplus of US\$1,751.17 million in the year-to-September 2022, compared with a surplus of US\$980.07 million for the same period in 2021. The improved outturn was attributed to higher growth of exports relative to imports.
17. Total exports rose by 18.30 percent to US\$13,060.18 million, driven mainly by gold, crude oil, and non-traditional exports. Earnings from gold exports amounted to US\$4,801.77 million, representing an annual growth of 25.2 percent due mainly to increased production volumes.
18. Merchandise imports increased by 12.4 percent to US\$11,309.33 million in the year-to-September 2022, mainly on the back of higher oil-related imports as non-oil imports declined marginally. Oil imports (crude, gas, refined products, and other oil products) rose sharply to US\$3,525.26 million during the review period.
19. These and other related developments resulted in an overall balance of payments deficit of US\$3,409.74 million in the first half of 2022, compared with a surplus of US\$1,684.70 million in the corresponding period of 2021.

Exchange Rate

20. The foreign exchange market witnessed intense pressures from both domestic and external factors and the local currency weakened significantly over the review period. Cumulatively, the Ghana Cedi depreciated by 53.8 percent, 45.7 percent, and 46.9 percent against the US Dollar, the Pound Sterling, and the Euro, respectively.



Fiscal Developments

Summary of Fiscal Performance Q1-Q3 2022

21. As it may be recalled, the 2022 Mid-Year Fiscal Policy Review revised the 2022 fiscal framework against the backdrop of unfavourable global and domestic developments. The fiscal deficit target was revised to 6.6 percent of GDP down from the 7.4 percent set in the 2022 Budget. Similarly, the primary balance target was revised upwards to a surplus of 0.4 percent of GDP from a surplus of 0.1 percent.
22. Provisional data on Government fiscal operations for January – September 2022 show shortfalls in revenue performance relative to expenditures which are largely on track. This resulted in an overall budget cash deficit of GH¢44,022 million (7.4% of GDP), against a programmed deficit target of GH¢36,684 million (6.2% of GDP). The corresponding primary balance for the period was a deficit of GH¢11,921 million (2.0% of GDP), against a deficit target of GH¢5,794 million (1.0% of GDP). Summary of fiscal operations for the three quarters of 2022 is shown in Table 2.

Table 2: Summary of Provisional 2022 Q1-Q3 Fiscal Performance

S/N	Indicators (GH¢ million)	Q1 - Q3 2021		2022 Bud.	2022 Rev. Bud.	Q1 - Q3 2022				
		Prov. Outturn	y/y (%)			Prog	Prov. Outturn	Dev (GH¢)	Dev (%)	y/y (%)
1	Total Revenue & Grants	49,108	31.1	100,517	96,842	67,307	65,399	-1,909	-2.8	33.2
	% of GDP	10.7		20.0	16.4	11.4	11.0			
2	Total Exp. (incl. Arrears & discrepancy)	81,785	16.3	137,529	135,742	103,992	109,421	5,429	5.2	33.8
	% of GDP	17.8		27.4	22.9	17.6	18.5			
3	Overall Fiscal Balance	-32,677		-37,012	-38,900	-36,684	-44,022	-7,337	20.0	34.7
	% of GDP	-7.1		-7.4	-6.6	-6.2	-7.4			
4	Primary Balance	-7,312		435	2,461	-5,794	-11,921	-6,127	105.7	63.0
	% of GDP	-1.6		0.1	0.4	-1.0	-2.0			
5	Nominal GDP	459,131		502,430	591,883	591,883	591,883			

Source: MoF

Revenue Performance

23. Total Revenue and Grants amounted to GH¢65,399 million (11.0 percent of GDP), compared with the target of GH¢67,307 (11.4 percent of GDP) and the GH¢49,108 million (10.7 percent of GDP) recorded in the corresponding period in 2021. The outturn for Total Revenue and Grants represents a shortfall of 2.8 percent compared to the period's target and year on-year growth of 33.2 percent. The shortfall in revenue stemmed from the less robust performance recorded in all the revenue handles for the period as seen in Table 3.



Table 3: Summary of 2022 Q1-Q3 Revenue Performance

S/N	Indicators (GH¢ million)	Q1 - Q3 2021		2022 Bud.	2022 Rev. Bud.	Q1 - Q3 2022				
		Prov. Outturn	y/y (%)			Prog	Prov. Outturn	Dev (GH¢)	Dev (%)	y/y (%)
1	Total Revenue & Grants	49,108	31.1	100,517	96,842	67,307	65,399	-1,909	-2.8	33.2
	<i>% of GDP</i>	<i>10.7</i>		<i>20.0</i>	<i>16.4</i>	<i>11.4</i>	<i>11.0</i>			
2	Domestic Revenue	48,192	31.7	99,547	95,654	66,503	64,601	-1,902	-2.9	34.0
	<i>% of GDP</i>	<i>10.5</i>		<i>19.8</i>	<i>16.2</i>	<i>11.2</i>	<i>10.9</i>			
3	Non-Oil Tax Revenue	36,098	26.2	77,136	68,797	46,007	44,439	-1,568	-3.4	23.1
	<i>% of GDP</i>	<i>7.9</i>		<i>15.4</i>	<i>11.6</i>	<i>7.8</i>	<i>7.5</i>			
4	Non-Oil Non-Tax Revenue	4,593	28.8	10,254	9,502	7,112	6,410	-702	-9.9	39.6
	<i>% of GDP</i>	<i>1.0</i>		<i>2.0</i>	<i>1.6</i>	<i>1.2</i>	<i>1.1</i>			
5	Oil and Gas Receipt	4,079	68.7	6,628	12,088	9,465	9,255	-211	-2.2	126.9
	<i>% of GDP</i>	<i>0.9</i>		<i>1.3</i>	<i>2.0</i>	<i>1.6</i>	<i>1.6</i>			
6	Other Revenue	3,423	70.3	5,528	5,267	3,919	4,497	579	14.8	31.4
	<i>% of GDP</i>	<i>0.7</i>		<i>1.1</i>	<i>0.9</i>	<i>0.7</i>	<i>0.8</i>			
7	Grants	916	6.9	970	1,188	804	797	-7	-0.8	-12.9
	<i>% of GDP</i>	<i>0.2</i>		<i>0.2</i>	<i>0.2</i>	<i>0.1</i>	<i>0.1</i>			

Source: MoF

Expenditure Performance

24. Total Expenditure (including arrears clearance and discrepancy) for the period amounted to GH¢109,421 million (18.5 percent of GDP), marginally above the target of GH¢103,992 million (17.6 percent of GDP) by 5.2 percent. Except for expenses on Interest Payments and Grants to Other Government Units, all key expenditure items were contained within their respective targets for the period, as shown in Table 4.



Table 4: Summary of 2022 Q1-Q3 Expenditure Performance

S/N	Indicators (GH¢ million)	Q1 - Q3 2021		2022 Bud.	2022 Rev. Bud.	Q1 - Q3 2022				
		Prov. Outturn	y/y (%)			Prog	Prov. Outturn	Dev (GH¢)	Dev (%)	y/y (%)
1	Total Exp. (incl. Arrears & Discrepancy)	81,785	16.3	137,529	135,742	103,992	109,421	5,429	5.2	33.8
	% of GDP	17.8		27.4	22.9	17.6	18.5			
2	Compensation of Employees	23,394	14.4	35,841	37,949	27,947	27,146	-801	-2.9	16.0
	% of GDP	5.1		7.1	6.4	4.7	4.6			
3	Use of Goods and Services	3,514	-36.6	9,149	5,867	5,117	4,234	-883	-17.3	20.5
	% of GDP	0.8		1.8	1.0	0.9	0.7			
4	Interest Payment	25,365	34.7	37,447	41,362	30,890	32,101	1,211	3.9	26.6
	% of GDP	5.5		7.5	7.0	5.2	5.4			
5	Grants to Other Gov't Units	10,126	9.4	26,828	23,684	16,820	17,562	742	4.4	73.4
	% of GDP	2.2		5.3	4.0	2.8	3.0			
6	Capital Expenditure	10,439	16.3	16,396	13,700	12,028	10,892	-1,137	-9.4	4.3
	% of GDP	2.3		3.3	2.3	2.0	1.8			
	o/w Domestic Capex	2,922	-20.0	7,795	4,207	3,282	1,643	-1,639	-49.9	-43.8
	% of GDP	0.6		1.6	0.7	0.6	0.3			
7	Other Expenditure	4,746	-41.7	9,967	11,281	9,764	7,635	-2,129	-21.8	60.9
	o/w ESLA	2,287.2		4,429.5	4,429.5	3,319.8	3,816.3		-1.3	7.0
8	Arrears	-2,339	62.6	-1,900	-1,900	-1,425	-9,860	-8,435	591.9	321.5
	% of GDP	-0.5		-0.4	-0.3	-0.2	-1.7			
9	Discrepancy	-1,862	180.5	0	0	0	10	10		
	% of GDP	-0.4		0.0	0.0	0.0	0.0			

Source: MoF

Financing Operations

25. The fiscal operations for the period resulted in an overall budget deficit of GH¢44,022 million (7.4% of GDP), against a target of GH¢36,684 million (6.2% of GDP). The corresponding primary balance for the period was a deficit of GH¢11,921 million (2.0% of GDP), against a deficit target of GH¢5,794 (1.0% of GDP).
26. The fiscal deficit for the period was financed mainly from domestic sources amounting to GH¢37,491 million (6.3% of GDP), accounting for 85.2 percent of the total financing. Foreign financing for the period amounted to GH¢6,531 million (1.1% of GDP), as depicted in Table 5.



Table 5: Summary of 2022 Q1-Q3 Financing Operations

S/N	Indicators (GH¢ million)	Q1 - Q3 2021		2022 Bud.	2022 Rev. Bud.	Q1 - Q3 2022				
		Prov. Outturn	y/y (%)			Prog	Prov. Outturn	Dev (GH¢)	Dev (%)	y/y (%)
1	Total Financing	32,677	-0.6	37,012	38,900	36,684	44,022	7,337	20.0	34.7
	<i>% of GDP</i>	<i>7.1</i>		<i>7.4</i>	<i>6.6</i>	<i>6.2</i>	<i>7.4</i>			
2	Foreign Financing	14,120	677.4	4,551	10,880	12,459	6,531	-5,928	-	-53.7
	<i>% of GDP</i>	<i>3.1</i>		<i>0.9</i>	<i>1.8</i>	<i>2.1</i>	<i>1.1</i>			
3	Exceptional financing			4,540	0	0	0			
	<i>% of GDP</i>	<i>0.0</i>		<i>0.9</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>			
4	Domestic Financing	18,558	-40.2	27,921	28,020	24,225	37,491	13,266	54.8	102.0
	<i>% of GDP</i>	<i>4.0</i>		<i>5.6</i>	<i>4.7</i>	<i>4.1</i>	<i>6.3</i>			
5	Primary Balance	-7,312	-47.9	435	2,461	-5,794	-11,921	-6,127		
	<i>% of GDP</i>	<i>-1.6</i>		<i>0.1</i>	<i>0.4</i>	<i>-1.0</i>	<i>-2.0</i>			
6	Nominal GDP	459,131		502,430	591,883	591,883	591,883			

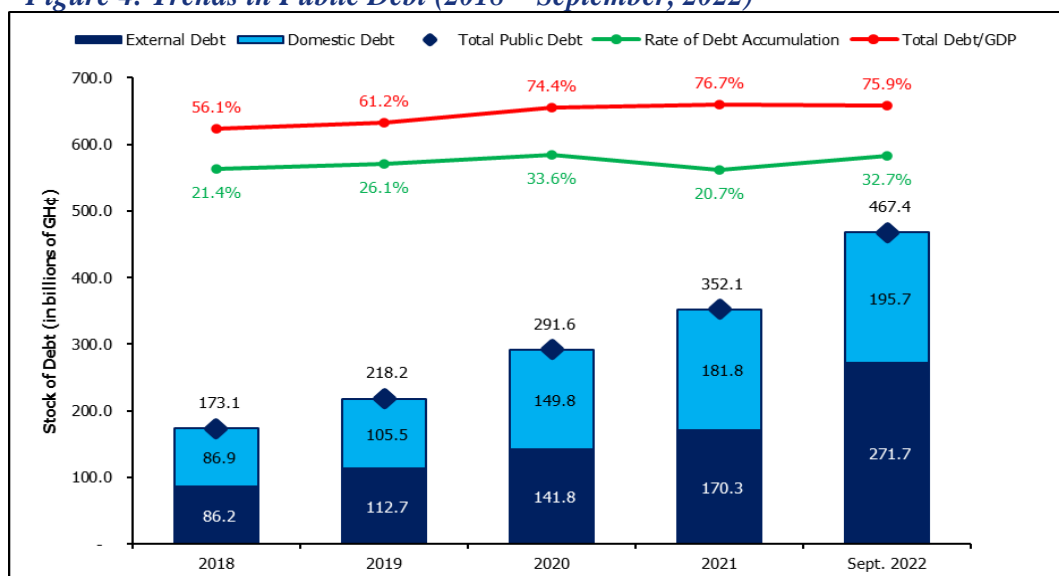
Source: MoF

Public Debt Developments for January - September 2022

27. Provisional debt data as at end September 2022 indicated a total gross public debt of GH¢467,371.32million (US\$48,871.34 million), representing approximately 75.9 percent of GDP. This compares to end 2021 total gross public debt figures of GH¢352,086.98 million (US\$58,689.97 million), representing 76.7 percent of GDP.
28. The public debt is made of up domestic debt of GH¢195,657.61 million, which is 31.77 percent of GDP, and external debt of GH¢271,713.71 million, representing 44.13 percent of GDP. Domestic debt as a share of total public debt reduced from 51.6 percent in 2021 to 41.9 percent as at end September 2022.
29. External debt as a percentage of the total debt stock is 58.1 percent as at end September 2022, up from the 48.4 percent recorded in 2021. The growth in the external debt is largely driven by the depreciation of the local currency. The depreciation of the Ghana cedi added GH¢93,855.15 million to the external debt stock compared to transaction effect of GH¢7,548.82 million. Trends in public debt is depicted in Figure 4.



Figure 4: Trends in Public Debt (2018 – September, 2022)



Source: Ministry of Finance

Developments in Sovereign Credit Ratings for 2022

30. The 2022 global credit situation has been precarious amid slower global growth, rising borrowing costs, surging commodity prices, supply-chain disruptions and increased financial market volatility. Consequently, many Sovereigns have suffered sovereign credit downgrades.
31. In Ghana's case, challenges relating to external financing and domestic liquidity, spillover effects of the Russia-Ukraine war and domestic macroeconomic instability led to a heightened risk. Seven rating actions have been conducted on Ghana by the three global agencies of Fitch, S&P and Moody's in which the country was downgraded at different periods between January and September 2022. See Table 6 for Ghana's current sovereign credit ratings as seen in Table 6.

Table 6: Ghana's Current Sovereign Credit Ratings

Rating Agency	Publication	Rating Outcome	Outlook	Prior	
H1-2022 Credit Rating Actions					
Fitch Ratings	14 th Jan. 2022	'B-'	Downgrade	Negative	'B'
S&P Global Ratings	4 th Feb. 2022	'B-'	Affirmed	Stable	'B-'
Moody's Investor Service	4 th Feb. 2022	'Caa1'	Downgrade	Stable	'B3'
H2-2022 Credit Rating Actions					
S&P Global Ratings	5 th Aug. 2022	'CCC+'	Downgrade	Negative	'B-'
Fitch Ratings	10 th Aug. 2022	'CCC'	Downgrade	N/A*	'B-'
Fitch Ratings	23 rd Sept. 2022	'CC'	Downgrade	N/A*	'CCC'
Moody's Investor Service	30 th September 2022	'Caa2'	Downgrade	Stable	'Caa1'

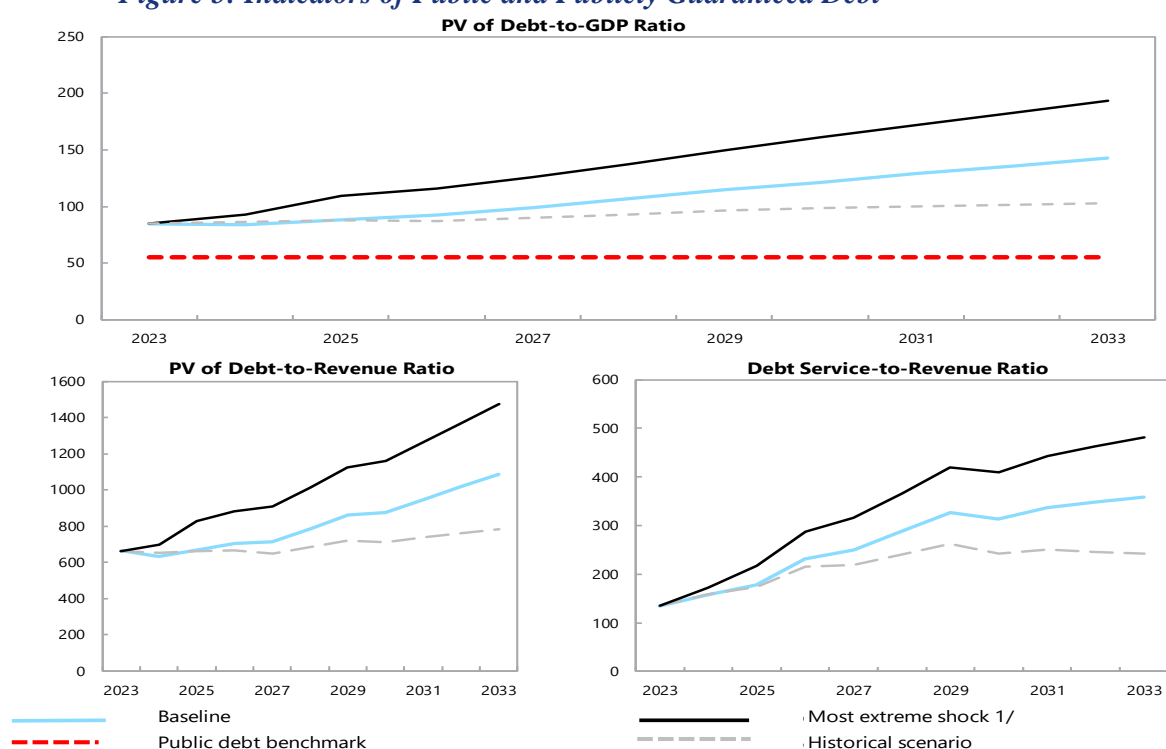
Source: Ministry of Finance



2022 Debt Sustainability Analysis

32. Ghana's DSA shows a "moderate" rated debt carrying capacity and an overall risk rating of "high risk of debt distress" and unsustainable due to the negative effects of exogenous shocks on the economy which worsened existing vulnerabilities.
33. Ghana's external and public debt vulnerabilities reflect the perennial high fiscal deficits of the past. Solvency indicators for the Present Value (PV) of external debt-to-GDP ratio and PV of total public debt-to-GDP ratios are significantly above the indicative thresholds/benchmarks under the baseline scenario and throughout the forecast horizon (Figure 5).

Figure 5: Indicators of Public and Publicly Guaranteed Debt



Update On 2022 Medium-Term Debt Management Strategy

34. The recent global and domestic macroeconomic developments have had adverse effect on the implementation of Government financing strategy for the first three quarters of 2022. The debt management strategy implemented in 2022 resulted in increase in the cost and risks indicators of the public debt portfolio.
35. The weighted average interest rate of the domestic debt portfolio at end-September 2022 was 20.1 percent, an increase from the end-December 2021 rate of 17.9 percent. The weighted average interest rate for the external debt portfolio increased from 5.2 percent in 2021 to 6.2 percent at end-September 2022.



Petroleum Production, Receipts and Utilisation in 2022

36. Total crude oil production for January to September 2022 was 39.15 million barrels. Greater Jubilee's output was 23.09 million barrels, Tweneboah Enyenra-Ntomme (TEN) was 6.43 million barrels, and Sankofa-Gye Nyame (SGN) was 9.64 million barrels, representing 58.97, 16.41, and 24.62 percent of the total output, respectively as shown in Table 7.

Table 7: Total Crude Oil Production (Jan-Sept 2022) in Barrels

No.	MONTH	Jubilee Production	TEN Production	SGN Production	Total Production
1	Jan-22	2,810,193	791,765	1,178,854	4,780,812
2	Feb-22	2,537,391	669,999	950,511	4,157,901
3	Mar-22	2,864,216	784,189	1,177,762	4,826,167
4	Apr-22	2,619,672	721,849	1,100,364	4,441,885
5	May-22	1,372,961	736,151	1,098,744	3,207,856
6	Jun-22	2,702,524	690,114	1,054,551	4,447,189
7	Jul-22	2,814,384	666,732	1,061,337	4,542,453
8	Aug-22	2,749,042	654,716	1,033,174	4,436,932
9	Sep-22	2,617,935	710,913	983,137	4,311,985
10	TOTAL/AV.	23,088,318	6,426,428	9,638,434	39,153,180

Source: GNPC

37. The Q1-Q3 2022 crude oil production of 39.15 million is 5.73 percent lower than the production of 41.53 million barrels for the same period in 2021. The reduction in crude oil production is generally due to natural field decline from the TEN and SGN Field.
38. Ghana National Petroleum Corporation (GNPC) on behalf of the State lifted 7.55 million barrels comprising; 4.71 million barrels from the Jubilee field, 0.99 million barrels from TEN field and 1.85 million barrels from Sankofa Gye Nyame (SGN) field.

Petroleum Receipts for Jan-Sept 2022

39. Total receipts from crude oil liftings only by GNPC for January-September 2022, was US\$873.25 million (GH¢8,346.92 million), comprising the 63rd – 67th Jubilee liftings, 20th and 21st TEN liftings, and the 9th and 10th liftings from the Sankofa Gye-Nyame field, as shown in Table 8.

Table 8: Crude oil receipts from Jan-Sept 2022 liftings

No.	ITEM	UNIT	JUBILEE	TEN	SANKOFA	TOTAL
1	Volume of lifting	barrels	4,705,486	1,939,913	1,852,686	8,498,085
2	Selling Price	US\$	103	94	111	
3	Pricing Option Fees	US\$	0.08	-	0.05	
4a	Value of Lifting	US\$	484,426,329	182,370,775	206,448,702	873,245,806
4b		GH¢	4,630,389,066	1,743,191,050	1,973,339,922	8,346,920,038

Source: MoF & BoG



40. A total of 189,469.44 of gas was produced from the three producing fields. . Of the total gas produced, 80,344.02 Mscf was delivered for power generation and nonpower gas users between January and September 2022, of which 50,909 MMScf of gas was transported from the SGN Field to power producers via the Onshore Receiving Facility (ORF) for power generation, 26,102 MMScf from Greater Jubilee Field and 3,334 MMScf from TEN Field. This translates to an average daily gas export of 294.30 MMScf.
41. Total petroleum receipts (i.e., proceeds from liftings and other petroleum receipts) for January to September 2022, was **US\$1,168.99 million** (GH¢11,173.75 million), as shown in Table 9. This compares with the receipts of US\$618.46 million (GH¢3,627.47 million) for the same period in 2021. Total receipts from all sources between January to September is shown in Table 9.

Table 9: Petroleum Receipts from all Sources (Jan-Sept 2022)

No	ITEM	UNIT	JUBILEE	TEN	SGN	OTHER RECEIPTS	TOTAL
1	Royalties	US\$Mn	134.87	47.37	97.61		279.86
2	Carried and Participating Interest	US\$Mn	349.55	135.00	108.83		593.39
3	Corporate Income Tax	US\$Mn				293.79	293.79
4	Surface Rentals	US\$Mn				0.69	0.69
5	PHF Income	US\$Mn				1.26	1.26
6a	Total Petroleum Receipts	US\$Mn	484.43	182.37	206.45	295.74	1,168.99
6b		GH¢	4,630.39	1,743.19	1,973.34	2,826.83	11,173.75

Source: MoF & BoG

42. Carried and Participating Interest (CAPI) contributed the highest (50.8%) to total petroleum receipts for the period, followed by Royalties (23.9%), and Corporate Income Tax (25.1%) as shown in Table 10. The rest including Surface Rental contributed 0.17 percent to petroleum receipts for the period.



Table 10: Analysis of Petroleum Receipts Jan-Sept 2022 (US\$Mn)

No.	Item	Unit	2019	2020	2021	2022	Deviation (2022 & 2021)
			Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep
1	Royalties	US\$Mn	187.65	78.99	166.19	279.86	113.67
1.1	Jubilee	US\$Mn	70.32	41.00	67.06	134.87	67.82
1.2	TEN	US\$Mn	47.33	37.99	33.43	47.37	13.93
1.3	SGN	US\$Mn	70.00	0.00	65.70	97.61	31.92
2	Carried and Participating Interest	US\$Mn	317.15	214.52	330.69	593.39	262.70
2.1	Jubilee	US\$Mn	182.26	106.25	173.79	349.55	175.76
2.2	TEN	US\$Mn	134.89	108.27	95.29	135.00	39.71
2.3	SGN	US\$Mn	0.00	0.00	61.60	108.83	47.23
3	Surface Rentals	US\$Mn	0.66	0.69	0.83	0.69	-0.14
4	Corporate Income Tax	US\$Mn	161.25	92.28	120.74	293.79	173.05
5	PHF income	US\$Mn	1.70	0.34	0.02	1.26	1.24
6	Interest on Late Payment on TEN 3	US\$Mn	0.00	0.18	0.00	0.00	0.00
7a	Total Petroleum Receipts	US\$Mn	668.41	387.00	618.46	1,168.99	550.52
7b		GH¢Mn	3,716.15	2,151.58	3,627.47	11,173.75	7,546.28

Source: MoF & BoG

Petroleum Distribution for Jan-Sept 2022

43. Petroleum receipts in 2022 (January-September) were distributed based on the provisions of the PRMA (as amended). The total petroleum receipts including the spilled over receipts of US\$14.61mn distributed amounted to US\$1,183.60 million.
44. Of the amount of distributed, the National Oil Company (GNPC) was allocated a total of US\$286.58 million, made up of Equity Financing Cost of US\$155.09 million and GNPC's share of the net Carried and Participating Interest of US\$131.49 million as shown in Table 11.

Table 11: Distribution of Petroleum Receipts Jan-Sept 2022

No.	Item	Unit	Jubilee	TEN	SGN	Total
1	Transfer to GNPC	US\$ Mn	157.08	89.52	39.99	286.58
1.1	o/w Equity Financing cost	US\$ Mn	74.59	70.02	10.48	155.09
1.2	o/w Net Carried and Participating Interest	US\$ Mn	82.49	19.49	29.51	131.49
2	GoG Net Receipts for Distribution to ABFA and GPFs	US\$ Mn	449.71	165.58	281.72	897.02
2.1	o/w ABFA	US\$ Mn	236.68	115.91	26.15	378.74
2.2	o/w GPFs	US\$ Mn	213.03	49.67	255.57	518.28
2.2.1	o/w GSF	US\$ Mn	149.12	34.77	178.90	362.79
2.2.2	o/w GHF	US\$ Mn	63.91	14.90	76.67	155.48
3	Total Payments	US\$ Mn	606.79	255.10	321.71	1,183.60
		GH¢ Mn	5,800.02	2,438.34	3,075.08	11,313.43

Source: MoF & BoG

45. The ABFA received a total of GHs2,985.37 (US\$378.74 million) to support the Budget, while the GPFs received US\$518.28 million, which were distributed in



the ratio of 70%:30% in line with the PRMA, with the GSF receiving US\$362.79 million and the GHF US\$155.48 million.

ABFA Allocation and Utilisation

46. The ABFA allocations for the period were made in line with Section 21(4) of the PRMA. Of the total allocation of GH¢6,126.17 million, GH¢4,260.33 million was earmarked for Capex and GH¢1,865.84 million for Goods and Services. Table 12 provides a summary of utilisation by the priority areas.

Table 12: 2022 ABFA Revised Budget Allocation vs. Actual Utilisation (GH¢ Million)

No.	Priority areas	2022 Revised Budget	Actual Utilisation	% of Budget Utilised
1	Agriculture	131.79	34.00	25.80%
2	Education and Health Service Delivery	1942.41	704.87	36.29%
3	Roads, Rail and Other Critical Infrastructure	3829.94	2087.12	54.49%
3.1	o/w DACF	205.00	100.00	48.78%
3.2	o/w GIIF	870.72	417.95	48.00%
4	Industrial Development	216.26	5.25	2.43%
5	Sub total	6120.40	2831.24	
6	Ministry of Finance PIAC	5.77	3.46	60.00%
6.1	o/w PIAC	5.77	3.46	60.00%
7	Total	6126.17	2834.70	46.27%

Source: MoF

2022 Fiscal Outlook

47. The projected fiscal outturns for the full year 2022, based on the provisional fiscal outturn for January-September, 2022 are as follows.
- Total Revenue and Grants is estimated at GHs98,080 million (15.9% of GDP), GHs1,238 million higher than the 2022 Mid-Year Fiscal Policy Review estimate of GHs96,842 million (16.4% of GDP). These projections align with trend of revenue inflows as well as the impact of the exchange rate depreciation on forex-related inflows such as Oil and Gas receipts.
 - Expenditure (on commitment basis), is estimated at GHs159,012 million. This includes expenditure claims amounting to GHs22,091 million. Of this amount, GHs11,050 million relate to energy sector shortfalls due for 2022, while the remaining GHs11,041 million has been committed under Goods and Services and Domestic CAPEX.
 - The Overall Balance on Commitment basis, therefore, is estimated at GHs60,932 million (9.9% of GDP) with a corresponding Primary deficit is GHs16,920 (2.7% of GDP).
 - On the other hand, the Overall Balance on cash basis, is estimated at GHs44,846 million (7.3% of GDP) with a corresponding Primary deficit of GHs834 million (0.1% of GDP).



2023 and Medium-Term Policy Objectives And Targets

Government's Medium-Term Vision and Objectives

48. Government has prepared the Post-Covid-19 Programme for Economic Growth (PC-PEG) as a blue print to address the economic challenges such as currently being experienced. The key objectives of the PC-PEG is to, among others:
- restore fiscal and debt sustainability as well as minimise fiscal risks including risk from contingent liabilities from SOEs;
 - re-anchor inflation expectations, achieve low and stable inflation, and strengthen the exchange rate regime;
 - deepen structural reforms, restore investor confidence, regain market access, and unlock other financing sources;
 - build buffers to strengthen resilience to economic shocks;
 - improve our sovereign credit ratings and regain International Capital Market access;
 - enhance domestic productive capacity and diversify the economy to achieve a value-added export driven regime and produce goods & services for domestic consumption; and
 - provisioning for social protection programmes to protect the poor and the vulnerable.
49. The following key interventions among others will be pursued in the medium-term to address the key economic challenges.
- Undertake fiscal adjustment with revenue and expenditure measures to improve debt sustainability and restore macroeconomic stability;
 - Implement debt management strategies whilst ensuring that impact on the economy in general and on the financial sector in particular is minimized;
 - Pursue macro-critical structural reforms to address structural bottlenecks including SOE contingent liabilities, commitment controls & arrears accumulation, domestic revenue mobilisation and Compensations management and labour productivity;
 - Mobilise concessional financing from multilateral and bilateral partners for the budget;
 - Safeguard social protection programmes and ensure the burden of adjustment is fairly distributed;
 - Pursue key interventions in the real sector to enhance domestic productive capacity and improve competitiveness towards the production of value-added exports and goods and services for domestic consumption;



- Enhance Monetary Policy interventions to address inflation and exchange rate depreciation; and
- Fast track the IMF Programme negotiations to conclude by year-end.

2023 and Medium-Term Overall Macroeconomic Targets

50. Guided by the medium-term policy objectives, the following macroeconomic targets are set for the medium-term (2023-2026):
- Overall Real GDP to grow at an average rate of 4.3 percent;
 - Non-Oil Real GDP to grow at an average rate of 4.0 percent;
 - Inflation to be within the target band of 8 ± 2 percent;
 - Primary Balance on Commitment basis to average a surplus of 1.3 percent of GDP in the 2023-2026 period; and
 - Gross International Reserves to cover at least 4 months of imports.
51. The following macroeconomic targets are set for the 2023 fiscal year:
- Overall Real GDP growth of 2.8 percent;
 - Non-Oil Real GDP growth of 3.0 percent;
 - End-December inflation rate of 18.9 percent;
 - Primary Balance on Commitment basis of a surplus of 0.7 percent of GDP; and
 - Gross International Reserves to cover not less than 3.3 months of imports.

2023 and Medium-Term Real Sector Outlook

Overall GDP Growth

52. Current global economic challenges is expected to lead to a slowdown in growth. Overall GDP is projected to grow at 3.5 percent and 2.8 percent in 2022 and 2023 respectively. However, the economy is expected to rebound from 2024 and grow steadily in the medium-term to record an average growth of 4.8 percent over the period 2024-2026. Growth is projected at 3.9 percent, 4.9 percent, and 5.6 percent, in 2024, 2025, and 2026, respectively.
53. GDP excluding oil and gas, is expected to follow this trend growing at 3.6 percent and 3.0 percent in 2022 and 2023 respectively, while over the medium term (2024-2026) it is expected to grow at an average of 4.4 percent. Non-Oil GDP is expected to grow by 3.1 percent in 2024, 4.7 percent in 2025, and 5.4 percent in 2026. The projected overall and non-oil real GDP growth rates are shown in Table 13.

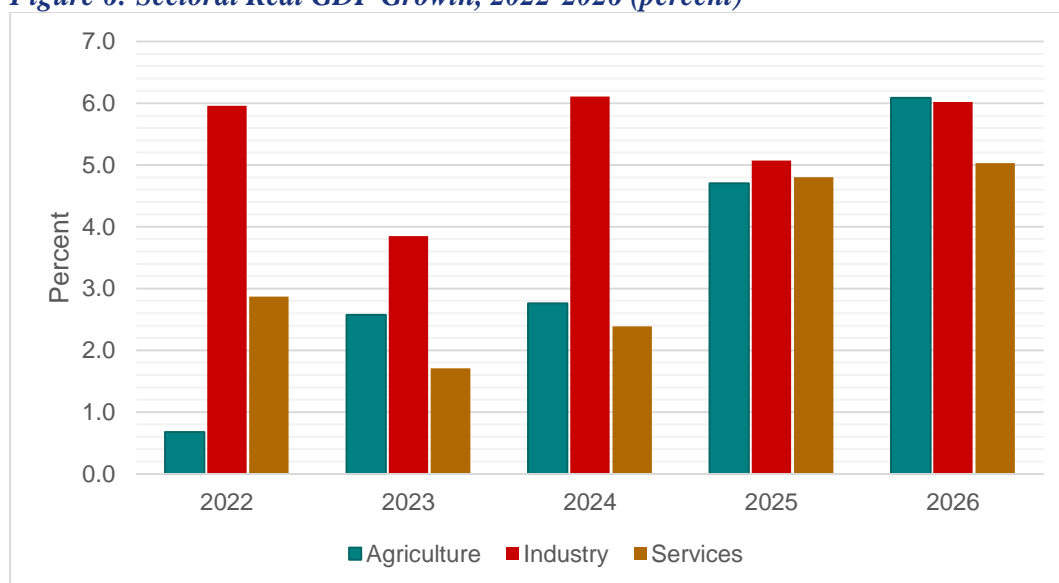


Table 13: Growth Projections for Oil and Non-Oil GDP, 2022-2026 (Percent)

S/N	Item	2022	2023	2024	2025	2026
1	Overall Real GDP Growth	3.5	2.8	3.9	4.9	5.6
2	Non-Oil GDP Growth	3.6	3.0	3.1	4.7	5.4

Source: MoF, 2022

Figure 6: Sectoral Real GDP Growth, 2022-2026 (percent)

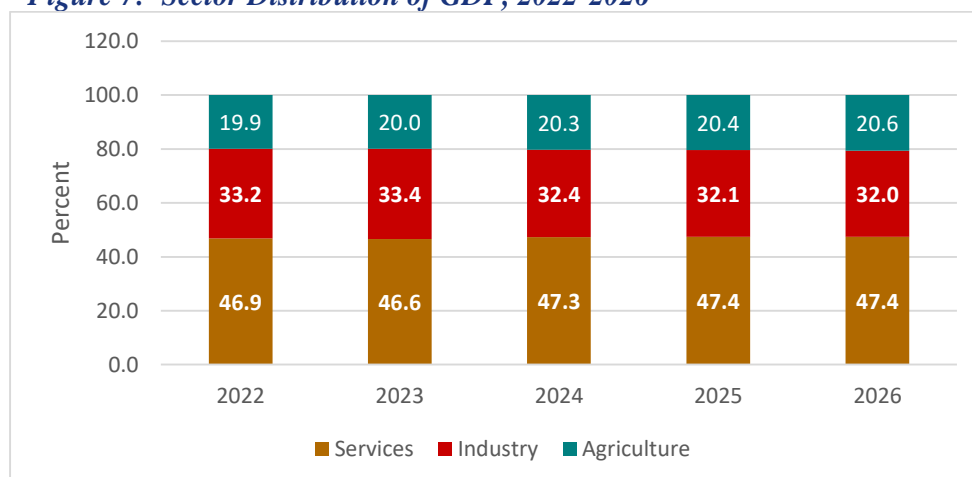


Source: MoF, 2022

Structure of the Economy (2022-2026)

54. The Services sector is expected to remain the dominant sector over the medium term in terms of percentage contribution to overall national output, followed by Industry and Agriculture. The expected sector shares are shown in Figure 7.

Figure 7: Sector Distribution of GDP, 2022-2026



Source: MoF, 2022



Outlook for Monetary Developments in 2023 and the Medium Term

55. The Bank of Ghana implemented various measures in 2022 to help contain the sharp rise in inflation and inflation expectations emanating from exchange rate pass-through, food and energy costs, and transport fare hikes amid increased uncertainty and risk aversion.
56. In the outlook, monetary policy in 2023 and the medium-term will aim at restoring and maintaining price stability with a view to firmly anchor inflation expectations and create conditions for sustainable growth. Specifically, monetary policy will aim at steering inflation back within the medium-term target of 8 ± 2 percent.

Measures by BOG to address the Exchange Rate depreciation

57. The Bank of Ghana will continue to monitor inflation developments and respond appropriately to contain price pressures. Monetary Policy will focus on using the monetary policy rate to signal the monetary policy stance and contain inflationary pressures, step up sterilization efforts to address excess liquidity and use the cash reserve ration.
58. The on-going Gold Purchase Program with the objective to increase foreign exchange reserves ultimately is progressing steadily.
59. The Bank of Ghana is continuing with the special Forex Auction for the BDCs to help with the importation of petroleum products.
60. The Bank of Ghana on its part, is engaging with the IMF at the staff level and so far, discussions have been fruitful. We expect a deal to be reached earlier to help restore confidence in the economy and drive portfolio inflow.
61. More recently, the Bank of Ghana has withdrawn forex support for the importation of non-critical products which could be produced locally, as part of measures to stabilise the Ghana cedi.

Revenue Measures

62. To support the fiscal consolidation process, permanent revenue measures with an estimated total yield of 1.35 percent of GDP will be presented to Parliament for consideration and approval.
63. The income tax regime will undergo reforms to review the upper limits for vehicle benefits; introduce an additional income tax bracket of 35%, a return and withholding tax rate for gains on realization of assets and liabilities and review the optional rate for individuals for realizations. The one percent concessional rate will be increased to five percent while provision will be made for implementation of a minimum chargeable income system. The loss carried forward provisions in the Income Tax Act will be unified while the treatment of foreign exchange losses will be restricted to actual losses.



64. Excise tax reform will include revision to the taxation of cigarettes and tobacco products to align with ECOWAS protocols. The reform will also target increase in the excise rate for spirits above that of beers. There will be taxation of products such as electronic smoking devices and liquids which are not currently taxed.
65. The Value Added Tax (VAT) rate will be increased by two and a half percentage points from 12.5 percent to 15 percent, the VAT threshold reviewed and major reforms undertaken with respect to VAT exemptions.
66. The benchmark discount policy will be fully phased out in 2023 while the Customs Regulations, 2016 (LI 2248) will be amended to allow for self-clearing of goods by importers at the ports of entry without recourse to a customs house Agent.
67. In the spirit of burden-sharing the National Fiscal Stabilisation Levy (NFSL) will be converted into a Growth and Sustainability Levy (GSL) to cover all entities. Category A entities comprising those currently paying the NFSL and six additional sectors will have a rate of five percent on Profit-Before-Tax. Category B comprising all other entities (with the exception of the extractive sector) will have a rate of two and a half percent. Category C comprising entities operating in the extractive sector will contribute up to one percent of production to the Levy.
68. As a first step, the Electronic Transfer Levy headline rate will be reduced to one percent of the transaction value alongside the removal of the daily threshold.
69. The following measures are also proposed for implementation as apart of the fiscal consolidation programme:
 - Sale of 5G Electromagnetic Spectrum;
 - Enhance Rent Tax Compliance;
 - Pursue Additional Oil Entitlement (AEO) in relation to the Jubilee Field; and
 - Revised Income Tax to exclude unrealised exchange losses from deductions and ensure that realised exchange losses on capital assets are capitalised.

Expenditure Measures

70. key expenditure measures will also be pursued to support the fiscal consolidation process. In this regard, the following expenditure measures are proposed:
 - Reduce the threshold on earmarked funds from the current 25 percent of Tax Revenue to 17.5 percent of Tax Revenues;
 - Migrate all earmarked funds onto the GIFMIS platforms and ensure they use the GIFMIS platform to process all their revenue and expenditures transactions. This reform should be completed by end of 2023.
 - Double the LEAP payment per beneficiary household from the current Ghs45 per month to GHs90 and increase number of beneficiary households from



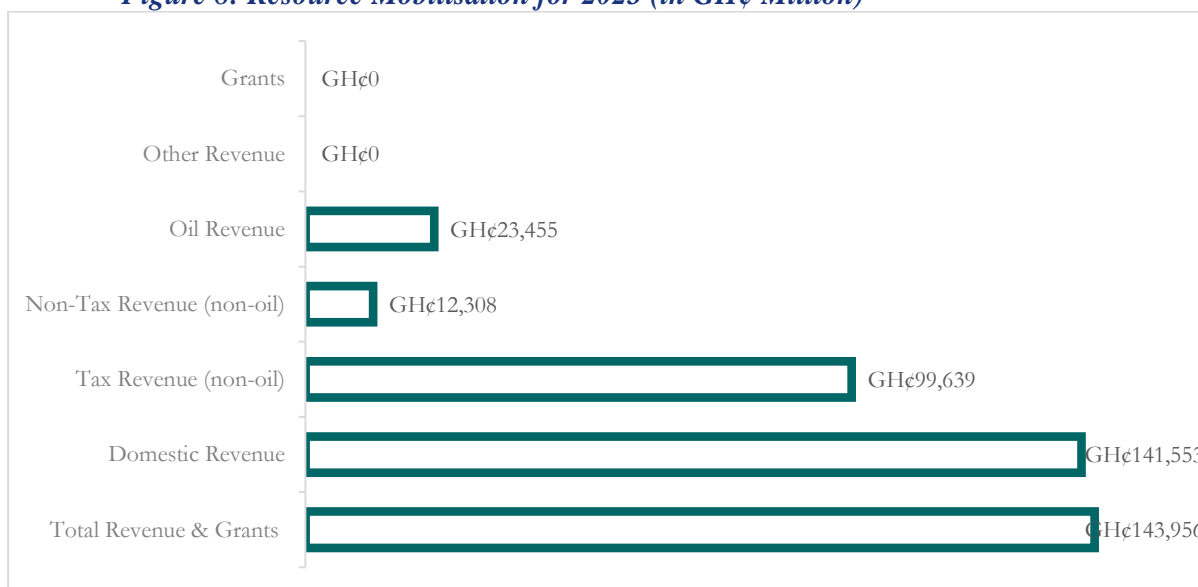
the current 344,185 households. This measure will increase the current budget on LEAP from GHs197.5 million in 2022 to GHs395 million;

- Increase the budget on school feeding caterer payment by additional GHs138 million in 2023
- Continue with 30% cut in the salaries of the President, Vice President, Ministers, Deputy Ministers, MMDCEs, and political office holders including those in State-Owned Enterprises;
- Relevant recommendations from the on-going review of government flagship programmes under the Public Expenditure Review (PER);
- Place a cap on salary adjustment of SOEs to be lower than negotiated base pay increase on Single Spine Salary Structure for each year;
- Negotiate public sector wage adjustments within the context of burden-sharing, productivity, and ability to pay;
- Manage public sector hiring within budgetary constraints.

Resource Mobilisation and Allocation for 2023

71. Total Revenue and Grants is projected at GH¢143,956 million (18.0% of GDP) and is underpinned by permanent revenue measures - largely Tax revenue measures - amounting to 1.35 percent of GDP as outlined in the revenue measures. Of the Total Revenue and Grants amount of GH¢143,956 million, Domestic Revenue from Tax, Oil and Gas receipts, Non-Tax receipts and Other Revenue, is estimated at GH¢141,552 million and represents an annual growth of 46.6 percent over the projected outturn for 2022.

Figure 8: Resource Mobilisation for 2023 (in GH¢ Million)



Source: MoF

Resource Allocation for 2023

72. Total Expenditure (including clearance of Arrears) is projected at GH¢205,431 million (25.6% of GDP). This estimate shows a contraction of 0.3 percentage points of GDP in primary expenditures (commitment basis) compared to the projected



outturn in 2022 and a demonstration of Government's resolve to consolidate its public finances in a credible and sustainable manner.

Figure 9: Resource Allocation for 2023 (in GH¢ Million)



Source: MoF

Budget Balances and Financing Operations for 2023

73. Based on the estimates for Total Revenue & Grants and Total Expenditure (including arrears clearance), the overall Budget balance to be financed is a fiscal deficit of GH¢61,475 million, equivalent to 7.7 percent of GDP. The corresponding Primary balance is a deficit of GH¢8,925 million, equivalent to 1.1 percent of GDP.

Medium-Term Debt Management Strategy

74. Taking due cognisance of rising inflation and interest rates across the global economy and volatility on the international capital markets, the Medium-Term Debt Management Strategy for the period 2023 – 2026 is to focus on appropriate financing to meet Government's funding needs on a timely basis and at a relatively lower cost subject to prudent levels of risk.
75. The strategy for public debt management over the medium-term is strongly hinged on returning to sustainable debt levels and improving the economy's resilience to external headwinds. In line with the debt management strategy for 2023, treasury bills will be issued mainly for the purposes of cash and liquidity management. The strategy also proposes building up buffers to reduce Government's exposure to volatilities from debt markets.

2023 Benchmark Revenue

76. The projected petroleum receipts for 2023 is **US\$1,484.47 million**. The total petroleum receipts are made up of Royalties (US\$261.36 million), Carried and Participating Interest (US\$678.46 million), Corporate Income Tax (US\$543.65



million) and Surface Rentals (US\$1.0 million). Of the amount of US\$1,484.47 million), US\$368.83 million will be ceded to the National Oil Company (GNPC) for its Equity Financing Cost (US\$236.13 million) and its share of the net Carried and Participating Interest (US\$132.70 million) as shown in Table 9.

77. The Benchmark Revenue, is estimated at US\$1,115.64 million. Of this amount, a total of US\$780.95 million has been allocated to the Annual Budget Funding Amount (ABFA), while the Ghana Petroleum Funds (GPFs) receive US\$334.69 million. The GPFs receipts will be distributed between the Ghana Stabilisation Fund (US\$234.28 million) and Ghana Heritage Fund (US\$100.41 million), as shown in Table 15.

Table 14: Revenue Distribution in the Medium-Term (GNPC & GoG)

No.	Items	Unit	2023	2024	2025	2026
1	Transfer to National Oil Company (NOC)	USD mn	368.83	263.37	271.35	312.99
1.1	o/w Equity Financing	USD mn	236.13	130.65	127.02	161.96
1.2	o/w 30% share of Net Carried & Participating Interest	USD mn	132.70	132.72	144.33	151.03
2	Benchmark Revenue (BR)	USD mn	1,115.64	1,194.34	1,319.94	1,389.75
2.1	o/w Annual Budget Funding Amount (ABFA)	USD mn	780.95	836.04	923.96	972.82
2.2	o/w Transfer to the Ghana Petroleum Funds (GPFs)	USD mn	334.69	358.30	395.98	416.92
2.2.1	o/w Ghana Stabilization Fund	USD mn	234.28	250.81	277.19	291.85
2.2.2	o/w Ghana Heritage Fund	USD mn	100.41	107.49	118.80	125.08
3	Total Amount Distributed	USD mn	1,484.47	1,457.71	1,591.29	1,702.74

Source: MoF



Key Interventions To Address Current Economic Challenges

Introduction

78. The present economic challenges compel requires that Government act with greater urgency to transform the economy through a renewed focus on import substitution and export orientation, to promote job creation while ensuring protection of the vulnerable.

Import Substitution and Export Orientation

79. Ghana's heavy dependence on imports places tremendous pressure on the Cedi, thus, creating an unfavourable balance of payments position. On average, Ghana's import bill exceeds US\$10.0 billion annually and is accounted for by a diverse range of items that includes iron, steel, aluminum, sugar, rice, fish, poultry, palm oil, cement, fertilizers and pharmaceuticals.
80. It is estimated that Ghana currently has the capacity to produce locally, items that account for about 45 percent of the value of imports. These include rice, fish, sugar, poultry, cement and pharmaceuticals, which will be targeted for import substitution by supporting the private sector to increase local production.

GhanaCARES

81. The current macroeconomic challenges facing the economy, manifesting in high food prices and pressures on the local currency, validates the current focus of the GhanaCARES Programme to bolster the productive and export capacity of the private sector. Phase II of GhanaCARES aims to support the private sector in targeted sectors to accelerate competitive import substitution and export expansion.
82. To this end, an Economic Enclave project anchored on commercial farming, is being undertaken to significantly expand productive capacity in rice, tomato, maize, vegetables and poultry. This will be a new effort at expanding agricultural production and productivity with focus on providing support for the cultivation of up to 110,000 acres of land in the Ashanti, Central, Greater Accra, Oti and Savannah Regions.
83. The role of government is to facilitate access to serviced arable lands for large scale commercial farming in strategic locations by focusing on land development and construction of irrigation facilities.
84. In addition to the Enclave Programme, GhanaCARES in 2023 will continue to offer catalytic support in the following targeted areas among others:
- support MoFA to adopt the farmer registration database to deploy the farmer input subsidy programme and enhance efficiency;
 - promote research, multiplication and commercialisation of locally-bred and climate-resistant varieties of targeted plants; and



- ensure the operationalisation of the foundry under a sustainable private sector management framework.

YouStart

85. Under the YouStart programme, Government plans to create a minimum of one million jobs for the youth over the period 2022-2025, through the provision of soft loans for the setting-up of youth-led enterprises.
86. The YouStart programme was successfully piloted with 70 beneficiaries and an amount of GH¢1.98 million disbursed to support youth-led (below the age of 40 years) SMEs with training and capacity building, access to markets, technology, procurement opportunities, business development support services, compliance and quality assurance support and finance. The beneficiary sectors included poultry, agro processing, ICT, textiles, and food processing among others. In 2023, Government will fully roll out all the key elements of the YouStart Programme.

Agriculture and Food Security

87. Under the Aquaculture for Food and Jobs (AFJ) Programme, the strategy for transformation of the sector will be driven largely by attracting private sector investment, applying high-quality extension services, and extensively applying the results of research to promote the efficiency and effectiveness of operations. Based on the successful implementation of the 1st Phase of AFJ in 2022, the Ministry aims to expand the coverage of the programme in 2023.
88. Expected amounts of GH¢175 million and GH¢70 million will be generated from annual production of 3,500mt of catfish and 2,800mt of tilapia, respectively. By the end of 2023, a projected 3,610 people will be directly employed in the value chain, and an estimated 10,830 indirect jobs will also be created in fish processing, handling, and trade.

Tourism

89. As set out in the medium-term goals of the National Tourism Plan, tourism was prioritised as an accelerator for economic development, investment, development of infrastructure, and for job creation. This will be achieved by leveraging existing programmes and projects to strengthen the sector's linkages with related sectors and relevant supply chains (i.e. agriculture, handicrafts, transportation, and construction).
90. The Ghana Tourism Authority (GTA) will mount an aggressive awareness programme under its 'See Ghana, Eat Ghana, Wear Ghana, Feel Ghana' campaign to promote patronage of made in Ghana products in the tourism and hospitality industry. There will be conscious engagement with hoteliers and restaurateurs to serve local food and beverages, use local artefacts, furniture and fixtures, in the interior decoration of hospitality outlets in order to reduce the import component of inputs for the operation of businesses in the sector.



Investment Promotion

African Continental Free Trade Area

91. Government will continue to embark on efforts aimed at positioning our economy to take full advantage of the African Continental Free Trade Area (AfCFTA). The Ministry of Trade and Industry will sensitise and support local companies to take advantage of opportunities available under the AfCFTA to boost intra-African trade. This will permit the settling of a substantial component of international trade in local currencies thereby mitigating exchange rate risks.
92. AfCFTA offers huge opportunities for Ghana to pursue an export-led economic recovery. The National AfCFTA Office under the Ministry of Trade and Industry is working with over 200 Ghanaian companies to facilitate their entry into the African market. These include about 70 1D1F companies whose products are currently undergoing the registration process for the AfCFTA certificate of origin.
93. Government will develop and implement policies to attract investment into strategic manufacturing sectors and use the network of missions and representational offices on the continent to pursue market access opportunities for Ghanaian products.

Export Promotion

94. The Ghana Export Promotion Authority (GEPA), under the auspices of the Ministry of Trade and Industry launched the National Export Development Strategy (NEDS) in October 2020. The strategy sets out a clear vision of the desired evolution of Ghana's non-traditional export sector and is expected to achieve a revenue target of US\$25.3 billion by 2029.
95. GEPA through this strategy, raked in US\$3.3 billion of non-traditional export (NTE) revenues in 2021. Revenues from NTEs as at June 2022 is estimated at US\$1.8 billion and is expected to reach US\$4.8 billion by the end of 2022, with a projected target of US\$5.7 billion in 2023.

Energy Security

96. As part of efforts to ensure power is affordable for industrial, commercial and residential use, Government substantially completed a renegotiation and restructuring exercise of Power Purchase Agreements ("PPAs") with six operational Independent Power Producers ("IPPs").
97. The new six agreements when finalised and executed, offer estimated nominal savings of more than US\$4 billion (with a Net Present Value of approximately US\$3.5 billion) over the next 5 years. These savings are expected to accrue from a combination of reduced capacity and energy charges across the IPPs. A total savings of US\$12 billion is expected when all agreements are finalised and executed.



Climate Change

98. Government at COP27, took the opportunity to leverage bilateral engagements to expand consultations on debt-for-nature swaps as well as increase private sector investments as key opportunities, for accelerating the transition to low carbon growth.
99. By addressing the dual crises of debt and climate change, Ghana will build a climate-proof resilience into the economy, which will better equip the country to handle future shocks and protect existing infrastructure, property, lives and livelihoods.
100. As part of efforts to mobilise more financing for our transition into a low carbon economy, Government will continue to engage the private sector to invest more private capital, through PPPs, for climate resilient infrastructure projects, as well as for the voluntary and compliance carbon markets.

Social Protection

101. Government is committed to expanding coverage of LEAP to 2,500,000 extreme poor individuals as estimated by the Ghana Living Standards Survey (GLSS 7) by 2024. In addition, to mitigate the impact of increasing cost of living, Government will double the amount of the LEAP grant from GH¢45.00 per household to GH¢90.00.
102. Government will implement the following activities to enhance the efficiency of the LEAP Programme and protect the most vulnerable:
 - continually engage the financial service provider, and the Ghana Interbank Payment and Settlement Systems (GhIPSS) to expand the agent infrastructure to ensure timely disbursement in the field;
 - re-assess LEAP beneficiaries to ensure those above the extreme poverty line are graduated into the Productive and Livelihood Inclusion Programme.



Sectoral Development and Outlook

Office of Government Machinery

103. The National Identification Authority (NIA) enrolled 17,220,265 Ghanaians aged 15 years and above on the National Identity Register (NIR) as at 30th September, 2022. Out of this number, 15,914,990 Ghanaians received the Ghana Cards. The Authority also registered 162,086 foreigners and issued them with Non-Citizen Identity Cards. The registration of about of about 7 million Ghanaians under 15 years of age is expected in 2023.
104. The Development Authorities facilitated the completion of a number of projects in different sectors including the following:
- 43 drains, 12 roads, 6 bridges, 18No. classroom blocks, 3no. libraries, 3No. teachers' quarters and 1no. dormitory block, 8No. Astro turfs, 11No. social infrastructure projects under the Coastal Development Authority.
 - 44 drains, 37 culverts, 16 bridges, 58 football parks, 12 police posts, 154 schools, 8 clinics, 17 ICT centre/library, 104 boreholes, 66 institutional toilets, and 58 markets under the Middle Belt Development Authority.
 - The Northern Development Authority (NDA) completed Health (18), Education (63), Roads (44), Water (30), Transportation (7) and Energy (52).

Audit Service

105. The Audit Service, in May 2022 constituted a Recovery Task Force to follow up on all outstanding disallowed expenditures between 2017 and 2020. The Task Force recovered GH¢2.2 billion out of about GH¢4.0 billion irregularities reported to Parliament. The Service also carried out 5,239 audits and special audit across various institutions and submitted 13 Auditor-General reports for the financial year 2021 to Parliament.

Ministry of Finance

106. Road toll charges on public roads were removed as part of supportive policy measures under the 2022 Budget Statement and Economic Policy of Government. The fiscal policy measures to underpin the 2023 Budget for consideration and approval by Parliament include reintroduction of tolls on selected public roads and highways with a renewed focus on leveraging technology in the collection to address the inefficiencies characterized by the previous toll collection regime.
107. During the first half of the year, government expunged 6,157 unapproved names from the payroll amounting to savings of GH¢14.61 million. In 2023, the National Payroll Database will be linked to the National Identification Authority (NIA) System to prevent the recurrence of unapproved workers.



Ministry of Local Government, Decentralisation and Rural Development

108. The Ministry through the Department of Community Development trained 7,439 artisans to sharpen the technical and vocational skills of the youth for employment and job creation opportunities to reduce poverty.
109. The Ministry completed the following 25 out of the 30 outstanding projects in the newly created regions. This include: 2No. 3-Storey RCC Administration Blocks at Sefwi-Wiawso, Damongo and Nalerigu; 12No. 2-Storey Administration Blocks for Decentralised Departments; and 11No. Senior Staff Bungalows for RCCs and Decentralised Departments. The Ministry will complete the remaining projects in 2023.

Ministry of Parliamentary Affairs

110. The Ministry will engage Parliament and other stakeholders on the need for a constitutional review and build consensus towards a possible review of the 1992 Constitution. The Ministry will also engage the Electoral Commission, Political Parties and other stakeholders on the regulatory function of the EC and support the implementation of electoral guidelines, rules and regulations to reduce monetisation in politics.

Ministry of Food and Agriculture

111. The Ministry procured and distributed 19,280mt of improved seeds of cereals, legumes, and vegetables – comprising 10,446mt of maize, 6,005mt of rice, and 2,829mt of legumes and vegetables. In addition, 151,861mt of organic and inorganic fertilizers were procured and distributed to farmers enrolled under the PFJ which enhanced food security across the country. In 2023, the Ministry will procure a total of 36,360mt of various improved seeds and 366,435mt of organic and inorganic fertilizers for distribution.
112. In addition, a total of 3,750 small ruminants (3,450 ewes and 300 rams) were procured and distributed to livestock breeding stations and 45 farmers. This intervention is expected to increase livestock population by 24,103 within two years. In 2023, the Ministry will continue to implement the Rearing for Food and Jobs module of the PFJ by procuring 2 million broiler day old chicks and 8,000 improved breeds of pigs for distribution to out-grower poultry and pig farmers.

Cocoa Sector

113. For the 2021/2022 crop year, an amount of US\$1.5 billion was raised in the syndicated loan market to fund cocoa purchasing operations and support other key activities in the cocoa sector. COCOBOD fully repaid the US\$1.45 billion drawn down on the facility on schedule (August 2022), which was achieved through prudent financial management in spite of the reduced crop outturn.



Ministry of Lands and Natural Resources

114. To effectively deal with the menace of illegal mining on water bodies, the Minerals Commission acquired 5 marine vessels, as well as recruited and trained 87 river wardens who will be deployed to patrol rivers to ensure illegal miners evicted do not return.
115. A central control room to monitor and track all earth moving and mining equipment including excavators in areas such as Atiwa East and West Districts of the Eastern Region as well as Wassa Amenfi East Municipality in the Western Region was established.
116. In addition, to encourage responsible and sustainable small-scale mining, the Commission launched and operationalised 65 community mining schemes in 8 districts which is expected to create about 39,500 direct and indirect jobs to curb the menace of illegal mining. This activity will be continued in 2023.
117. The National Alternative Employment and Livelihood Programme (NAELP) reclaimed and reforested 645ha of degraded lands and, thus, creating over 2,300 direct jobs and nursed 20 million economic seedlings to support the 2022 "Green Ghana Day". In 2023, NAELP will reclaim and stabilise 1000ha of degraded lands in selected communities, nurse 1 million economic trees such as coconut, oil palm, citrus and mango to support plantation development and re-afforestation.

Ministry of Trade and Industry

118. Government's flagship, One District One Factory (1D1F) Initiative, has 126 projects currently operational, 143 are at various stages of construction, while 27 are pipeline projects. So far, these 1D1F projects have created 160,823 direct and indirect jobs.
119. Government under the Ghana Automotive Development Programme, commissioned the Nissan assembly plant in Tema, which is currently the largest vehicle assembly plant. This brings to five, the number of vehicle assembly plants established and operational in Ghana. In 2023, it is envisaged that 3 additional global brands, Hyundai, Changan, and Isuzu will be introduced on the local market.
120. A new Components Manufacturing Policy has also been developed to support the production and supply of components and spare parts for the automotive industry.
121. Ghana Enterprises Agency (GEA) under the Coronavirus Alleviation Programme Business Support Scheme (CAPBuSS), disbursed a total of GH¢520.05 million to 302,084 beneficiaries. while a total amount of GH¢22.30 million had been recovered from beneficiaries. The Agency with support from the Mastercard Foundation trained 3,000 youth and provided them with business start-up kits.



Ministry of Roads and Highways

122. The Ministry carried out its periodic maintenance activities, comprising re-gravelling/spot improvement and resealing works on 31km, 131km and 1,124km of the trunk, feeder and urban road networks, respectively. The Regions and areas which benefitted from the works include;

REGION	AREA
Greater Accra	Osu, Labone, Airport Residential Area, Tesano, Madina, Tema, Ayawaso, Gbawe, Ngleshie Amanfrom, Shiashie, Burma Camp and Adenta.
Eastern	Anyinam – Kwabeng, Kyebi- Bunso, Suhum, Kwabeng, Akropong, Akim Oda and Akwatia
North East	Nalerigu, Walewale and Gambaga
Western	Adietem – Mpatado, Apollo- Aprembo, Davies street (Anaji)
Ashanti	KNUST, Juaben, Asokore, Suame Maakro, Effiduase and Effiduase Asokore, Suame Roundabout- Airport Roundabout,
Central	Winneba, Kasoa and Swedru
Upper East	DVLA Road

Ministry of Railways Development

123. Construction works commenced in June 2022 for the 78km section of the Western line from Manso to Huni Valley, and includes the conversion of the narrow gauge line between Kojokrom and Takoradi, as well as an extension of the standard gauge line into the newly expanded Takoradi Port. This is to ensure the existence of a seamless means of hauling minerals and other bulk freight.
124. Civil works have commenced for the development of a new 6km standard gauge railway line in Kumasi as part of the Western Railway development project to help in addressing the congestion being faced within the Central Business District, particularly, between Adum and Kaase.
125. An improved passenger rail service was reactivated on the Accra-Tema section of the existing narrow gauge Eastern Railway Line, after the service went dormant in 2020 due to the COVID-19 pandemic. Maintenance works are on-going in order to restore passenger operations on the Achimota to Nsawam section.
126. The Tema to Mpakadan standard gauge railway line project is gradually nearing conclusion following the completion of major components of the project including the 300m rail bridge across the Volta River, maintenance facilities, passenger stations and freight yards, signalling and telecommunications, among others.

Ministry of Education

127. Government's commitment to the implementation of the Free SHS Programme remains unwavering. Total number of beneficiaries currently stands at 1,308,816 students for the 2021/22 academic year. In 2023, government will



continue with the implementation of the Free SHS Programme and facilitate access to various educational materials.

128. Government continued with the infrastructural expansion programme in Senior High Schools to create more access to students. To this end a total of 21 projects made up of classrooms, dormitories, staff bungalows, libraries, toilet facilities etc. have so far been completed this year.

Ministry of Youth and Sports

129. The senior national football team, the Black Stars of Ghana qualified to the 2022 FIFA World Cup Tournament in Qatar. The team played three friendly matches against Brazil, Nicaragua, and Switzerland as part of preparations and will battle Portugal, Uruguay and South Korea in Group H of the Tournament.

Ministry of Health

130. Government this year completed the following projects:
- construction of CHPS compounds at Debiso, Nsutam, and Tiawia;
 - a district hospital at Konongo; treatment and holding centres at Aflao, Elubo, Keta, Kumasi South, and Sewua; and
 - Fevers Unit and COVID-19 Isolation Centre at Korle Bu.
131. Cumulative total confirmed cases of COVID-19 as at 20th November 2022, was 171,008 with an active case count of 23 and 1,461 unfortunate deaths. A total of 2,521,580 tests have been conducted since the outbreak of COVID-19 with a positivity rate of 6.8.
132. Government has placed vaccination as the major COVID-19 prevention strategy with 37.9 percent of the population receiving at least 1 dose, 28.3 percent fully vaccinated and 2,544,214 persons receiving at least one Booster dose. In 2023, Government will continue to place vaccination as the major COVID-19 prevention strategy.
133. Active membership under the NHIS as of September, 2022 is 15.5 million representing 49.3 percent of Ghana's population. The mobile renewal system continues to improve the re-enrolment fortunes of the National Health Insurance Scheme, with cumulative mobile renewals of 23.9 million from 2019 to August 2022.
134. The Authority also improved its claims management processes with emphasis on e-claims and paperless systems at all four Claims Processing Centres. In 2023, NHIA will continue to digitise its operations and scale up enrolment of members onto the Scheme using the Ghana Card. The Authority will also work with the Pharmacy Council to integrate operations with the National Electronic Pharmacy Platform to improve online prescription of medicines.



Ministry of Gender, Children and Social Protection

135. In 2022, the Ghana School Feeding Programme (GSFP) fed 3,620,468 pupils in 10,832 public basic schools with one hot, nutritious meal for every school-going day. The Programme employed 32,496 caterers and cooks especially women, to improve their income levels. In 2023, the Ministry will implement vigorous monitoring to ensure effective and efficient service delivery of the programme.
136. To achieve the objective of smoothening the daily consumption and nutritional level of extremely poor households, the Ministry paid five cycles of Livelihood Empowerment Against Poverty (LEAP) Programme cash grants to 344,389 households.

Ministry of The Interior

137. The Ghana Police Service established Cold Cases Unit at the Criminal Investigations Department (CID), deployed specialised Anti-Armed Robbery Taskforce (AATF), created a Motorbike Patrol Unit in selected major cities, introduced a Police Mounted Squadron and a Canine (K-9) unit for patrols.
138. In 2023, the Service will re-train and retool the existing Crime Combat and Action Units to be proactive in fighting violent crime, and deploy 1,500 men with 100 vehicles to increase patrol duties in the communities and on highways to curb the rising spate of armed robbery.

