PwC 2022 Budget Digest

Building a Sustainable Entrepreneurial Nation:
Fiscal Consolidation and Job Creation

November 2021

Contents

1

Commentary and at a Glance

Commentary

In the context of post-pandemic recovery, the Minister for Finance, Mr. Ken Ofori Atta presented the 2022 Budget Statement ("the Budget") on 17 November 2021, with the theme, "Building a Sustainable Entrepreneurial Nation: Fiscal Consolidation and Job Creation".

The Budget outlines Government's plan to sustain the recovery efforts from the socio-economic impact of the pandemic and get the country quickly back on its pre-pandemic growth trajectory and a sustainable debt path. It also outlines the strategies to address one of the major problems facing the country, which is youth unemployment. Furthermore, it outlines Government's efforts at improving the quality of living standards while ensuring peace and security.

Building Forward in the Face of a Global Pandemic

As Ghana charts its recovery from the COVID-19 pandemic, we are pleased to see Government's commitment to fast-paced fiscal consolidation and sustainable growth through the Budget, which if implemented fully, looks set to strengthen the country's economic resilience and rebuild market confidence.

To support the drive towards rapid fiscal consolidation while reducing the rate of debt accumulation, the Budget contains a suite of revenue and job creation initiatives. These include; the approval and implementation of the revised Exemptions Bill; implementation of the Unified Common Platform for Property Rate Administration; restoration of the Benchmark Values of imports by suspending the 50% discount on selected General Goods and the 30% discount on vehicles; imposition of an Electronic Transaction Levy of 1.75% on the value of digital transactions; zero rate tolls (i.e. removal of toll charges) on all public roads and bridges; review of Fees and Charges with an average increase of at least 15%; intensification of the Revenue Assurance and Compliance Enforcement (RACE) initiative to plug revenue leakages; and reduction of the 3% withholding tax on sale of unprocessed gold by small-scale miners to 1.5%.

Vish Ashiagbor
Country Senior Partner

With fiscal deficit projected to end 2021 at 9.4% (12.1% with energy and financial sector clean-up costs included), from a high of about 11.7% (15% with clean-up costs included) at the end of 2020, and declining further to 6.4% (7.4% clean-up costs inclusive) by the end of 2022, Ghana should see continuous narrowing of fiscal deficits and slower growth in public borrowing in the medium-to-long term if, in addition to stricter expenditure controls, these revenue measures are robustly and effectively implemented.

Of particular interest is the imposition of the electronic transaction levy on mobile money, fintech, remittances and other electronic transactions. Acknowledging that tax revenue is the lifeblood of a country and its contribution enables the country to support the delivery of public services, we support the principle of widening the tax net to cover the vast informal sector through digital and other cost effective means. With respect to the electronic transaction levy in particular, however, there is a need for further clarity on its scope of application and how it will be implemented to limit the additional burden on citizens in the formal sector who are already tax compliant. The implementation of the electronic transaction levy will also need to address concerns about the potential for multiple instances of taxation, as individual taxpayers engage in electronic transactions between different platforms. Careful consideration should also be given to the country's digitalisation and financial inclusion drive so as not to derail the process. For this reason, we are pleased with the exemption of transactions that add up to GH¢100 or less per day (which is approximately GH¢3,000 per month), although there is a debate to be had as to whether this limit should be higher. Additionally, while noting that Government's drive toward a digital economy is positive and commendable, there needs to be a balance between investment in hard infrastructure and the soft infrastructure needed to propel the transformation to a digital economy, especially, investment in cyber security for Micro, Small and Medium Enterprises (MSMEs).

What is perhaps unexpected, but certainly represents a bold move by Government to increase tax revenues from enhanced productivity and a cleaner economy is the abolition of the road tolls on all public roads and bridges across the country. We agree with Government that the manual toll booths have become increasingly less effective as a means to generate revenue for the State. Persistent lack of proper accountability and heavy traffic that does not only increase travel time but also pollutes the environment, wastes productive manhours, fuel and causes fatigue – costs the nation perhaps more than it earns from these toll booths. We believe however that an alternative and more sustainable solution would have been to deploy technology to automate toll booths. This would have facilitated speedy passage by drivers and an efficient collection mechanism that effectively removes human intervention in the toll collection process. In this way, the sector could be made more attractive to private sector investments, in line with Government's Private-Public Partnership agenda on infrastructure delivery.

Other notable revenue measures such as the Unified Common Platform for Property Rate Administration and the removal of discount on the Benchmark Import Duties on some selected products are commendable. We hope that broader stakeholder consultations will headline their implementation. In this way, the revenue target of 20% of GDP stands a better chance of being realised, which in turn will help to reduce the debt burden that is currently weighing heavily on the fiscal outlook. The large debt overhang (which stands at 78% of GDP as at September 2021) is a matter of concern to Ghana's international trading partners and the wider investor community, including the international capital markets. In this regard, aggressive revenue and debt sustainability measures as outlined in the Budget, and their effective implementation, are necessary to provide confidence to the investor and wider business community that the economy is on a sustainable footing.

As our country continues to grapple with the impact of the prolonged pandemic, we are pleased to see the focus on initiatives that will benefit the youth and MSMEs which are the backbone of our economy. During the pandemic period, MSMEs were severely impacted due to the lockdown restrictions and other changes in consumer behaviour that was necessitated by the pandemic. To help MSMEs recover and build resilience, various measures were introduced. Key among them was the 'Obaatanpa' (GhanaCARES) Initiative that seeks to revitalise enterprises and transform the economy to enable it to "build forward better". We would expect to see a continuous focus on the MSME sector given their significant contribution to GDP and employment generation potential.

It is in this light that we welcome the introduction of the YouStart Initiative. This initiative seeks to serve as a key vehicle to create one million jobs in three years under the GhanaCARES programme by supporting young entrepreneurs to gain access to capital, training, technical skills and mentoring to enable them launch and operate their own businesses. Implementation is always key. Therefore, we welcome Government's commitment to seeing through this proposed initiative, with the announcement that the Ghana Enterprises Agency (GEA) and the National Entrepreneurship and Innovation Programme (NEIP), will provide institutional support while creating a robust financing eco-system of about GH¢10 billion capable of supporting these businesses from the early to mature stage. The proposed contribution of the banking industry towards this effort extends beyond financing, and includes assisting to identify skills gaps in young graduates and youthpreneurs; developing these skills and exposing the youth to entrepreneurship opportunities, a most welcome enabler to the initiative.

On the growth front, we note a rebound from the pandemic with a projected real GDP growth rate of 4.4% in 2021 and 5.8% in 2022, after slowing to 0.4% in 2020. This represents a significantly slower economic expansion than Ghana experienced in three years prior to the pandemic, when real GDP averaged 6.8%, reflecting the continuing negative impact of Coronavirus on household consumption and business activity.

Critical to ramping up production and ensuring sustained robust growth is access to credit and an improved business environment. However, while interest rates have generally trended downwards in line with the easing of monetary policy stance and improved liquidity conditions in the financial system, growth of credit to the private sector has been sluggish. Data from the Bank of Ghana suggest that credit to the private sector increased by GH¢3.8 billion (9.55%) in August 2021 compared with GH¢5.0 billion (14.25%) recorded in the corresponding period of 2020.

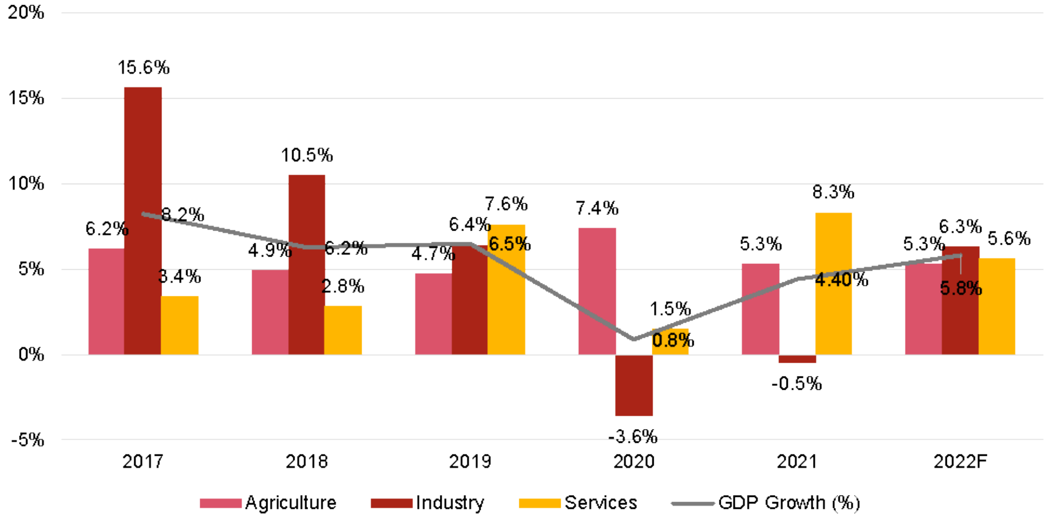
To this end, the establishment of Development Bank Ghana, and the conversion of the Ghana Amalgamated Trust (GAT) into a permanent investment vehicle, will in no doubt prove to be useful and critical. It will potentially ease the constraints of long-term financing at competitive rates for entrepreneurs to propel economic growth, create jobs, and expand the domestic revenue base. While commending Government for these initiatives, we wish to reiterate that global best practices should guide the setting up and the operationalisation of these financial institutions so that the aspiration behind their set-up will crystallise into reality.

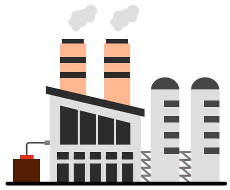
As always, we believe that timely and the full implementation of the programmes and initiatives outlined in the Budget and the reform agenda will be crucial for speedy recovery from the pandemic. We will continue to play our part in supporting the national recovery agenda as outlined in the Budget.

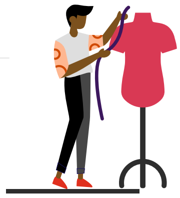
2022 Budget at a Glance

Macroeconomic Indicators

Growth Per Sector (2017 Actual-2022 Forecast)



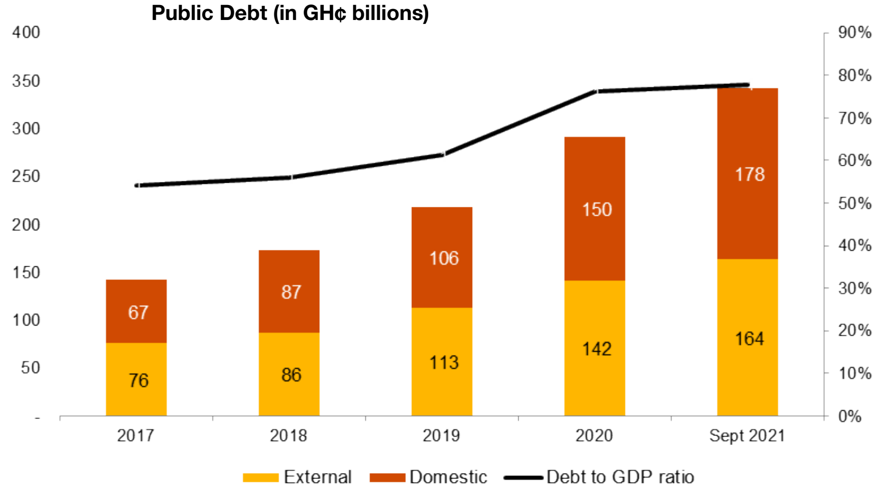




Macroeconomic Performance and Targets

	Growth in Real GDP (incl. oil)	Growth in Real GDP (non-oil)	End of Period Inflation (%)	Overall Fiscal Budget Deficit (% of GDP) including energy and financial sector cost	Overall Fiscal Budget Deficit (% of GDP) excluding energy and financial sector cost	Gross International Reserves (months of import cover)
Medium Term Target (2022 - 2025)	5.6%	5.9%	8±2%	5.0%	5.0%	≥ 4.0
2022 Target	5.8%	5.9%	8.0%	7.4%	6.4%	≥ 4.0
2021 Projected Outturn	4.4%	5.9%	9.3%	12.1%	9.4%	≥ 4.1
2021 Target	5.1%	7.0%	8.0%	12.1%	9.4%	≥ 4.0
2020 Actual	0.41%	0.90%	9.9%	15.0%	11.7%	≥ 4.0

Public Debt (in GH¢ billions)



2022 Budget at a Glance

Where is the money coming from?

- 2022 Budget
- 2021 Proj. Outturn

Grants
- GH¢1.0 billion
- GH¢1.2 billion

Non - Tax Revenue
- GH¢13.8 billion
- GH¢9.2 billion

Others
- GH¢5.6 billion
- GH¢4.6 billion

Tax on Income and Property
- GH¢38.3 billion
- GH¢28.8 billion

Taxes on Domestic Goods and Services
- GH¢36.0 billion
- GH¢22.6 billion

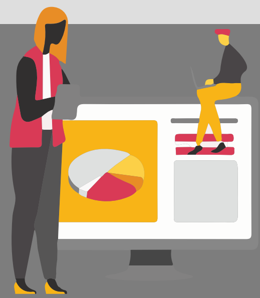
Refunds
- (GH¢3.2 billion)
- (GH¢2.8 billion)

International Trade Tax (Import Duties)
- GH¢9.0 billion
- GH¢6.7 billion

- GH¢100.5 billion
- GH¢70.3 billion

Direct tax measures

- Reduction in the withholding tax (WHT) rate for the purchase of unprocessed gold from small-scale gold miners from 3% to 1.5%
- Increase in the turnover limit for the Modified Taxation System from GH¢200,000 to GH¢500,000



Indirect tax measures

- Extension of the zero-rating of locally manufactured textiles to 31 December 2023
- Introduction of 1.75% electronic transaction levy
- Review of benchmark (discount) policy for imported vehicles and selected general goods
- Restriction of the VAT flat rate scheme to small retailers only
- Establishment of the AfCFTA Customs Procedures Code (CPC)
- Increase sensitisation of the ECOWAS Common External Tariff (CET)

General administrative and other revenue measures

- Passage of the Tax Exemptions Bill into law
- Intensification of Revenue Assurance and Compliance Enforcement (RACE) initiative
- Automatic review of Fees and Charges
- Implementation of a common platform for the administration of property rate
- Taxation of High-Net-Worth Individuals

2022 Budget at a Glance

Where is the money going to?

Key expenditure areas

2022

GH¢37.5 billion
Interest Payment

GH¢35.8 billion
Compensation to Employees

GH¢26.8 billion
Grants to Other Government Units

GH¢16.4 billion
Capital Expenditure

GH¢9.1 billion
Goods and Services

GH¢10.0 billion
Others

Total Expenditure
excluding arrears and amotisation
GH¢135.6 billion

2021

GH¢32.5 billion
Interest Payment

GH¢33.0 billion
Compensation to Employees

GH¢15.5 billion
Grants to Other Government Units

GH¢12.7 billion
Capital Expenditure

GH¢7.2 billion
Goods and Services

GH¢7.0 billion
Others

Total Expenditure
excluding arrears and amotisation
GH¢107.9 billion

Key initiatives outlined in the 2022 Budget:

01
Accelerate implementation of Agenda 111

02
Expand the Free Senior High School programme to cover technical and vocational schools

03
Complete major road projects under the Sinohydro Project

04
Commence operations of four vehicle assembly plants

05
Continue the One District, One Factory Agenda

06
Continue the Planting for Food and Jobs programme

2 Economy

Overview

The Budget Statement and Economic Planning Policy of Government of Ghana themed “Building a Sustainable Entrepreneurial Nation: Fiscal Consolidation and Job Creation” is focused on job creation, growth and tax reform. Government’s ability to achieve its targets in relation to the focus areas will hinge on the extent to which it is able to execute the policy measures contained in the Budget. The key policy interventions announced in the Budget are as follows;

1. Launch the YouStart Initiative in 2022, which aims to create one million jobs in three years under the GhanaCARES programme

2. Introduce an electronic transactions levy of 1.75% on all electronic transactions to widen the tax base to include the informal sector. This excludes all transactions that add up to GH¢100 or less per day

3. Abolish tolls on all public roads and bridges

4. Intensify the Revenue Assurance and Compliance Enforcement (RACE) initiative to plug revenue leakages

5. Reduce WHT on sale of unprocessed gold by small-scale miners from 3% to 1.5% with effect from 1 January 2022

6. Implement a modified taxation regime in the Income Tax Act, 2015 (Act 896) (ITA) by raising the current threshold on turnover from GH₵200,000 to GH₵500,000 for business income of self-employed individual persons

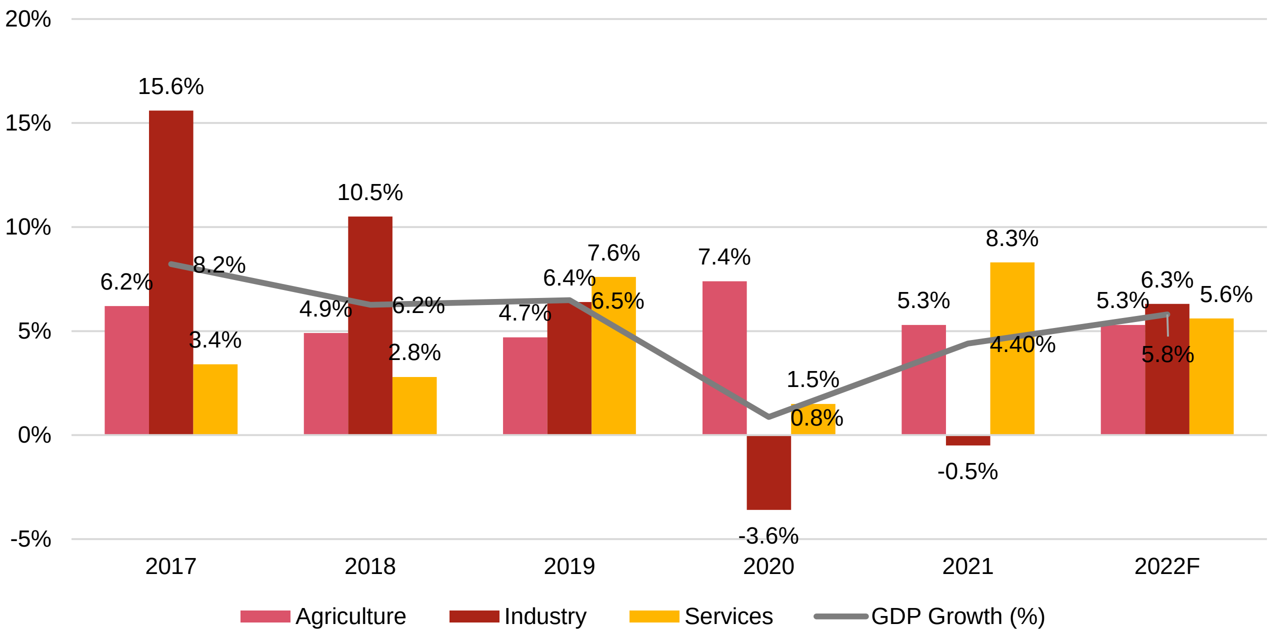
7. Review the Value Added Tax (VAT) Flat Rate System (VFRS) by applying the standard VAT rate to all firms except retailers with turnover with a threshold of between GH¢200,000 - GH¢500,000 where the VFRS will apply

8. Complete the existing Infrastructure for Poverty Eradication Programme (IPEP) Projects, with no new projects commencing in 2022. Further, spread the payment of outstanding claims over a period of two years beginning from 2022

Sectoral Analysis

Government does not expect the structure of the economy to change significantly in 2022. The Services sector is forecasted to contribute 48.7% of GDP while Industry and Agriculture will contribute 30.7% and 20.6% respectively. The table below depicts annual growth rates of the three sectors from 2017 to 2021 as well as 2022 forecasts.

Growth per sector (2017 actual - 2022 forecast)



Source: Budget Statement and Economic Policy of Government

Agriculture Sector

The Agriculture sector is expected to record an annual growth rate of at 5.3% in 2021 and in 2022. This is expected to stabilise at 5.5% over the period 2023-2025. The sector's growth is expected to be mainly driven by supportive interventions in the Crops and Fishing sub sectors, boosted by the "Planting for Food & Jobs" Programme.

"

Agriculture has historically been viewed as a driver for economic growth with a number of key initiatives within the sector to spur this on. The projected growth in the medium-term is reflective of Government's expectation of the impact of its Agriculture related flagship programme (Planting for Food & Jobs) on the economy.

PwC Commentary

Industry Sector

The Industry sector is expected to contract by 0.5% in 2021 following the decline in petroleum lifting and gold production. The sector is however expected to recover sharply with a projected growth of 6.3% in 2022, largely to be driven by oil price appreciation.

"

The mining and quarry sub sectors of industry are expected to ramp-up production as commodity prices and production are projected to improve in the short-term compared to a contraction of 10.5% in 2021.

According to the Commodity Markets Outlook of the World Bank, October 2021 edition, gold prices are anticipated to average US$1,788 per troy oz in 2021, before falling to US$1,711 per troy oz in 2022 due to higher interest rate yields in the United States of America (USA). A key contributor to the expected growth in the mining and quarry sub sector will be oil price appreciation.

According to the October 2021 International Monetary Fund World Economic Outlook (IMF WEO) , crude oil prices will average US$65.68 per barrel (close to 60% above the 2020 base price) for 2021 and US$64.52 per barrel for 2022 and will remain unchanged over the medium-term. Government's continuous investment in infrastructure (roads and construction of hospitals) will also be a key determinant in the growth target of the Industry sector.

PwC Commentary

Services Sector

The Services sector is expected to grow by 8.3% and 5.6% in 2021 and 2022 respectively. The highest growth rate in the Services sector was recorded by Information and Communication sub sector (average of 21.0% from January to June 2021), followed by the Health and Social Work (average of 14.7%), and the Real Estate (average of 11.8%). The Hotels and Restaurants sub sector, which contracted by an average of 23.9% in the first two quarters of 2020, stemming from COVID-19 related restrictions, further contracted by 5.4% during the same period in 2021. This is a clear indication that in line with global trends, the Hospitality industry is still struggling to recover from the adverse economic effects of the pandemic.

"

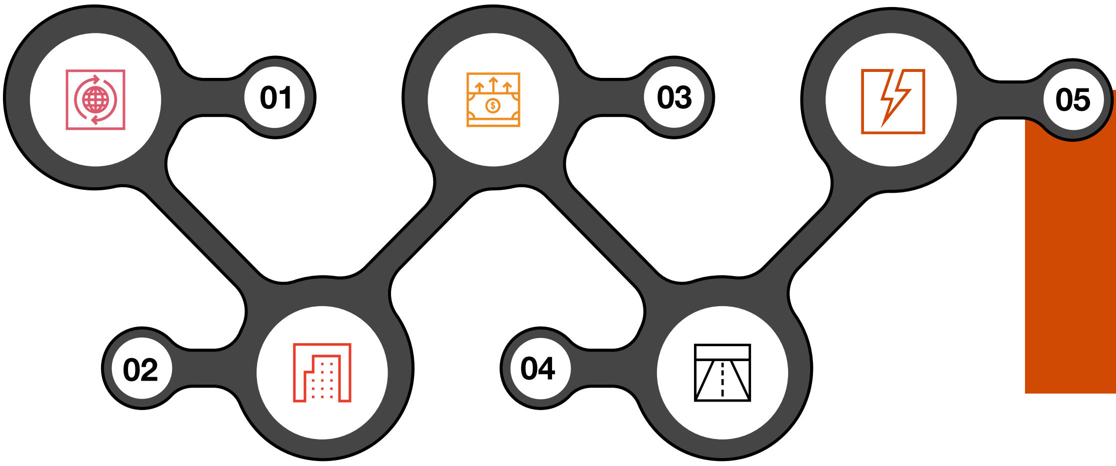
Growth in the Services sector will continue to be hinged on the Information and Communication sub sector. The global vaccination drive has resulted in the easing of restrictions in many jurisdictions leading to increased international travel.

This should result in some positive gains for the Hotels & Restaurants sub sector. We also anticipate that the Financial and Insurance sub sector will come out stronger in 2022 following the repositioning of the financial ecosystem.

The cleanup exercise conducted by the Securities and Exchange Commission (SEC) as well as the recapitalisation of insurance companies (which should be completed by the end of December 2021), will also contribute to the growth in the Services sector in 2022.

PwC Commentary

Fiscal Developments



2022 Target Revenue

GH¢100.5 billion

Government intends to grow revenue by 43% from GH¢70.3 billion

1. Import
Extend VAT relief introduced on African textile prints for textile manufacturers in 2019 for a further two years. Temporal benchmark (discount) policy on imports to be reviewed to make it more efficient and targeted.

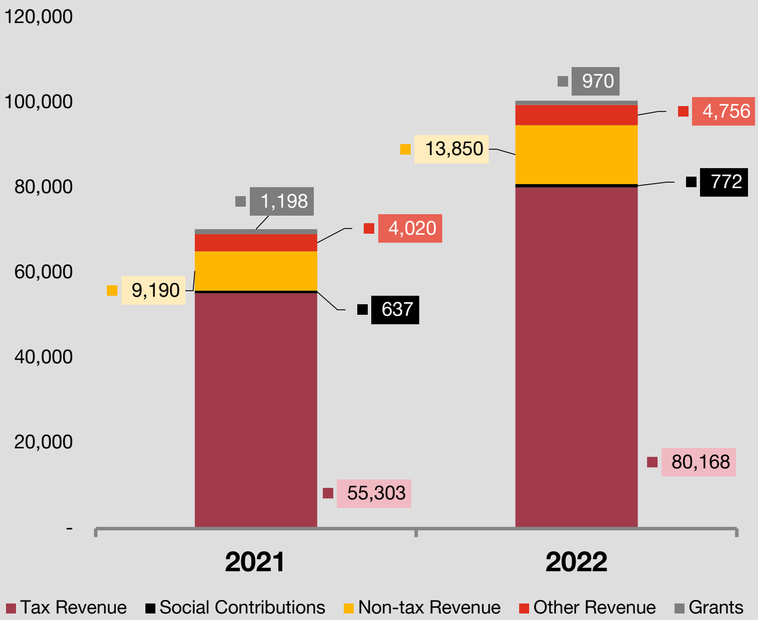
2. Property rate
Implement a common platform for property rate administration to enhance property rate collections and its accountability.

3. Fees and charges
Review fees and charges of MDAs for implementation and subject to automatic adjustment consistent with annual average inflation.

4. Tolls
Abolish tolls on all public roads and bridges.

5. Electronic transactions levy
Impose a 1.75% levy on mobile money payments, bank transfers, merchant payments and inward remittances to be borne by the sender, except inward remittances which will be borne by the recipient.

Total revenue and grants (2021 Actual vs Budget (in millions of GH¢)



Source: Budget Statement and Economic Policy of Government

"

While the targeted 43% growth in revenue may appear ambitious, it is achievable provided the underlying drivers are efficiently implemented. The successful implementation of the E-levy which will impose an additional charge of 1.75% on all electronic money transfers (except transactions adding up to less than GH¢100 or less per day) will be critical to Government's realisation of the target for 2022. The Government is targeting to raise almost GH¢7.0 billion in revenue from the E-levy implementation in 2022. This represents c.7.0% of the revenue target for 2022.

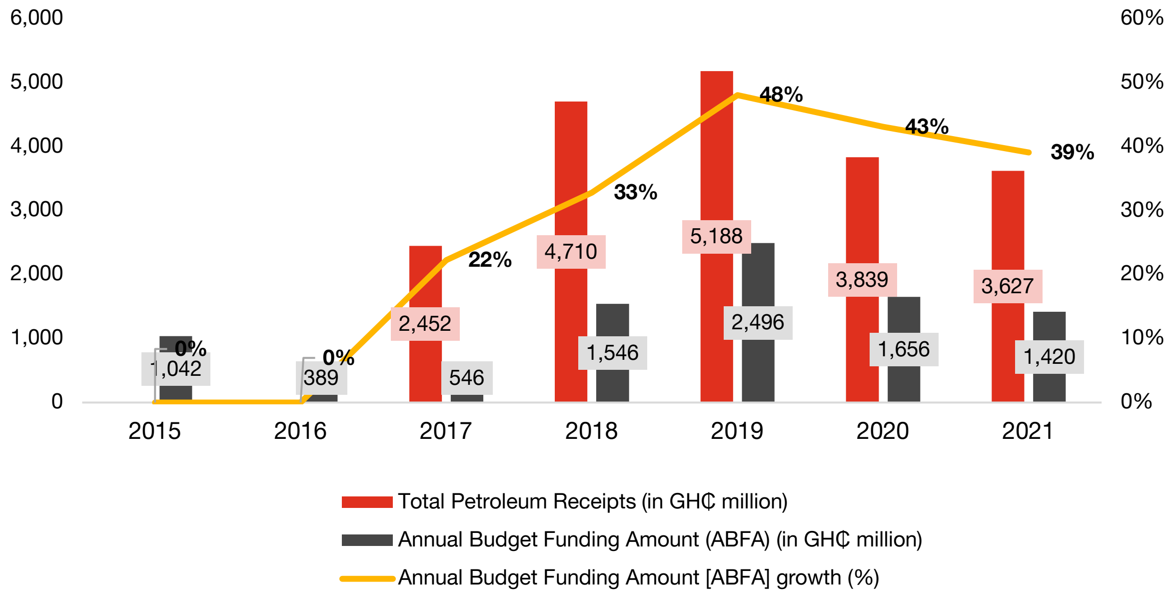
There is however the risk that the introduction of the E-levy will erode some of the gains that have been made in deepening financial inclusion, especially in the informal sector. We suggest that Government closely monitors the implementation of the policy measure and reviews as necessary.

PwC Commentary

Petroleum Receipts

The projected Petroleum Benchmark Revenue for 2022 is estimated at US$1,006.1 million, out of which US$327.0 million will be ceded to the National Oil Company (NOC) – Ghana National Petroleum Corporation - for its Equity Financing Cost and share of the Net Carried and Participating Interest. An additional US$475.4 million of the Benchmark Revenue has been allocated to the Annual Budget Funding Amount (ABFA) to support the implementation of the Budget, while the Ghana Petroleum Funds (GPFs) will receive US$203.75 million. Presented below is the total petroleum receipts and ABFA in GH¢ equivalents.

Total Petroleum Receipts vs ABFA allocation (in millions of GH¢)



Source: Budget Statement and Economic Policy of Government

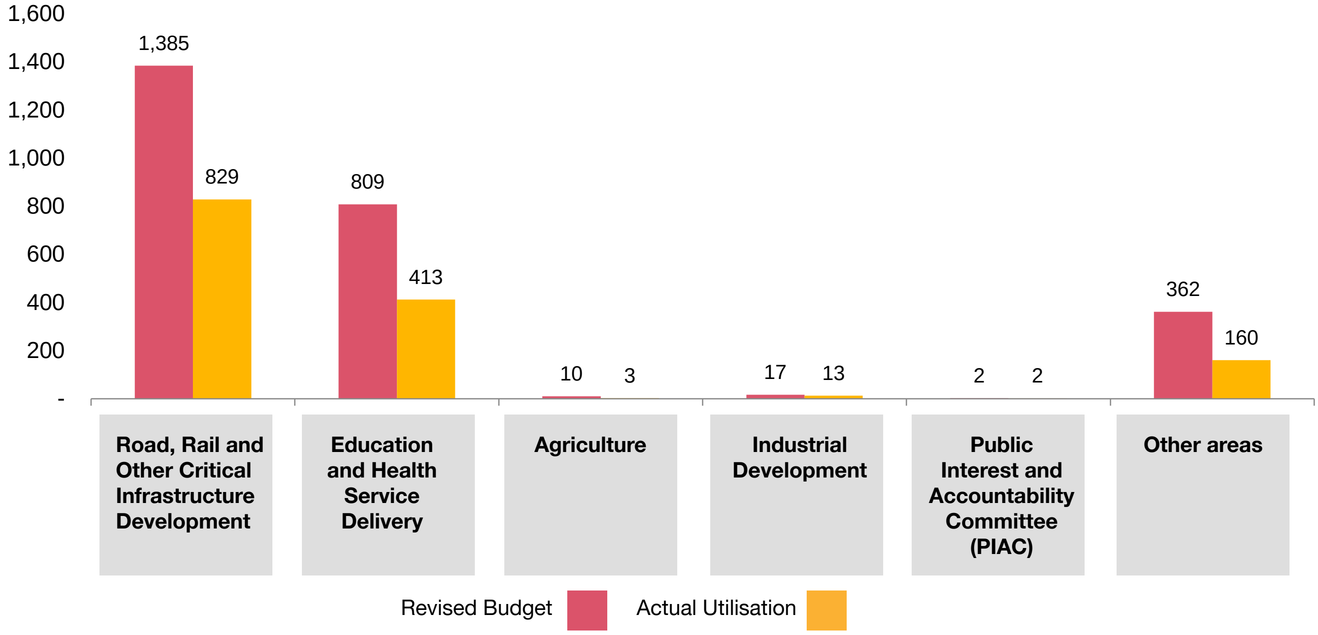
"

We consider the projected Benchmark Revenue for 2022 to be conservative due to the projected crude oil price of US$61.23 per barrel being less than the world market price. According to the October 2021 IMF WEO crude oil prices will average US$64.52 per barrel for 2022 and will remain unchanged over the medium-term from an average of US$65.68 per barrel in 2021 due to market tightness and oil demand recovery projections. Based on these projections, Government is likely to achieve the target petroleum revenue for 2022 provided that the forecast liftings are achieved.

PwC Commentary

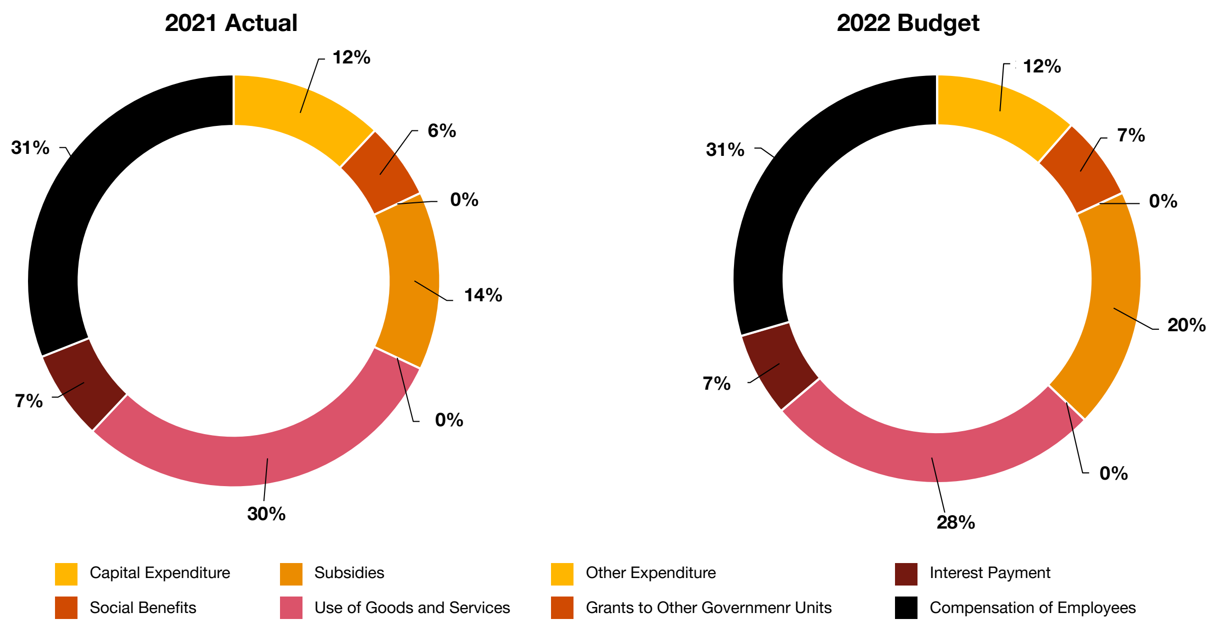
The chart below shows a summary of the key areas where the ABFA was utilised between January and September 2021. The chart compares actual ABFA utilisation between January and September 2021 to the corresponding Budget for the year.

ABFA utilisation (in GH¢ million) by priority area (revised budget utilisation vs actual utilisation)



Source: Budget Statement and Economic Policy

Expenditure



Expenditure in 2022 will increase by 25.6% from GH¢107.9 billion in 2021

2022 Target Expenditure

GH¢135.6 billion

Budget deficit will drop from GH¢37.6 billion in 2021 to GH¢35.1 billion. This represents a reduction of 6.6%

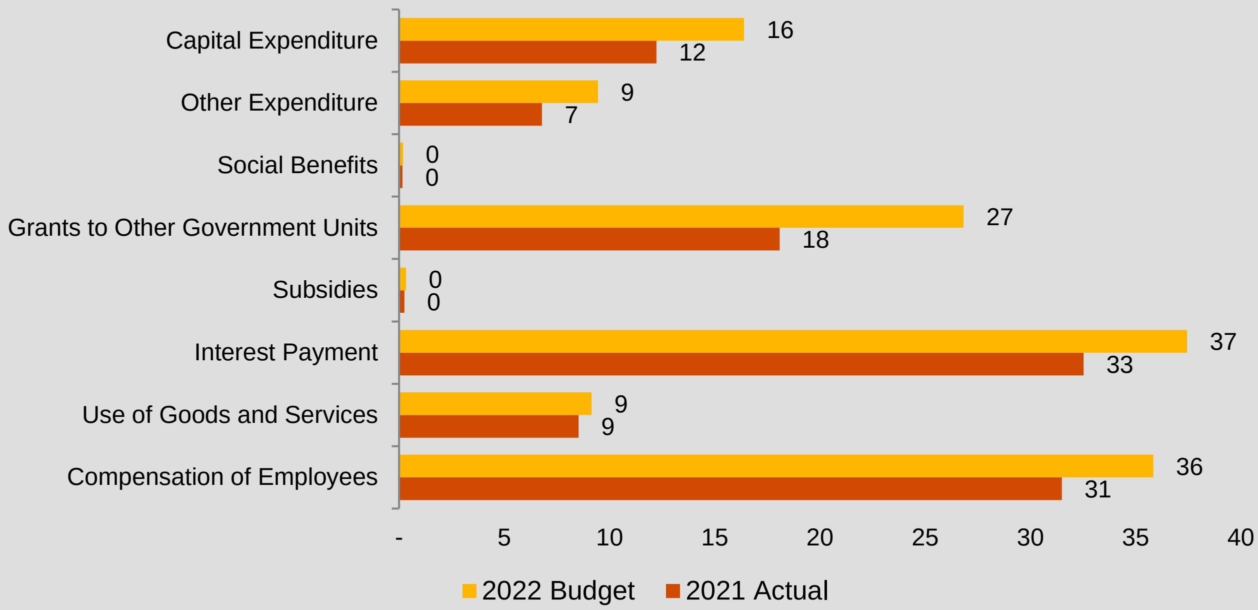
"

The expected 25.6% growth in expenditure will be driven by compensation, debt service, grants to other Government units and capital expenditure. Compensation in 2022 is expected to increase by over GH¢2.0 billion relative to 2021 levels. The country's debt stock continues to increase (GH¢342 billion as at September 2021 from GH¢292 billion as at December 2020). Accordingly, debt service cost is expected to increase to GH¢37.4 billion in 2022 from GH¢33 billion in 2021.

To facilitate attainment of the expected growth in 2022, Government has increased its Budget for infrastructure by over GH¢3.0 billion relative to infrastructure spend in 2021. Mandatory spend - compensation of employees and interest payments - will account for 54% of the total projected spend and absorb 73% of Government's budgeted revenue for 2022.

PwC Commentary

Government's expenditure: 2021 outturn vs Budget in GH¢' billions



Source: 2022 Budget Statement and Economic Policy

Budget Deficit and Public Debt

Government expects to achieve a fiscal deficit of 9.4% of GDP in December 2021, a reduction from 11.7% in December 2020 (excluding the financial sector and energy sector cleanup costs). Including these costs, the Budget deficit for December 2021 is projected to be 12.1% of GDP. The 2022 fiscal policy is geared at strengthening the credibility of Government's fiscal consolidation programme. Government intends to reduce the Budget deficit to 7.4% of GDP in 2022 (including the financial sector and energy sector cleanup costs) and to be within the 5% Fiscal Responsibility Act, 2018 (Act 982) benchmark in the medium-term (2022 - 2025).

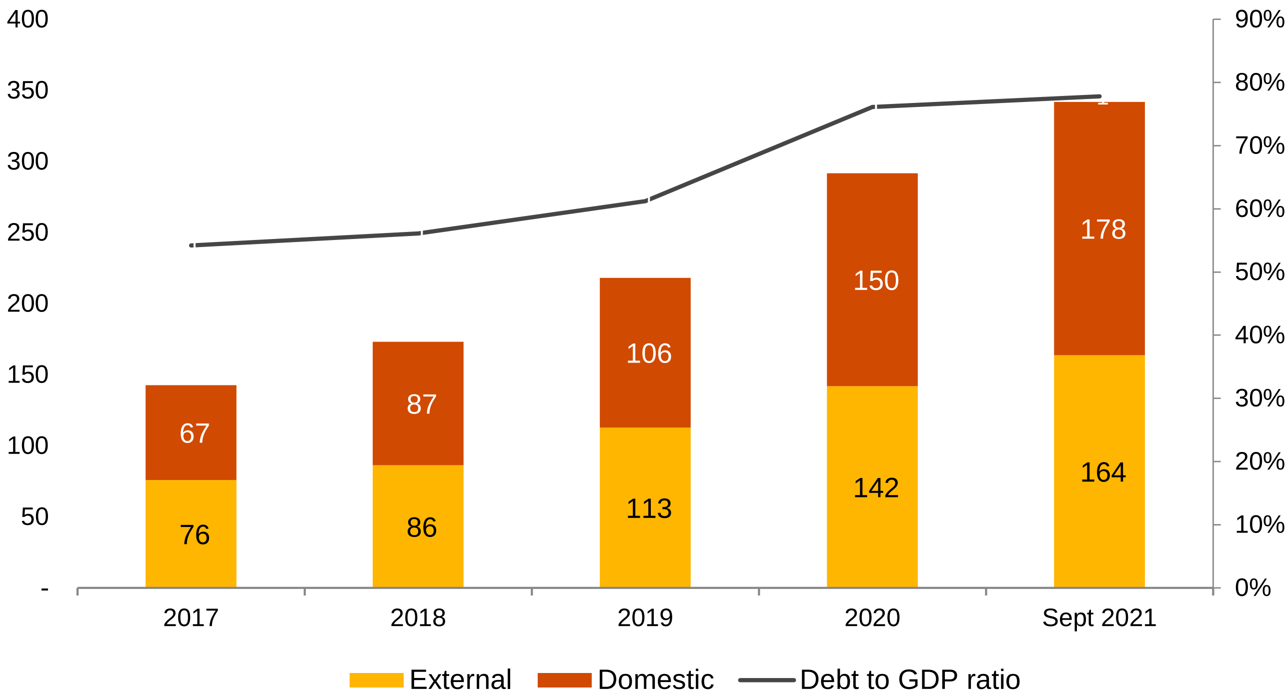
Government is focused on funding the projected fiscal deficit of 7.4% of GDP through domestic borrowings. While this has the benefit of putting the exchange rate in check, it has the downside of crowding out the private sector from the credit market and may ultimately affect Government's plans to boost entrepreneurship.

"

In view of the projected Budget deficit, the debt stock will continue to rise. This will possibly affect Ghana's credit rating by international credit rating institutions if the growth in GDP is lower than the growth in debt stock. In September 2021, Moody's Investor Services and Standard and Poor Global Ratings affirmed Ghana's sovereign rating at B3 and B- respectively. Government should commit to enforcing the policy interventions outlined in the Budget in order to achieve the targeted GDP growth of 5.5% in 2022.

PwC Commentary

Public Debt (in GH¢ billions)



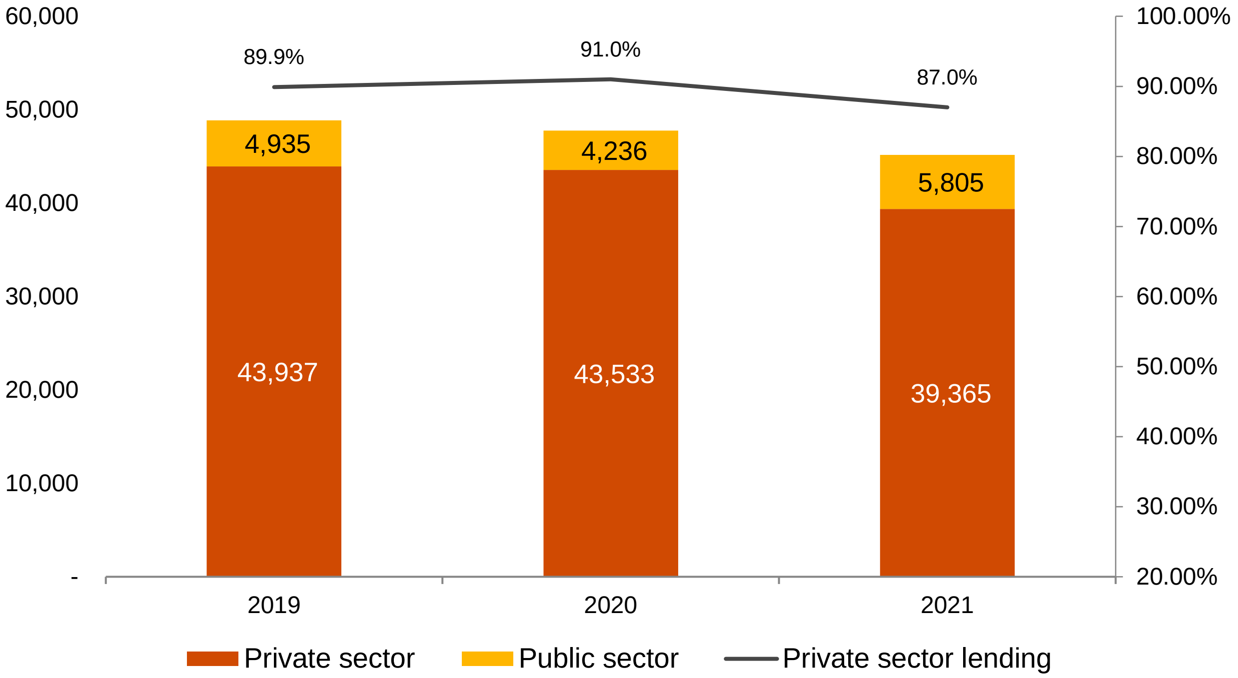
Source: 2021 Mid-Year Budget Statement, Budget Statement and Economic Policy

Monetary Sector

Credit to the Economy (Private & Public Sector)

Private sector credit increased marginally by 0.9% between January and August 2021 from a growth of 1.9% in 2020. The lower growth in credit was largely driven by the negative impact of COVID-19 on credit risk, increase in non-performing loans (NPL) and general decline in demand for credit. Public sector credit, however, picked up strongly by 16.5% in August 2021, after declining by 16.2% in the previous year.

Private & public sector portions of outstanding credit (in millions of GH¢)

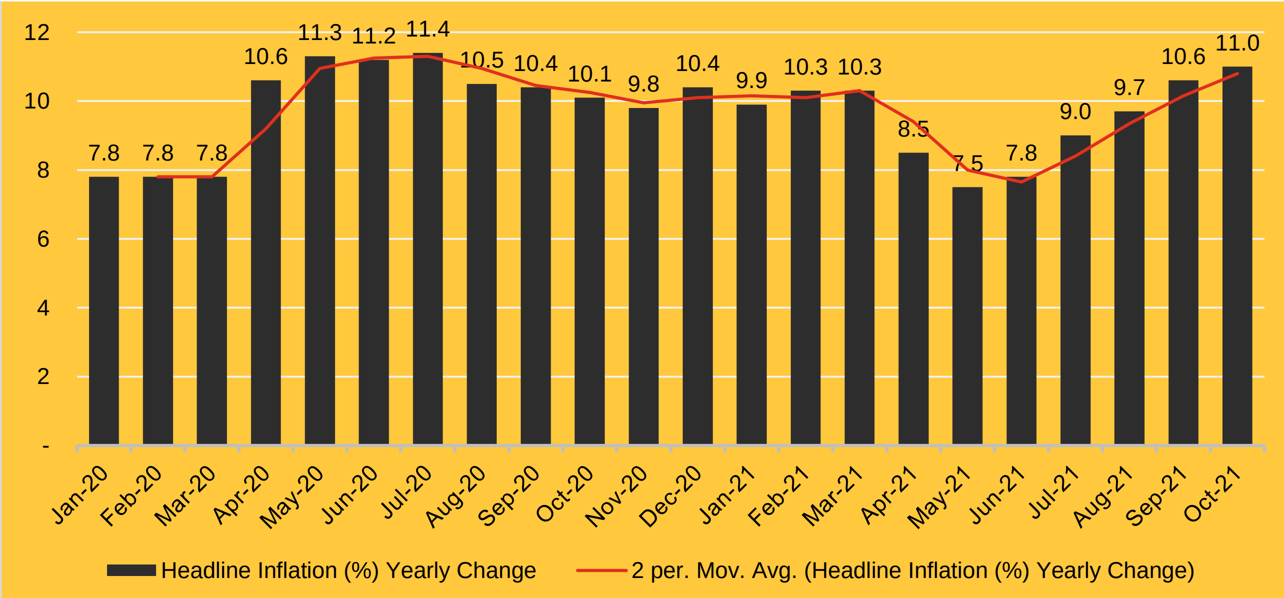


Source: Budget Statement and September 2021 Bank of Ghana Monetary Report, Banking Sector Development

> The newly licensed Development Bank Ghana is expected to enhance private sector credit by providing long-term loans to businesses at relatively lower interest rates. Government anticipates that this should improve the competitiveness of Ghanaian businesses within the African Continental Free Trade Area (AfCFTA) framework.
>
> PwC Commentary

Inflation

Monthly headline inflation (%): Jan 2020-Oct 2021



Source: Time Series, Economic Data (Bank of Ghana Website), Bank of Ghana Monetary Policy Report (Monetary and Financial Developments)

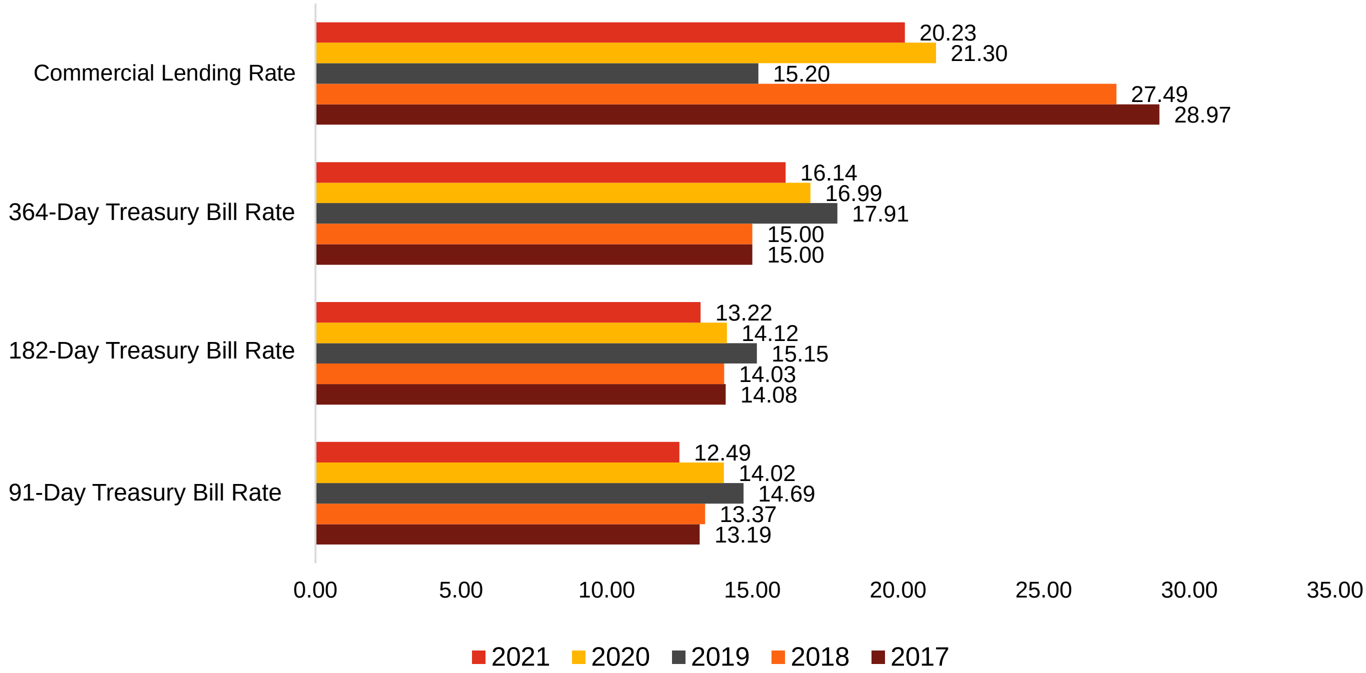
Headline inflation declined from 10.4% at the end of 2020 to 7.5% in May 2021 largely due to favourable food prices and exchange rate stability. However, between June and October 2021 inflation trended upward attributable to increased domestic fuel costs, input supply bottlenecks as well as rising global food prices.

> “
>
> The anticipated crude oil price increase, and expected global inflation are likely to hamper Government’s projection to achieve a single digit inflation at the end of 2021 and in 2022. A stronger recovery of key sectors of the economy would be required to curtail inflationary pressures and support Government to achieve its medium-term target of 8±2%.
>
> PwC Commentary

Interest Rates

The Monetary Policy Rate (MPR) was maintained at 13.5% in the Monetary Policy Committee (MPC) meeting held in October 2021. The 91-day Treasury bill rate, which fell from 14.1% at the end of December 2020 to 13.2% at the end of September 2021, declined further to 12.5% as of 15 November 2021.

Yearly Average Interest Rates (%) Sept 2017-Sept 2021



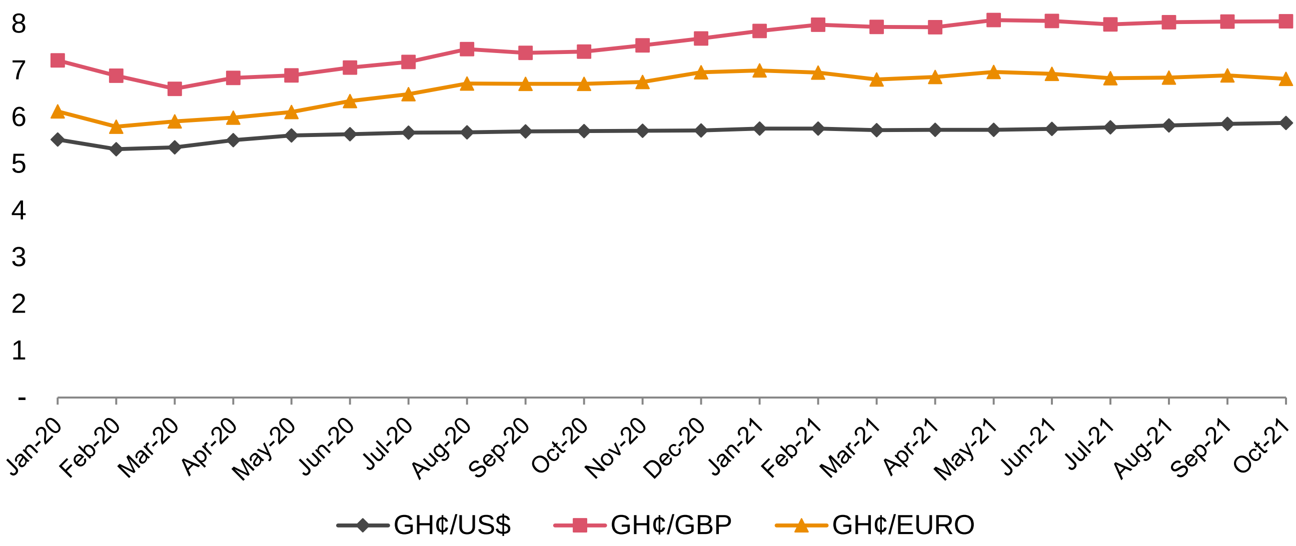
Source: BoG Monetary Time Series Data; Monetary, Financial Developments Report and September 2021 Monetary Policy Press Release

> "The continuous increase in inflation in recent times poses an upside risk to interest rates as the central bank might be forced to adjust the MPR upward to anchor in inflationary expectations.
>
> PwC Commentary

Exchange Rates

Cumulatively, the Ghana Cedi depreciated against the US Dollar and the Euro by 2.4% between January and October 2021. It also depreciated against the Pound Sterling by 2.3% over the same period.

Interbank monthly exchange rates (GH¢): Jan 2020-Oct 2021



Source: BoG Monetary Time Series Data; BoG Monthly Inter-Bank Exchange Rates

> The current inflation trend in advanced economies (particularly the USA) is likely to cause the US Federal Reserve to increase interest rates. This uptick in interest rate yields may potentially cause foreign holders of Ghana's bonds to sell off and have their funds repatriated out of the economy bringing about significant pressure on the Ghana Cedi.
>
> PwC Commentary

Macroeconomic Performance and Targets

Government is optimistic about the performance of the economy in the medium-term. Below are the macroeconomic performance targets for the medium-term together with historical comparators;

Description	2020 Actual	2021 Target	2021 Projected Outturn	2022 Target	Medium Term Target (2022-2025)
Growth in Real GDP (incl. oil)	0.41%	5.1%	4.4%	5.8%	5.6%
Growth in Real GDP (non-oil)	0.90%	7.0%	5.9%	5.9%	5.9%
End of Period Inflation (%)	9.9%	8.0%	9.3%	8.0%	8±2%
Overall Fiscal Budget Deficit (% of GDP) including energy and financial sector cost	15.0%	12.1%	12.1%	7.4%	5.0%
Overall Fiscal Budget Deficit (% of GDP) excluding energy and financial sector cost	11.7%	9.4%	9.4%	6.4%	5.0%
Gross International Reserves	Not less than 4.0 months of import cover	Not less than 4.0 months of import cover	Not less than 4.1 months of import cover	Not less than 4.0 months of import cover	Not less than 4.0 months of import cover

3

Tax

Direct Taxes

Introduction

The provisional performance for income and property taxes (direct taxes) for the first nine months was GH¢18.20 billion compared to a programmed amount of GH¢20.50 billion. This resulted in 11.2% adverse variance and mainly accounts for the shortfall in total tax revenues by 5.5% for the first nine months of the year. Government expects that by the close of 2021, total direct tax revenue will be GH¢28.78 billion as against a budgeted amount of GH¢29.93 billion. This means that by the end of the year, direct taxes will be expected to be close to target with an adverse variance of 3.8% (GH¢1.15 billion).

In 2022, Government expects to mobilise direct tax revenues of GH¢38.29 billion, representing an ambitious 33.0% growth over the projected outturn for 2021. To achieve this revenue growth, some tax policy measures have been announced to complement existing measures. The direct tax policy measures proposed include the following:

Reduction in the withholding tax (WHT) rate for the purchase of unprocessed gold from 3% to 1.5%

“

Government proposes to reduce the WHT rate on the purchase of unprocessed gold from small-scale gold miners from 3% to 1.5%.

Government has bemoaned the drastic fall in the volume of unprocessed gold exported by small-scale miners through official channels between 2019 and 2021. Government believes that a 50% reduction in the WHT rate would encourage gold exports through approved channels. It is expected that this reduction will be effective from 1 January 2022.

While this relief may be good news to small-scale miners, our reservation is whether the 3% WHT rate was a key reason for the decline in export of unprocessed gold and whether this rate reduction initiative could address the issue. To put this into perspective, the WHT rate was 10% from January 2016 and was then modified to 3% effective 18 February 2016. Since the rate has remained the same from February 2016 why should the use of tax rather than stricter enforcement and monitoring be highlighted as a tool to improve exports of gold through official channels?

Could it be the case that there are other factors responsible for the decline during the specified period? In particular, could the decline in tax revenue be attributed to Government’s fight against illegal small-scale mining “galamsey” during the period which affected production?

The current rate of 3% aligns with the general WHT rate on “goods” thus the decision to further reduce the rate increases the complexity in our laws. Also, it is expected that tax revenues will reduce since several small-scale miners may not file their income tax returns and pay the appropriate income tax on their profits.

In summary, the 50% reduction in the WHT rate from 3% to 1.5% may not be a key tool for addressing the decline in the export of unprocessed gold through official channels. The decision to reduce the WHT rate may rather results in further tax revenue reduction. To increase the tax revenue from the sale of unprocessed gold, we recommend that Government works with the relevant authorities, for example the Minerals Commission, to streamline the operations of small-scale miners including helping them keep proper books of records, and also seal the unapproved channels used by some small-scale miners to export unprocessed gold.

PwC Commentary

Increase in the turnover limit for the Modified Taxation System from GH¢200,000 to GH¢500,000

Government has proposed to review the turnover threshold for self-employed individuals who qualify for the modified taxation system from GH¢200,000 to GH¢500,000 effective 1 January 2022.

The modified taxation system which is meant to provide a simplified system of income tax compliance for the informal sector and small-scale individuals in business has not seen an active implementation since its introduction in the ITA. As part of the measures to broaden the tax net, Government proposes to increase the turnover limit for operating the modified system and to see its full implementation in 2022. Government's effort to widen the tax base is commendable as it would ensure that more people in the informal sector are roped in to share the tax burden.

Under the existing modified taxation regime, self-employed persons (save for some express exclusions) with an annual average turnover not exceeding GH¢20,000 pay quarterly fixed tax as outlined in the Income Tax Regulations, whereas those with turnover exceeding GH¢20,000 but up to GH¢200,000 are subject to 3% income tax on turnover, unless they choose not to pay presumptive tax. Those who choose not to pay (presumptive) tax may apply cash instead of an accrual approach in determining their taxable business income.

The proposed amendment is to extend the maximum threshold for applying the modified taxation to GH¢500,000. This means that several self-employed persons who hitherto did not qualify to apply the modified taxation system (and possibly did not pay taxes due to the complex nature of the normal tax system) will now apply the modified tax system and pay taxes.

To ensure that Government achieves its aim of improving tax compliance in the informal sector through the modified taxation system, we further propose the following:

- The nominal tax stamps as contained in the Income Tax Regulations may be eroded by inflation. To mitigate this, we suggest that the tax stamps are indexed to the rate of inflation so they are adjusted to reflect annual rates of inflation.
- Government should consider revising the turnover threshold to GH¢480,000 (instead of the proposed GH¢500,000) as it would be easily translated into relatable monthly targets for the informal sector.
- Government, through the RACE initiative, must intensify efforts to identify self-employed individuals in the informal sector who meet the turnover threshold of business income up to GH¢500,000 and bring these persons into the tax net.

PwC Commentary

Indirect Taxes

As a result of the global pandemic which saw the closure of borders and reduced consumption for some goods, the provisional performance for taxes on domestic supply of goods and services and international trade (jointly referred to as indirect taxes) for the first three quarters of 2021 stood at GH¢20.95 billion, compared to a programmed amount of GH¢21.21 billion. Although the revenue from international trade taxes and VAT exceeded the revised Budget, corresponding shortfalls from excise duties, National Health Insurance Levy (NHIL), Ghana Education Trust Fund Levy (GETFL), COVID-19 Health Recovery Levy (CHRL) and Communication Service Tax (CST) accounted for the unmet revenue Budget set by the Ministry of Finance (MoF). Government intends to collect an amount of GH¢45.05 billion in indirect taxes in 2022 and increase it to GH¢68.52 billion by 2025.

In a move that has become popular across the African continent, Government seeks to pull the informal sector into the tax net as well as reduce tax reliefs and exemptions in order to grow revenue. The proposals made in the indirect tax space are as follows:

Extension of the zero-rating of locally manufactured textiles to 31 December 2023

Extension of the ending date for VAT zero-rating of locally manufactured textiles from 31 December 2021 to 31 December 2023.

In 2018, a three-year VAT concession (beginning January 2019) was granted to local manufacturers. As such, textiles made by local manufacturers were zero-rated for VAT purposes. This was pursued as a cost reduction strategy by Government to make the local textiles industry more competitive.

The proposed extension will become effective after the Value Added Tax Act, 2013 (Act 870) (VAT Act) is updated to reflect the end date of 31 December 2023.

The initial concession has helped the local textiles industry, which was before then struggling, to largely stabilise and compete effectively with imported textiles. It is expected that the extension of the concession period will enhance profitability in the industry, increase employment and allow the industry to thrive. This will also give space for the local industry, which is considered to produce some of the best textiles on the continent, to take advantage of AfCFTA agreement to expand their market.

PwC Commentary

Introduction of 1.75% e-transaction levy

Government has proposed an electronic transaction levy of 1.75% on the value of digital transactions above a daily threshold of GH¢100.

The transactions covered by this levy comprise mobile money payments, bank transfers, merchant payments and inward remittances. The levy is expected to be borne by the sender unless it relates to an inward remittance in which case the receiver of the funds would be liable for the levy. This measure is expected to take effect from February 2022 and will be administered by the Ghana Revenue Authority (GRA) via institutions licensed by the BoG to facilitate electronic payments (i.e. fintechs, telcos, banks and other financial institutions). The intention of Government for this measure is to widen the tax net by roping in the informal sector. Government projects to rake in tax revenue of about GH¢6.96 billion in 2022, and about GH¢26.90 billion from 2023 to 2025 after the implementation of the electronic transaction levy.

This however raises some questions around the motivation for reducing the CST rate from 9% to 5%, a rate that is a percentage lower than the original rate of 6%. The motivation for abolishing VAT on financial services is also questioned as this levy is likely to have a greater negative impact on the financial services sector.

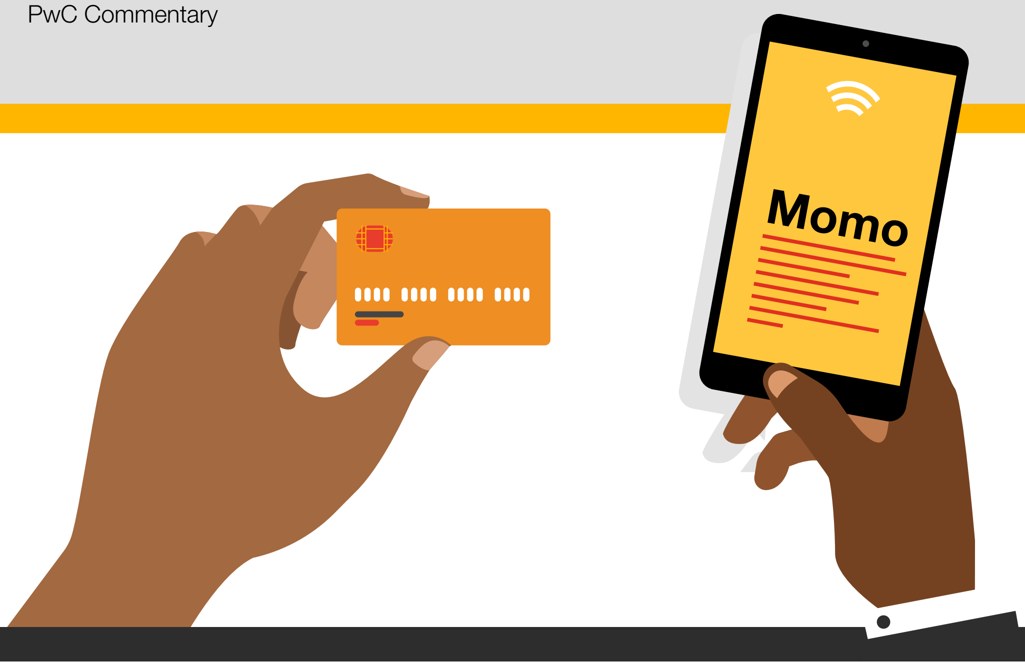
The tie between the levy and electronic transactions suggests that taxpayers (including individuals and corporate entities) that are already captured under the tax net would be shouldering additional tax burdens even though no peculiar corresponding reliefs have been proposed for such tax compliant persons. Ordinarily, one would expect the personal income tax bands to be reviewed to provide some reliefs for the compliant tax persons. Can Government consider a programme where compliant tax persons claim the electronic transaction levies they have paid as tax credits at the point of filing their returns?

Besides, we expect some push-back from international investors on the impact of the levy on inbound Foreign Direct Investments (FDIs), unless excluded from the application of the levy. For such investors, the application of the levy will be in addition to the 0.5% stamp duty which already applies to new share capital. Since the levy is not tied with value creation, the impact on cost of capital (including equity and debt) is expected to be excessive if the proposal is applied to them. This might affect the flow of FDIs and Ghana's attractiveness as an investment destination.

Government should also consider a rate lesser than rates typically charged by resident platform operators.

The proposed effective date provides the key stakeholders and agents with barely two and a half months to configure their systems and payment platforms to effectively account for the levy.

PwC Commentary



Review of benchmark (discount) policy for imported vehicles and selected general goods

The benchmark discount policy on selected imports, introduced about two and a half years ago, will be reviewed in order to align with developmental policy on protection and preservation of certain local industries.

Since April 2019, the GRA, as a result of a directive from the Economic Management Team (EMT), has been applying discounts of 30% on the customs values of vehicles and 50% on the customs values of some selected general goods that are imported into Ghana. The intention of Government was to ease the burden on importers, discourage smuggling and facilitate importation through Ghana's ports. After two and a half years, Government has seen the need to limit this policy in order to protect local industry, strengthen public safety and support public health.

It is noteworthy that the discount policy was initiated by the EMT with no express approval from Parliament. In a similar manner, it is expected that an expressed or implied directive by the EMT would give effect to the amendment of the policy. The Minister for Finance did not stipulate the effective date for this measure; it therefore remains to be known when the EMT will authorise the GRA to start implementation of the revised policy, but likely to start in Janauy 2022.

The Customs Act, as amended, does not recognise the current application of discount on benchmark values. There is no publicly available evidence that Ghana has notified its customs valuation discount approach to the World Trade Organisation, nor is there any external support for the discount approach. We therefore recommend the abolishment of the discount since the policy does not support proper record keeping and local industrialisation drive. As we embark on AfCFTA, Government may rather want to negotiate with ECOWAS to consider some tariff adjustments within the Common External Tariff framework. Our recommendation assumes the benchmark database is fair.

PwC Commentary

Restriction of the VAT flat rate scheme to small retailers only

The VAT flat rate scheme is to be restricted exclusively to retailers with annual turnover not exceeding GH¢500,000.

The recent version of the VAT flat rate scheme (VFRS) was implemented in April 2017. Under the scheme, retailers and wholesalers of goods are required to account for the VAT at the rate of 3% without claiming credit for input tax suffered.

Government proposes to limit the VFRS to VAT registered retailers with an annual turnover not exceeding GH¢500,000. This is expected to take effect from 1 January 2022. Government's intention in reviewing this policy is to make local goods competitive vis-a-vis imported substitutes.

Wholesalers and retailers exceeding the above threshold who are currently operating under the VFRS would be expected to charge VAT at standard rate from January 2022. It remains to be seen if the wholesalers and retailers leaving the VFRS would have any cost savings considering that the standard rate VAT scheme already has straight levies at 6% applying to the taxable values of transactions. Thus, it could be argued that so long as the levies remain non-deductible, the cost of goods may not reduce after all.

We recommend that Government considers the approach in the Value Added Tax (Amendment) Act 2010 (Act 810) as repealed, where the VFRS applied to all taxable suppliers with revenue below a specific threshold and not whether the person was a retailer or not. This approach avoids definitional issues which complicate the tax system.

In the wake of the AfCFTA Agreement, goods originating from Ghana may not be competitive with goods from the rest of the continent having been burdened with the several levies which add to the cost of the goods.

PwC Commentary

Establishment of the AfCFTA Customs Procedures Code (CPC)

Ghana was the first country to establish Customs Procedures Codes (CPC) to facilitate trading under the AfCFTA Agreement.

Trading under the AfCFTA commenced on 1 January 2021 with the symbolic maiden shipment from Ghana to South Africa taking off shortly thereafter. This meant that businesses meeting the conditions required under the Agreement would be able to trade within the African continent with some concessions.

The establishment of AfCFTA CPC allows businesses to meet one of the set conditions. Traders are therefore expected to prepare customs declarations quoting the correct AfCFTA CPC in order to leverage the preferential rates under the AfCFTA. This is a welcome confirmation from Government.

PwC Commentary

Increased sensitisation of the ECOWAS Common External Tariff (CET)

Despite the notable successes in the agricultural sector since the implementation of the ECOWAS CET in Ghana, sensitisation has remained low leaving out a huge part of the economy.

Ghana continues to apply the ECOWAS CET and has achieved greater protection to the agricultural sector relative to other sectors.

Insufficient sensitisation by ECOWAS member states (including Ghana) and varying rates under the Harmonised Commodity Description and Coding Systems (HS) headings have been noted as some of the key contributors to not fully using the ECOWAS CET. In this regard, the Minister for Finance urged the ECOWAS Commission to undertake initiatives to provide the requisite awareness.

While the Minister's statement was in good faith, the sensitisation mandate should not be wholly left to the ECOWAS Commission.

We recommend that the Customs Division of the GRA provides more guidance by emulating the Domestic Tax Revenue Division (DTRD) which does so through various practice notes and administrative guidelines. This would provide the needed guidance to taxpayers and be in line with the Ghana Revenue Authority Act, which deals with the objects and functions of the GRA to include taxpayer education.

PwC Commentary

Tax administration and other revenue measures

The provisional performance for tax revenue for the first nine months was GH¢37.1 billion compared to a programmed amount of GH¢39.3 billion. This 5.5% adverse performance variance accounts for about 58.4% of the shortfall in domestic revenues for the first nine months of the year. Government expects that by the close of 2021, tax revenues will be GH¢55.3 billion against a (mid-year revised) budgeted amount of GH¢55.8 billion. This means that by the end of the year, tax revenues are expected to have an adverse variance of GH¢0.5 billion amounting to 1.0% of the revised Budget for 2021.

To assist Government address the revenue shortfalls in a post-pandemic economy, the Budget provides some administrative measures to be implemented by Government to boost revenue generation, improve efficiency and reduce revenue leakages in the administration of taxes. These proposed administrative measures are to help meet the tax revenue target of GH¢80.2 billion.

The tax administration and other revenue measures proposed in the Budget include:

Passage of the Tax Exemptions Bill into law

“

Government intends to pass into law the Tax Exemptions Bill which is expected to be implemented in 2022 as a way of boosting domestic revenue mobilisation in the short to medium-term.

The Tax Exemptions Bill seeks to consolidate and streamline the applicable exemptions in different laws and improve transparency and certainty when dealing with tax exemptions. It is our hope that it helps Government check the abuse of tax exemptions, assess the quantum and implications of revenue lost by the state through exemptions and help focus Government policies in assessing the impact of tax exemptions on revenue generation.

Government should, however, seek thorough and extensive consultation on the provisions of the Tax Exemptions Bill to ensure that it achieves the intended purpose.

PwC Commentary

Intensification of Revenue Assurance and Compliance Enforcement (RACE) initiative

Government through the GRA with support from RACE initiative seeks to continue with enhanced compliance measures to expand tax coverage and plug revenue leakages.

In 2021, Government introduced the RACE initiative which was intended to reset the resource mobilisation framework and to challenge itself to new heights in public finances. RACE is intended to identify and eliminate revenue leakages while reinforcing the culture of compliance in the short to medium-term.

Specifically, Government intends to use the RACE initiative to carry out revenue assurances on Pay-As-You-Earn (PAYE) taxes collected by employers and service taxes in the form of CST, WHT etc. collected by commercial entities. Employers and businesses should therefore put in place measures to ensure that they are keeping good records, computing and promptly paying the right amount of taxes (PAYE, CST and other withholding taxes) and ensuring audit readiness to prevent any punitive measures which may result from non-compliance.

Shortfalls in revenue mobilisation has been a long-standing challenge for Government. It is our expectation that this policy measure helps improve mobilisation of domestic revenues with a focus on compliance and enforcement across the country whilst improving the efficiency of tax administration, fiscal planning and the design of tax policies.

PwC Commentary

Automatic review of Fees and Charges

Proposal to review fees and charges of Ministries, Departments and Agencies (MDAs)

As part of efforts to ensure fiscal sustainability, Government intends to raise revenue through a review of the Fees and Charges of MDAs on an annual basis. This is expected to take effect from 1 January 2022. It is estimated that fees and charges to be implemented by MDAs in 2022 will see a surge of at least 15% and thereafter be subjected to automatic annual adjustments using the average inflation rate as announced by the Ghana Statistical Service (GSS) this approach will be reviewed after five years.

This measure will likely increase the revenue of the MDAs and also make them less reliant on Government subventions. However, given the impact of the COVID-19 pandemic on individuals and businesses, the measure will likely receive a backlash from the populace.

Government should ensure that the annual rise in the fee and charges of MDAs is commensurate with the quality of services provided to prevent any aggressive push-back from the populace. Also, Government should institute robust measures to ensure accountability of monies collected by the MDAs.

PwC Commentary

Common Platform for Property Rate Administration

“

Implementation of a common platform for the administration of property rate

Government has noted the challenges faced by Metropolitan, Municipal, and District Assemblies (MMDAs) in their quest to assess and collect property rates. Therefore, the proposed implementation of the common platform for the administration of property rates which is expected to commence on 1 January 2022 is aimed at addressing this challenge. It is envisaged that Government, through the GRA, will collaborate with the MMDAs to collect the property rates and a sharing ratio will be agreed accordingly.

This move is laudable as it will enable Government and MMDAs tap into large and underexploited source of revenue. In particular, the collaboration will results in a better collection capacity and will also ensure checks and balances, and transparency in collections due to the GRA and MMDAs’ mutual stake in the collections.

While we welcome this initiative, we recommend that Government includes capacity building programmes in the initiative and also, a timeline on when the GRA/MMDAs collaboration will end. We expect the MMDAs to build sufficient capacity during the collaboration period and wean themselves off Government/ GRA. Additionally, Government should consider leveraging its ongoing digital address and house numbering projects in making this initiative a success.

PwC Commentary

Taxation of High-Net-Worth Individuals (HNWIs)

“

Government intends to finalise the policy on High-Net-Worth-Individuals (HNWIs) and complete the estimation of the revenue potential of this subgroup

The GRA has set up a HNWI unit to administer and ensure tax compliance among high net worth individuals, as such individuals offer great potential in revenue generation. Among the challenges faced by this unit has been the lack of a general policy to facilitate its operations.

The introduction of a policy on HNWI will clarify the uncertainties around the definition and categorisation of who a high net worth individual is. Apart from making clear the targeted group of taxpayers who fall within this category, the expectation is for the policy to provide some guidelines to help the GRA develop the appropriate expertise to better manage this category of taxpayers for effective revenue mobilisation.

PwC Commentary

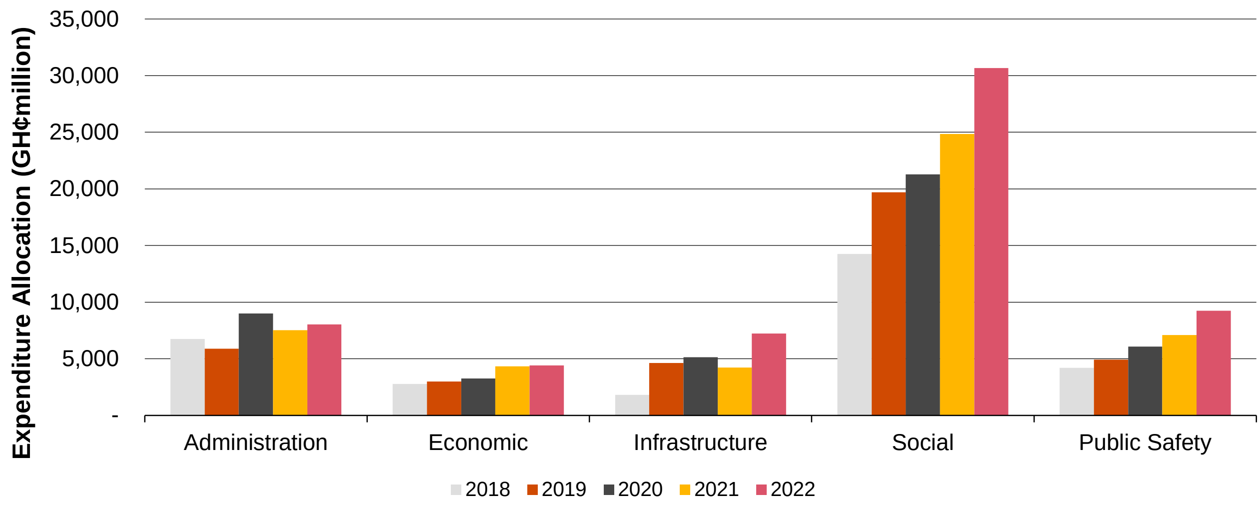
4

Sectoral Outlook Overview

Overview

The Sectoral Outlook highlights the key Government activities and interventions to achieve the Budget theme of "Building a Sustainable Entrepreneurial Nation: Fiscal Consolidation and Job Creation". The Sectoral Outlook is composed of five main sectors namely: Administration, Economic, Infrastructure, Social and Public Safety. The budgetary allocation contained in the Budget compared with the actual position in the 2018 to 2021 Budgets is shown in the graph below:

Sectoral Expenditure Allocation



Government has increased the Sectoral allocation from GH¢48.06 billion in 2021 to GH¢59.62 billion in 2022 representing an increase of 24%. The increase appears to be consistent with Government's various social interventions and infrastructure agenda planned for the year. The allocation reflects Government's key pillars of the Budget as indicated below;

Social intervention including but not limited to the expansion of the Free Senior High School (Free SHS) Project and the acceleration of the Agenda 111 project

Key infrastructure projects involving the completion of major road construction projects under the Sinohydro Project and the completion of the two international airports in Kumasi and Tamale

Industrialisation – commence operations of four vehicle assembly plants for Nissan, KIA, Hyundai and Renault and the advancement of the digitalisation agenda to improve convenience for Ghanaians

Improve efficiency in revenue mobilisation and entrepreneurship

We set out below details of Government's key activities and spending plans in 2022 for the five sectors.

Infrastructure Sector - Key Ministries

GH¢4 billion
Roads and Highways

GH¢922 million
Transport

GH¢801 million
Sanitation and Water Resources

GH¢7.24 billion
Budget Allocation

GH¢576 million
Railways Development

GH¢507 million
Communications

GH¢430 million
Works and Housing

Ministry of Railways Development (MoRD)

Some of the key initiatives include the construction of:

- The remaining section of the Tema-Mpakadan Single Standard Gauge 100km Railway Line Project
- Kojokrom-Manso 22km Section of the Western Rail Line
- Manso to Huni Valley Section of the Western Rail Line
- Takoradi Port to Nsuta Standard Gauge Rail Line
- Other sections of the Western Railway Line (including 12 km Kaase- Eduadin section, 51km Eduadin-Obuasi section, 38km Obuasi- Dunkwa section and 75km Huni Valley-Dunkwa section)

The Ministry's budgetary allocation from Government for 2022 is GH¢576 million which represents a 12% increase from 2021's allocation of GH¢513 million. This was mainly attributable to a more than 60% and 50% increase in CAPEX (driven by a GH¢120 million contribution) and Internally-Generated Funds (IGF) allocations respectively for the Ministry.

"

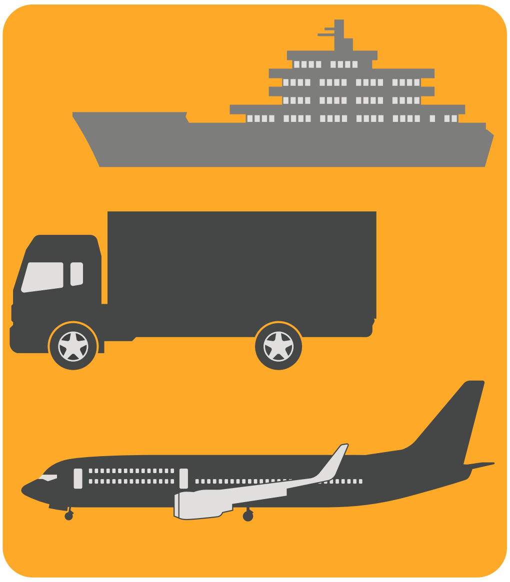
The railway sector remains an important part of Government's industrialisation agenda. Linkages with the country's mines, particularly for parts of the developing network such as the Western Line, will play an important role in facilitating the efficient movement of heavy cargo from the mines and storage facilities directly to the Takoradi Port. This will help reduce the damage to the roads and increase productivity by easing the associated traffic congestion. Interconnecting railway lines with regional networks such as the Ghana-Burkina Interconnection Line would become important in the movement of goods/cargo and people across the subregion to facilitate trading and economic activity.

PwC Commentary

Ministry of Transport (MoT)

For 2022, the Ministry's budgetary allocation saw a 40% increase to GH¢922 million from GH¢658 million in 2021. This was largely due to the GH¢171 million increase in CAPEX allocation from GH¢27 million in 2021.

Some of the key initiatives the MoT is seeking to implement in 2022 include the following:



1. Develop a container and multi-purpose terminal with a 600-metre quay wall at the Takoradi Port
2. Commence preparatory works on Phase I of the Boankra Integrated Logistics Terminal Project
3. Facilitate the digitalisation of Driver Vehicle Licensing Authority vehicle records from 1995-2021 for the efficient flow of information between key state agencies including the Ghana Police Service
4. Complete the Kumasi and Tamale International Airports to support regional connectivity, trade and tourism in Ghana
5. Construct the Air Navigation Services (ANS) complex at Kotoka International Airport to support safety and security to international standards.

> "Ghana's transport sector is seeing important investment and policy support to strengthen infrastructure, multi-modal transport management systems and road safety. The ministry has taken steps to support the expansion of the country's seaports and airports to promote tourism, job creation and revenue generation. The Ministry should continue to take steps to improve road safety.
>
> PwC Commentary

Ministry of Roads and Highways (MoRH)

Key initiatives for 2022 include:

- Develop selected road infrastructure under the Ministry's PPP Programme
- Commence phase 2 Tema Motorway Roundabout
- Commence phase 2 Obetsebi Lamptey Circle Interchange
- Complete 10 road projects across the country under the Master Project Support Agreement (MPSA) with Sinohydro Corporation Limited

The Ministry's budgetary allocation from Government for 2022 is GH¢4.0 billion which represents a 103% increase from 2021's allocation of GH¢1.97 billion. The increase is mainly due to an increase in the amount allocated for road and bridge construction.

> The abolition of the road tolls on all public roads and bridges across the country certainly represents a bold move by Government to increase tax revenues from enhanced productivity and a cleaner economy. We agree with Government that the manual toll booths have become increasingly less effective as a means to generate revenue for the State. We believe however that an alternative and more sustainable solution would have been to deploy technology to automate toll booths. In this way, the sector could be made more attractive to private sector investments, in line with Government's Private-Public Partnership agenda on infrastructure delivery.
>
> PwC Commentary

Ministry of Works and Housing (MoWH)

The major initiatives to be implemented in 2022 include:

Advance development works on coastal settlements against erosion and flooding

Develop 12,000 housing units in two designated sites on 203 acres of land at Pokuase and Amasaman in the Greater Accra Region, and 200 acres of land at Dedesua in the Ashanti Region

Commence the construction of 6,584 rental housing units at the District Level for public servants over the medium-term in collaboration with State Housing Company Limited (SHCL) with total funding of €160 million

Work to resume on the 1,502 housing units under Phase I of the Saglemi Affordable Housing Project

---

The MoWH's Budgetary allocation increased significantly by 146% from GH¢175 million in 2021 to GH¢430 million in 2022. This is attributed mainly to Government's allocation of GH¢76 million and GH¢100 million to dredging of the White Volta and completion of a number of affordable housing projects across the country respectively.

“

Government's determination to address the perennial flooding threatening human settlements and to complete key affordable housing projects across the country is in line with the UN Sustainable Development Goals (SDGs) of achieving sustainable cities and communities (SDG 11). It is essential for Government to secure additional funding to complete and operationalise Government housing projects such as the Saglemi Affordable Housing Project to help address the housing deficit in the country.

PwC Commentary

Economic Sector - Key Ministries

GH¢1.37 billion
Lands and Natural Resources

GH¢1.10 billion
Food and Agriculture

GH¢602 million
Trade and Industry

GH¢4.40 billion
Budget Allocation

GH¢575 million
Environment, Science, Technology and Innovation

GH¢561 million
Energy

GH¢196 million
Others

Ministry of Lands and Natural Resources (MoLNR)

Key Initiatives under MoLNR include the following:

- Improve the implementation of the National Afforestation Programme and plant 20 million trees as part of the 2022 Green Ghana Day
- Implement the Forest Law Enforcement Governance and Trade (FLEGT) Licensing System to assure the international markets that timber produced from Ghana is legally compliant under the Ghana Legality Assurance Scheme
- Roll out of the data management system in Ashanti and Western regions of the Office of the Administrator of Stool Lands to digitise its operations
- Demarcate 200 parcels of farmland for smallholder farmers and establish five Customary Land Secretariats to improve the land ownership process
- Launch 100 community mining concessions expected to create over 150,000 direct and indirect jobs

> “The operationalisation of the FLEGT and the implementation of the National Afforestation Programme are expected to boost employment and improve the standard of living of the beneficiaries.
>
> PwC Commentary

Government has allocated GH¢1.37 billion to the MoLNR in 2022 compared to an allocation of GH¢847 million in 2021, representing an increase of 62%. 54% of this allocation is towards goods and services and CAPEX.

"

The Green Ghana Day initiative is commendable and demonstrates Government's commitment to restore the lost forest belt due to human activity and global warming. Government's intention to generate revenue and stimulate employment through the community mining initiative and bauxite exploration must be approached with care in order not to further damage the environment and destroy the gains being made from the tree planting programme.

PwC Commentary

Ministry of Food and Agriculture (MoFA)

Government's key initiatives under MoFA include:

- Support livestock farmers by providing 14,000 breeding stock of small ruminants, 8,000 grower pigs, 5 million broiler day old chicks and 20,000 broiler birds
- Continue the implementation of the Cocoa Management System ("CMS"), an initiative to digitise the cocoa sector
- Procure 40,000 litres and 6,000kg of insecticides for control of Fall Army Worm and establish 20 plant clinics to enhance management of biological control of the Fall Army Worm
- Continue the implementation of the Cocoa Farmers Pension Scheme and other Support Schemes with an allocation of GH¢74.59 million
- Provide subsidised seeds and fertilisers to cereal crop farmers and animal growers, rehabilitate livestock houses, breeding stations and veterinaries for livestock farmers

The Government's strategy for the agriculture sector continues to be centred around the models under the National Agriculture Investment Plan. An amount of GH¢1.10 billion was allocated to the Ministry of Food and Agriculture representing a 7% decline from the 2021 Budgetary allocation.

"

Government continues to focus on increased productivity, food security and job creation through the PFJ Programme. Government should strategise to take advantage of trade opportunities the AfCFTA presents to increase exports of food produce and boost job creation through the PFJ programme.

PwC Commentary

Ministry of Trade and Industry (MoTI)

The major initiatives to be implemented in 2022 include:

- Continue the implementation of the 1D1F initiative by investing in 45 projects and creating a seed financing programme in the districts
- Commence operations of four vehicle assembly plants for Nissan, KIA, Hyundai and Renault under the Ghana Automotive Development Programme
- Establish an Automotive Development Support Centre to support the local manufacture of vehicle accessories
- Complete the Greater Kumasi Industrial City and Special Economic Zone Project
- Draft the Ghana National Accreditation Service Bill and the National Quality Policy to ensure made in Ghana goods meet international quality standards

---

Government has increased its budgetary allocation from GH¢530 million in 2021 to GH¢602 million in 2022. This represents an increase of 14% from 2021.

"

Government's industrial development programme continues to be anchored on the 1D1F Programme. As Government seeks to tackle youth unemployment within the country, the 1D1F Enable Youth Initiative is a useful initiative in addressing the menace.

Government should continue partnering with the private sector to accelerate the growth of enterprises within the economy and create employment opportunities for the youth.

PwC Commentary

Ministry of Environment, Science, Technology and Innovation (MoESTI)

The key initiatives include:

1. Implement the 10-year Bilateral Cooperation on a National Clean Energy Access Programme under which a total emission reduction of 2.0 million metric tonnes of carbon dioxide will be sold to Government of Switzerland
2. Assess the water quality in communities with contaminated water bodies with the internationally recognised water quality index developed by the Council for Scientific and Industrial Research
3. Implement a nationwide stakeholder involvement programme by the Ghana Nuclear Power Programme Organisation to educate Ghanaians on nuclear power
4. Implement the Integrated National E-waste Management Scheme to create jobs along the electronic waste value chain
5. Complete the construction of a detection laboratory for genetically modified organisms

In 2022, the Ministry's allocation increased from GH¢458 million in 2021 to GH¢575 million, representing a growth of 26% and further showing Government's commitment to investing in research and technology.

> Government's initiatives and programmes in Environment, Science, Technology and Innovation appear to have begun to realise some dividends through the efficient use of technology in agriculture. As Government drives an agenda to digitalise the economy, more investment is needed in this sector since technology and innovation will become important ingredients in realising its intended benefits.
>
> PwC Commentary

Social Sector - Key Ministries

GH¢17.79 billion
Education

GH¢10.99 billion
Health

GH¢30.67 billion
Budget Allocation

GH¢1.14 billion
Gender, Children and Social Protection

GH¢754 million
Others

*Others include Ministry of Employment and Labour Relations (GH¢258 million), National Commission for Civic Education (GH¢88 million), Ministry of Youth and Sports (GH¢319 million), Ministry of Chieftaincy and Religious Affairs (GH¢83 million), National Labour Commission (GH¢6 million).

Ministry of Education (MoE)

Key Initiatives under MoE include the following:

- Expand the Free SHS programme to cover all first-year students in public Technical and Vocational Education Training (TVET) Institutes
- Operationalise the Complementary Education Agency Act, 2020 (Act 1055) and establish Multipurpose Community Learning Centres in all 16 regions
- Implement the “No Guarantor Policy” to improve access to Student Loans in the 2021/2022 academic year
- Ghana Tertiary Education Commission (GTEC) will develop a National Ranking Framework for tertiary education institutions and publish its maiden ranking using the Framework

The Ministry’s Budget allocation of GH¢17.79 billion indicates an increase of 14% from GH¢15.63 billion in 2021. This is as a result of the increase in the allocation to the Ministry of Education and its Agencies by over GH¢1.7 billion.

> “The increase in funding for the educational sector indicates Government’s commitment to ensure increased access to education. The expansion of the Free SHS programme to the Technical and Vocational Institutes and the implementation of the “No Guarantor Policy” are efforts being made to contribute towards the attainment of the United Nations’ Sustainable Development Goal 4 (Ensure inclusive and equitable quality education).
>
> PwC Commentary

Ministry of Health (MoH)

Key initiatives include the following:

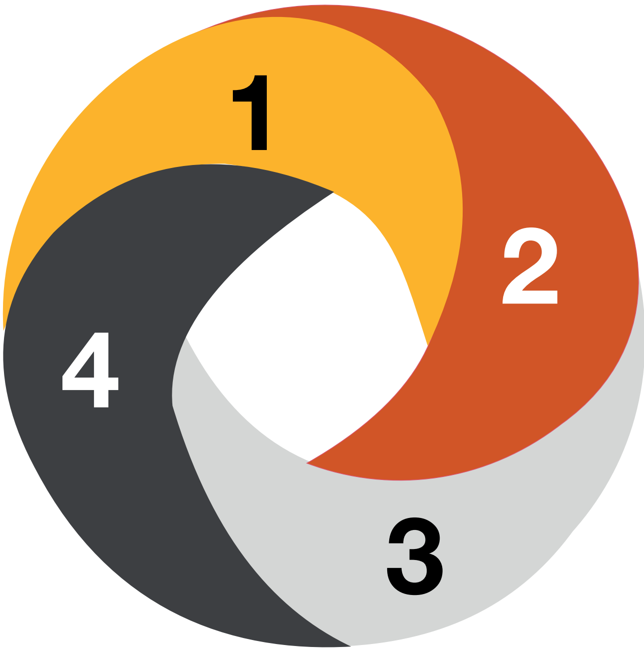
- Accelerate the implementation of the Agenda 111 Project comprising 101 district hospitals, seven regional hospitals and three psychiatric hospitals
- Procure 100 additional ambulances to augment the existing fleet
- Construct a 400-bed Obstetrics and Gynaecology Block as well as a Urology and Nephrology Centre at Korle Bu Teaching Hospital
- Procure 15 million doses of Johnson and Johnson vaccines with support from a World Bank facility through the African Vaccine Acquisition Trust (AVAT) of the African Union

Budgetary allocation for MoH increased by 29% from GH¢8.53 billion in 2021 to GH¢10.99 billion in 2022. This is attributed mainly to a 54% increment in the wages and salaries allocation of the Ministry. The CAPEX allocation also grew by 70% from GH¢721 million in 2021 to GH¢1.23 billion in 2022.

> "
>
> Government continues to increase budgetary allocation to the health sector. This is in line with Government's quest to achieve the United Nations Sustainable Development Goal (SDG) 3.8 (achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all).
>
> The plan to accelerate the implementation of the Agenda 111 should create expansion of the available facilities and offer better and improved health care.
>
> PwC Commentary

Ministry of Gender, Children and Social Protection (MoGCSP)

Key initiatives include the following:



- Advocate for the passage of the Affirmative Action Bill
- Livelihood Empowerment Against Poverty (LEAP) beneficiaries above the extreme poverty line to be graduated to the productive livelihood inclusion programme. The assessed LEAP beneficiaries will also inform the subsequent nationwide rollout plan
- Operationalise the Victims of Domestic Violence Support Fund
- Offer specialised trauma care to survivors of Human Trafficking and implement the Human Trafficking National Plan of Action (NPA)

The Budget for the Ministry significantly increased by 246% from GH¢330 million in 2021 to GH¢1.14 billion in 2022. A significant portion of the increment in allocation, representing GH¢881 million is due to the allocation of the Ghana School Feeding Programme into the Ministry's Budget from the District Assemblies Common Fund.

"

The Government's financial allocation to the School Feeding Programme and the Livelihood Empowerment Against Poverty Programme (LEAP) are major contributions towards the achievement of the United Nations' Sustainable Development Goal 1 (End poverty in all its forms everywhere). The graduation of LEAP beneficiaries into the productive livelihood inclusion programme is a welcoming idea as it could fall into Government's entrepreneurship promotion agenda and possibly convert otherwise dependent individuals on the state's meagre resources into income generators.

PwC Commentary

Key initiatives by other Ministries include:

- Commence construction of a new multipurpose sports hall, hostel facilities and an Olympic-size swimming pool at Borteyman in Accra towards organising and hosting the 13th African Games in Accra in 2023.
- Roll out of the Farmers Pension Scheme and expand enrolment on the 3rd Tier to 12% (about 947,670) of the workforce.

Administrative Sector - Key Ministries

GH¢3.13 billion
Office of Government Machinery

GH¢1.86 billion
Ministry of Local Government

GH¢8.04 billion
Budget Allocation

GH¢1.03 billion
Ministry of Finance

GH¢2.02 billion
Others

Office of Government Machinery (OGM)

Key initiatives for OGM in 2022 include:

Complete 270 remaining projects under the Infrastructure for Poverty Eradication Programme (IPEP).

270 projects

Expand coverage of National Identification Authority (NIA) registration services and provision of identity verification services for selected key stakeholders.

NIA

Disburse GH¢64 million through Micro Finance and Small Loans Centre (MASLOC), by way of micro and small loans and GH¢20 million in tricycle and vehicle loans.

GH¢64 million

The OGM saw a 17% increase in its Budgetary allocation from GH¢2.68 billion in 2021 to GH¢3.13 billion in 2022. This is attributed mainly to increases in budgetary allocation to the IPEP Programme under the Special Development Initiatives (SDIs) Secretariat and Development Authorities, Scholarship Scheme, OGM Headquarters and other Government agencies.

“

Government’s efforts towards the successful completion of remaining projects under the IPEP programme among other developmental initiatives as demonstrated by the 19% increase in budgetary allocation to SDIs reinforce its commitment to accelerate the eradication of poverty and address inequalities. Continued support for initiatives such as these contributes to achieving the UN SDGs of eradicating poverty (SDG1) as well as promoting sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all (SDG8).

PwC Commentary

Ministry of Finance (MoF)

Government's key initiatives under MoF for 2022 include:

1. Pursue YouStart initiative as a key vehicle to create one million jobs in three years under the GhanaCARES 'Obaatanpa' programme

2. Facilitate the preparation and passage of regulations to further strengthen the legal and regulatory framework for PPP

3. Develop and finalise Assets Management Policy Framework to guide the effective and efficient management and utilisation of State assets

4. Review and update Ghana's Model Double Taxation Agreement to bring it in line with current legislation and international developments, and update the Customs Tariff with the 2022 version of the Harmonised Commodity Description and Coding System (HS Code)

Budgetary allocation for MoF decreased by 28% from GH¢1.43 billion in 2021 to GH¢1.03 billion in 2022.

"

The introduction of the YouStart initiative is expected to reduce youth unemployment and stimulate economic growth in line with the Ghana Beyond Aid agenda and UN SDG 8 (promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all).

The banking industry's commitment to increasing lending to qualifying Small and Medium Enterprises (SMEs) will be key in achieving the objectives of the initiative.

PwC Commentary

Ministry of Local Government, Decentralisation & Rural Development (MoLGDRD)

For 2022, some key MoLGDRD initiatives to be embarked upon include:

- Train 5,000 youth in vocational and technical skills and 2,600 youth in employable skills for income-generating activities through the Department of Community Development
- Combat climate change by planting 100,000 trees across Ghana, as part of horticultural sensitisation programmes with the Department of Parks and Gardens
- Complete 295 ongoing sub-projects under the Ghana Productive Safety Net Project (GPSNP) and implement GPSNP II in 80 poor districts across Ghana
- Continue support of MMDAs in the implementation of Integrated Social Services (ISS) for social and child protection activities

---

The MoLGDRD saw an approximately 16% increase in Budgetary allocation from GH¢1.60 billion in 2021 to GH¢1.86 billion in 2022. This increase is driven mainly by funding of initiatives in support of flagship programmes such as the GhanaCARES ‘Obaatanpa’ programme.

“

MLGDRD’s emphasis on building stronger institutions to deliver efficient services and equipping the youth and unemployed with commercial skills to improve their livelihood and take advantage of opportunities are in line with the GhanaCARES ‘Obaatanpa’ programme and the African Union (AU)’s Agenda 2063 Goal 1 of Aspiration 1 (High Standard of Living, Quality of Life and Well Being for All Citizens).

To build on the economic and social gains so far achieved, it is important that the various initiatives and action plans for MLGDRD are consistently monitored and evaluated throughout 2022.

PwC Commentary

Other Ministries, Department Agencies

For 2022, key initiatives of other MDAs under the Administrative Sector will undertake include:

- National Development Planning Commission: Coordinate the development of the National Human Capital Development Strategy; Voluntary National Review of the Sustainable Development Goals (SDGs); National Productivity Index; and National Foods Systems Country Assessment
- Right to Information Commission: Educate the public about the Right to Information Act; secure passage of the Legislative Instrument (L.I) for the Act; commence implementation of the provisions of the L.I. upon passage; and set up zonal offices across the country
- Ministry of Parliamentary Affairs: Organise Good Governance and Leadership workshops for parliamentarians and Members of Parliament ("MPs") and Metropolitan, Municipal and District Chief Executives ("MMDCEs")

Public Safety – Key Ministries

Interior
GH¢5.17 billion

Defence
GH¢2.24 billion

Others*
GH¢1.84 billion

Budget Allocation
GH¢9.25 billion

*Others include: Ministry of National Security (GH¢817 million), Judicial Service (GH¢575 million), Ministry of Justice and Attorney General's Department (GH¢196 million), CHRAJ (GH¢61 million), Office of the Special Prosecutor (GH¢171 million), Office of Legal Aid Commission (GH¢20 million)

Ministry of Interior (MoI)

The key initiatives proposed under the MoI for 2022 include:

- Monitor the installation of a new security system at the Kotoka International Airport and major land borders
- Embark on physical stock taking, collection and destruction of confiscated illicit arms in Police armouries and exhibit stores
- Computerise and network all police stations and offices to facilitate the statistics tracking system and create specialised courts for expeditious disposal of cyber-crimes
- Install and manage a Gaming Administration and Monitoring System under the Gaming Commission
- Prioritise and implement earthquake risk action plans and strengthen early warning and response mechanisms for disasters

The Ministry's allocation increased by a significant 52% from GH¢3.41 billion in 2021 to GH¢5.17 billion in 2022. 99% of the increment relates to staff compensation. 97% of the allocated Budget is for employee compensation, which is slightly higher than the related allocation in 2021 (96%).

"

The initiatives proposed are expected to improve border management to prevent activities such as trafficking, robbery and smuggling and to stem the growing threat of extremism and terrorism from the Sahel region. The proposed initiatives support the "Strengthening Border Security and Border Community Resilience in the Gulf of Guinea" project launched in conjunction with the UN's International Organization for Migration earlier this year. This project will contribute towards the achievement of SDG 16 (promote peaceful and inclusive societies for sustainable development).

PwC Commentary

Ministry of Defence (MoD)

The key initiatives under the MoD for 2022 are:

1. Establish 12 Forward Operating Bases and three logistics support stations along the Northern Borders
2. Acquire Navy ships and fast patrol boats for the Navy to protect the Exclusive Economic Zone
3. Commence construction works on Phase III of the 37 Military Hospital Expansion Project
4. Recruit approximately 3,000 personnel and enhance the capacity of officers in the Ghana Armed Forces
5. Take delivery of K8 Aircraft and oversee manufacture of L-39 NG fighter and trainer aircraft

---

The MoD's Budget recorded a slight increase of 7% in 2022 over its 2021 Budget. The increment relates to staff compensation attributable to the recruitment of personnel into the Armed Forces.

> "
>
> Generally, the initiatives seek to expand the MoD's defence infrastructure. For the Ghana Navy, the initiative to provide new ships and boats falls in line with the Agenda 2024 which the Navy proposed earlier this year. Agenda 2024 highlights innovation and leveraging on technologies as key to achieving total surveillance of Ghana waters. Government should make the needed budgetary allocation to implement the initiatives.
>
> PwC Commentary

Others

Key initiatives by the other Ministries, Agencies and Offices include:

- Operationalise the district offices of Legal Aid Commission in Bongo, Kade, Nalerigu, Nangode, Nkwanta, Nsawam, Sandema, Tongo and Walewale
- Open new Legal Aid Commission Offices in Bono East and Western North Regions
- Begin construction of new Judicial Training Institute and complete the Wa High Court Complex Building
- Complete retrofitting of the new office for the Office of the Special Prosecutor and recruit 251 additional staff
- Roll out virtual Courts in 138 selected Districts, Circuits and High Courts

With the exception of the Ministry of National Security, there has been an average increase of more than 38% in the budget allocation to the other Ministries/Offices for 2022.

"

The budgetary allocation to the Ministry of National Security has decreased from that of 2021 by 6%. This is at variance with the expectation of an increase given the growing threats to national security in the form of smuggling, potential terrorism and increase in maritime piracy in 2021.

The proposed human resource strengthening of the Office of the Special Prosecutor is expected to aid the fight against corruption.

PwC Commentary

5 Appendix and Glossary

Appendix 1

Summary of Central Government Revenue 2021-2022

Government Revenue Millions of Ghana Cedis	2021 Revised Budget (A)	2021 Proj. Outturn (B)	2022 Budget (C)	Variance (E=C-A)	Variance (F=B-A)
Tax revenue	**55,834.84**	**55,303.30**	**80,168.39**	**24,333.55**	**-531.54**
Taxes on income & property	**29,932.71**	**28,784.56**	**38,292.46**	**8,359.75**	**-1,148.15**
Personal	9,114.86	8,770.42	12,281.51	3,166.65	-344.44
Self Employed	626.52	560.65	1,362.05	735.53	-65.87
Companies	14,734.56	13,709.48	18,035.58	3,301.02	-1,025.08
Company Taxes on Oil	971.00	1,113.78	1,693.61	722.61	142.78
Others	4,485.77	4,630.23	4,919.71	433.94	144.46
Other Direct Taxes	3,339.51	3,506.52	3,516.66	177.15	167.01
o/w Royalties from Oil	1,231.60	1,427.24	1,339.15	107.55	195.64
o/w Mineral Royalties	1,732.91	1,640.21	1,677.85	-55.06	-92.70
National Fiscal Stabilisation Levy	728.39	667.32	754.23	25.84	-61.07
Finsec clean-up Levy	219.09	223.66	252.79	33.70	4.57
Airport Tax	198.78	232.73	396.03	197.25	33.95
Taxes on domestic goods and services	**22,711.94**	**22,634.80**	**36,015.98**	**13,304.04**	**-77.14**
Excises	5,338.39	5,232.51	6,177.42	839.03	-105.88
Excise Duty	696.72	640.12	670.88	-25.84	-56.60
Petroleum Tax	4,641.67	4,592.39	5,506.54	864.87	-49.28
o/w Energy Fund Levy	49.35	48.58	50.09	0.74	-0.77
o/w Road Fund Levy	1,973.03	2,054.91	2,454.25	481.22	81.88
VAT	11,114.38	11,192.99	14,534.86	3,420.48	78.61
Domestic	6,653.76	6,590.55	8,480.93	1,827.17	-63.21
External	4,460.62	4,602.44	6,053.93	1,593.31	141.82
National Health Insurance Levy (NHIL)	2,373.88	2,343.00	3,269.96	896.08	-30.88
Customs Collection	980.31	948.60	1,317.82	337.51	-31.71
Domestic Collection	1,393.57	1,394.40	1,952.14	558.57	0.83
GETFund Levy	2,388.55	2,352.96	3,277.04	888.49	-35.59
Customs Collection	994.98	958.56	1,324.90	329.92	-36.42
Domestic Collection	1,393.57	1,394.40	1,952.14	558.57	0.83
Communication Service Tax	607.67	576.64	651.74	44.07	-31.03
E-Transaction Levy	0.00	0.00	6,963.39	6,963.39	0.00
Covid-19 Health Levy	889.07	936.70	1,141.57	252.50	47.63
Taxes on international trade	**6,613.52**	**6,660.90**	**9,029.97**	**2,416.45**	**47.38**
Imports	6,613.52	6,660.90	9,029.97	2,416.45	47.38
Import Duty	6,613.52	6,660.90	9,029.97	2,416.45	47.38
Tax Refund	-3,423.33	-2,776.96	-3,170.02	253.31	646.37
Social contributions	670.02	636.52	772.42	102.40	-33.50
SSNIT Contributions to NHIL	670.02	636.52	772.42	102.40	-33.50

Non-tax revenue	**10,302.23**	**9,190.32**	**13,849.81**	**3,547.58**	**-1,111.91**
Retention	5,893.77	5,200.17	8,318.61	2,424.84	-693.60
Lodgement	4,408.46	3,990.15	5,531.20	1,122.74	-418.31
Fees & Charges	883.56	809.10	916.99	33.43	-74.46
Dividend/Interest & Profits (Others)	100.03	180.28	398.32	298.29	80.25
Dividend/Interest & Profits from Oil	3,216.31	2,814.68	3,589.45	373.14	-401.63
Surface Rentals from Oil/PHF Interest	8.15	7.98	6.13	-2.02	-0.17
Property Rate Collection	0.00	0.00	468.00	468.00	0.00
Yield from Capping Policy	200.41	178.10	152.31	-48.10	-22.31
Other revenue	**4,205.13**	**4,019.69**	**4,756.03**	**550.90**	**-185.44**
ESLA Proceeds	3,227.21	3,045.71	3,925.95	698.74	-181.50
Energy Debt Recovery Levy	2,158.29	2,158.29	2,739.05	580.76	0.00
Public Lighting Levy	273.05	208.69	222.50	-50.55	-64.36
National Electrification Scheme Levy	176.68	140.64	148.19	-28.49	-36.04
Price Stabilisation & Recovery Levy	619.20	538.08	816.21	197.01	-81.12
Delta Fund	666.26	660.41	565.68	-100.58	-5.85
Pollution and Sanitation Levy	311.66	313.58	264.40	-47.26	1.92
Domestic revenue	**71,012.22**	**69,149.83**	**99,546.65**	**28,534.43**	**-1,862.39**
GRANTS	1,465.14	1,197.63	970.18	-494.96	-267.51
Project Grants	1,465.14	1,197.63	970.18	-494.96	-267.51
Total revenue & grants	**72,477.36**	**70,347.46**	**100,516.83**	**28,039.47**	**-2,129.90**

Summary of Central Government Expenditure 2021-2022

0	2021 Re-vised Budget (A)	2021 Proj. Outturn (B)	2022 Budget (C)	Variance (E=C-A)	Variance (F=B-A)
Compensation of employees	**31,490.82**	**33,007.19**	**35,841.24**	**4,350.42**	**1,516.37**
Wages and Salaries	26,800.70	28,091.23	30,896.95	4,096.25	1,290.53
Social Contributions	4,690.12	4,915.96	4,944.29	254.17	225.84
Pensions	1,715.24	1,797.84	1,853.82	138.58	82.60
Gratuities	536.01	561.82	305.36	-230.65	25.81
Social Security	2,438.86	2,556.30	2,785.11	346.25	117.44
Use of Goods and Services	**8,523.19**	**7,187.06**	**9,149.05**	**625.86**	**-1,336.13**
o/w ABFA	775.53	676.60	946.61	171.08	-98.93
Interest Payments	**32,528.02**	**32,528.02**	**37,447.23**	**4,919.21**	**0.00**
Domestic	25,032.27	25,032.27	28,943.81	3,911.54	0.00
External (Due)	7,495.75	7,495.75	8,503.42	1,007.67	0.00
Subsidies	**247.68**	**247.68**	**326.48**	**78.80**	**0.00**
Subsidies on Petroleum Products	247.68	247.68	326.48	78.80	0.00
Grants to Other Government Units	**18,081.39**	**15,487.59**	**26,828.35**	**8,746.96**	**-2,593.80**
National Health Fund (NHF)	1,903.91	1,420.29	3,367.61	1,463.70	-483.62
Education trust Fund	1,442.80	1,429.06	2,600.80	1,158.00	-13.74
Road Fund	1,191.81	1,180.46	1,947.81	756.00	-11.35
Petroleum Related Funds	29.81	29.52	39.75	9.94	-0.29
Dist. Ass. Common Fund	2,402.33	1,718.22	3,342.97	940.64	-684.11
o/w ABFA	129.26	153.01	157.77	28.51	23.75
Ghana Infrastructure Fund (ABFA Capex)	361.91	428.43	441.75	79.84	66.52

Interest Payments	**32,528.02**	**32,528.02**	**37,447.23**	**4,919.21**	**0.00**
Domestic	25,032.27	25,032.27	28,943.81	3,911.54	0.00
External (Due)	7,495.75	7,495.75	8,503.42	1,007.67	0.00
Subsidies	**247.68**	**247.68**	**326.48**	**78.80**	**0.00**
Subsidies on Petroleum Products	247.68	247.68	326.48	78.80	0.00
Grants to Other Government Units	**18,081.39**	**15,487.59**	**26,828.35**	**8,746.96**	**-2,593.80**
National Health Fund (NHF)	1,903.91	1,420.29	3,367.61	1,463.70	-483.62
Education trust Fund	1,442.80	1,429.06	2,600.80	1,158.00	-13.74
Road Fund	1,191.81	1,180.46	1,947.81	756.00	-11.35
Petroleum Related Funds	29.81	29.52	39.75	9.94	-0.29
Dist. Ass. Common Fund	2,402.33	1,718.22	3,342.97	940.64	-684.11
o/w ABFA	129.26	153.01	157.77	28.51	23.75
Ghana Infrastructure Fund (ABFA Capex)	361.91	428.43	441.75	79.84	66.52
Retention of Internally Generated Funds (IGFs)	5,893.77	5,200.17	8,318.61	2,424.84	-693.60
Transfer to GNPC from Oil revenue	1,047.45	991.91	1,683.05	635.60	-55.54
Other Earmarked Funds	3,807.60	3,089.53	5,086.00	1,278.40	-718.07
Youth Employment Agency	341.77	290.85	440.70	98.93	-50.92
Student's Loan Trust	3.67	3.64	5.17	1.50	-0.03
Export Development Levy	192.19	190.35	316.67	124.48	-1.84
Ghana Airport Authority	198.78	118.93	396.03	197.25	-79.85
Mineral Development Fund	209.35	207.36	266.32	56.97	-1.99
Mineral Income Investment Fund	1,386.33	1,312.17	1,342.28	-44.05	-74.16
GRA Retention	1,471.89	962.64	2,314.07	842.18	-509.25
Plastic Waste Recycling Fund	3.62	3.59	4.76	1.14	-0.03
Social Benefits	**165.08**	**110.06**	**187.10**	**22.02**	**-55.02**
Lifeline Consumers of Electricity	165.08	110.06	187.10	22.02	-55.02
Other Expenditure	**6,791.90**	**6,642.85**	**9,453.85**	**2,661.95**	**-149.05**
ESLA Transfers	2,979.53	2,830.48	4,429.55	1,450.02	-149.05
Other Critical spending (Energy Sector IPPs)	0.00	0.00	4,024.30	4,024.30	0.00
Covid-19 Related Expenditures	3,812.37	3,812.37	0.00	-3,812.37	0.00
Electricity	200.00	200.00	0.00	-200.00	0.00
Provision of Health Infrastructure	779.05	779.05	0.00	-779.05	0.00
National COVID-19 Response	597.65	597.65	0.00	-597.65	0.00
Seed Fund for Cap. of Development Bank	306.37	306.37	0.00	-306.37	0.00
Cost of Economic Revitalization Payment	1,000.00	1,000.00	0.00	-1,000.00	0.00
COVID-19 Vaccines (Operational & Procurement)	929.30	929.30	0.00	-929.30	0.00
Finsec (GAT)	0.00	0.00	1,000.00	1,000.00	0.00
Capital expenditure	**12,222.13**	**12,734.38**	**16,395.72**	**4,173.59**	**512.25**
Domestic Financed	**4,109.74**	**4,109.74**	**7,795.12**	**3,685.38**	**0.00**
o/w MDAs CAPEX ABFA	1,318.40	1,560.72	1,609.24	290.84	242.32
Foreign financed	8,112.39	8,624.64	8,600.60	488.21	512.25
Total expenditure	**110,050.21**	**107,944.83**	**135,629.02**	**25,578.81**	**-2,105.38**
APPROPRIATION	**129,032.79**	**124,934.03**	**145,472.34**	**16,439.55**	**-4,098.76**
Total Expenditure	110,050.21	107,944.83	135,629.02	25,578.81	-2,105.38
Arrears (net change)	3,700.00	3,700.00	1,900.00	-1,800.00	0.00
Amortisation	**15,282.58**	**13,289.20**	**7,943.32**	**-7,339.26**	**-1,993.38**

Glossary

Abbreviation	Meaning
1D1F	One District One Factory
ABFA	Annual Budget Funding Amount
AfCFTA	African Continental Free Trade Area
ANS	Air Navigation System
AU	Africa Union
AVAT	African Vaccine Acquisition Trust
BoG	Bank of Ghana
CAPEX	Capital Expenditure
CDVTIs	Community Development Vocational and Technical Institutes
CET	Common External Tariff
CHRAJ	Commission on Human Rights and Administrative Justice
CHRL	COVID-19 Health Recovery Levy
CIF	Cost, Insurance and Freight
CMS	Cocoa Management System
COCOBOD	Ghana Cocoa Board
CPC	Customs Procedures Code
CST	Communication Service Tax
DPs	Development Partners
DTRD	Domestic Tax Revenue Division
DVLA	Driver and Vehicle Licensing Authority
ECOWAS	Economic Community of West African States
ECS	Enterprise Credit Scheme
EMT	Economic Management Team
ESLA	Energy Sector Levy Act
FDI	Foreign Direct Investment
FLEGT	Forest Law Enforcement Governance and Trade
FSHS	Free Senior High School
FSR	Financial Stability Report
GDP	Gross Domestic Product
GES	Ghana Education Service
GETFL	Get fund Levy
GFIM	Ghana Fixed Income Market
GHANAP 2	Ghana National Action Plan
GIPC	Ghana Investment Promotion Centre
GITC	Ghana International Trade Commission
GMRA	Global Market Repurchase Agreement
GoG	Government of Ghana
GPF	Ghana Petroleum Funds
GPSNP	Ghana Productive Safety Net Project
GRA	Ghana Revenue Authority
GSE	Ghana Stock Exchange
GSS	Ghana Statistical Service
GTEC	Ghana Tertiary Education Commission
HNWIs	High-Net-Worth-Individuals
IGF	Internally Generated Fund
IMF	International Monetary Fund
IPEP	Infrastructure for Poverty Eradication Programme
ISS	Integrated Social Services
LEAP	Livelihood Empowerment Against Poverty
LIs	Legislative Instruments
M&E	Monitoring and Evaluation
MASLOC	Microfinance and Small Loans Centre
MDAs	Ministries, Departments and Agencies
MGCSoP	Ministry of Gender, Children and Social Protection

MiDA	Millennium Development Authority
MLGRD	Ministry of Local Government and Rural Development
MLNR	Ministry of Lands and Natural Resources
MMDAs	Metropolitan, Municipal and District Assemblies
MMDCE	Metropolitan, Municipal and District Chief Executives
MoD	Ministry of Défense
MoE	Ministry of Education
MoELR	Ministry of Employment & Labour Relations
MoF	Ministry of Finance
MoFA	Ministry of Food and Agriculture
MoI	Ministry of Interior
MoTI	Ministry of Trade and Industry
MPC	Monetary Policy Committee
MPR	Monetary Policy Rate
MPs	Member of Parliament
MPSA	Master Project Support Agreement
MSEs	Micro and Small Enterprises
NACAP	National Anti-Corruption Action Plan
NBSSI	National Board for Small Scale Industries
NDB	National Development Bank
NEIP	National Entrepreneurship and Innovation Plan
NEISP	National Entrepreneurship and Innovation Support Programme
NHIL	National Health Insurance Levy
NHIS	National Health Insurance Scheme
NIA	National Identification Authority
NOC	National Oil Company
NPA	National Plan of Action
NPLs	Non-Performing Loans
OGM	Office of Government Machinery
PAYE	Pay As You Earn
PERD	Planting for Exports and Rural Development
PFJ	Planting for Food & Jobs
PFMA	Public Financial Management Act
PIAC	Public Interest and Accountability Committee
PPA	Public Procurement Act
PPP	Public Private Partnerships
PRMA	Petroleum Revenue Management Act
PwC	PricewaterhouseCoopers
RAA	Revenue Administration Act
RACE	Revenue Assurance and Compliance Enforcement
SDGs	Sustainable Development Goals
SEC	Securities and Exchange Commission
SHCL	State Housing Company Limited
SHS	Senior High School
SME	Small Medium Enterprises
SSNIT	Social Security and National Insurance Trust
TIN	Taxpayer Identification Number
TVET	Technical and Vocational Education Training Institutes
USA	United States of America
VAT	Value Added Tax
VFRS	VAT Flat Rate System
WEO	World Economic Outlook
WHT	Withholding Tax
y-o-y	Year-on-Year

Our Leadership Team

Vish Ashiagbor
Country Senior Partner
vish.ashiagbor@pwc.com

Michael Asiedu-Antwi
Assurance Leader
michael.asiedu-antwi@pwc.com

Maxwell Darkwa
Partner, Assurance
maxwell.darkwa@pwc.com

Ayesha Bedwei Ibe
Tax Leader
ayesha.a.bedwei@pwc.com

George Arhin
Partner, Assurance
george.arhin@pwc.com

Nelson Opoku
Partner, IFS
nelson.b.opoku@pwc.com

Eric Nipah
Advisory Leader
eric.nipah@pwc.com

Edward Gomado
Partner, Assurance
edward.gomado@pwc.com

Abeku Gyan-Quansah
Partner, Tax
abeku.gyan-quansah@pwc.com

Kingsley Owusu-Ewli
Partner, Tax
kingsley.owusu-ewli@pwc.com

Hayfron Aboagye
Partner, Assurance
hayfron.aboagye@pwc.com

Kingsford Arthur
Partner, Advisory
kingsford.arthur@pwc.com

Richard Ansong
Partner, Assurance
richard.ansong@pwc.com

Lydia Pwadura
Partner, Tax
lydia.p.pwadura@pwc.com

Contact us

Accra Office
PricewaterhouseCoopers (Ghana) LTD
Plot no. A4, Rangoon Lane
Cantonments City
PMB CT 42, Accra, Ghana
Tel: +233 30 276 1500
Fax: +233 30 276 1544
www.pwc.com/gh

Sierra Leone Office
Number 117 Jomo Kenyatta Road
Freetown, Sierra Leone
Tel: +232 79 998 321
www.pwc.com/gh