

Snapshot of 2024 Ghana Budget Statement

November 2023



2024 Budget at a Glance | Medium Term Objectives and Targets



Macroeconomic Goals to Support Medium Term objectives

- Implementation of the IMF-Supported PC-PEG including macroeconomic stabilisation, fiscal consolidation, aggressive domestic revenue mobilisation, expenditure rationalisation, structural reform, and social protection
- Completion of the Debt Restructuring Programme
- Leveraging climate financing for Green Growth
- Focus on completing ongoing Infrastructure for Poverty Eradication Programme (IPEP) projects rather than start new ones
- Rural electrification and telephony
- Road infrastructure
- Complete the issuance of Ghana Cards
- Promote peace and security
- The 2024 general elections (Governance Institutions, NCCE, Electoral Commission)
- Finalisation and implementation of the Growth Strategy with a focus on value addition, export promotion, domestic and foreign investments, agriculture, industry, tourism, textile & garments, and digitalisation



Medium Term Macroeconomic Targets (2024 – 2027)

Overall Real GDP to grow at an average rate of 2.8%

Non-oil Real GDP to grow at an average rate of 2.1%

Inflation to be within the target band of $8 \pm 2\%$

Primary Balance on commitment basis to average 0.5% of GDP in the 2023-2026 period

Gross International Reserves to cover at least 3.5 months of imports.

2024 Budget at a Glance | Summary of Economic Indicators



Summary Indicators

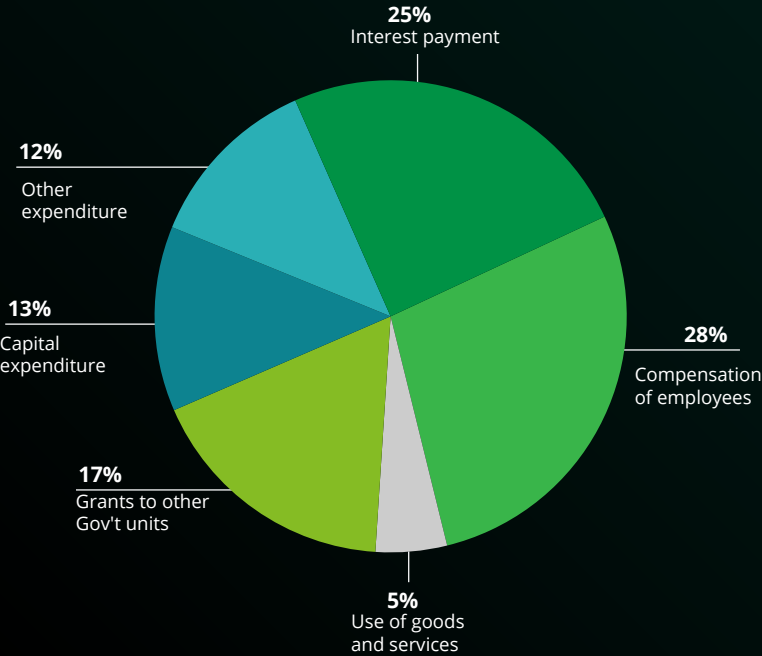
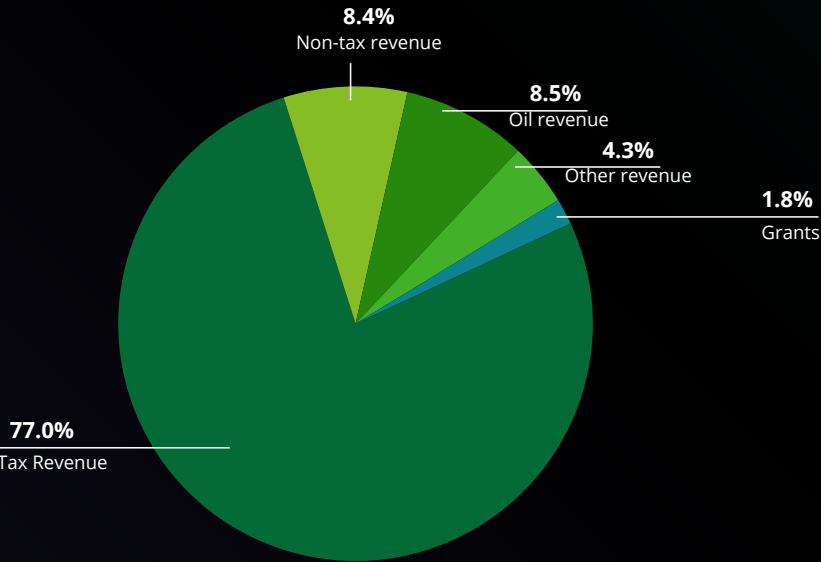
Indicators	2023 Revised Target	2023 Actual	2024 Target
Overall GDP Growth	1.5%	3.2%*	2.8%
Non-oil GDP	1.5%	3.9%*	2.1%
End of year Inflation	31.3%	35.2%^	15.0%
Budget Deficit (% of GDP)	4..6%	2.1%**	5.9%
Primary Balance (Commitment)	-0.5%	-0.7%**	0.5%
Gross International Reserves (Months of Import)	0.8	2.3***	1.7

June 2023* ** August 2023 *** September 2023 ^October 2023

- Ghana's economy is projected to grow at 2.8% in 2024 which is relatively lower compared with 3.2% growth recorded in the first half of 2023.
- Non-oil GDP growth is projected at 2.1% in 2024. This is lower compared to 3.9% recorded in the first half of 2023.
- Inflation is projected to slow down to an end of year target of 15.0% in 2024 compared to 35.2% recorded in October 2023.
- Gross International Reserves (GIR) is projected to cover 1.7 months of import in 2024 compared with 2.3 months cover as at September, 2023.



2024 Budget at a Glance | Revenue and Expenditure



Source: 2024 Full year Budget Statement and Deloitte Analysis

- The Total Revenue & Grants for 2024 is projected at GHS 176.4 billion compared to the revised 2023 budgeted revenue of GHS 134.9 billion representing a 31% increase.
- Tax Revenue will constitute 77% of the 2024 budgeted revenue as compared to 76% of the 2023 budgeted revenue.
- Total Expenditure for 2024 is projected at GHS 227 billion compared to the 2023 budgeted expenditure of GHS 184 billion representing a 23% increase.
- Compensation of employees will constitute 28% of the 2024 budgeted revenue as compared to 28.1% in the 2023 budgeted expenditure.

2024 Budget at a Glance | Exchange Rates



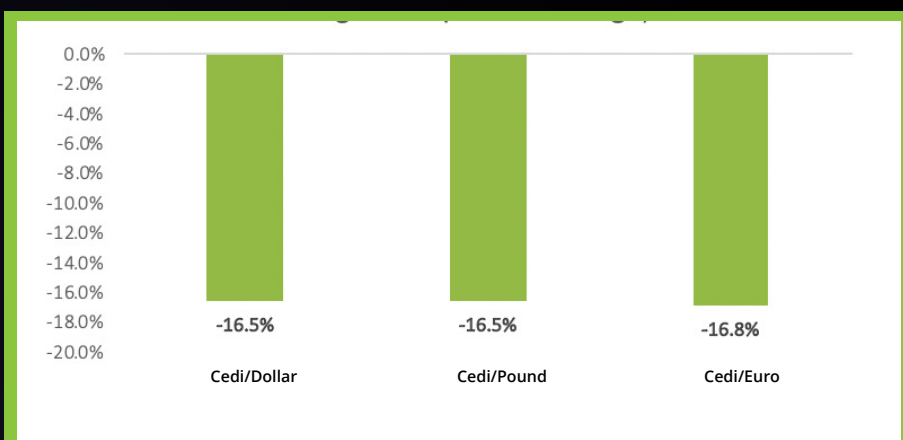
Exchange Rate development – Year to date September

Description	2022	2023
Cedi/Dollar	▼ -53.8%	▼ -22.9%
Cedi/Pound	▼ -45.7%	▼ -24.1%
Cedi/Euro	▼ -46.9%	▼ -22.4%

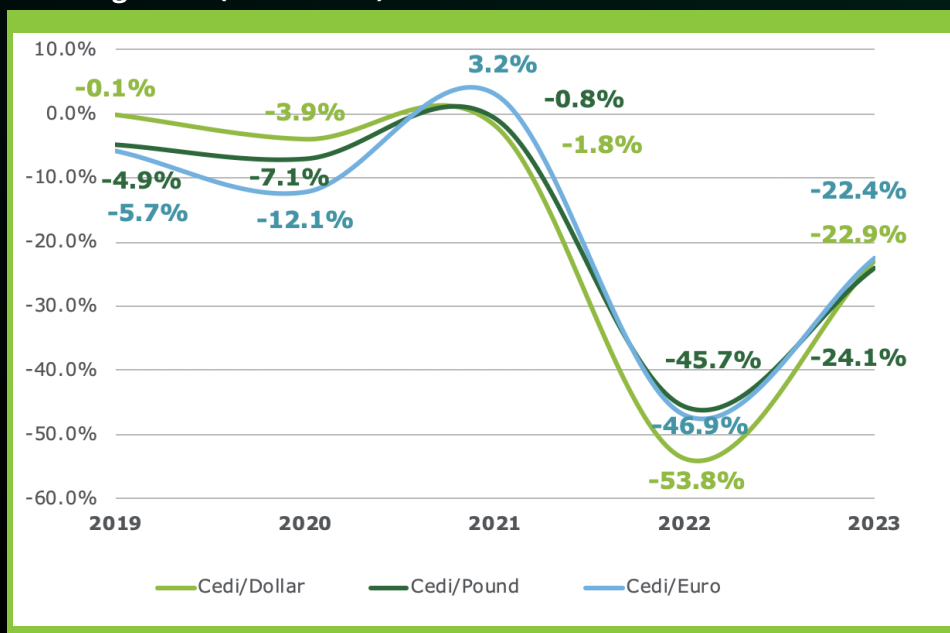
▼ Depreciation of the Cedi ▲ Appreciation of the Cedi

Source: 2024 Full Year Budget Statement and Deloitte Analysis

Exchange Rate (5-Year Average)



Exchange Rate (2019 – 2023)



In September 2023, the Cedi declined by 22.9%, 24.1%, and 22.4% against the US Dollar, the Pound, and the Euro respectively. The prior period saw the Cedi depreciate 53.8%, 45.7%, 46.9% to the USD, GBP and Euro respectively.

2024 Budget at a Glance | Credit Rating

International credit rating agencies following the completion of the Domestic Debt Exchange Program (DDEP) have revised Ghana's local currency credit ratings reflecting a positive outlook of the economy

Ghana credit ratings 2023

Rating agency	Local Currency Rating	Foreign Currency Rating	Outlook
Fitch Rating	RD	RD	N/A*
S&P Global	CCC+	SD	Stable
Moody's	Caa3	Ca	Stable

RD – Restricted Default, SD – Selective Default

* No outlook is assigned to Fitch ratings at CCC or below

Source: Fitch Ratings, S&P Global Ratings and Moody's Ratings



2024 Budget at a Glance | Budget Deficit and Sector Performance

Budget Deficit

Overall budget deficit on commitment basis as of end of August 2023 was 2.1% of GDP, as compared to the target of 4.6% of GDP.

Budget deficit (% of GDP)

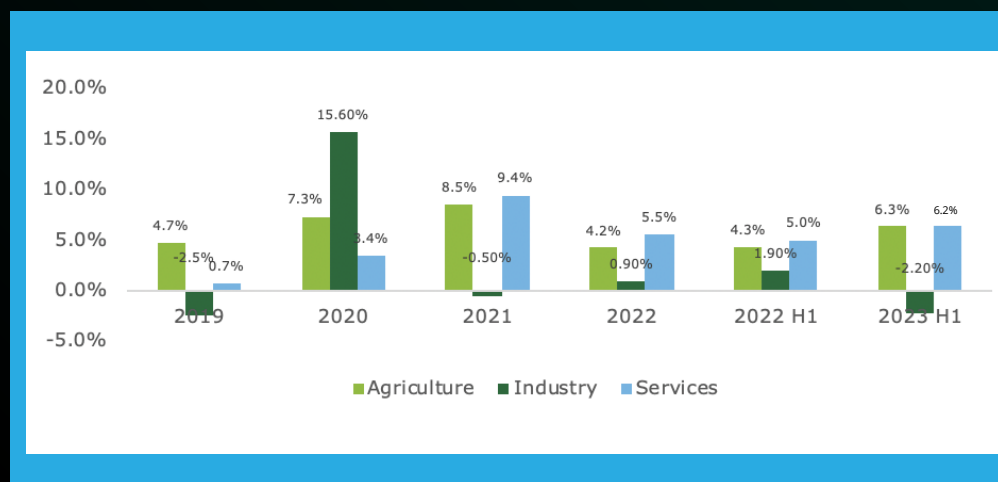


- The overall budget deficit on a commitment basis for the year 2023 fell to a 5-year low of 2.10% of GDP in August 2023. This was benchmarked against a target deficit of 4.6% of GDP for the year 2023.
- The Government largely views this outcome as an improvement in the country's revenue mobilisation and slower execution of expenditure.

Sector Growth

The Services sector and the Agriculture sector were the main drivers of growth in the first half of 2023, with an average growth rate of 6.3% and 6.2% respectively.

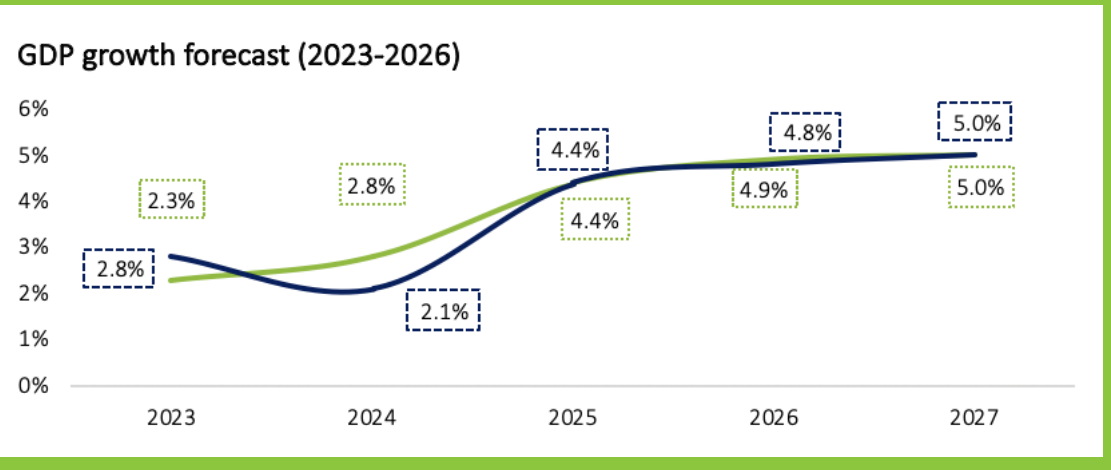
Sector Growth



- Growth in the Agriculture sector increased from 4.3% recorded in the first half of 2022 to 6.3% over the same period in 2023. Similarly, growth in the Services sector in the first half of 2023 was 6.3%, compared with 5.0% for the same period in 2022.
- The Industry sector on the other hand contracted by 2.2% in the first half of the year, driven by contractions in all subsectors except Mining and Quarrying. This contrasts with a growth of 1.9% for the same period in 2022.

2024 Budget at a Glance | Economic Growth and Inflation

GDP growth forecast (2023-2026)



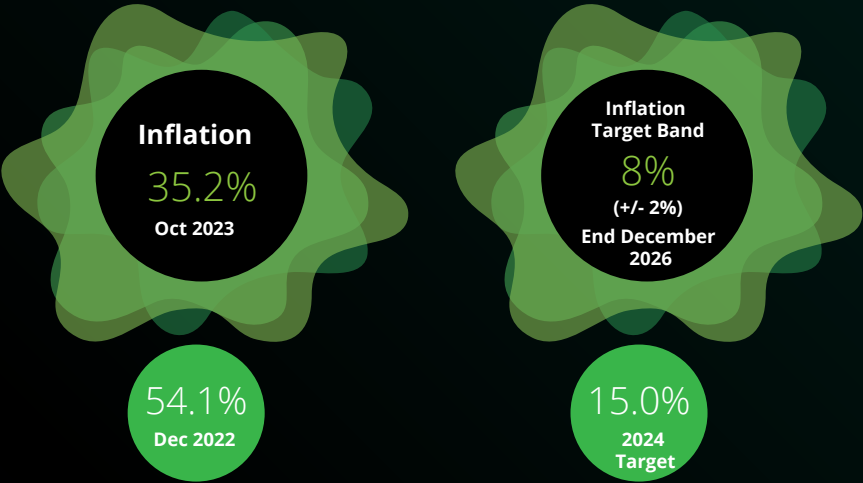
GDP Growth

- Real GDP growth averaged 3.2% in the first half of 2023 compared to 2.9% in the same period in 2022, mainly driven by strong growth in the Services and Agriculture sectors which averaged 6.3% and 6.2% respectively.
- Overall Real GDP is projected to grow at an average rate of 2.8% over the 2024 – 2027 period. Non-Oil Real GDP is projected to grow at an average rate of 2.1% over the same period.
- The projected GDP growth of 2.3% is lower than the projected global GDP growth of 2.6% in 2023 (EIU).
- Overall, GDP growth is expected to average 4.28% per annum over the period 2024- 2027.

Inflation

The downward trend in inflation in 2023 has been largely driven by tight monetary policy stance, exchange rate stability and favourable base drifts.

Inflation Updates



2024 Budget at a Glance | Public Debt



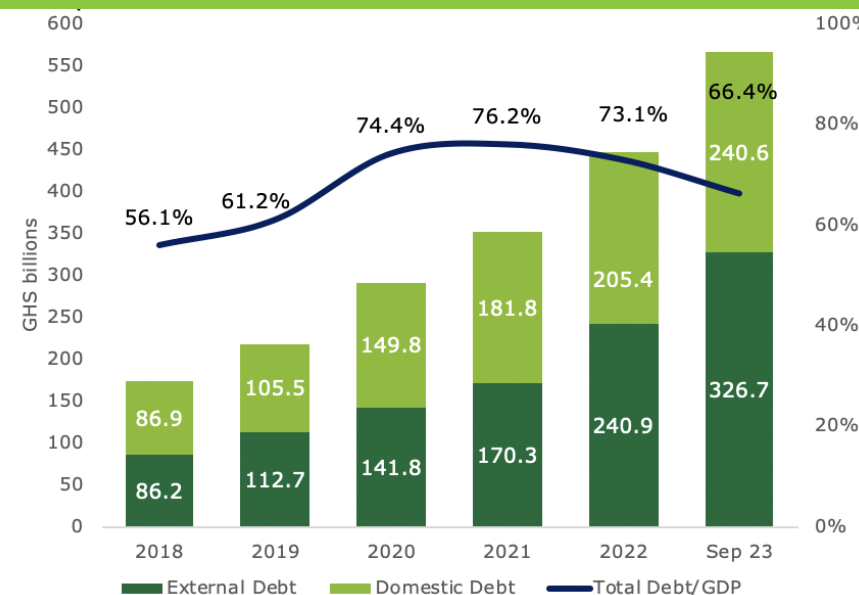
Budget Deficit

- The end of December 2022 total gross public debt has been revised from GHS 435.3 billion to a provisional figure of GHS 446.3 billion due to an update to the reported domestic debt in the wake of the DDEP to include liabilities of some government special purpose vehicles, ESLA Plc., and Daakye Plc. This expansion represents a growth of 2.5% in public debt levels.
- The provisional total public debt at the end of September 2023 stood at GHS 567.3 billion, representing a growth of 27.1% from the now revised previous year's debt figure of GHS 446.3 billion as of December 2022.
- External Debt to GDP rose from 54.0% as of the end of December 2022 to 57.6% as of September 2023 due to the ongoing debt restructuring. Funds from the IMF-ECF and World Bank Development Policy Objectives (DPO) will support the external financing resources for the 2024 budget. The ECF and DPO will be disbursed in trenches to address the budgetary and external financing gaps.

Public Debt to GDP ratio (2018- Sep 2023)

Debt to GDP	2018	2019	2020	2021	2022	Sep 2023
External Debt/GDP	27.9%	31.6%	36.2%	36.8%	54.0%	▲ 57.6%
Domestic Debt/GDP	28.2%	29.6%	38.2%	39.4%	46.0%	▼ 42.4%
Total Debt/GDP	56.1%	61.2%	74.4%	76.2%	73.1%	▼ 66.4%

Trends in public debt accumulation



Source: 2024 Budget Statement and Deloitte Analysis

Public debt accumulation has slowed down due to:

- Consolidation of public finances
- Domestic debt exchange programme
- External debt restructuring (yet to be concluded)

Public Debt
27.1%
Sep 2023

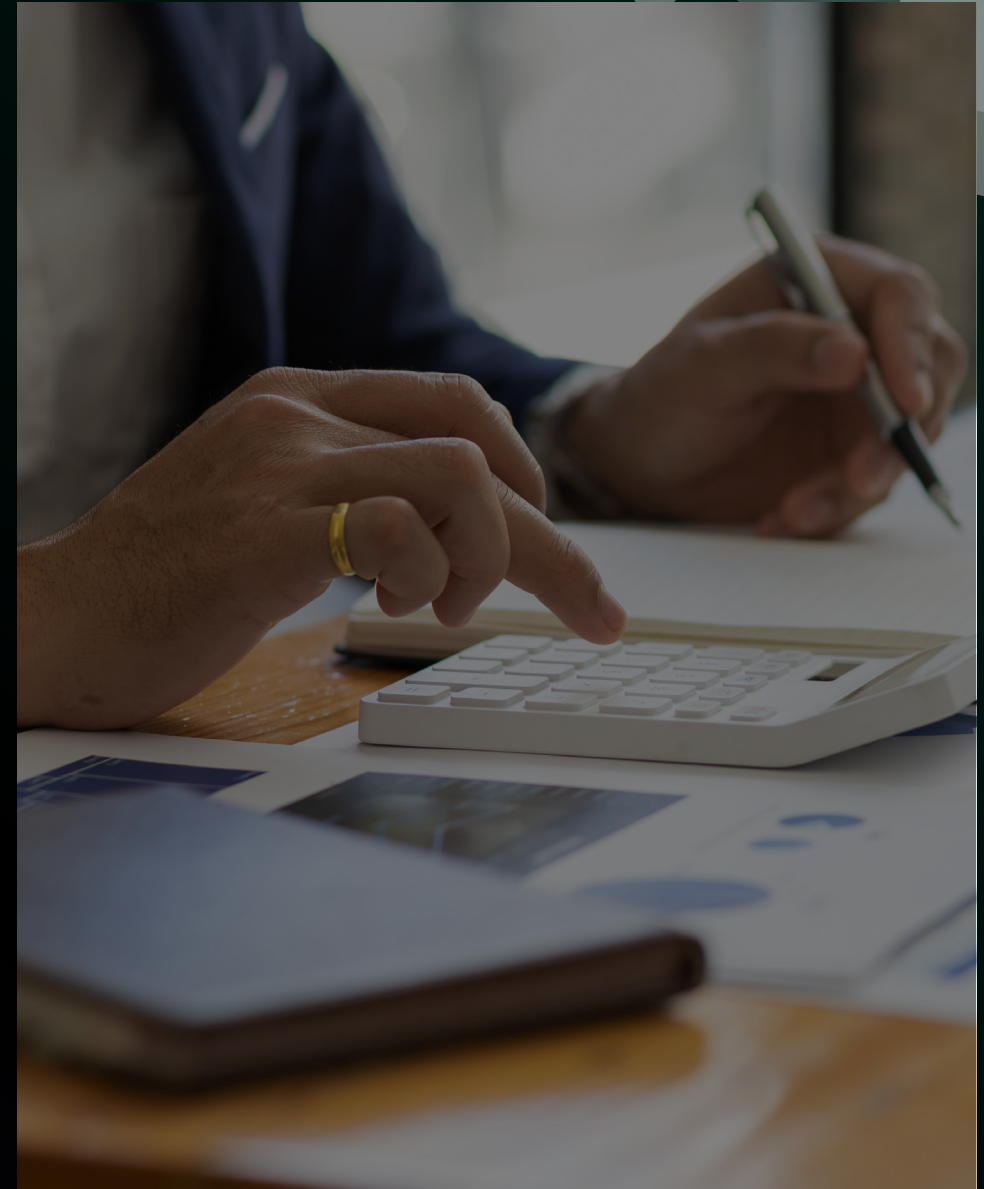
Domestic debt grew by 17.1% from GHS 205.4 billion as of December 2022 to GHS 240.6 billion as of September 2023. External debt also increased by 35.6% from GHS 240.9 billion to GHS 326.7 billion during the same period. This trend in debt accumulation is largely due to the effects of the domestic debt exchange program

2024 Budget at a Glance | Summary Insights



Summary Insights

- The revised Total Revenue & Grants for 2024 is projected at GHS 176.4 billion (16.7% of GDP) compared to the 2023 mid-year budgeted revenue of GHS 134.9 billion. This represents a 30.8% increase over the review period.
- Total Expenditures (commitment) for 2024 is projected at GHS 226.7 billion (21.6% of GDP) compared to the 2023 mid-year budgeted expenditure of GHS 189.9 billion. This represents a 19.4% increase for the period under review.
- The overall Real GDP is projected to grow at an average rate of 2.8 % in 2024-2027 and 5.0 % from 2027 onwards. Gross Domestic Product (GDP) is also projected at over GHS 1 trillion in 2024 from the GHS 219.5 billion in 2016.
- Inflation is projected at 15.0 % by the end of December 2024. Inflation declined by 18.9 percentage points from 54.1% in December 2022 to 35.2 % in October 2023. The Cedi depreciated by 6.4% on cumulative basis since February 2023 compared to 53.9 % over the same period in 2022.
- Government to invest GHS 422.1 million to create and resource six new administrative regions. Government to invest GHS 3.6 billion in the School Feeding Programmes; GHS 248.5 million as Capitation Grants and GHS 1.2 billion in LEAP.
- A budget of GHS 220 million allocated to support the relief of communities affected by the Akosombo spillage as well as floods upstream in the Oti, Savannah, and Bono-East Regions.



Key Tax and Regulatory Highlights



• Indirect tax

- Extension of VAT zero rating on locally manufactured textiles to 31 December 2025.
- Waiver of import duties on import of electric vehicles for public transport for a period of eight years.
- Waiver of import duties on semi-knocked down and completely knocked down electric vehicles imported by registered vehicle assembling companies in Ghana for period of eight years.
- Extension of VAT zero rating on locally assembled vehicles to 31 December 2025.
- Zero rating of VAT on locally produced sanitary pads.
- Waiver of import duty on raw materials imported for local manufacturing of sanitary pads.
- Exemption of import duty on import of agricultural machinery, equipment and inputs, medical consumables, and raw materials for pharmaceutical industry.
- Introduction of a 5% VAT flat rate scheme to replace the 15% standard VAT rate on all commercial properties.
- Exemption of import duty on cars imported by members of the Ghana Medical Association.
- Expansion of environmental excise duty to cover plastic packaging, industrial and vehicle emissions.
- Expansion of scope of Communication Service Tax.



• Business income tax

- The use of Commissioner-General's certified invoice as basis for all deductible income tax expenses.
- Introduction of a simplified return for individuals under the modified taxation regime.



• Personal income tax

- Review of the individual income tax bands to reflect the new minimum wage.



• Others

- Review of rates and fees under the Stamp Duty Act to expand the bands subject to ad valorem tax and review the specific rates upwards.
- Enactment of the Business Regulatory Reform Bill to enhance quality and transparency of regulatory administration in Ghana.
- Amendment of the GIPC Act to introduce various reforms for foreign investment in Ghana.
- Operationalisation of special voluntary disclosure programme.



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