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Snapshot of 2019 Budget Statement

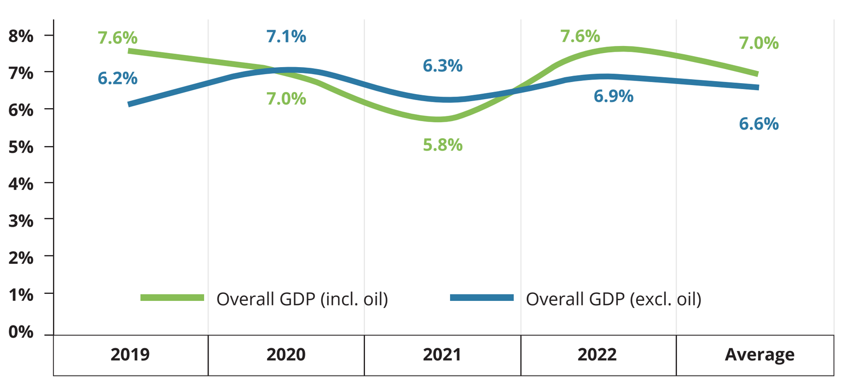
"A stronger economy for jobs and prosperity"

Economic Growth

GDP growth

- IMF's forecast for global GDP growth in 2019 is expected to remain at 3.7%.
- Overall GDP for Ghana is projected to grow by 7.6% in 2019, up from 5.6% in 2018.
- Non oil GDP growth is estimated at 6.2% in 2019.

GDP growth forecast (2019 - 2022)



Source: 2019 Budget Statement and Economic policy

Inflation targets

End of period inflation

Sept. 2018 9.8%

2019 Target 8.0%

Inflation expected to remain in single digit and decline further to 8.0% in 2019.

Exchange rate

Exchange rate development - end of october

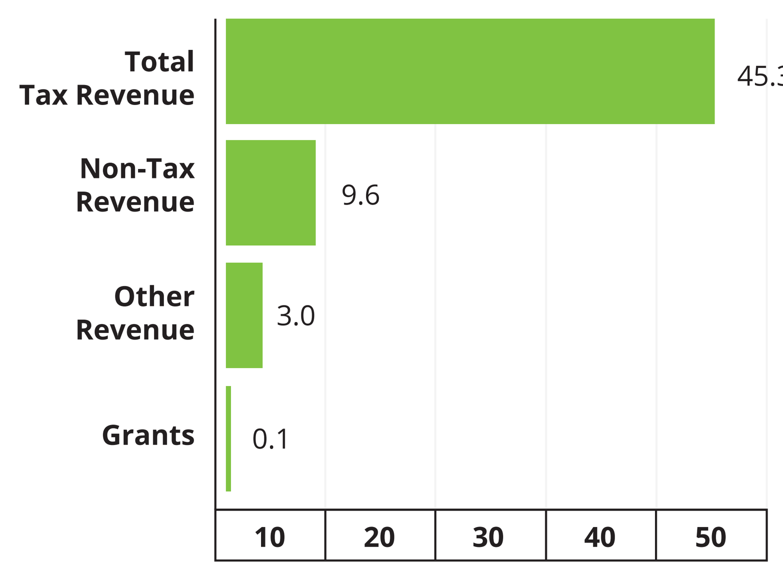
Exchange rate development - end of October		
Description	**2018**	**2017**
Cedi/dollar depreciation	7.6%	4.4%
Cedi/pound depreciation	4.0%	11.9%
Cedi/euro depreciation	4.4%	14.6%

Source: 2019 Budget Statement and Economic policy

Revenue Trends

Revenue outlook for 2019

Projected domestic revenue for 2019 (GHS billions)



Source: 2019 Budget Statement and Economic policy

Full year domestic revenue collection is projected GHS 57.79 billion, representing an annual growth of 25.5% over the projected outturn for 2018 driven mainly by tax revenue.

Budget deficit

- The current account deficit of GHS 9 billion is expected to remain low on the back of continued fiscal consolidation and improved revenue prospects from increased oil and gas production.
- The current deficit is projected to end 2018 at 3.2% of GDP and further decline to 3.1% of GDP in 2019 before decreasing further to 2.9% of GDP by 2020

2018 3.2%

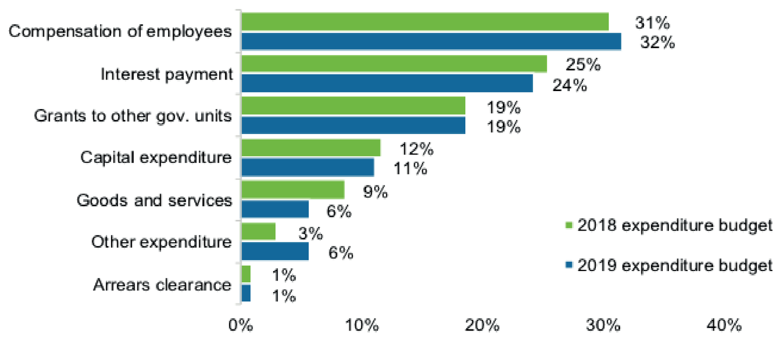
2019 3.1%

2020 2.9%

Expenditure Trends

Expenditure projections

Summary of government's expenditure 2018 and 2019 budget



Source: 2019 Budget Statement and Economic policy

Summary of Central Government Fiscal Operations (2018 - 2022)

GHS' Million	2018	2019	2020	2021	2022
	Projected Outturn	Budget	Medium-Term		
Total revenue and grants & of rebased GDP	46,813 15.7%	58,905 17.1%	67,818 17.1%	74,746 16.6%	79,405 15.2%
Total expenditure % of rebased GDP	57,828 19.4%	73,441 21.3%	82,365 20.8%	89,263 19.8%	95,368 18.3%
Non-interest expenditure % of rebased GDP	42,910 14.4%	66,347 16.8%	67,818 17.1%	71,264 15.8%	76,550 14.7%
Budget Balance % of rebased GDP	(11,015) (3.7%)	(14,536) (4.2%)	(14,547) (3.7%)	(14,522) (3.2%)	(15,963) (3.1%)

Source: 2019 Budget Statement and Economic policy

- The largest components of the projected expenditure are compensation of employees, interest payments and grants to other government agencies (subventions)
- Interest payments are projected to inch up to GHS 18.6 billion or 25% of total revenue projected for 2019. Interest payments exceeds capital expenditure and goods and services.
- Government has outlined four initiatives which could potentially drive expenditure towards a wider budget deficit. These are summarized below

Top 4 initiatives with likely significant impact on expenditure

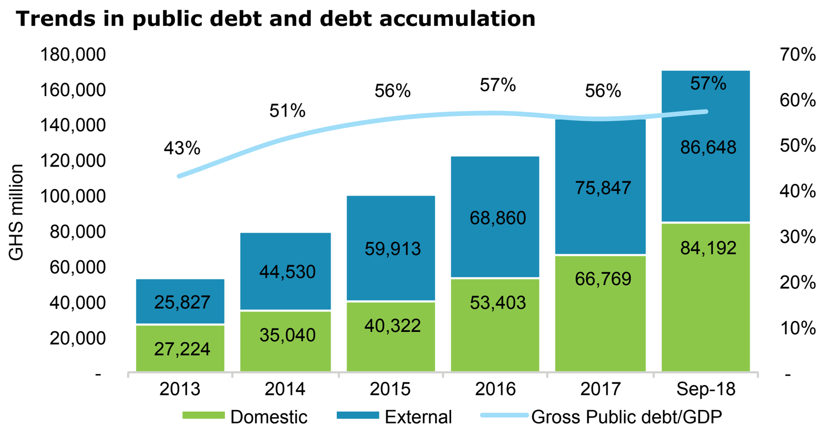
GHS Million	
Free SHS	1,683
Infrastructure for Poverty Eradication Programme	1,320
National Builders Corp	850
Planting for Foods and Jobs	380
Total	**4,233**

Source: 2019 Budget Statement and Economic policy

Public Debt

Trends in public debt and debt accumulation

Trends in public debt and debt accumulation



Source: 2019 Budget Statement and Economic policy

Debt to GDP (2013-2018)

New GDP Series	2013	2014	2015	2016	2017	September 2018
Old GDP Series						
Gross external debt/GDP	27.7%	39.3%	43.8%	41.2%	36.8%	35.9%
Gross Domestic debt/GDP	29.1%	30.9%	29.4%	31.9%	32.4%	34.8%
Gross Public/GDP	56.8%	70.2%	73.2%	73.1%	69.3%	70.7%
New GDP Series						
Gross external debt/GDP	20.9%	28.7%	33.2%	32.0%	29.6%	29.0%
Gross Domestic debt/GDP	22.0%	22.5%	22.4%	24.8%	26.0%	28.2%
Gross Public/GDP	42.9%	51.2%	55.6%	56.9%	55.6%	57.2%

Source: 2019 Budget Statement and Economic policy

Public Debt

2018 19.8%

Overall public debt grew by 19.8% in 2018 mainly as a result of the government's bailout of the seven local banks (at about GHS 9.9billion).

Highlights of key tax policy proposals

1. Review of personal income tax band to reduce top marginal tax from 35% on monthly taxable income above GHS10,000 to 30% on monthly taxable income exceeding GHS20,000.
2. Extension of tax stamp policy to include the textile industry to curb smuggling and counterfeiting within the industry.
3. Shift point of withholding tax on income from small scale mining to point of export of minerals.
4. Supply of locally made textiles to be subject to VAT at a rate of zero percent for a period of three years.
5. Creation of special dispensation for companies who commit additional funds to support government initiatives – corporate tax deductions can be made for such contributions to reduce taxable income of the companies.
6. Strict enforcement of the use Tax Identification Numbers (TIN) and application of sanctions against institutions and individuals that flout implementation.
7. Enhance valuation of real properties and collection of property taxes.
8. Intensify tax compliance measures such as audits and prosecution of tax defaulters.

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