

## Wading the stormy tides:

Ghana's economy expands by 3.1% in 2022



### Ghana's GDP grows by 3.7% in Q4'22 and 3.1% in FY'22



Ghana's GDP expanded by 3.7% in the fourth quarter of 2022, higher than the upwardly revised 3.1% recorded in the previous quarter. However, on a year-on-year basis, the GDP growth slowed compared to the 7% recorded in Q4'21.

The Ghanaian economy has witnessed several economic headwinds in recent times, including a high debt-to-GDP ratio, skyrocketing inflation, and persistent currency devaluation. This, coupled with the impact of fiscal and monetary shocks, such as interest rate hikes, a higher VAT rate of 15% (from 12.5%), and the introduction of the e-levy (at 1.5%) have contributed to the country's sluggish growth performance.

On an annual basis, the economy grew by 3.1% in 2022, slower than the 5.1% recorded in the previous year. The slow growth was partially attributed to the following:

01

Supply chain disruptions caused by the Russian-Ukraine war and the lingering impact of the COVID-19 pandemic



02

Slow growth in the agriculture and services sector



03

High inflationary environment



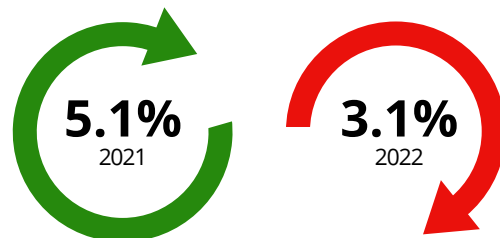
04

Cedi weakness

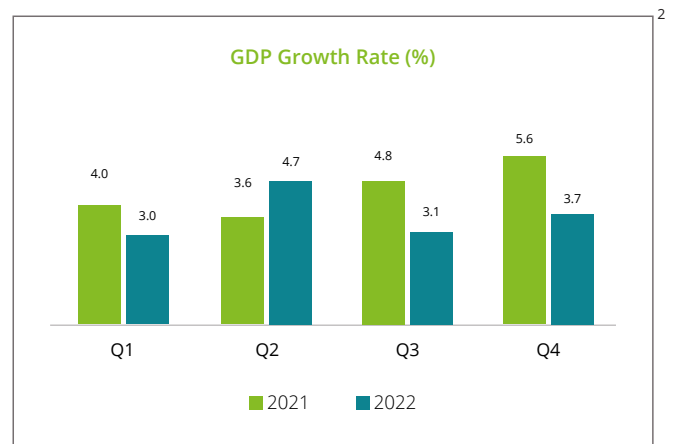


05

Rising debt profile



The sluggish growth was also partially attributed to low investment in the country and high debt service obligations. Notably, the 2022 overall fiscal deficit rose to 9.9% of GDP, well above the 6.7%<sup>1</sup> target set by the Ministry of Finance.



<sup>1</sup> BFT Online

<sup>2</sup> Ghana Statistical Services

# Sectoral Analysis



## Services sector drove GDP expansion

A breakdown of the three broad sectors of the economy: agriculture, services, and industry, shows that the services sector recorded the highest growth rate in the quarter under review, expanding by 7.6% compared to 4.3% recorded in Q3'22 and 7.1% in Q4'21, which is also the highest growth rate in the last 20 quarters. On the other hand, the agriculture sector slowed to 3.6% in the review period, from 4.6% recorded in Q3'22 and 10.8% in Q4'21. The industry sector contracted by 1% in Q4'22 from the 1% growth recorded in Q3'22.

On an annual basis, the services sector slowed to 5.5% in 2022 from 9.4% in the prior year. Also, agriculture recorded a sharp decline from 8.5% in 2021 to 4.2% in 2022 while the industry sector reversed its 2021 negative growth (-0.5%), as it expanded by 0.9% in 2022.



## Fastest growing sub-sectors

The Information and Communication sub-sector led the list of fastest-growing sectors in the fourth quarter of 2022, with a growth rate of 20.5%, maintaining its leading position for the second consecutive quarter. Annually, the sector expanded at a slower pace of 19.7% in 2022 from 31.7% the previous year.

Public administration, defense & social security (15.7%), mining & quarrying (13.4%), education (12.3%) and health & social work (10.5%) were also among the top five fastest-growing subsectors in Q4'22.

### Fastest Growing Sub-Sectors Q4'22 (%)



**20.5**

ICT



**15.7**

Public Administration,  
Defense & Social Security



**13.4**

Mining and  
Quarrying



**12.3**

Education



**10.5**

Health & Social Work

### Fastest Growing Sub-Sectors, FY'22 (%)



**19.7**

ICT



**10.2**

Public Administration,  
Defense & Social Security



**9.2**

Mining and  
Quarrying



**8.8**

Education



**8.1**

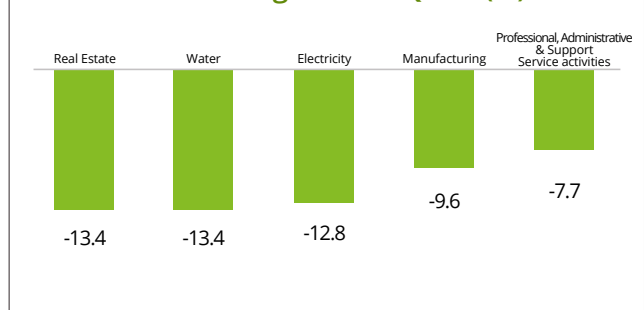
Health & Social Work

<sup>3</sup> Ghana Statistical Services

<sup>4</sup> Ghana Statistical Services

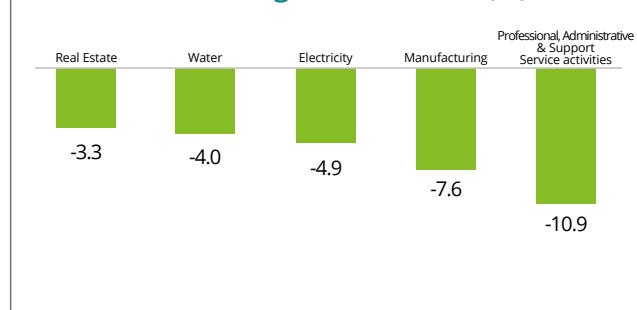
Conversely, the real estate and water subsectors recorded the highest contraction in Q4'22, each contracting by -13.4%. Electricity and manufacturing subsectors followed with -12.8% and -9.6% respectively.

Contracting Sectors Q4'22 (%)



On an annual basis, the professional & support services (-10.9%), manufacturing (-7.6%), and electricity (-4.9%) sectors recorded the most contraction in 2022.

Contracting Sectors, FY'22 (%)



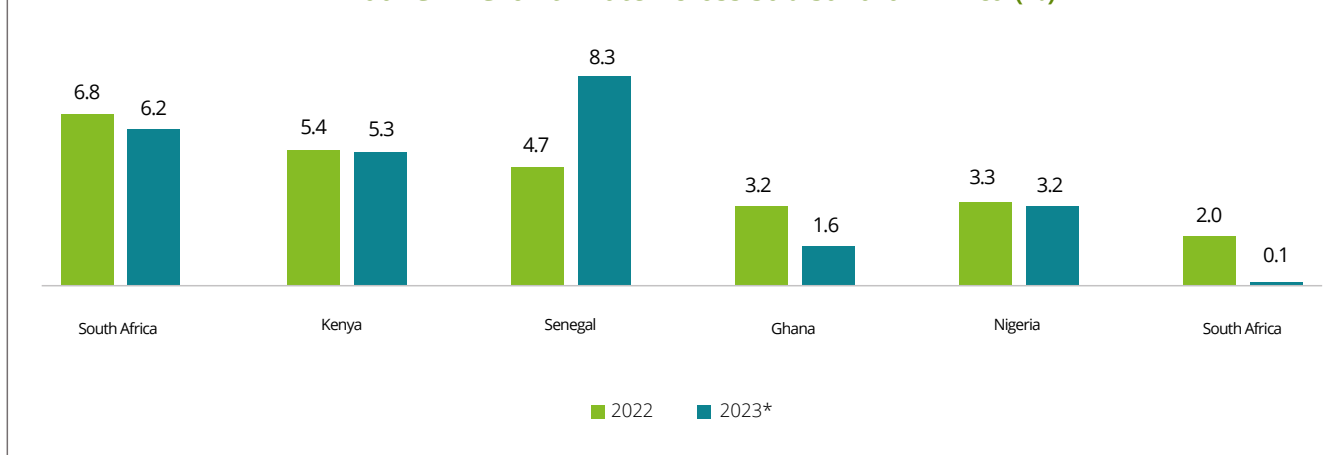
## Ghana's growth trajectory subject to IMF bailout



The IMF has finally approved the much-awaited USD 3bn bailout package for Ghana under its Extended Credit Facility. This is expected to have a positive impact on the fiscal and external balances of the country and overall economic growth. However, there are threats to the economy's growth trajectory this year and these include the huge losses posted by commercial banks in the country, following the government's debt restructuring measures, a high inflationary environment, and global macroeconomic shocks. The Bank of Ghana is projecting a FY'23 growth rate of 2.8%, while the IMF is more cautious with a 1.6% growth forecast for 2023.



Annual GDP Growth Rate Across Sub-Saharan Africa (%)



<sup>5</sup> Ghana Statistical Services

<sup>6</sup> Ghana Statistical Services

<sup>7</sup> Ghana Statistical Services

\*IMF's 2023 GDP Forecast



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) for a more detailed description of DTTL and its member firms.

Deloitte, a member firm of Deloitte Touche Tohmatsu Limited, is a professional services organization that provides audit, tax & regulatory, consulting, financial advisory and risk advisory services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries and territories bringing world class capabilities, insights, and high quality service to address clients’ most complex business challenges. Deloitte’s more than 411,954 professionals are committed to becoming the standard of excellence.

© 2023. For information, contact Deloitte & Touche. All rights reserved.



[www.facebook.com/DeloitteGhana](https://www.facebook.com/DeloitteGhana)



[www.twitter.com/DeloitteGhana](https://www.twitter.com/DeloitteGhana)