2024 Mid-Year Budget Highlights

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August 2024

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Acronyms

Acronym	Meaning
bn	billion
COVID-19	Coronavirus Disease
DDEP	Domestic Debt Exchange Programme
ECF	Extended Credit Facility
E-Levy	Electronic Levy
GDP	Gross Domestic Product
GHS or GH¢	Ghana Cedis
GoG	Government of Ghana
GRA	Ghana Revenue Authority
H1	First half of the year
H2	Second half of the year
IGF	Internally Generated Fund
IMF	International Monetary Fund
mn	million
MoU	Memorandum of Understanding
MTRS	Medium-Term Revenue Strategy
OCC	Official Creditor Committee
PC-PEG	Post-COVID-19 Programme for Economic Growth

Acronym	Meaning
Q1	First quarter of the year
SB	Structural Benchmark
VAT	Value Added Tax

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Foreword

"Pursuing Growth & Development within a Stable Macroeconomic Environment"

The global economy continues to face elevated geopolitical uncertainty, with nearly half of the world's population voting or heading to the polls this year.

According to the KPMG Global Economic Outlook, global growth is forecasted to slow from 2.7% in 2023 to 2.5% in 2024 and rebound to 2.7% in 2025. Inflation is cooling, though the unwinding process remains protracted. Sub-Saharan Africa is forecasted by IMF to experience a slight uptick in growth, from 3.4% in 2023 to 3.8% in 2024 and 4.0% in 2025. This positive trajectory is driven by the reversal of weather-related shocks and improved supply conditions. For Ghana, these global challenges translate into significant economic impacts. The nation remains vulnerable to external shocks, such as high inflation, trade tensions and exchange rate volatility. These factors and many others continue to affect economic stability.

On Tuesday, July 23, 2024, the Minister for Finance, Hon. Dr. Mohammed Amin Adam, MP for Karaga Constituency, presented the Mid-Year Fiscal Policy Review to Parliament.

In reviewing macroeconomic indicators for the year, the budget highlighted a turnaround in the negative trends experienced over the past two years. This is as a result of measures embarked on by the Government in an effort to rebound the economy to a sustainable path. One of which is the IMF-supported Post COVID-19 Programme for Economic Growth (PC-PEG). This has been a key step in restoring economic confidence. Significant progress has been made under this programme, with the IMF Executive Board approving the 2nd review on July 28, 2024 and subsequently disbursing US 360 million, bringing the total disbursement to about US 1.6 billion.

The 2024 Mid-Year Budget also outlined several revenue measures, such as engaging in tax dialogues with relevant stakeholders to implement the Medium-Term Revenue Strategy (MTRS) for 2024-2027. Other measures include: developing a framework for re-introducing road and bridge tolls, partnering with the private sector, especially the extractive industry, to support strategic road construction projects through tax credits.

The Government's has re-emphasized its commitment to expenditure control especially in an election year which is inundated with high risks of expenditure overruns and fiscal volatility. As outlined in the 2024 Budget, additional measures include reducing imports by public institutions by 50% and enforcing the purchase of locally produced substitutes, amending the Fiscal Responsibility Act, 2018, to reinstate fiscal deficit of 5% of GDP and establishing a Fiscal Council with operational autonomy. Maintaining fiscal discipline is critical going into the 2024 elections.

Ghana's medium-term macroeconomic and financial outlook remains positive, despite a challenging global environment. The revised 2024 macroeconomic framework reflects a response to recent economic developments, both domestic and international. Although the economic recovery has yet to fully benefit households due to market dynamics, the revisions demonstrate that Ghana is on a promising path toward enduring growth.

There is optimism that Ghana will navigate its economic challenges successfully. To this end, a collective effort is essential. KPMG remains committed to supporting the government with our expertise and advice. We are ready to collaborate closely in guiding the country toward achieving its short, medium, and long-term development goals.

02

Executive Summary

Executive Summary

In the midst of the economic turmoil in the global and regional environment, Ghana has made significant strides in the past year to address the severe macroeconomic challenges that arose in 2022. In this mid year budget highlight, we will review the macro indicators for the country, IMF ECF programme and tax measures.

The economy has been recovering in line with projections due to the implementation of the US$3 billion IMF-supported Post COVID-19 Programme for Economic Growth (PC-PEG). Ghana has received $360 million after conclusion of the second review

GDP growth for Q1 2024 was 4.7%, the highest growth recorded since Q2 2022. This outturn was largely driven by growth in the Information and Communication and Mining and Quarrying sub-sectors.

Overall, looking at contribution from all sectors, the Services sector continues to be the largest contributor to GDP accounting for 45.6% of GDP. This was followed by Industry and Agriculture sectors which accounted for 30.6% and 23.8% respectively.

Inflation as at June 2024 was 22.8%, a decrease of 19.7 percentage points for the same period last year due to the central bank's monetary tightening policies.

The Government's total public debt as at June 2024 stood at GHS 741.9 bn representing 70.6% of GDP. The debt-to-GDP ratio has increased by 1.3 percentage points compared to the same period last year due to deferral of interest payment on external debt.

The Government's fiscal operations for the first half of 2024 resulted in a fiscal deficit on commitment basis of 2.0% of GDP compared to the deficit target of 2.7% of GDP. The corresponding primary balance was a deficit of 0.2% of GDP, thus meeting its period target.

On cash basis, the fiscal deficit was 3.4% of GDP and the corresponding primary balance was a deficit of 1.6%. The cash deficit was financed from both domestic(54.5%) and external (45.5%) sources including disbursements from the IMF and the World Bank.

The Government aims to complete key road and railway projects, enhance Volta Lake navigation safety, and commence nationwide dissemination of the National Electric Vehicle Policy by the end of 2024.

Key revisions to the macro-fiscal targets for 2024

Indicator	2024 Projected Targets	2024 Revised Targets
Overall Real GDP	2.8%	3.1%
Non-oil GDP	2.1%	2.8%
End of period Headline Inflation	15%	15%
Overall Balance (% of GDP)	-4.8%	-4.2%
Primary Balance (% of GDP)	0.5%	0.5%
Import cover	3 months	3 months

Executive Summary

To address the revenue mobilization gap and achieve the medium-term tax-to-GDP ratio target of 20% by 2027, the Government of Ghana (GoG) has proposed a series of targeted tax administration interventions. These measures are anticipated to play a crucial role in advancing fiscal consolidation and supporting economic growth.

1 **Continued Enhancement of Ghana's Tax System** by leveraging stakeholder feedback to improve the ease of doing business at the ports, enhance taxpayer education and ensure the GRA website is updated to efficiently receive and address client complaints.

2 **Introduction of monthly surveys on business environment** to allow for timely resolution of any tax administration issues that may arise. This would be facilitated under the Mutual Prosperity Dialogue.

3 **Roll-out of outstanding revenue measures** including completion of the Regulations for the Exemptions Act, 2022 (Act 1083); amendment to the VAT Regulations 2017 (L.I. 2255) to broaden the scope of exemptions on active pharmaceutical inputs, excipients and other finished pharmaceutical products; completion of digitalisation of the service delivery and payment processes of selected covered entities; and development of an overarching legislation and strategic framework for Non Tax Revenue Mobilisation and Management.

4 **Introduction of digital solution for modified tax system** to rope in the informal sector. This would be done through, deployment of a simplified digital solution to operationalise the modified taxation scheme as well as an electronic bookkeeping system.

5 **Government to onboard more taxpayers for E-VAT**
Government has embarked on a project of integrating tax payers unto an electronic invoicing system. By this government is onboarding 2,000 taxpayers onto the system by the close of the year.

6 **Development of a program to grant tax credits** to companies in the extractive sector that support Government through PPPs to execute strategic road projects.

7 **Implementation of Emissions Levy and Environmental Excise Duty.** The Ghana Revenue Authority will collaborate with relevant agencies and key stakeholders to develop and complete guidelines for the implementation of the Emissions Levy and the Environmental Excise Duty on plastics.

8 **Review of draft Regulations for the Independent Tax Appeals Board**. Government has held stakeholder engagements to review draft Regulations. This will be finalized and laid before Parliament.

9 **Re-introduction of Road and Bridge Tolls**. A framework is being developed for the re-introduction of Road and Bridge Tolls to facilitate the processes for the implementation of a modernised road and bridge tolling system.

10 **Revenue generation from property rates**. Government to re-institute the integrated property tax system by engaging a new entity that will execute billing, collection and distribution of the property rates.

11 **Expansion of the Automotive Development Program to include Manufacturers of Electronic Vehicles.** The manufacturers of two and three wheeled electronic vehicles will be enrolled under the program in order to enjoy the tax incentives under the program .

03

Ghana's Macroeconomic Context

Summary of Economic Performance (1/2)

Indicators	H1 2024 Outturn	2024 Projected Targets	2024 Revised Targets	Commentary
Overall GDP Growth Rate	4.7%*	2.8%	3.1%	– Ghana's GDP grew by 4.7% in real terms in Q1 2024, largely driven by growth in ICT and mining sub-sectors. – The Government has revised its real GDP growth target to 3.1% in line with IMF's projections after completion of the second review under the Extended Credit Facility. – The Government met most of the indicative targets set out for growth resulting in the positive outlook for the economy. – The revised target is supported by positive signals such as declining inflation, improvement of fiscal and external positions and favourable outcomes from external debt restructuring.
Non-Oil GDP Growth Rate	4.2%*	2.1%	2.8%	– Non-oil GDP growth for Q1 2024 was 4.2%, a 20-basis point decrease from the same period last year. The slowdown for Q1 2024 was largely due to the moderation of growth in the Agriculture and Services sectors. – The Government has revised the 2024 target to 2.8%. The upward revision is largely driven by the Services sector which is now projected to grow by 3.2% from the initial projection of 1.9% in 2024. Growth in Industry sub-sectors of Manufacturing, Electricity, Water & Sewage and Construction have also been revised upwards.
End of Period Headline Inflation Rate	22.8%	15%	15%	– Inflation is on a deceleration path, headline inflation as at June 2024 stood at 22.8%, compared to its 42.3% figure the same time last year, this could be attributed to the central bank's monetary tightening policies. The Bank of Ghana has kept the MPR at 29% since January 2024 whiles inflation has marginally declined from 23.5% to 22.8%. – Considering the slow pace of the decline and taking into consideration that 2024 is an election year, the Government needs to keep its expenditure in check to meet the optimistic inflation target of 15%.

**Q1 2024*

Sources: 2024 Mid-Year Fiscal Policy Review, IMF Press Release No. 24/241

Summary of Ghana's economic review(2/2)

Indicators	H1 2024 Outturn	2024 Projected Targets	2024 Revised Targets	Commentary
Overall Balance (% of GDP) (commitment basis)	-2.0%	-4.8%	-4.2%	– Overall budget deficit on commitment basis was 2.0% of GDP, compared to the half year deficit target of 2.7% of GDP. This was mainly driven by expenditure rationalisation efforts resulting in the Government spending 8.4% below planned expenditure. – The target for fiscal deficit has been revised downward to 4.2% of GDP due to a downward revision of Interest Payments reflecting the impact of the external debt restructuring. Interest Payments have been revised downward to GHS 47.9 billion (4.9% of GDP) from GHS 55.9 billion (5.3% of GDP). – Overall, Total Revenue & Grants have been revised upwards by 0.5% whiles Total Expenditure has been revised downwards by 2.1%. – We encourage the Government to continue the course of fiscal discipline to prevent fiscal slippage.
Primary Balance (% of GDP) (commitment basis)	-0.2%	0.5%	0.5%	– Primary balance on commitment basis was a deficit of 0.2% of GDP, meeting the half year deficit target of 0.2% of GDP. – For H1 2024, overruns of Goods and Services was moderated by rationalisation of Capital Expenditure. – Looking ahead, Government expects to cut down on Capital Expenditure by GHS 211 million. This savings will be offset by the upward revision of Goods and Services. – Overall, primary balance target remains the same, in line with the IMF-supported PC-PEG objectives.
Import cover	3.1 months	3 months	3 months	– As of the end of June 2024, Gross International Reserves covered 3.1 months of imports, up from 2.5 months in the same period last year. This was driven by Current account surplus and lower net Capital and Financial account outflows.

Source: 2024 Mid-Year Fiscal Policy Review

Fiscal Developments for H1 2024

- Total Revenue & Grants was mainly driven by Non-oil Tax Revenue which constituted 76.4% of total revenue. Non-oil Tax Revenue recorded a y-o-y growth of 26.5% on the back of strong performance in Company taxes, Mineral royalties and International Trade taxes.
- Total Expenditure was mainly driven by Compensation of Employees (22.7%▲ y-o-y), Interest Payments (31.9%▲ y-o-y) and Grants to other Government Agencies (51.9%▲ y-o-y) which formed 28.9%, 18.8% and 19.5% of Total Expenditure respectively. The y-o-y increases in Interest Payments and Grants to other Government Agencies were mainly due to increased demand for short-term bills and higher-than-programmed outturn of underlying revenue bases of some earmarked funds respectively.

Total Revenue & Grants - GH¢ 74.65 bn (7.1% of GDP)

Tax Revenue (non-oil)	76.4%
Non-Tax Revenue (non-oil)	10.7%
Oil & Gas	8.0%
Grants	0.6%
Other Revenue	4.3%

Total Expenditure (incl Discrepancy) - GH¢ 101.21 bn (9.6% of GDP)

Compensation of Employees	28.9%
Use of Goods and Services	5.7%
Interest Payments	18.8%
Capital Expenditure	13.7%
Grants to other Government Agencies	19.5%
Other Expenditures (incl. subsidies and social benefits)	13.3%

Budget Deficit*
GH¢ 21.28 billion
2.0% of GDP

Budget Deficit Target*
GH¢ 28.70 billion
2.7% of GDP

** - The Budget Deficit amount is calculated on Commitment basis, excluding Discrepancy of GH¢ 5.28 billion*

▲ - This indicates an increase from previous FY *Source – MOF & KPMG Analysis*

Sectoral performance snapshot

Over the last five years, the Services sector has maintained dominance in its contribution to overall GDP which averagely stood at 47.2%, followed by the Industry and Agriculture sectors at 32.1% and 20.6% respectively, on average. Though the Industry sector has consistently contributed more to the overall GDP as compared to the Agriculture sector, growth in the Agriculture sector has been significantly higher from 2020 to Q1 2024.

	Agriculture	Industry	Services
Growth *(Q1 2024)*	**4.1%** ▼ y-o-y **4.5%** Q1 2023	**6.8%** ▲ y-o-y **-1.4%** Q1 2023	**3.3%** ▼ y-o-y **6.0%** Q1 2023
Drivers *(key subsectors with growth)*	• **Crops;** 4.3% • **Livestock ;** 4.6% • **Fishing;** 4.7%	• **Mining and Quarrying;** 12.9% • **Construction;** 8.2% • **Water Supply, Sewerage, Waste Management & Remediation Activities;** 6.2%	• **Information and Communication;** 17.9% • **Accommodation and Food Services;** 9.4%
Commentary	Fishing has since 2020 consistently recorded the highest growth rate within the sector, although in absolute terms the addition of crops to GDP is the highest over the years. Government needs to pay more attention to the fishing sector considering the high growth rate.	Key subsectors are highly sensitive to exchange rate fluctuations and inflation. Government efforts to stabilize the economy and currency, coupled with external indicators, have contributed to moderation of inflation rate and overall growth of the industry.	Growth stifled by the contraction in Health and Social Work of 8.8%. Services sector growth has been largely influenced by the growth in Information and Communication, averaging 27.8% over the past 5 years.

Source: 2024 Mid Year Budget Review, GSS

04

IMF-Supported Programme for Economic Growth

Programme updates on IMF

The US$3 billion IMF-supported Post COVID-19 Programme for Economic Growth (PC-PEG) is in its 2nd year of implementation. Staff from the IMF and the authorities of Ghana reached a second staff-level agreement on 13 April 2024, marking the conclusion of the second review of the 36-month ECF-supported programme.

Journey so far

JANUARY 2024 – Second tranche of US$600 million released to Ghana

APRIL 2024 – IMF staff conducted second review of programme

JUNE 2024 – IMF Executive Board completed second review

JULY 2024 – Third tranche of US$360 million released to Ghana

Next 22 Months – The remaining US$1.4 billion will be released in equal tranches each upon the successful reviews over the next 2 years

The IMF Executive Board, on Friday 28 June 2024, approved the 2nd review which immediately triggered the release of the 3rd tranche of US$360 million to Ghana for budget support on the back of the following:

- Conclusion of an IMF staff mission on the 2nd Review on 13 April 2024, which enabled Ghana to reach a Staff Level Agreement (SLA)
- Agreement reached with Ghana’s Official creditor committee under the G20’s common framework which provided financing assurances for the 2nd review.
- Agreement reached in principle with Eurobond holders representatives on debt restructuring consistent with programme parameters and comparability of treatment principle
- Completion of key Structural Benchmarks (SBs) due before the Board date of 28 June 2024.

Implications for the economy

The disbursement of funds under the programme provides the country with additional liquidity to build foreign exchange buffer to meet international payment obligations including payments for critical imports, debt service, and foreign investment outflows.

Furthermore, the IMF's approval is expected to positively influence financial market volatility, stabilizes the stock and currency markets, and gives businesses a more predictable environment for strategic planning and investment decisions.

Lastly, the approval also signifies Ghana's commitment to sound economic management, restoring macroeconomic stability, ensuring debt sustainability, and fostering inclusive growth. This boosts investor confidence and attracts foreign investments, stimulating economic activity.

What next?

The 3rd review of Ghana's IMF-supported PCPEG, based on end-June 2024 data, will be assessed by an IMF staff mission in September-October 2024. The IMF Executive Board will consider the review for approval by December 2024, enabling the immediate disbursement of the fourth tranche of US$360 million, bringing total disbursements to US$1.92 billion.

Source: 2024 Mid Year Budget Review

05

Ghana’s Debt Situation

Ghana's debt situation

Overview and trends 1

The public debt profile has been revised to include Special Purpose Vehicles (E.S.L.A PLC and Daakye Trust PLC) and the restructured COCOBOD debt following the DDEP.

Consequently, the total nominal central Government and guaranteed debt as of December 2023 is estimated at GHS608.4 billion, a 35.8% increase from December 2022, equivalent to 72.3% of GDP. As at end-June 2024, the debt stock had further increased by 22%, although the debt-to-GDP ratio improved to 70.6% due to faster nominal GDP growth driven by high inflation.

The external debt stock has been the dominant component of the debt mix since 2022, rising to 60.9% by end-June 2024 from 58% in December 2023.

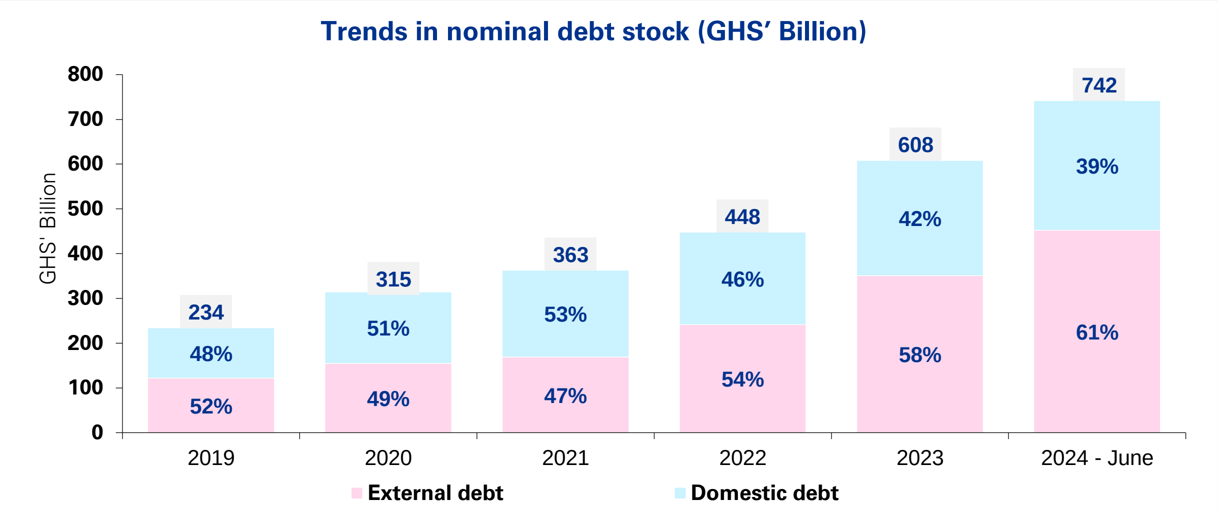
Key drivers 2

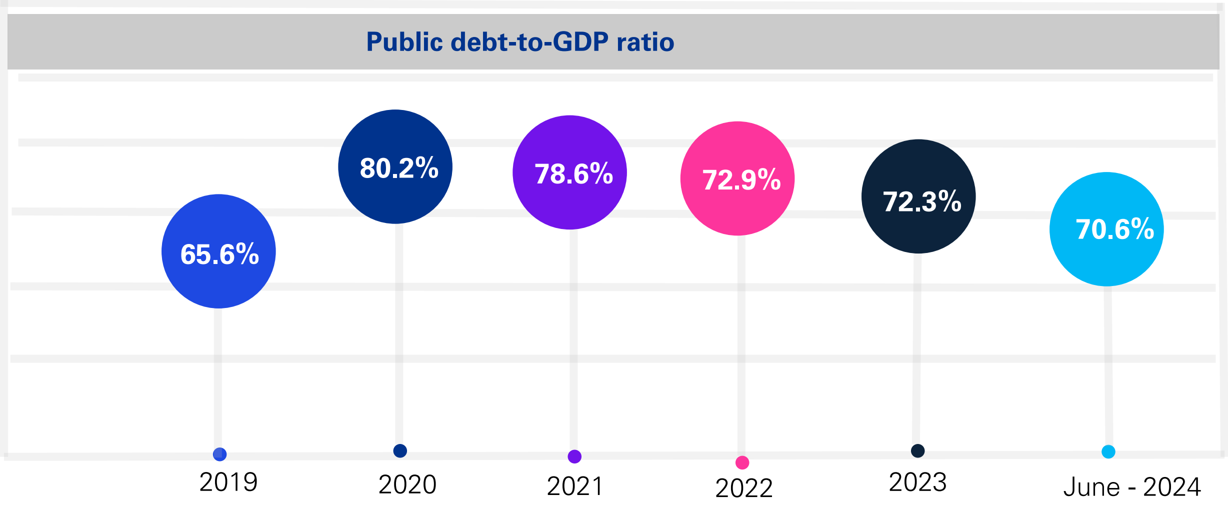
The rate of debt accumulation is primarily attributed to translation losses from the depreciation of the Ghana Cedi, which contributed 62.5% to the increase in the total public debt stock by December 2023. Contrariwise, savings from the successful DDEP have helped slow the growth trajectory.

Outlook 3

The rate of public debt accumulation is expected to slow due to ongoing debt restructuring and fiscal consolidation efforts. Ongoing debt restructuring agreements with bilateral creditors, Eurobond holders, and Independent Power Producers are expected to offer substantial fiscal relief and savings.

However, the positive outlook will be moderated by the performance of the Cedi and strength of economic recovery, with the former being less predictable.





Source: 2024 Mid-Year Budget Review

06

Tax Highlights

Tax Administration Measures [1/3]

Government of Ghana (GoG), in its quest to address the revenue mobilization gap to meet its medium-term tax-to-GDP ratio target of 20% by 2027, has proposed the following targeted tax administration interventions. These could contribute immensely to the fiscal consolidation and growth agenda:

A – Proposed Administrative Measures for Existing Enactments/ Agreements

1. Completion of the Regulations for the Exemptions Act, 2022 (Act 1083)

The completion of this regulation will give guidance to the administration of exemptions and provide the needed clarity on the provisions of the Act.

2. Amendment of the VAT Regulations 2017 (L.I. 2255) to grant Exemptions on Active Pharmaceutical Inputs and Finished Products

The inclusion of additional inputs and products in the VAT exemption list could lead to a reduction in importation cost due to the removal of VAT.

3. Onboarding of 2,000 Taxpayers unto VAT Electronic Invoicing (E-VAT) Platform by end of Year

This initiative is expected to enhance revenue mobilization for GoG as there is evidence of underreporting of VAT by some taxpayers since the inception of this project.

4. Development and Completion of Guidelines for the Implementation of the Emissions Levy and Environmental Excise Duty

The GoG's engagement with relevant stakeholders and agencies on the development of the administrative guidelines would enhance cooperation from targeted organizations and individuals.

5. Introduction of Simplified Digital Solution and Electronic Book-Keeping for the Informal Sector

The introduction of a simplified digital solution to operationalise the modified taxation system and the electronic book-keeping system is intended to widen the tax net by roping in the informal sector.

Our point of view

The Government of Ghana has, in recent times (from 2022 to present), passed new tax legislations which are yet to be operationalized due to unavailability of a regulation or administrative guideline to facilitate their implementation. Government is therefore unable to unlock the full impact of these legislations to accelerate the achievement of the desired tax revenue to GDP ratio of 20% by 2027.

GoG therefore in this 2024 mid-year budget review, has focused its revenue mobilisation efforts on tax revenue administration measures to support the effective implementation of the Acts already passed rather than introducing new tax revenue policies to inundate private sector and entrepreneurs.

We, however, wish to urge Government to hasten the process to complete and fully roll out these administrative guidelines. Government should also adopt strong commitment towards monitoring all the administrative guidelines, and take all the necessary corrective actions where necessary, to yield the optimum revenues to Government.

In addition to the above, GoG is determined to implore digital solutions in pursuit of other revenue measures such as the emissions levy, the simplified digital solutions and electronic book-keeping for the informal sector. We believe the implementation of these systems will propel its quest to rake in additional revenue whiles widening the tax net.

Tax Administration Measures [2/3]

6. Enactment of Regulations to facilitate the work of the Independent Tax Appeals Board (ITAB)

The approval of the regulations by parliament will enhance the mandate of the ITAB and facilitate the road map to its operationalization and adjudication of tax disputes.

7. Re-Institution of the Property Tax System

GoG's plan to engage a new entity to execute billing, collection and distribution of property rates is a critical step to achieving their aim of addressing challenges with the initial property tax system.

B – New Proposed Administrative Measures

8. Continuous Enhancement of the Ghana Tax System through Feedback from Stakeholder Engagements.

Stakeholder feedback is valuable information that can be leveraged to improve the tax system. Resorting to the proposed monthly surveys under the Mutual Prosperity Dialogue initiative is a way to obtain feedback.

9. Expansion of the Automotive Development Program to include Manufacturers of Electronic Vehicles

The expansion of scope of the program to include the manufacturers of two and three wheeled electronic vehicles will provide these businesses tax incentives hitherto being enjoyed by existing manufacturers under the program.

10. Government to Review existing Tax Laws in line with Contemporary Tax Needs

Government has commenced the process of engaging relevant stakeholders to review existing tax laws to ensure they align with the current needs of the country.

11. Development of a Program to Provide Tax Credits for Companies in the Extractive Sector that Support Road Projects

GoG plans to collaborate more with the Private Sector in the execution of strategic road projects. Thus, granting tax credits to companies in the extractive sector will facilitate progress with the construction of such roads.

Our point of view

Considering the time it takes for tax disputes to be settled through the courts, ADR is the overwhelming go to solution. GoG must therefore remain committed to operationalizing the ITAB by the end of the year to bring some dynamism to tax dispute resolution in Ghana.

We also wish to implore GoG to focus earnestly on the digitalisation of the property tax administration as this has the potential to affect revenue growth positively.

Due to GoG's bid to improve implementation of tax laws by improving administrative measures, businesses are advised to be on a watch out for their compliance levels to mitigate any adverse effects from penalties and interests on non-compliance. We therefore advice businesses to employ the CCTV approach to tax compliance (i.e. Compliance, Consulting, Transferring compliance risk, and being Vigilant),

Tax incentive is one way to get the private sector involved in funding public goods. We however believe that GoG, depending on the level of success that it may achieve by piloting this scheme with the extractive sector, should widen the scope to include other strategic sectors of the economy.

Tax Administration Measures [3/3]

C – Non-Tax Revenue (NTR) Administrative Measures

- Government will develop an overarching legislation and strategic framework for NTR Mobilisation and Management. This will serve as a blue-print for implementation in various agencies.

- Ensure the completion of the digitalisation of the service delivery and payment processes of selected Covered Entities(CEs).

- To enhance revenue mobilization, GoG is seeking to hold discussions on incentivising IGF reliant CEs who will meet the revenue targets set for them.

- The GoG through the Ministry of Finance will continue the deployment of the Ghana.Gov Payment Platform to the remaining CEs and ensure that all those already on-boarded go-live to achieve greater efficiency in their service delivery to the general public and guard revenue leakages.

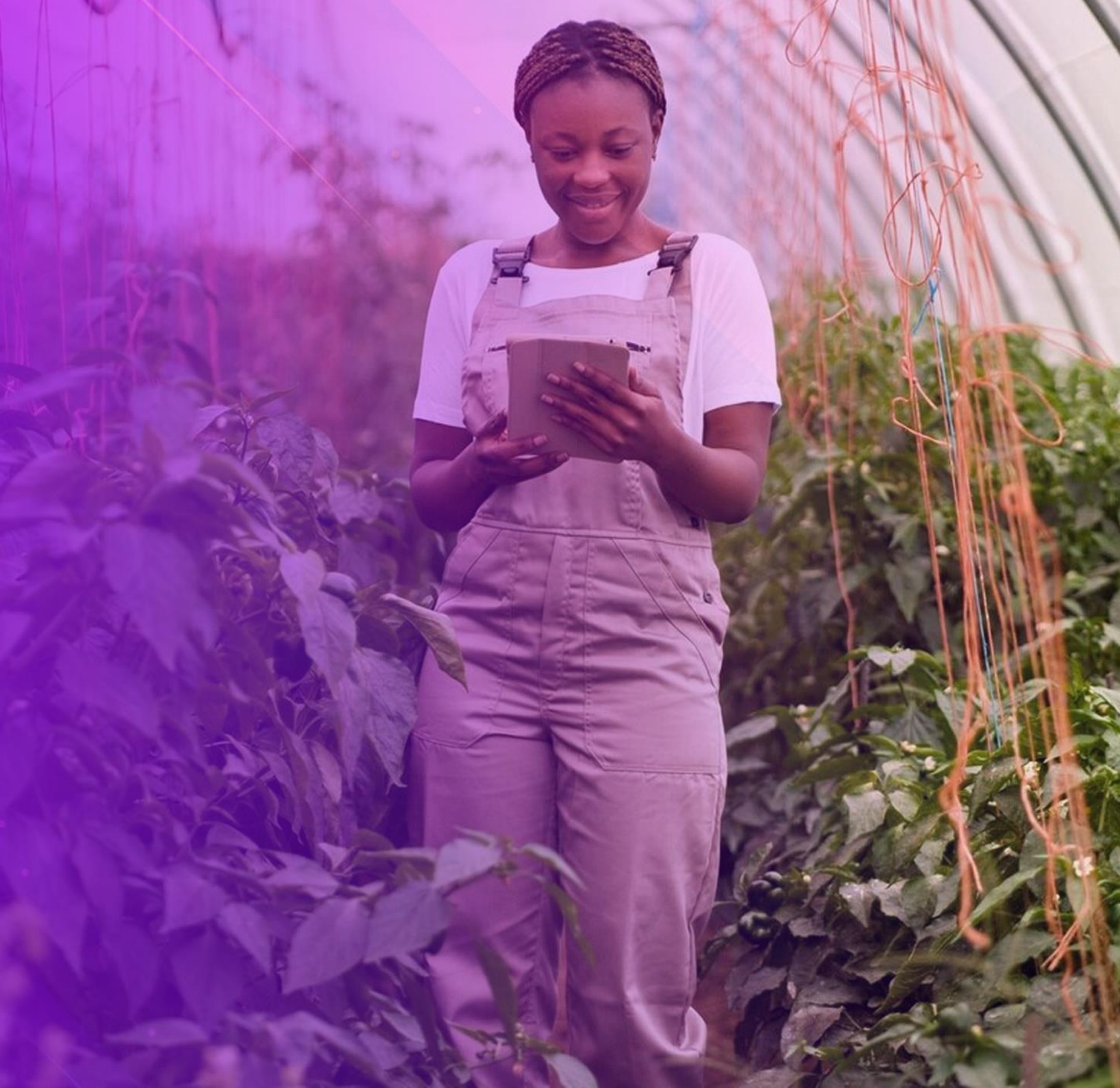
- Government will lay an addendum to the Fees and Charges (Miscellaneous Provisions) Regulations, 2023, (L.I. 2481) before Parliament to give effect to fees under the enabling enactments of CEs and Public Private Partnership (PPP) arrangements for the provision of public services.

Our point of view

Non-Tax Revenue mobilization by CEs from the charging of approved fees is one way GoG could free up its expenditure budget where these entities can fully fund their operations and even support central Government expenditure to some extent. It is therefore critical that a strategic framework is developed similar to what was done for the tax revenue (MTRF). GoG must therefore show commitment to the development of the NTR mobilization framework by setting timelines for its completion.

07

Other Key Sector Updates



Transportation and Infrastructural Development

Completion of road projects under the Transport Sector Improvement Project

The Government, under this project, aims to complete the rehabilitation and maintenance of 1,052km of trunk and feeder roads, including Tamale – Tatale Road, Obetsebi Lamptey Interchange and Ancillary Works Phase 2, Suame to Kejetia ramp of the Suame interchange project and phase 2 of the Tema motorway roundabout interchange by the end of 2024.

Railways Development

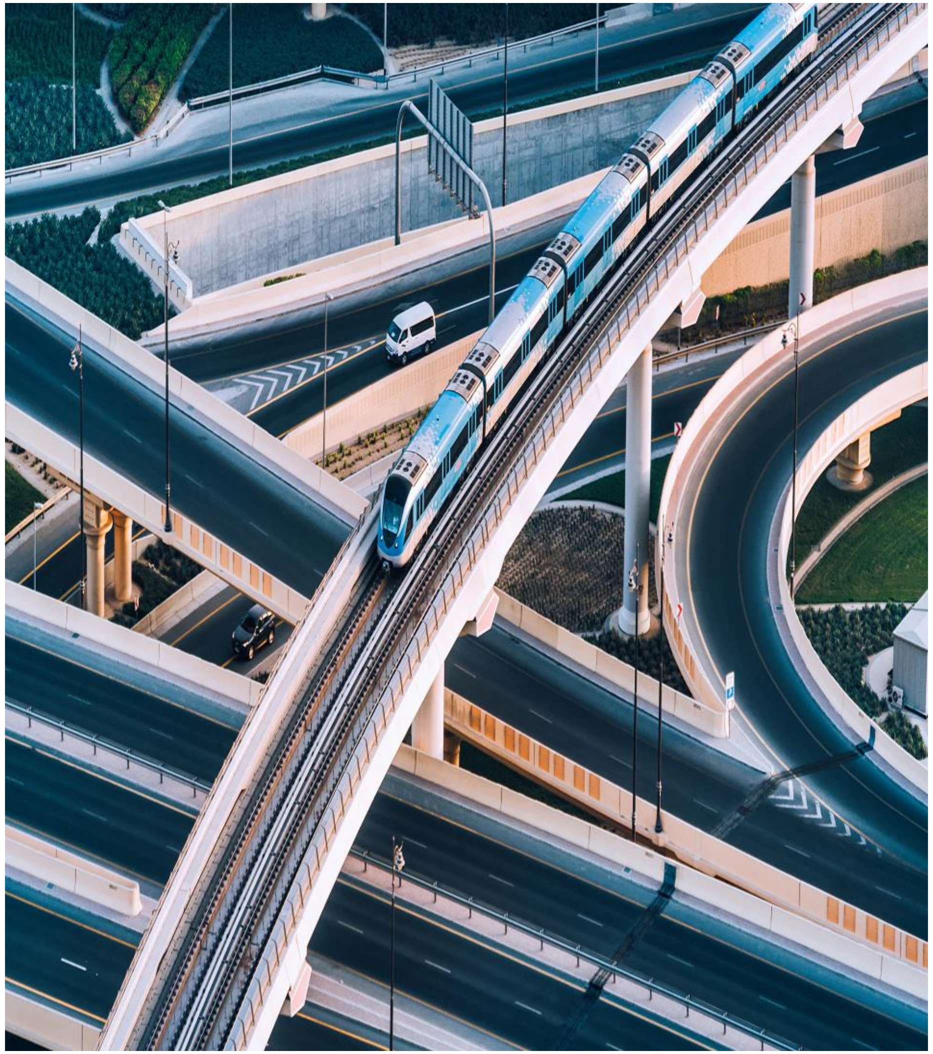
The construction of the Tema to Mpakadan railway line and the 22 km section from Kojokrom to Manso is scheduled to be fully completed by the end of 2024. The Government has granted approval for the immediate construction of fencing of the railway line to ensure safe operations.

Safe Navigation on Volta Lake

Government in a bid to improve the safe and effective navigation on the Volta Lake is developing an electronic chart and hazard map system to provide mariners boat operators and relevant authorities with vital information to ensure their safety on the Volta Lake. This is expected to be completed by the end of 2024.

Nationwide Dissemination of National Electric Vehicle Policy

Following the approval of the National Electric Vehicle Policy, which provides the uptake of electric vehicles in the country, Government is scheduled to commence a nationwide dissemination of the policy in August 2024 to create awareness and garner support for effective implementation.



Agriculture

Input Distribution Under the Input Credit System

Government is set to finalise input distribution to all identified flood-affected farmers and initiate the distribution of input grants to the first 200,000 farmers fully registered on the Ghana Agriculture and Agribusiness Platform (GhAAP) to mark the beginning of input distribution under the Input Credit System.

Planting for Food and Jobs

To support the Government's flagship program of Planting for Food and Jobs, the Government has committed to supply additional 1.2-million-layer pullets to 10,000 vulnerable women, with each beneficiary receiving 120 fourteen weeks-old layer pullets and feed to start an income generating venture.

Incentivizing the Local Production of Jute Sacks

Government is seeking to provide incentives for manufacturers to build capacity to produce jute sacks that meet quality standards and cost competitiveness. This will also enhance the sustainability and resilience of COCOBOD's supply chain, create employment and contribute to economic growth. This will translate to reduction in the import bills for COCOBOD and support the local production of jute sacks.

08

Conclusion

Conclusion

2024 Revised Targets

Overall GDP growth rate	3.1%
Non-Oil GDP growth rate	2.8%
Fiscal Deficit (cash basis)	5.3%
End-December Inflation	15%
Import Cover	3.0 months
Primary Balance	(0.6)%

Government, in the first half of 2024, has made notable efforts in navigating a challenging economic environment. The measures taken so far have laid a foundation, which when sustained, with robust structural reforms and fiscal discipline, may secure long-term sustainable growth for Ghana.

The fiscal performance for the first half of the year has shown mixed results. Revenue and grant collection stood at GH¢74.7 billion, just 1.9% short of the mid-year target of GH¢76.1 billion. This shortfall is primarily due to the decline in oil receipts. On the expenditure side, although the Government's efforts to maintain fiscal discipline is acknowledged, yet Government will have to consolidate these gains through the efficient management of its expenditure and other commitments within budgetary limits. The debt cancellation and debt reliefs from the external debt restructuring should create some fiscal space for the government to focus on some priority areas, including capital expenditure.

Economic Outlook for 2024

The economic outlook for the next half of 2024 remains cautiously optimistic. The slow pace of decline of inflation and taking into consideration that 2024 is an election year, make the target of 15% optimistic.

GDP growth is projected to stabilize provided external shocks, inflation, fiscal and external positions, and domestic vulnerabilities are managed effectively.

The Cedi depreciation continues to be a concern, particularly given the persistent trade deficit and the economy's exposure to global economic fluctuations.

Key Recommendations for Government Action

- **Fiscal Consolidation and Public Financial Management Reforms**

We emphasize the need for strict adherence to fiscal discipline. The existing frameworks must be utilized effectively to ensure accountability and transparency. Creating new institutions may only add an additional layer of bureaucracy and cost; instead, improving and enforcing current mechanisms should be prioritized.

- **Debt Management**

The fiscal space created by the IMF deal and debt restructuring provides a unique opportunity to manage debt more effectively, focusing on reducing the debt burden while maintaining essential public investments. A proactive approach must be adopted to create a financial cushion for future debt repayments. It is time to start building buffers in readiness to meet future repayments through the use of a sinking fund.

- **Long-Term Strategic Focus**

The long-term objectives of the IMF program and the Ghanaian economic recovery plan (PC-PEG) must not be overshadowed by short-term achievements. Comprehensive structural reforms are essential for ensuring sustainable economic growth.

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