



# Bank of Ghana Monetary Policy Report

## Fiscal Developments

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### 1.0 Highlights of Government Budgetary Operations (Broad Coverage)

*Government fiscal operations for the seven months of 2020 indicated the following:*

- *The pace of revenue mobilization was marginally above the revised target.*
- *Government expenditure was broadly within the revised target.*
- *The resulting fiscal deficit of 7.4 percent of GDP was slightly above the revised target of 7.2 percent of GDP.*
- *The primary balance also recorded a deficit of 3.7 percent of GDP, above the expected 3.4 percent of GDP.*
- *The overall fiscal deficit was financed from both external and domestic sources.*
- *The elevated fiscal deficit path has impacted the stock of public debt which rose to 68.3 percent of GDP at the end of July 2020 from 62.4 percent of GDP at the end of December 2019.*

### 2.0 Total Revenue and Grants

*Total revenue has turned out strong when compared with the target in the Mid-year Budget Review.*

Total Revenue & Grants for the first seven months of 2020 amounted to GH¢27,709.8 million (7.2% of GDP), marginally higher than the revised target of GH¢26,751.8 million (6.9% of GDP). However, this outturn represented a 0.4 percent year-on-year growth, significantly lower than the 12 percent growth recorded in the same period of 2019. During the review period, domestic revenue amounted to GH¢27,383.9 million (7.1% of GDP), higher than the revised target of GH¢26,280.3 million (6.8% of GDP). The revenue performance reflected the downward revision to the revenue estimates as well as strong recovery in the international trade taxes as transitional issues at the ports have been largely resolved.

Of the total revenue and grants:

- **Tax revenue**, comprising taxes on income & property, taxes on domestic goods and services and international trade taxes, amounted to GH¢22,800.7 million (5.9% of GDP), higher than the target of GH¢21,795.74 million (5.7% of GDP). This represented a year-on-year growth of 2.5 percent, lower than the 15.3 percent growth recorded in the same period of 2019.

- **Taxes on income and property** comprising personal income tax (PAYE), self-employed taxes, company taxes (including taxes on oil), royalties from oil and minerals, national stabilization levy and airport taxes amounted to GH¢12,261.5 million, registering an annual growth of 14.6 percent compared with 20.6 percent growth in the corresponding period of 2019. This outturn was 5.9 percent above the revised target with all the key tax components exceeding their respective targets. The target for taxes on income and property was revised downwards by 10.6 percent in the mid-year budget review.
- **Taxes on Domestic Goods and Services** consisting of Domestic VAT, Excise Duty, GETFund Levy, National Health Insurance Levy (NHIL) and Communication Service Tax (CST) for the first seven months of 2020 was GH¢7,425.8 million, and some 9 percent lower than the revised target (the original target saw a 16.7% downward revision in the mid-year review). In year-on-year terms, the outturn represented a decline of almost 23 percent due to sharp declines in excise, domestic VAT, NHIL, and GETFund on the back of containment measures and protocols associated with COVID-19. These declines were however moderated by the improved performance of the CST, which recorded a year-on-year growth of 37 percent as demand for internet services increased in response to the social distancing protocols. The pace of CST collection may slow as the reduction in the rate from 9 percent to 5 percent came into effect on 15<sup>th</sup> September 2020. With the easing of social distancing protocols associated with the COVID-19 pandemic, taxes on domestic goods and services are expected to pick up for the remainder of the year.
- **International trade taxes** comprising mainly import duties amounted to GH¢4,423.3 million and was over 35 percent above the revised target (international trade taxes witnessed a 18.5% downward revision). In year-on-year terms, the outturn increased by 37.4 percent due to strong recovery in the international trade taxes as transitional issues at the ports have been largely resolved.
- **Tax refunds** amounted to GH¢1,309.9, higher than the revised target of GH¢1,195 million, an indication of the extent to which COVID-19 adversely impacted the performance of corporates. **SSNIT contribution to NHIL** amounted to GH¢45.7 million, significantly lower than the revised target of GH¢155.8 million due largely to delays in payments of public servants' pension payments by Government.
- **Non-Tax revenue**, which saw a significant 48.7 percent downward revision, amounted to GH¢3,139.8 million in the first seven months of 2020 and represented 11.9 percent year-on-year decline due to government's inability to realize the expected dividend, interest, and profits from

crude oil, as international prices plummeted while social distancing protocols affected fees and charges. The outturn was however 6.7 percent above the revised target.

- **ESLA proceeds** amounted to GH¢1,397.7 million and was broadly consistent with the revised target. This outturn represented some 23 percent year-on-year growth compared with 3 percent annual decline in the corresponding period in 2019, as measures instituted to monitor the activities of the oil market companies seem to be yielding the desired outcome.
- Government received **project grants** in the sum of GH¢325.9 million, below the envisaged total grants of GH¢414.1 million. This outturn was also significantly lower than the GH¢566.5 million received in the same period of 2019. The expected receipt of GH¢57.4 million in programme grants for the period under review was not realized.
- **Oil revenue** realized at the end of the first seven months of the year amounted to GH¢1,859.5 million, lower than the revised target of GH¢1,992.9 million as crude oil prices remained below expected levels. Of this amount, the **Annual Budget Funding Amount (ABFA)** was GH¢1,049.6 million compared with the expected target of GH¢1,149 million.

**Table 1: Total Revenue and Grants**

	2018 JAN-JUL OUTTURN	2019 JAN-JUL OUTTURN	2020 JAN-JUL OUTTURN	2020 JAN-JUL PROG	2020 Y-O-Y Growth	2020 OUTTURN/ PROG,%
<b>TAX REVENUE</b>	<b>19,288.0</b>	<b>22,237.72</b>	<b>22,800.69</b>	<b>21,795.74</b>	<b>2.5</b>	<b>104.6</b>
% GDP	6.4	6.4	5.9	5.7		
<b>TAXES ON INCOME &amp; PROPERTY</b>	<b>8,875.3</b>	<b>10,704.0</b>	<b>12,261.5</b>	<b>11,574.9</b>	<b>14.6</b>	<b>105.9</b>
Personal	3,246.7	4,089.6	4,632.5	4,388.4	13.3	105.6
Self Employed	199.2	251.8	209.5	184.6	-16.8	113.5
Companies	3,473.7	4,282.3	4,888.9	4,563.4	14.2	107.1
Companies Taxes on Oil	373.1	619.1	497.1	479.5	-19.7	103.7
Others	1,582.6	1,461.3	2,033.4	1,959.0	39.1	103.8
<b>TAXES ON DOMESTIC GOODS AND SERVICES</b>	<b>7,920.9</b>	<b>9,601.0</b>	<b>7,425.8</b>	<b>8,146.3</b>	<b>-22.7</b>	<b>91.2</b>
Excises	2,001.5	2,272.3	1,440.1	1,805.2	-36.6	79.8
VAT	4,873.2	5,097.3	4,084.8	4,330.8	-19.9	94.3
National Health Insurance Levy (NHIL)	826.1	1,005.3	786.7	830.5	-21.7	94.7
GETFund	0.0	990.3	791.2	837.3	-20.1	94.5
Communication Service Tax	220.2	235.8	322.9	342.6	37.0	94.3
<b>TAXES ON INTERNATIONAL TRADE</b>	<b>3,512.3</b>	<b>3,219.0</b>	<b>4,423.3</b>	<b>3,269.5</b>	<b>37.4</b>	<b>135.3</b>
Imports	3,512.3	3,219.0	4,423.3	3,269.5	37.4	135.3
<b>Tax Refunds</b>	<b>-1,020.5</b>	<b>-1,286.3</b>	<b>-1,309.9</b>	<b>-1,195.0</b>	<b>1.8</b>	<b>109.6</b>
<b>SOCIAL CONTRIBUTION</b>	<b>327.2</b>	<b>103.3</b>	<b>45.7</b>	<b>155.8</b>	<b>-55.8</b>	<b>29.3</b>
SSNIT Contribution to NHIL	327.2	103.3	45.7	155.8	-55.8	29.3
<b>NON-TAX REVENUE</b>	<b>3,109.1</b>	<b>3,562.1</b>	<b>3,139.8</b>	<b>2,943.5</b>	<b>-11.9</b>	<b>106.7</b>
% GDP	1.0	1.0	0.8	0.8		
Retention	1,701.7	2,172.4	1,565.2	1,559.1	-28.0	100.4
Lodgement	1,407.4	1,389.7	1,574.6	1,384.4	13.3	113.7
<b>OTHER REVENUE</b>	<b>1,170.9</b>	<b>1,135.2</b>	<b>1,398</b>	<b>1,385.2</b>	<b>23.1</b>	<b>100.9</b>
ESLA Proceeds	1,170.9	1,135.2	1,397.7	1,385.2	23.1	100.9
<b>DOMESTIC REVENUE</b>	<b>23,895.1</b>	<b>27,038.39</b>	<b>27,383.87</b>	<b>26,280.29</b>	<b>1.3</b>	<b>104.2</b>
% GDP	7.9	7.7	7.1	6.8		
<b>GRANTS</b>	<b>752.7</b>	<b>566.5</b>	<b>325.9</b>	<b>471.6</b>	<b>-42.5</b>	<b>69.1</b>
% GDP	0.3	0.2	0	0.1		
Project Grants	739.2	566.5	325.9	414.1	-42.5	78.7
Programme Grants	13.5	0.0	0.0	57.4		
<b>TOTAL REVENUE &amp; GRANTS</b>	<b>24,647.8</b>	<b>27,604.9</b>	<b>27,709.8</b>	<b>26,751.8</b>	<b>0.4</b>	<b>103.6</b>
% GDP	8.2	7.9	7.2	6.9		

Source: Ministry of Finance

### 3.0 Total Expenditures

*Government spending was broadly within the revised target.*

**Total expenditures & arrears clearance** from January to July 2020 amounted to GH¢51,753.5 million (13.4% of GDP), lower than the revised target of GH¢53,359 million (13.8% of GDP).<sup>1</sup> This outturn represents a year-on-year growth of 23 percent, reflecting COVID-19 and energy related expenditures. In detail,

- **Compensation of Employees** (including wages and salaries, pensions & gratuities, and other wage related expenditure) amounted to GH¢16,503.4 million (4.3% of GDP), somewhat above the envisioned target of GH¢16,359.2 million (4.2% of GDP). This outturn represents an annual growth of 28.4 percent compared with 14 percent growth in the same period of 2019 as wages & salaries and social contributions experienced marginal overruns. In terms of fiscal flexibility, compensation of employees constituted over 60 percent of domestic revenue at the end of July 2020, substantially higher than the 47.5 percent recorded in the corresponding period of 2019. Similarly, wages & salaries accounted for some 51 percent of domestic revenue, up from 41.7 percent in the same period of 2019.
- **Use of Goods and Services** for the period under review amounted to GH¢4,187.2 million, marginally lower than the revised target of GH¢4,251.8 million as Government implemented measures to counter the COVID-19 pandemic. The outturn represented an annual decline of some 8 percent.
- **Total interest payments** for the review period amounted to GH¢14,160.2 million, slightly lower than the envisioned target of GH¢14,472.1 million. While domestic interest payment was marginally below its target, external interest payments was broadly consistent with the target. For the period under review, total interest payments constituted 51.7 percent of domestic revenue. Domestic revenue was therefore insufficient to meet Government's obligations relating to interest payments and wages & salaries, pointing to high rigidity in the execution of the budget.
- **Grants to other Government units** (such as National Health Fund, Education Trust Fund, Road Fund, Energy Fund, District Assemblies Common Fund, Retention of IGFs, transfer to GNPC and other earmarked Funds) amounted to GH¢6,391.8 million, marginally lower than the revised target of GH¢6,492.1 million. While the Road Fund, Energy Fund, District Assemblies Common Fund and Retention of IGFs are slightly pacing ahead of their respective revised target, National Health Fund, Transfer to GNPC and other earmarked Funds are broadly within target.

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<sup>1</sup> Total expenditure without arrears clearance amounted to GH¢50,431.7 (13.1% of GDP), which was lower than the revised target of GH¢52,019.2 million (13.5% of GDP)

- **Capital expenditures** for the period under review amounted to GH¢5,144.5 million (1.3% of GDP), slightly lower than the revised target of GH¢5,299.4 million (1.4% of GDP). This outturn represented a year-on-year growth of 16.5 percent, significantly lower than 71.4 percent annual growth experienced in the same period of 2019. Of the total, foreign-financed capital expenditure accounted for 68 percent, higher than the 54.5 percent share in the corresponding period in 2019.

**Table 2: Total Expenditures**

	2018 JAN-JUL OUTTURN	2019 JAN-JUL PROG	2020 JAN-JUL OUTTURN	2020 JAN-JUL PROG	2020 Y-O-Y Growth	2020 OUTTURN/ PROG,%
<b>II EXPENDITURE</b>		3,677,351.2	4,279,050.2	4,241,643		
<b>Compensation of Employees</b>	<b>11,276.6</b>	<b>12,851.6</b>	<b>16,503.4</b>	<b>16,359.2</b>	<b>28.4</b>	<b>100.9</b>
Wages & Salaries	9,877.2	11,276.7	13,957.6	13,918.5	23.8	100.3
Social Contributions	1,399.4	1,575.0	2,545.8	2,440.6	61.6	104.3
Pensions	547.6	609.8	704.9	710.2	15.6	99.3
Gratuities	128.3	137.0	132.1	134.8	-3.6	98.0
Social Security o/w Actual Payment	723.5	828.2	1,708.9	1,595.7	106.3	107.1
<b>Use of Goods and Services</b>	<b>2,773.5</b>	<b>4,547.7</b>	<b>4,187.2</b>	<b>4,251.8</b>	<b>-7.9</b>	<b>98.5</b>
o/w ABFA	416.9	573.8	464.3	464.3	-19.1	100.0
o/w Free SHS	0.0		0	0		
<b>Interest Payments</b>	<b>8,468.6</b>	<b>11,329.5</b>	<b>14,160.2</b>	<b>14,472.1</b>	<b>25.0</b>	<b>97.8</b>
Domestic	6,761.9	9,167.0	10,907.9	11,220.7	19.0	97.2
External (Due)	1,706.7	2,162.5	3,252.3	3,251.4	50.4	100.0
<b>Subsidies</b>	<b>0.0</b>	<b>82.8</b>	<b>141.4</b>	<b>155.1</b>	<b>70.8</b>	<b>91.2</b>
<b>Subsidies on Petroleum products</b>	0.0	82.8	141.4	155.1		
<b>Grants to Other Government Units</b>	<b>6,490.6</b>	<b>7,036.4</b>	<b>6,391.8</b>	<b>6,492.1</b>	<b>-9.2</b>	<b>98.5</b>
National Health Fund (NHF)	1,027.0	706.6	637.8	792.9	-9.7	80.4
Education Trust Fund	619.2	753.5	667.3	717.4	-11.4	93.0
Road Fund	308.4	542.8	540.0	529.2	-0.5	102.0
Energy Fund	7.4	11.8	15.4	15.4		
Dist. Ass. Common Fund	1,078.9	1,336.1	1,521.0	1,435.7	13.8	105.9
Retention of IGFs	1,701.7	2,172.4	1,565.2	1,519.6	-28.0	103.0
Transfer to GNPC	622.6	360.1	485.5	495.3	34.8	98.0
Other Earmarked Funds	1,125.4	1,153.1	959.7	986.5	-16.8	97.3
<b>Social Benefits</b>	<b>25.1</b>	<b>32,232.93</b>	<b>150.1</b>	<b>150.1</b>		<b>100.0</b>
Lifeline Consumers of Electricity	25.1	32.2	150.1	150.1		
<b>Other Expenditure</b>	<b>1,170.9</b>	<b>1,135.2</b>	<b>3,735.1</b>	<b>4,839.5</b>	<b>229.0</b>	<b>77.2</b>
o/w ESLA Transfers	1,170.9	1,135.2	1,397.7	1,370.9	23.1	102.0
<b>Capital Expenditure</b>	<b>2,575.4</b>	<b>4,414.4</b>	<b>5,144.5</b>	<b>5,299.4</b>	<b>16.5</b>	<b>97.1</b>
Domestic financed	718.5	2,004.4	1,635.5	1,702.1	-18.4	96.1
Foreign financed	1,857.0	2,410.0	3,509.1	3,597.3	45.6	97.5
<b>TOTAL EXPENDITURE</b>	<b>32,780.8</b>	<b>41,429.9</b>	<b>50,413.7</b>	<b>52,019.2</b>	<b>21.7</b>	<b>96.9</b>
% GDP	10.9	11.9	13.1	13.5		

Source: Ministry of Finance

#### 4.0 Budget Balance and Financing

The fiscal deficit for the first seven months of 2020 was equivalent to 7.4% of GDP, marginally above the revised seven-month target of 7.2% of GDP.

Government budgetary operations resulted in an overall budget deficit of GH¢28,453.4 million (7.4% of GDP) at the end of July 2020, marginally higher than the revised target of GH¢27,745.3 million (7.2% of GDP). In addition, the primary balance ended the first seven months of the year with a deficit of 3.7 percent of GDP, above the revised target of 3.4 percent of GDP.

The overall fiscal deficit of GH¢28,453.4 million was financed from both domestic and external sources. Domestic financing (net) for the period under review was GH¢26,652.5 million (6.9% of GDP), substantially higher than the revised target of GH¢23,518.7 million (6.1% of GDP). Of this, the banking sector's contribution was a drawdown of GH¢18,041.5 million, higher than the revised target of GH¢15,650.3 million, reflecting mainly Government's drawdown on its deposits at the Bank of Ghana from the IMF Rapid Credit Facility and Bank of Ghana's purchase of Government's COVID-19 bonds. Government also borrowed an amount of GH¢2,058.3 million from commercial banks (Deposit Money Banks), which was lower than the revised target of GH¢2,935 million. Financing from the non-bank sector amounted to a borrowing of GH¢6,335.5 million, above the revised target of GH¢5,592.9 million. The non-bank sector's financing was moderated by non-residents' investment redemption amounting to GH¢776 million. The Ghana Stabilization Fund was used to make debt repayment amounting to GH¢488.9 million. The net flows in the Ghana Petroleum Funds was a drawdown of GH¢1,164.3 million, lower than the expected GH¢1,200.2 million drawdown, to help close the financing gap generated by the COVID-19 pandemic. An amount of GH¢1,692.6 million was also transferred from the Stabilization Fund to the Sinking Fund.

**Table 3: Budget Balance and Financing**

	2018 JAN-JUL OUTTURN	2019 JAN-JUL PROG	2020 JAN-JUL OUTTURN	2020 JAN-JUL PROG
<b>REVENUE AND GRANTS</b>	<b>24,647.8</b>	<b>27,604.9</b>	<b>27,709.8</b>	<b>26,751.8</b>
<b>EXPENDITURE</b>	<b>32,780.8</b>	<b>41,429.9</b>	<b>50,413.7</b>	<b>52,019.2</b>
<b>OVERALL BALANCE(commitment)</b>	<b>-8,132.9</b>	<b>-13,825.0</b>	<b>-22,703.9</b>	<b>-25,267.4</b>
<i>% of GDP</i>	<i>-2.7</i>	<i>-4.0</i>	<i>-5.9</i>	<i>-6.6</i>
Arrears clearance (net change)	-807.4	-653.8	-1,339.7	-1,339.7
<b>OVERALL BALANCE(Cash)</b>	<b>-8,940.3</b>	<b>-14,478.8</b>	<b>-24,043.7</b>	<b>-26,607.1</b>
<i>% of GDP</i>	<i>-3.0</i>	<i>-4.1</i>	<i>-6.2</i>	<i>-6.9</i>
Discrepancy	592.1	4,111.5	-4,409.7	-1,138.1
<b>OVERALL BALANCE(Cash, Discrepancy)</b>	<b>-8,348.2</b>	<b>-10,367.4</b>	<b>-28,453.4</b>	<b>-27,745.3</b>
<i>% of GDP</i>	<i>-2.8</i>	<i>-3.0</i>	<i>-7.4</i>	<i>-7.2</i>
<b>TOTAL FINANCING</b>	<b>8,381.3</b>	<b>10,367.4</b>	<b>37,473.9</b>	<b>37,473.9</b>
<i>% of GDP</i>	<i>2.8</i>	<i>3.0</i>	<i>9.7</i>	<i>9.7</i>
<b>FOREIGN NET</b>	<b>3,241.7</b>	<b>8,277.1</b>	<b>14,489.0</b>	<b>14,489.0</b>
<i>% of GDP</i>	<i>1.1</i>	<i>2.4</i>	<i>3.8</i>	<i>3.8</i>
Borrowing	6,287.2	15,490.1	22,695.1	22,695.1
Project Loans	1,117.8	1,843.5	3,183.1	3,183.1
Programme Loans	0.0	0.0	2,127.0	2,127.0
Sovereign Bond	5,169.4	13,646.6	17,385.0	17,385.0
Amortization (due)	-3,045.4	-7,212.9	-8,206.1	-8,206.1
<b>DOMESTIC NET</b>	<b>5,646.4</b>	<b>2,614.7</b>	<b>23,518.7</b>	<b>23,518.7</b>
<i>% of GDP</i>	<i>1.9</i>	<i>0.7</i>	<i>6.1</i>	<i>6.1</i>
Banking	1,697.5	-3,378.7	15,650.3	15,650.3
Bank of Ghana	1,063.1	-8,268.2	12,715.3	12,715.3
Deposit Money Banks	634.5	4,889.5	2,935.0	2,935.0
Non-Bank	3,668.2	5,993.3	5,592.9	5,592.9
o/w Non-residents	0.0	0.0	-1,524.3	-1,524.3
Other Domestic	280.7	0.0	2,275.5	2,275.5
o/w Debt Repayment from Ghana Stabilisation Fund	0.0	0.0	488.9	488.9
<b>Other Financing</b>	<b>-41.0</b>	<b>-74.6</b>	<b>-41.4</b>	<b>-41.4</b>
<b>Ghana Petroleum Funds</b>	<b>-123.4</b>	<b>367.2</b>	<b>1,200.2</b>	<b>1,200.2</b>
Transfer to Ghana Petroleum Funds	-465.8	-449.8	-492.4	-492.4
o/w Stabilisation Fund	-326.1	-314.9	-147.7	-344.7
o/w Heritage Fund	-139.7	-134.9	1,692.6	-147.7
Transfer from Stabilisation Fund	342.4	817.0	1,692.6	1,692.6
<b>Sinking Fund</b>	<b>-342.4</b>	<b>-817.0</b>	<b>-1,692.6</b>	<b>-1,692.6</b>
<b>Contingency Fund</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Source: Ministry of Finance

Foreign financing (net) for the period under review amounted to GH¢2,371.1 million, significantly lower than the target of GH¢4,760.4 million. Of this, GH¢10,839.6 million came from borrowing (project loans, GH¢3,183.1 million; Eurobonds, GH¢7,656.4 million) and amortization (due) of GH¢8,468.5 million.<sup>2</sup> Under the 2020 fiscal framework, planned borrowing was GH¢12,966.5 million (project loans of GH¢3,183.1 million, programme loans of GH¢2,127 million and Eurobonds of GH¢7,656.4 million) and amortization (due) was GH¢8,206.1 million.

## 5.0 Public debt analysis

The elevated fiscal deficit path has impacted the stock of public debt which rose to 68.3 percent of GDP at the end of July 2020 from 62.4 percent of GDP at the end of December 2019.

The stock of public debt increased from GH¢218.0 billion in December 2019 to GH¢263 billion in July 2020. In terms of GDP, the total public debt as at end-July 2020 was 68.3 percent, higher than the 62.4 percent registered in December 2019. In July 2019, the public debt to GDP ratio was 59 percent.

**Table 4: Budget Balance and Financing**

	2017	2018	2019	2019	2020	2020	2020	CHANGE
	DEC	DEC	JUL	DEC	MAR	JUN	JUL	
TOTAL DOMESTIC DEBT (GH¢m)	66,696.8	86,899.8	98,318.1	105,479.7	111,264.5	122,084.5	125,080.6	19,600.9
SHORT-TERM	11,996.8	11,031.9	15,247.3	16,341.0	16,585.28	16,659.67	16,416.71	75.7
MEDIUM-TERM	36,698.3	48,429.8	54,136.4	59,519.0	65,388.25	70,343.93	73,632.66	14,113.6
LONG-TERM	17,847.5	27,313.3	28,796.8	29,496.8	29,173.21	34,963.14	34,913.48	5,416.7
STANDARD LOANS	154.1	124.8	137.7	122.9	117.75	117.75	117.75	(5.1)
HOLDINGS OF DOMESTIC DEBT (GH¢m)	66,696.8	86,899.8	98,318.1	105,479.7	111,264.5	122,084.5	125,080.6	19,600.9
BANKING SYSTEM	23,473.3	38,903.1	44,053.40	46,938.6	51,904.10	61,649.07	62,123.85	15,185.3
NON-BANK	17,557.8	21,920.5	28,403.00	32,248.9	32,239.55	35,667.42	37,440.44	5,191.5
FOREIGN SECTOR (Non-Resident)	25,665.6	26,076.2	25,861.72	26,292.3	27,120.86	24,768.00	25,516.30	(776.0)
TOTAL EXTERNAL(US\$m)	17,160.4	17,868.5	20,501.1	20,306.4	23,061.9	24,109.1	24,285.9	3,979.5
MULTILATERAL	6,436.8	6,390.5	6,476.44	6,512.5	6,670.06	7,810.76	7,918.55	1,406.1
BILATERAL	4,441.3	4,134.6	3,977.59	3,933.9	3,887.27	3,837.46	3,872.69	(61.2)
COMMERCIAL	6,282.3	7,343.5	10,047.03	9,860.0	12,504.60	12,460.84	12,494.63	2,634.6
TOTAL EXTERNAL(GH¢m)	75,787.2	86,169.0	107,827.4	112,509.4	122,159.0	136,703.2	137,968.0	25,458.6
TOTAL PUBLIC DEBT (GH¢m)	142,484.0	173,068.8	206,145.5	217,989.2	233,423.5	258,787.7	263,048.6	45,059.4
NOMINAL GDP ( GH¢m)	256,671.4	300,596.1	349,480.4	349,480.4	385,378.0	385,378.0	385,378.0	
TOTAL DEBT /GDP RATIO (%)	55.5	57.6	59.0	62.4	60.6	67.2	68.3	
<i>Memorandum Items</i>								
EXTERNAL DEBT/GDP	29.5	28.7	30.9	32.2	31.7	35.5	35.8	
DOMESTIC DEBT/GDP	26.0	28.9	28.1	30.2	28.9	31.7	32.5	
EXTERNAL DEBT/TOTAL DEBT	53.2	49.8	52.3	51.6	52.3	52.8	52.4	
DOMESTIC DEBT/TOTAL DEBT	46.8	50.2	47.7	48.4	47.7	47.2	47.6	

Source: Ministry of Finance, Bank of Ghana

Of the total public debt, the domestic component was GH¢125.1 billion (32.5% of GDP), representing a year-to-date increase of 18.6 percent. Domestic debt also accounted for 47.6 percent of the total public debt in July 2020, slightly lower than the 48.4 percent share in December 2019. Conversely, external debt was GH¢138 billion (35.8% of GDP), indicating a year-to-date increase of 22.6 percent with a share of 52.4 percent in July 2020, marginally higher than the 51.6 percent share in December 2019.

<sup>2</sup> The amortization figure includes a buyback of US\$523.05 million Eurobonds maturing in 2023.

The higher share of external debt in July 2020 reflected mainly the Eurobond issuance and the Rapid Credit Facility from the IMF during the period under review. The increase in the domestic debt mainly reflected a pickup in the medium- to long-term debt, as government attempts to close the financing gap created by the COVID-19 pandemic. In terms of the holding structure, the banking system and the non-bank sector witnessed increases while the foreign sector (non-residents) reduced its holdings by GH¢776 million.

## **6.0 Conclusion and Outlook**

Government fiscal operations in the first seven months of the year was largely influenced by the COVID-19 pandemic and falling crude oil prices. Government expenditure at this period has exceeded the revised target, driven mainly by COVID-19 and energy-related spending. Indications are that revenue mobilization is gradually picking up, particularly international trade taxes as the transition issues at the ports have been largely resolved. Revenue mobilization may also benefit from the re-opening of the airport and further relaxation of COVID-19 related restrictions. However, a second wave of the pandemic warranting a re-imposition of social distancing protocols and lockdowns as well as the coming into effect of the reduction in the CST rate may weigh down on revenue mobilization. Risks relating to the political business cycle remain prominent. All these would require effective monitoring, particularly of spending, to ensure that potential slippages are contained. For the remainder of the year, and to the extent possible, spending should be tightly linked to revenue mobilization to avoid slippages to preserve fiscal and debt sustainability.



### Appendix 1: Fiscal indicators

	2017 Prov JAN-JUL	2018 Prov JAN-JUL	2019 Prov JAN-JUL	2020 Prov. JAN-JUL
<i>In millions of GH¢ unless otherwise stated</i>				
Domestic Revenue	21,641.9	23,895.1	27,038.4	26,280.3
(percent of GDP)	10.5	8.0	7.7	6.8
Domestic expenditure	19,379.8	21,896.2	23,579.0	35,088.0
(percent of GDP)	9.4	7.3	6.7	9.1
Domestic Primary Balance	2,262.1	1,998.9	3,459.4	-8,807.7
(percent of GDP)	1.1	0.7	1.0	-2.3
Primary Balance	-342.5	87.2	962.1	-13,273.2
(percent of GDP)	-0.2	0.0	0.3	-3.4
Non-oil Primary Balance	-1,823.2	-2,015.4	-897.4	-15,266.1
(percent of GDP)	-0.9	-0.7	-0.3	-4.1
Overall Balance (cash, discrepancy)	-8,440.9	-10,582.6	-13,582.4	-27,745.3
(percent of GDP)	-4.1	-2.8	-3.0	-7.2
Oil Revenue	1,480.6	2,102.6	1,859.5	1,992.9
(percent of GDP)	0.7	0.7	0.5	0.5
Non-Oil Revenue and Grants	21,122.2	22,545.2	25,745.4	24,759.0
(percent of GDP)	10.3	7.5	7.4	6.4
Benchmark Oil Revenue	852.0	1,552.7	1,499.4	1,641.4
(percent of GDP)	0.4	0.5	0.4	0.4
Annual Budget Funding Amount (ABFA)	440.2	1,086.9	1,049.6	1,149.0
(percent of GDP)	0.2	0.4	0.3	0.3

Source: Ministry of Finance