



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 2020 indicated that:

- The revenue mobilisation marginally exceeded the revised target.
- Government expenditure and arrears clearance was slightly above the revised target.
- The fiscal deficit ended the year at 11.7 percent of GDP, slightly above the revised target of 11.4 percent of GDP.
- The primary balance recorded a deficit of 5.3 percent of GDP, above the expected 4.6 percent of GDP.
- The overall fiscal deficit was financed mainly from domestic sources.
- The elevated fiscal deficit path impacted the stock of public debt which rose to 76.1 percent of GDP at the end of December 2020, compared with 62.4 percent of GDP at the end of December 2019.

2.0 Total Revenue and Grants

Total revenue turned out strong in comparison with the revised target.

Total Revenue & Grants for 2020 amounted to GH¢55,132.2 million (14.4% of GDP), marginally higher than the revised target of GH¢53,666.5 million (13.9% of GDP). This outturn represented a 3.3 percent year-on-year growth, compared with the 12.1 percent growth recorded in the same period of 2019. During the review period, domestic revenue amounted to GH¢53,903.5 million (14.1% of GDP), above the revised target of GH¢52,443.2 million (13.6% of GDP). The revenue performance reflected the downward revision to the initial revenue estimates as well as strong recovery in international trade taxes as transitional issues at the ports were 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¢44,452.3 million (11.6% of GDP), higher than the target of GH¢42,331.7 million (11% of GDP). This represented a year-on-year growth of 3.9 percent, lower than the 13.2 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 stabilisation levy and airport taxes amounted to GH¢23,570.2 million, registering an annual growth of 3.9 percent compared with 20.8 percent growth in the corresponding period of 2019. This outturn was 0.8 percent below the revised target with all the key tax components (except personal income tax) 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 eleven months of 2020 was GH¢15,356.1 million, more than 3 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 10.5 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 almost 36 percent – despite the reduction in the rate from 9 percent to 5 percent effective 15th September 2020 – as demand for internet services increased in response to the COVID-related restrictions and protocols.
- **International trade taxes**, comprising mainly import duties, amounted to GH¢8,112.7 million and was over 72 percent above the revised target (international trade taxes was revised downwards by 18.5%). In year-on-year terms, the outturn increased by 50 percent due to strong recovery in the international trade taxes as transitional issues at the ports were resolved.
- **Tax refunds** amounted to GH¢2,586.7 higher than the revised target of GH¢2,052.6 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¢596.3 million due largely to delays in public servants’ pension payments by Government.
- **Non-Tax revenue**, which saw a significant 48.7 percent downward revision, amounted to GH¢6,666.6 million in 2020 and represented 11.9 percent year-on-year decline due to government’s inability to realise the expected dividend, interest, and profits from crude oil. This was on the back of plummeting international crude oil prices while COVID-restrictions also affected fees and charges. The outturn was 1 percent below the revised target.

- **ESLA proceeds** amounted to GH¢2,738.9 million and was 1.5 percent below the revised target. This outturn represented a 44 percent year-on-year growth compared with 4.5 percent annual growth in the corresponding period in 2019, as measures instituted to monitor the activities of the Oil Marketing Companies seemed to have yielded the desired outcome.
- Government received **project grants** in the sum of GH¢1,228.7 million, significantly higher than the envisaged target of GH¢719.3 million. This outturn was also marginally higher than the GH¢986.1 million received in the same period of 2019. The expected receipt of GH¢504 million in programme grants for the period under review was not realised.
- **Oil revenue** realised at the end of the year amounted to GH¢3,587.1 million, lower than the revised target of GH¢3,827.3 million, as crude oil prices remained below expected levels. Of this amount, the **Annual Budget Funding Amount (ABFA)** was GH¢1,528.8 million compared with the expected target of GH¢4,336.2 million.

Table 1: Total Revenue and Grants (GH¢ million)

	2018 JAN-DEC OUTTURN	2019 JAN-DEC OUTTURN	2020 JAN-DEC OUTTURN	2020 JAN-DEC PROG	2020 Y-O-Y Growth	2020 OUTTURN/ PROG,%
TAX REVENUE	37,784.2	42,774.6	44,452.26	42,331.69	3.9	105.0
<i>% GDP</i>	12.6	12.2	11.6	11.0		
TAXES ON INCOME & PROPERTY	18,776.4	22,683.1	23,570.2	23,768.8	3.9	99.2
Personal	6,269.9	7,313.1	7,507.1	8,651.4	2.7	86.8
Self Employed	378.7	421.1	394.2	360.9	-6.4	109.2
Companies	8,527.9	10,567.4	11,425.7	11,113.3	8.1	102.8
Companies Taxes on Oil	735.7	925.6	792.5	776.6	-14.4	102.0
Others	2,864.1	3,455.9	3,450.7	2,866.5	-0.2	120.4
TAXES ON DOMESTIC GOODS AND SERVICES	15,030.4	17,151.7	15,356.1	15,901.7	-10.5	96.6
Excises	3,661.2	3,919.2	3,292.0	3,838.2	-16.0	85.8
VAT	8,892.7	9,330.1	8,320.8	8,287.2	-10.8	100.4
National Health Insurance Levy (NHIL)	1,501.0	1,745.2	1,600.6	1,610.4	-8.3	99.4
GETFund	555.4	1,744.8	1,583.2	1,630.1	-9.3	97.1
Communication Service Tax	420.0	412.3	559.4	535.8	35.7	104.4
TAXES ON INTERNATIONAL TRADE	6,102.1	5,410.0	8,112.7	4,714.2	50.0	172.1
Imports	6,102.1	5,410.0	8,112.7	4,714.2	50.0	172.1
Tax Refunds	-2,124.7	-2,470.2	-2,586.7	-2,052.9	4.7	126.0
SOCIAL CONTRIBUTION	377.3	153.3	45.7	596.3	-70.2	7.7
SSNIT Contribution to NHIL	377.3	153.3	45.7	596.3	-70.2	7.7
NON-TAX REVENUE	6,523.7	7,567.6	6,666.6	6,735.6	-11.9	99.0
<i>% GDP</i>	2.2	2.2	1.7	1.7		
Retention	3,164.8	3,952.7	4,003.2	2,859.0	1.3	140.0
Lodgement	3,358.9	3,614.9	2,663.5	3,876.6	-26.3	68.7
OTHER REVENUE	1,816.7	1,898.1	2,738.9	2,779.6	44.3	98.5
ESLA Proceeds	1,816.7	1,898.1	2,738.9	2,779.6	44.3	98.5
DOMESTIC REVENUE	46,501.9	52,393.5	53,903.5	52,443.2	2.9	102.8
<i>% GDP</i>	15.5	15.0	14.1	13.6		
GRANTS	1,134.8	986.1	1,228.7	1,223.3	24.6	100.4
<i>% GDP</i>	0.4	0.3	0.3	0.3		
Project Grants	1,121.3	986.1	1,228.7	719.3	24.6	170.8
Programme Grants	13.5	0.0	0.0	504.0		
TOTAL REVENUE & GRANTS	47,636.7	53,379.6	55,132.2	53,666.5	3.3	102.7
<i>% GDP</i>	15.8	15.3	14.4	13.9		

Source: Ministry of Finance

3.0 Total Expenditures

Government spending and arrears clearance was marginally above the revised target.

Total expenditures & arrears clearance in 2020 amounted to GH¢100,052 million (26.1% of GDP), somewhat above the revised target of GH¢97,740.4 million (25.3% of GDP).¹ This outturn represents a year-on-year growth of 42.4 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¢28,268.9 million (7.4% of GDP), slightly above the envisioned target of GH¢27,061.8 million (7% of GDP). This outturn represents an annual growth of 27.2 percent compared with 13.3 percent growth in 2019 as wages & salaries, and gratuities experienced some overruns. In terms of fiscal flexibility, compensation of employees constituted 52.4 percent of domestic revenue at the end of 2020, substantially higher than the 39.4 percent recorded in 2019. Similarly, wages & salaries accounted for about 46.5 percent of domestic revenue, up from 34.6 percent in 2019.
- **Use of Goods and Services** for the period under review amounted to GH¢7,388.3 million, marginally lower than the revised target of GH¢7,743.6 million. The outturn represented an annual growth of about 20 percent consistent with the 2019 performance.
- **Total interest payments** amounted to GH¢24,599.3 million over the review period, lower than the envisioned target of GH¢26,268.3 million. While domestic interest payment was appreciably below its target, external interest payments was significantly higher than the target. For the period under review, total interest payments constituted 45.6 percent of domestic revenue, up from 35 percent in 2019.
- **Grants to other Government units** (such as National Health Fund, Education Trust Fund (GETFund), Road Fund, Energy Fund, District Assemblies Common Fund (DACF), Retention of IGFs, transfer to GNPC and other earmarked Funds) amounted to GH¢11,882 million, broadly consistent with the revised target of GH¢11,805.1 million. While the revised targets for DACF and Retention of IGFs were exceeded, the Road Fund, GETFund, National Health Fund, Transfer to GNPC and other earmarked Funds broadly remained within targets.
- COVID-19 related expenditures amounted to GH¢8,122 million in 2020, somewhat lower than the expected target of GH¢11,162 million.

¹ Total expenditure without arrears clearance and discrepancy amounted to GH¢96,400.4 (25.1% of GDP), which was broadly consistent with the revised target of GH¢96,297.1 million (25% of GDP)

- **Capital expenditures** for the period under review amounted to GH¢12,082.9 million (3.2% of GDP), somewhat higher than the revised target of GH¢9,326.7 million (2.4% of GDP). This outturn represented a year-on-year growth of 96.4 percent, somewhat higher than 82.8 percent annual growth experienced in 2019. Of the total, foreign-financed capital expenditure accounted for 60.2 percent, higher than the 58.9 percent share in 2019.

Table 2: Total Expenditures (GH¢ million)

	2018 JAN-DEC OUTTURN	2019 JAN-DEC OUTTURN	2020 JAN-DEC OUTTURN	2020 JAN-DEC PROG	2020 Y-O-Y Growth	2020 OUTTURN/ PROG,%
II EXPENDITURE & ARREARS CLEARANCE	66,675.2	70,271.5	100,052.8	97,740.4	42.4	102.4
% of GDP	22.2	20.1	26.1	25.3		
Compensation of Employees	19,612.0	22,219.0	28,268.9	27,061.8	27.2	104.5
Wages & Salaries	17,212.9	19,479.3	25,047.4	23,851.6	28.6	105.0
Social Contributions	2,399.1	2,739.7	3,221.5	3,210.2	17.6	100.4
Pensions	924.3	1,037.6	1,217.8	1,232.6	17.4	98.8
Gratuities	217.9	246.6	269.5	230.4	9.3	117.0
Social Security	1,257.0	1,455.5	1,734.2	1,747.2	19.2	99.3
Use of Goods and Services	5,127.9	6,169.6	7,388.3	7,743.6	19.8	95.4
o/w ABFA	421.0	573.8	643.4	496.9	12.1	129.5
o/w Free SHS	0.0		0	0		
	34.0	35.1	45.6	50.1		
Interest Payments	15,821.8	19,769.3	24,599.3	26,268.3	24.4	93.6
Domestic	12,494.1	15,209.5	18,352.1	21,134.4	20.7	86.8
External (Due)	3,327.8	4,559.8	6,247.2	5,133.9	37.0	121.7
Subsidies	0.0	124.2	168.1	229.3	35.3	73.3
Subsidies on Petroleum products	0.0	124.2	168.1	229.3		
Grants to Other Government Units	19,652.9	11,423.6	11,882.0	11,805.1	4.0	100.7
National Health Fund (NHF)	10,789.2	1,316.9	1,123.6	1,929.3	-14.7	58.2
Education Trust Fund	1,473.3	919.9	986.7	1,055.6	7.3	93.5
Road Fund	851.7	899.2	544.0	871.8	-39.5	62.4
Energy Fund	516.8	15.9	196.5	21.8		
Dist. Ass. Common Fund	13.1	1,606.1	2,184.1	1,874.5	36.0	116.5
Retention of IGFs	1,446.9	3,952.7	4,003.2	2,859.0	1.3	140.0
Transfer to GNPC	3,164.8	939.7	1,120.3	1,438.2	19.2	77.9
Other Earmarked Funds	1,397.1	1,773.1	1,723.5	1,755.0	-2.8	98.2
Social Benefits	165.7	100.5	150.1	150.1		100.0
Lifeline Consumers of Electricity	165.7	100.5	150.1	150.1		
Other Expenditure	1,816.7	1,898.1	11,860.9	13,712.3	524.9	86.5
o/w ESLA Transfers	1,816.7	1,898.1	2,738.9	2,550.3	44.3	107.4
o/w Covid-Related Expenditure			8,122.0	11,162.0		
o/w Financial Sector Cost			1,000.0	0.0		
Capital Expenditure	3,365.6	6,151.8	12,082.9	9,326.7	96.4	129.6
Domestic financed	1,682.8	2,528.5	4,811.2	3,624.4	90.3	132.7
o/w ABFA	406.6	414.2	2,127.7	1,159.3		
Foreign financed	1,682.8	3,623.3	7,271.7	5,702.3	100.7	127.5
TOTAL EXPENDITURE	65,562.7	67,856.1	96,400.4	96,297.1	42.1	100.1
% GDP	21.8	19.4	25.1	25.0		

Source: Ministry of Finance

4.0 Budget Balance and Financing

The fiscal deficit for 2020 was equivalent to 11.7% of GDP, marginally above the revised target of 11.4% of GDP.

Government budgetary operations resulted in an overall budget deficit of GH¢44,920.5 million (11.7% of GDP) at the end of 2020, marginally higher than the revised target of GH¢44,073.9 million (11.4%

of GDP). In addition, the primary balance ended the year with a deficit of 5.3 percent of GDP, slightly above the revised target deficit of 4.6 percent of GDP.

The overall fiscal deficit of GH¢44,920.5 million was financed mostly from domestic sources. Domestic financing (net) for the period under review was GH¢45,539.1 million (11.9% of GDP), substantially higher than the revised target of GH¢32,116.7 million (8.3% of GDP). Of this,

- The banking sector's contribution was a drawdown of GH¢27,441.7 million, higher than the revised target of GH¢19,234.6 million. Of this,
 - Bank of Ghana financed the deficit to the tune of GH¢22,562.4 million. This comprised the Bank's COVID-19 bond purchase of GH¢10,000 million; IMF Rapid Credit Facility of GH¢5,600.0 million; 7th and 8th review under the IMF ECF budget support of GH¢981.0 million; Liquidity to CBG in lieu of its bonds of GH¢5,055.9 million; and securitisation of GOG interest due BOG in 2020 of GH¢925.5 million.
 - Government also borrowed GH¢4,879.3 million from Deposit Money Banks, which was significantly lower than the revised target of GH¢9,234.6 million.
- Financing from the non-bank sector amounted to a borrowing of GH¢15,925.9 million, significantly higher than the expected borrowing of GH¢11,191.9 million.
- The net flows in the Ghana Petroleum Funds signalled a drawdown of GH¢1,126.8 million, higher than the expected GH¢990.8 million drawdown, to help close the financing gap generated by the COVID-19 pandemic.
- An amount of GH¢1,699.6 million was also transferred from the Stabilization Fund with the Sinking Fund holding GH¢572.9 million against the target of GH¢6,291.9 million at the end of 2020.
- There was a build-up of GH¢1,203.7 million in the Contingency Fund at the end of 2020, consistent with the envisaged target.

Foreign financing (net) for the period under review amounted to GH¢31.2 million, significantly lower than the target of GH¢18,462 million. Of this, GH¢14,098.1 million came from borrowing (project loans, GH¢6,043 million; programme loans, GH¢398.7 million; Eurobonds, GH¢7,656.4 million) and amortization (due) of GH¢14,066.9 million.² Under the 2020 fiscal framework, planned borrowing was GH¢30,654.8 million (project loans of GH¢4,982. million, programme loans of GH¢8,286.9 million and Eurobonds of GH¢17,385 million) and amortization (due) was GH¢12,192.8 million.

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

Table 3: Budget Balance and Financing (GH¢ million)

	2018 JAN-DEC OUTTURN	2019 JAN-DEC OUTTURN	2020 JAN-DEC OUTTURN	2020 JAN-DEC PROG
REVENUE AND GRANTS	47,636.7	53,379.6	55,132.2	53,666.5
EXPENDITURE	58,197.0	67,856.1	96,400.4	96,297.1
OVERALL BALANCE(commitment)	-10,560.2	-14,476.5	-41,268.2	-42,630.6
<i>% of GDP</i>	-3.5	-4.1	-10.8	-11.1
Arrears clearance (net change)	-858.5	-730.0	-1,443.2	-1,443.2
OVERALL BALANCE(Cash)	-11,418.7	-15,206.5	-42,711.4	-44,073.9
<i>% of GDP</i>	-3.8	-4.4	-11.1	-11.4
Discrepancy	-254.1	-1,685.3	-2,209.1	0.0
OVERALL BALANCE(Cash, Discrepancy)	-11,672.7	-16,891.8	-44,920.5	-44,073.9
<i>% of GDP</i>	-3.9	-4.8	-11.7	-11.4
TOTAL FINANCING	11,672.7	16,891.8	44,920.5	44,073.9
<i>% of GDP</i>	3.9	4.8	11.7	11.4
FOREIGN NET	2,724.2	5,041.1	31.2	18,462.0
<i>% of GDP</i>	0.9	1.4	0.0	4.8
Borrowing	7,992.7	16,283.8	14,098.1	30,654.8
Project Loans	1,934.3	2,637.2	6,043.0	4,982.9
Programme Loans	889.1	0.0	398.7	8,286.9
Sovereign Bond	5,169.4	13,646.6	7,656.4	17,385.0
Amortization (due)	-5,268.6	-11,242.7	-14,066.9	-12,192.8
DOMESTIC NET	9,800.1	13,087.2	45,539.1	32,116.7
<i>% of GDP</i>	3.3	3.7	11.9	8.3
Banking	5,401.4	2,787.7	27,441.7	19,234.6
Bank of Ghana	884.3	-5,889.7	22,562.4	10,000.0
Deposit Money Banks	4,517.1	8,677.4	4,879.3	9,234.6
Non-Bank	3,994.8	10,299.4	15,925.9	11,191.9
o/w Non-residents	0.0	0.0	1,394.9	-
Other Domestic	403.9	0.0	2,275.5	1,700.6
o/w Debt Repayment from Ghana Stabilisation Fund	0.0	0.0	0.0	1,700.6
Other Financing	-71.7	-92.4	-103.9	-10.3
Ghana Petroleum Funds	167.2	-148.0	1,126.8	990.8
Transfer to Ghana Petroleum Funds	-779.8	-965.0	-572.8	-709.8
o/w Stabilisation Fund	-500.9	-609.6	-222.0	-496.9
o/w Heritage Fund	-278.9	-355.3	1,699.6	-212.9
Transfer from Stabilisation Fund	947.1	817.0	1,699.6	1,700.6
Sinking Fund	-947.1	-996.0	-572.9	-6,291.9
Contingency Fund	0.0	0.0	-1,203.7	-1,203.7

Source: Ministry of Finance

Table 4: Public Debt

	2017	2018	2019	2019	2020	2020	2020	2020	2020	2020	CHANGE YTD
	DEC	DEC	Nov	DEC	MAR	JUN	SEP	OCT	NOV	DEC	
TOTAL DOMESTIC DEBT (GH¢m)	66,696.8	86,899.8	102,951.9	105,479.7	111,264.5	122,084.5	135,263.5	144,477.0	147,329.1	149,833.9	44,354.2
SHORT-TERM	11,996.8	11,031.9	16,918.2	16,341.0	16,585.28	16,659.67	16,286.95	16,725.54	17,166.99	16,861.02	520.0
MEDIUM-TERM	36,698.3	48,429.8	56,395.1	59,519.0	65,388.25	70,343.93	79,393.55	85,747.83	87,758.44	90,375.60	30,856.6
LONG-TERM	17,847.5	27,313.3	29,496.8	29,496.8	29,173.21	34,963.14	39,465.26	41,909.24	42,309.24	42,375.64	12,878.8
STANDARD LOANS	154.1	124.8	141.9	122.9	117.75	117.75	117.75	94.38	94.38	221.63	98.7
HOLDINGS OF DOMESTIC DEBT (GH¢m)	66,696.8	86,899.8	102,951.9	105,479.7	111,264.5	122,084.5	135,263.9	144,477.0	147,329.1	149,833.9	44,354.2
BANKING SYSTEM	23,473.3	38,903.1	46,466.5	46,938.6	51,904.10	61,649.07	70,549.60	76,690.22	78,690.09	78,626.32	31,687.8
NON-BANK	17,557.8	21,920.5	31,183.1	32,248.9	32,239.55	35,667.42	39,149.67	41,300.81	42,282.23	43,520.37	11,271.5
FOREIGN SECTOR (Non-Resident)	25,665.6	26,076.2	25,302.3	26,292.3	27,120.86	24,768.00	25,564.61	26,485.96	26,356.74	27,687.18	1,394.9
TOTAL EXTERNAL(US\$m)	17,160.4	17,868.5	20,295.0	20,306.4	23,061.9	24,109.1	24,331.0	24,298.4	24,401.5	24,715.8	4,409.4
MULTILATERAL	6,436.8	6,390.5	6,462.6	6,512.5	6,670.06	7,810.76	7,932.83	7,979.5	8,059.2	8,280.2	1,767.7
BILATERAL	4,441.3	4,134.6	3,934.2	3,933.9	3,887.27	3,837.46	3,814.67	3,777.7	3,814.9	3,805.1	(128.8)
COMMERCIAL	6,282.3	7,343.5	9,898.2	9,860.0	12,504.60	12,460.84	12,583.48	12,541.2	12,527.4	12,630.5	2,770.5
TOTAL EXTERNAL(GH¢m)	75,787.2	86,169.0	107,945.2	112,509.4	122,159.0	136,703.2	138,827.7	138,814.3	139,486.2	141,796.8	29,287.4
TOTAL PUBLIC DEBT (GH¢m)	142,484.0	173,068.8	210,897.2	217,989.2	233,423.5	258,787.7	274,091.2	283,291.3	286,815.3	291,630.7	73,641.6
NOMINAL GDP (GH¢m)	256,671.4	300,596.1	349,480.4	349,480.4	383,304.8	383,304.8	383,304.8	383,304.8	383,304.8	383,304.8	
TOTAL DEBT /GDP RATIO (%)	55.5	57.6	60.3	62.4	60.9	67.5	71.5	73.9	74.8	76.1	
<i>Memorandum Items</i>											
EXTERNAL DEBT/GDP	29.5	28.7	30.9	32.2	31.9	35.7	36.2	36.2	36.4	37.0	
DOMESTIC DEBT/GDP	26.0	28.9	29.5	30.2	29.0	31.9	35.3	37.7	38.4	39.1	
EXTERNAL DEBT/TOTAL DEBT	53.2	49.8	51.2	51.6	52.3	52.8	50.7	49.0	48.6	48.6	
DOMESTIC DEBT/TOTAL DEBT	46.8	50.2	48.8	48.4	47.7	47.2	49.3	51.0	51.4	51.4	

Source: Ministry of Finance

5.0 Public debt analysis

The elevated fiscal deficit path has impacted the stock of public debt which rose to 76.1 percent of GDP at the end of 2020 from 62.4 percent of GDP at the end of 2019.

The stock of public debt increased from GH¢218.0 billion in December 2019 to GH¢291.6 billion at the end of 2020. In terms of GDP, the total public debt as at end-2020 was 76.1 percent, higher than the 62.4 percent registered in December 2019.

The domestic component of the total public debt was GH¢149.8 billion (39.1% of GDP), representing a year-on-year increase of 42 percent. Domestic debt also accounted for 51.4 percent of the total public debt in December 2020, higher than the 48.4 percent share in December 2019. The increase in the domestic debt mainly reflected a pickup in the medium to long-term debt, as government endeavoured to close the financing gap created by the COVID-19 pandemic. External debt was GH¢141.8 billion (37% of GDP), indicating a year-on-year increase of 26 percent with a share of 48.6 percent in December 2020, marginally lower than the 51.6 percent share in December 2019. In terms of the holding structure, the banking system and the non-bank sector witnessed substantial increases while the foreign sector (non-residents) increased its holdings marginally by GH¢1,394.9 million.

6.0 Conclusion and Outlook

Government fiscal operations were largely influenced by the COVID-19 pandemic. Revenue performance was strong due to the strong recovery in international trade taxes as transitional issues at the ports were largely resolved. Government expenditure and arrears was marginally above the revised target as the Mid-year Budget revisions accounted for the previously unbudgeted COVID-19 and energy-related spending. The resulting fiscal deficit, together with the high public debt levels, signalled an urgent turnaround towards the path of fiscal consolidation and sustainability over the medium-term.

As a result, the 2021 budget has reset fiscal policy on a consolidation path with the deficit projected to decline to 9.5 percent of GDP with a corresponding primary deficit of 1.3 percent of GDP. Total revenues and grants are estimated at GH¢72.5 billion (16.7% of GDP), while total expenditures and arrears payment are estimated at GH¢113.8 billion (26.2% of GDP). The projected fiscal consolidation path is mainly due to expected increased revenue mobilisation made up of both revenue administration efficiency and new revenue measures.

Appendix 1: Fiscal indicators

In millions of GH¢ unless otherwise stated	2017	2018	2019	2020
	Prov JAN-DEC	Prov JAN-DEC	Prov JAN-DEC	Prov. JAN-DEC
Domestic Revenue	39,963.0	46,501.9	52,393.5	53,903.5
(percent of GDP)	19.4	15.6	15.0	14.1
Domestic expenditure	31,298.6	39,573.7	46,148.9	66,738.6
(percent of GDP)	15.2	13.2	13.2	17.4
Domestic Primary Balance	8,664.4	6,928.3	6,244.6	-12,835.1
(percent of GDP)	4.2	2.3	1.8	-3.3
Primary Balance	1,327.4	4,149.1	2,877.4	-20,321.3
(percent of GDP)	0.6	1.4	0.8	-5.3
Non-oil Primary Balance	-1,080.3	-342.4	-2,010.6	-23,908.3
(percent of GDP)	-0.5	-0.1	-0.6	-6.4
Overall Balance (cash, discrepancy)	-12,244.7	-11,672.7	-16,891.8	-44,920.5
(percent of GDP)	-5.9	-3.9	-4.8	-11.7
Overall Balance (cash, discrepancy, incl. bailout & Bank Capitalisation)		-21,474.0	-20,106.8	-52,961.1
(percent of GDP)		-7.2	-5.8	-13.8
Oil Revenue	2,407.7	4,491.4	4,888.0	3,587.1
(percent of GDP)	1.2	1.5	1.4	0.9
Non-Oil Revenue and Grants	39,090.2	43,145.3	48,491.6	51,545.2
(percent of GDP)	19.0	14.4	13.9	13.4
Benchmark Oil Revenue	1,478.0	3,099.1	3,948.2	2,466.8
(percent of GDP)	0.7	1.0	1.1	0.6
Annual Budget Funding Amount (ABFA)	859.6	2,169.3	2,763.8	1,528.8
(percent of GDP)	0.4	0.7	0.8	0.4

Source: Ministry of Finance