



# Ghana 2022 National *Budget Analysis*



# Ghana 2022 National Approved *Budget Analysis*

## About BudgIT Ghana

BudgIT Ghana is a civic technology organization specializing in intersecting citizen engagement with technology to promote transparency and accountability in governance. As a pioneer in the field of social advocacy melded with technology, BudgIT Ghana uses an array of technologies to simplify government budgets and matters of public spending for citizens, with the sole aim of raising the bar of accountability from government to Ghanaians. With a four-pronged focus on Budget Access, Tracka, Extractives, and Institutional Support, our methodology is to employ the most refined data mining skill to present data to empower citizens to demand better service delivery and, consequently, good governance.

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**Source:** Ghana's Ministry of Finance

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# 01

## **A Quick Review of the 2022 Budget**



The 2022 National budget rightly tagged “Building a Sustainable Entrepreneurial Nation: Fiscal Consolidation and Job Creation” aspires to sustain the recovery efforts from the socio-economic impact of the COVID-19 pandemic and get the nation quickly back to pre-pandemic growth trajectory and on a sustainable debt path. It also outlines the strategies to address one of Ghana's significant problems: youth unemployment and improving the quality of living standards while ensuring peace and security.

This year, the government of Ghana anticipates spending about 137.5 billion Ghana Cedis, a 21% increment compared to the 2021 budget of 113.8 billion Ghana Cedis. The 2022 budget also saw a 39 % increment in revenues and grants projection (100.5 billion Ghana Cedis) juxtaposed with an estimated 72.5 billion Ghana cedis last year. Although there is a substantial growth in the projected revenue, the budget still has a deficit of 37.1 billion Ghana Cedis, which is 10% lesser than the 2021 shortage of 41.3 billion Ghana cedis.

The Government's 2022 budget prioritizes economic revitalization programs such as the YouStart Initiative, operationalizing the Development Bank Ghana (DBG) under the “Obaatan Pa” program. Others, such as the Community Improvement Initiative and the National Alternative Employment and Livelihood Programme (NAELP), are interventions meant to unleash the innovative and entrepreneurial spirit through nurturing a self-confident and business savvy generation that leverages the AfCFTA for economic transformation. With the anticipated multiplier effect of the YouStart initiative, Ghana will become an entrepreneurial nation with a great army of curious, competent, and compassionate actors empowered to conquer opportunities at home and beyond.

In addition, on March 24th, 2022, the government has undertaken stringent measures to curb its expenditure, ensuring that it achieves about a 7.4% deficit target set in the 2022 budget. The stringent measures include a 10% cut in discretionary spending

by MDAs; a 50% cut in fuel coupon allocations for all political appointees and government institutions. A suspension on the importation of vehicles, all foreign travels, except pre-approved statutory travels, and the establishment of new public sector institutions. The Government also intends to implement measures to eliminate “ghost” workers, ballooning its recurrent expenditure.

Additionally, they plan to finalize the renegotiation of the Energy Sector IPPs to save about GHS1.5 billion by reducing payments by 20%, among other austerity measures. The 2022 budget is unique as it seeks Cabinet approval for Ministers and the Heads of State-Owned Enterprises to contribute 30 % of their salaries from April to December 2022 to the Consolidated Fund. This budget also prioritizes the completion of ongoing projects over new projects, which is critical to avoid wastage and efficient use of public resources. Ultimately, the government plans to reduce expenditure on all events by 50% to plug leakages and adjust to the current realities.

While the 2022 budget seeks to consolidate and revitalize a post-COVID-19 economic recovery agenda to promote sustainable growth, financial and fiscal stability, increased employment, and reduced inequality, the Government of Ghana must ensure the restoration and sustained macroeconomic stability. It must focus on debt sustainability and provide a supportive private sector environment (including promoting entrepreneurship) for local businesses. The Government may also encourage Foreign Direct Investment (FDI) by building a robust financial sector to support growth and development and deepen structural reforms to make the machinery of government work more efficiently and effectively to support socio-economic transformation. In particular, implementing reforms to increase revenue mobilization and the efficiency of public expenditure through innovation and more aggressive pursuit of transparency and accountability.



# Key Assumptions of the 2022 *Budget Framework*

## Macroeconomic Targets

Projected Overall  
Real GDP Growth

**5.8%**



Projected Non-oil  
Real GDP Growth

**5.9%**



Targeted  
Inflation Rate

**8%**



Benchmark Oil  
Production (Million Bbl)

**\$59.51**



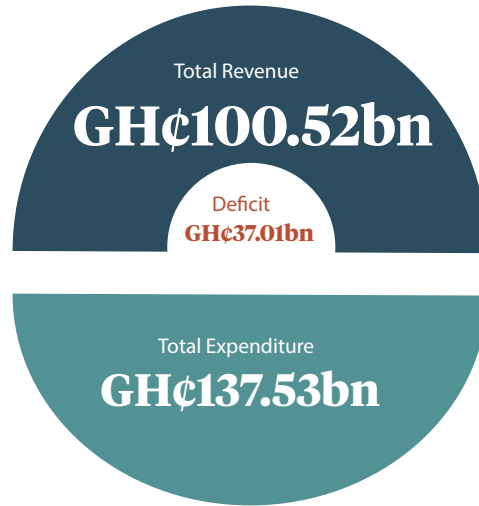
Benchmark Oil  
price (Per barrel)

**\$61.23**

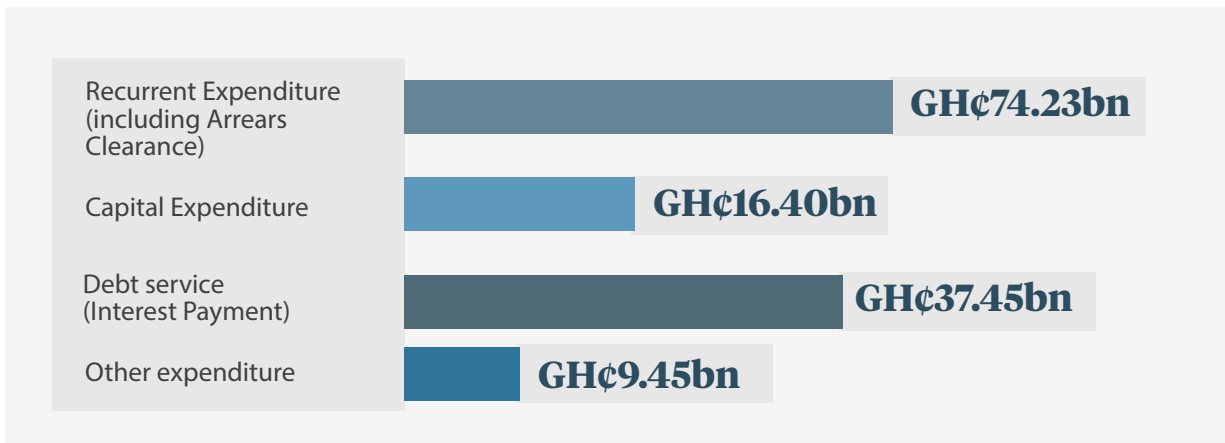




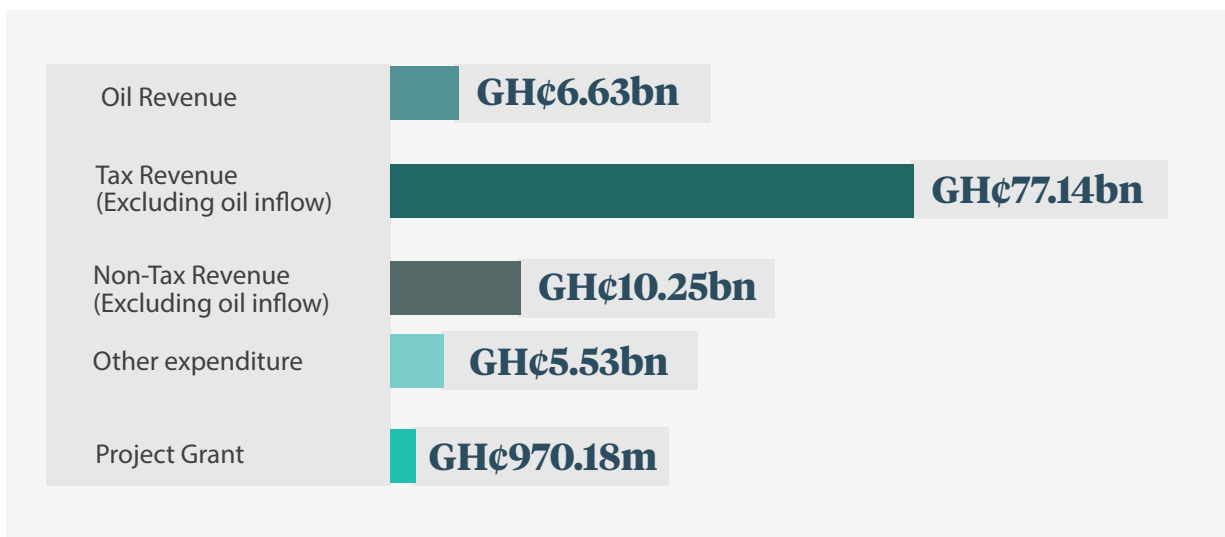
# 2022 Approved Budget Framework



## Expenditure



## Revenue







# 02

## Government Revenue



Revenue is the entire amount of money expected to be raised by the government on behalf of citizens for a fiscal year. The primary sources of revenue are taxes and non-tax revenue. The government has projected to earn GH¢100.52bn in revenue this fiscal year

The anticipated improvements in tax compliance, revenue management reforms, and the implementation of a 1.5% electronic levy on significant electronic transactions (i.e., mobile money transfers, merchant transactions, bank transfers, and inward remittances) are expected to

boost revenue by contributing a projected total of GH¢6.96bn to the overall revenue.

Also, to boost Ghana's revenue, the government is planning to restore the benchmark values of imports by removing the 30% and 50% discounts on vehicles and selected goods, respectively, as well as implementing a unified common platform for all Metropolitan, Municipal, and District Assemblies (MMDAs) to help enhance property tax rate collections by the MMDAs and ensure its accountability.



## » Total Revenue Mobilization Recent Trend

2021 Projected Outturn		Source		2022
<b>GH¢28.78bn</b>		Tax on Income and Property		<b>GH¢38.29bn</b>
<b>GH¢22.63bn</b>		Taxes on Domestic Goods and Services		<b>GH¢36.02bn</b>
<b>GH¢9.19bn</b>		Non-Tax Revenue		<b>GH¢13.85bn</b>
<b>GH¢6.66bn</b>		International Trade Tax (Import Duties)		<b>GH¢9.03bn</b>
<b>GH¢1.20bn</b>		Grants		<b>GH¢970m</b>
<b>GH¢4.02bn</b>		Other Revenue		<b>GH¢4.76bn</b>
		<b>Total Revenue</b>		

  
**GH¢70.35bn**

  
**GH¢100.52bn**





## Break-Down of Where the Revenue Mobilization will Come From

Domestic revenue of

**GH¢99.55bn**

including a tax refund

**(GH¢3.17bn)**

is estimated to fund 72% of the overall budget and contribute 99% to the total projected revenue of

**GH¢100.52bn**



Tax revenue of

**GH¢80.17bn**

is the money generated from taxing individual and corporate incomes, wealth accumulation, products and services produced, exported, and imported.

Year on year, tax revenue has been the government's significant source of revenue, accounting for 80% of the total projected revenue of GH¢100.52bn this year.



# 38.29bn



## Taxes on Income and Property



Unit = Cedis

# 4.92bn



## Other Income and Property Taxes

### Breakdown

Mineral Royalties

**1.68bn**

Royalties from Oil

**1.34bn**

National Fiscal  
Stabilization Levy

**754.23m**

Airport Tax

**396.03m**

Finsec clean-up  
Levy

**252.79m**

*Unit = Cedis*



## » Domestic Goods and Services Taxes (DGST)

Domestic Goods and Services Taxes (DGST) are levied on consumer goods and services. Inflow from this source is the second most important contributor, accounting for

# 45%

of total expected tax revenue of GH¢ 80.17bn. The introduction of the new E-levy policy is estimated to increase Ghana's total revenue by

**↑5%**  
in 2022.



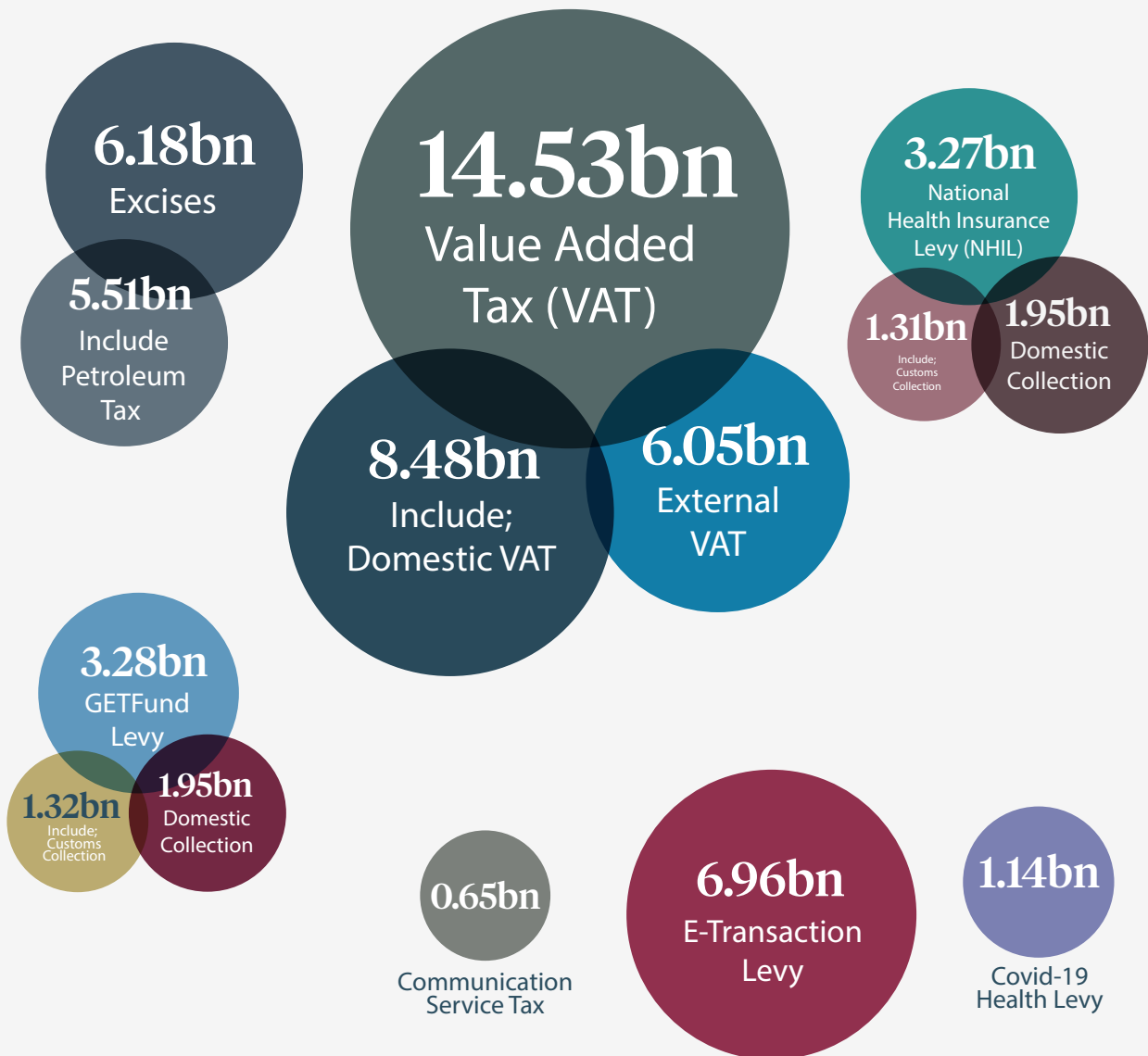
# 36.02bn

Taxes on Domestic Goods and Services



Breakdown

Unit = Cedis



## » International Trade Taxes

International Trade Taxes revenue generated from taxes on cross-border economic activity, including import, export duties, exchange gains, and exchange taxes. Inflow from this source will account for

**11%**

of the total tax revenue of

**GH¢80.17bn.**







## Non-Tax Revenue

Non-Tax Revenue is the recurring income earned by the government from sources other than taxes. Non-tax revenue of

**GH¢13.85bn**

will account for 14% of the year's total projected revenue of

**GH¢100.52bn**



**TAX**



# 8.32bn

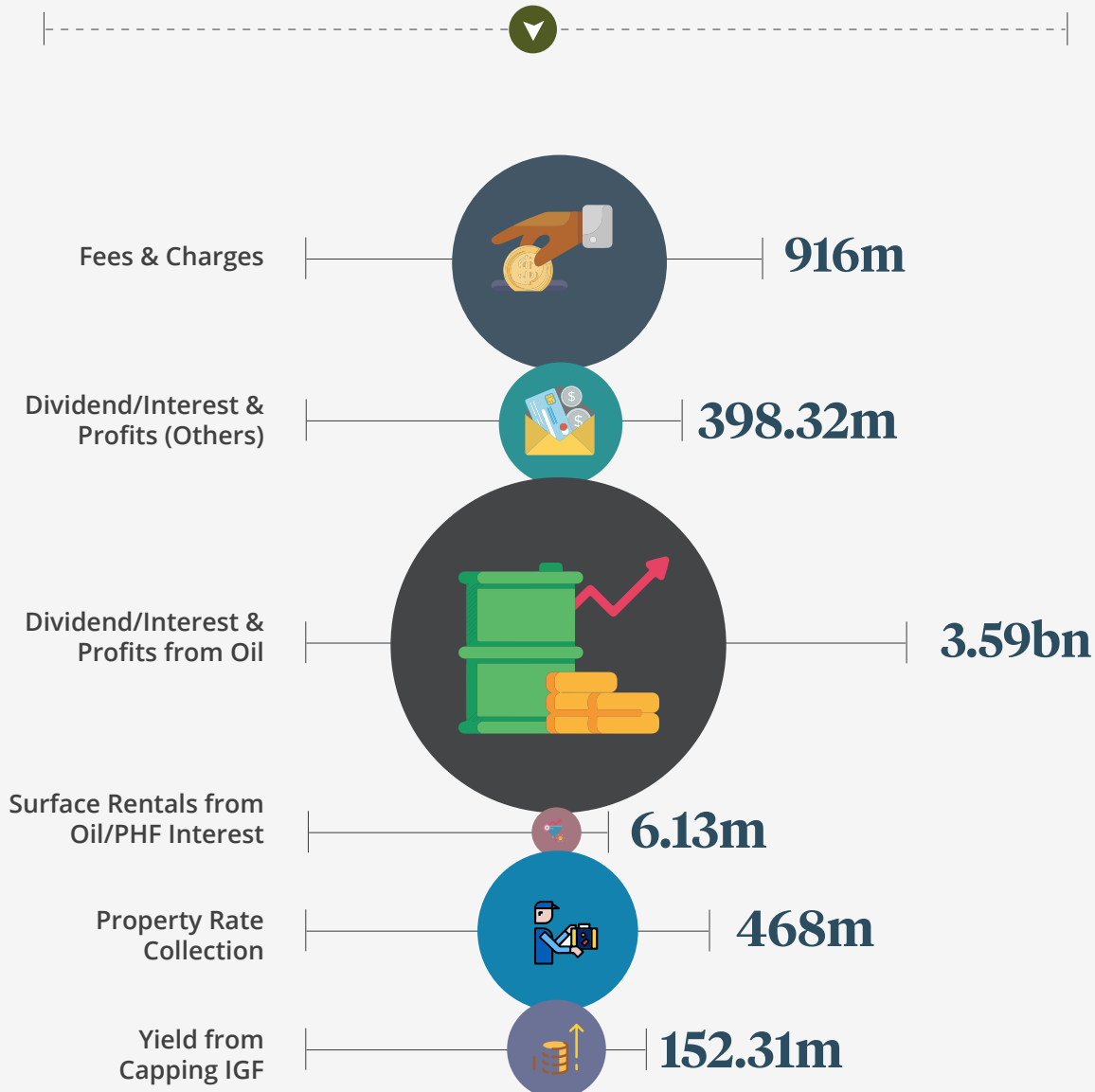
## Retention



Unit = Cedis

# 5.53bn

## Lodgement







## Other Revenue

Other sources of revenue

**GH¢5.53bn**

are expected to generate 6% of the total revenue projection of

**GH¢100.52bn**



# 5.53bn

Other Revenue

Unit = Cedis

SSNIT  
Contribution  
to NHIL **772.42m**

National  
Electrification  
Scheme Levy **148.19m**

ESLA Proceeds **4.76bn**

Price  
Stabilisation &  
Recovery Levy **816.21m**

Energy Debt  
Recovery Levy **2.74bn**

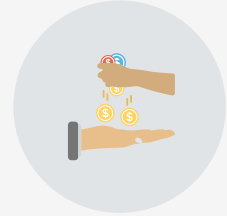
Delta Fund **565.68m**

Public  
Lighting  
Levy **222.50m**

Sanitation  
& Pollution  
Levy **264.40m**

## » Grant Support

A grant is a method by which the government funds its ideas and projects to deliver public services and boost the economy. Grants disbursement from Development Partners is expected to be



**GH¢970.18m**

reflecting a decline of

**↓34%**

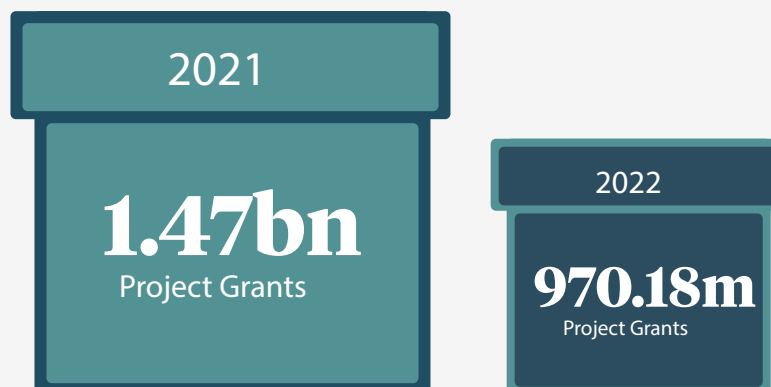
over the previous year's estimated

**GH¢1.47bn**

in 2021. This year's anticipated Grant disbursements will be purely project-related.

### Grants

Unit = Cedis



# 03

## Government Expenditure





These are the amount of money spent on purchasing products and providing services such as education, healthcare, social security, and defense for the citizen's benefit. A total budget of GH¢137.53bn is proposed for 2022.

BudgIT research showed that non-debt recurrent expenditure accounts for GH¢74.23bn, capital expenditure at GH¢16.40bn, debt service at GH¢37.45bn, and other spending stands at GH¢9.45bn. Non-debt recurrent expenditures grew by 27% over the budgeted amount of GH58.47 bn in 2021. The main drivers of this increase are staff salaries and grants to other government entities. At the same time, the Ghanaian government has not forgotten about capital investments that might improve residents' quality of life, increasing its capital spending budget by 44% from GH¢11.42bn in 2021 to GH¢16.40bn in 2022.

According to the Ghana April 2022

Fiscal Monitor report, the country's total debt is expected to reach 81.8% of GDP in 2021, up from 80.1% (GH351.8bn) anticipated by the Bank of Ghana for the same fiscal year, with rising debt-to-GDP ratio projected at 84% in 2022 and 85% in 2024; government borrowing from international capital markets is expected to be more expensive in 2022, limiting government financing of capital investment unless the government acts quickly to shore up revenue and also step up its expenditure rationalization effort to ensure that projects are cost-effective and that systemic leaks are addressed. However, it is noteworthy that the Ghanaian government has taken steps to diversify its borrowing sources by temporarily suspending access to debt from International Capital Markets (ICMs) and instead relying on local borrowing via syndicated loans from commercial banks.





## Total Budgeted Expenditure Recent Trend

2021 Projected Outturn		Items		2022 Budget
<b>GH¢33bn</b>		Compensation of Employees		<b>GH¢35.84bn</b>
<b>GH¢15.49bn</b>		Grants to other Government Units		<b>GH¢26.83bn</b>
<b>GH¢7.19bn</b>		Use of Goods and Services		<b>GH¢9.15bn</b>
<b>GH¢248m</b>		Subsidies		<b>GH¢326m</b>
<b>GH¢110m</b>		Social Benefits		<b>GH¢187m</b>
<b>GH¢32.53bn</b>		Interest Payments		<b>GH¢37.45bn</b>
<b>GH¢3.70bn</b>		Arrears Clearance		<b>GH¢1.9bn</b>
<b>GH¢6.64bn</b>		Other Expenditure		<b>GH¢9.45bn</b>
<b>GH¢12.73bn</b>		Capital Expenditure		<b>GH¢16.40bn</b>

**Total Expenditure Budget**

**GH¢107.94bn**

**GH¢137.53bn**





## These are the Government's Spending Priorities For This Year's Money

Recurrent Expenditure: Salaries, Goods & Services, subsidies, social benefits, and transfers to local government and other agencies. The total fund allocated to recurrent expenditure amounted to

**GH¢74.23bn**

compared to the estimated amount of

**GH¢58.47bn**

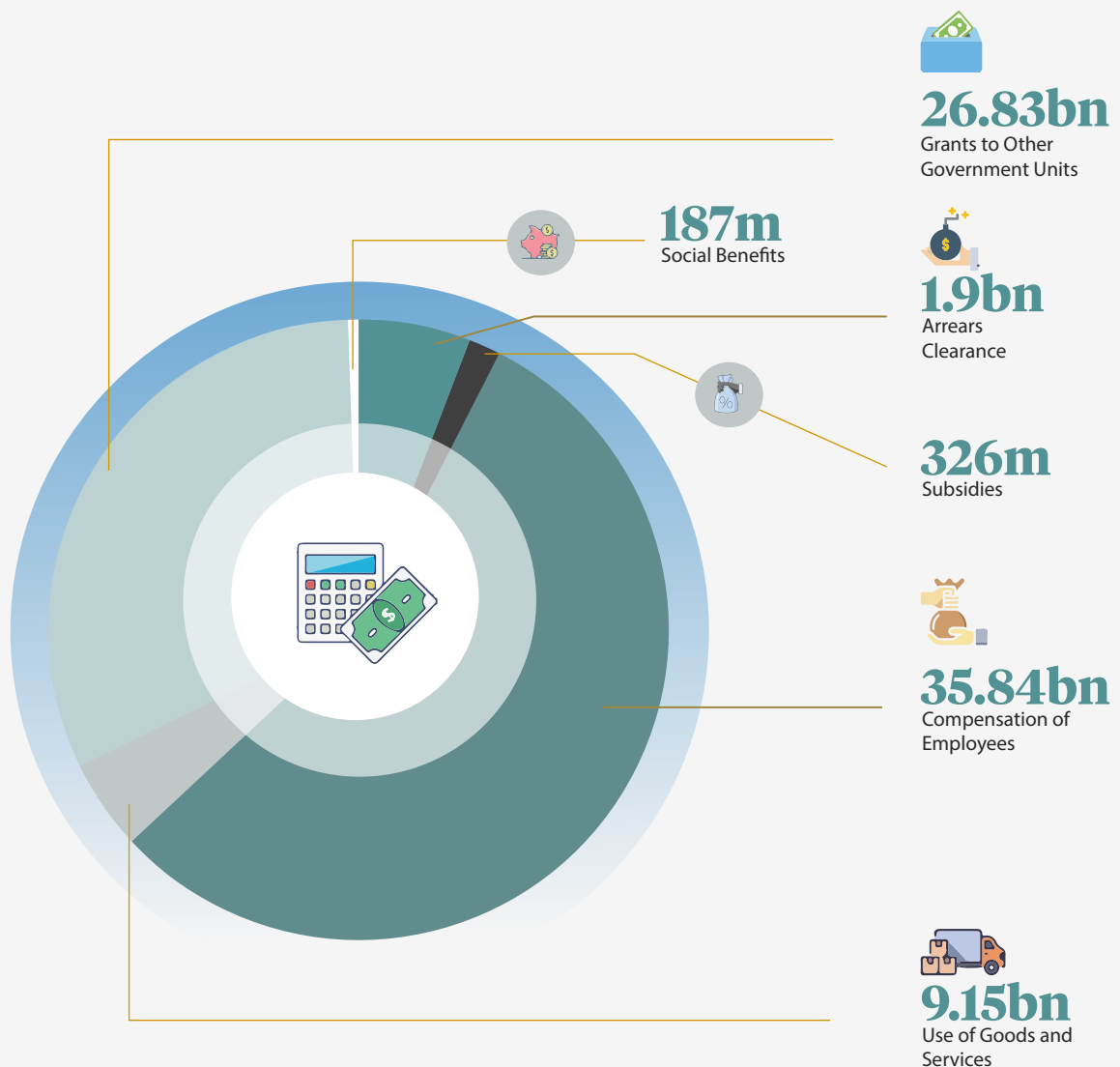
in 2021. Approximately 54% of government-total spending will be for running regular payments and expenses used to maintain and run the country.



# 74.23bn

## Recurrent Expenditure

Breakdown



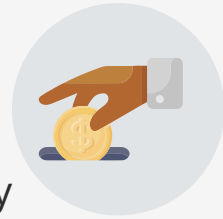
Unit = Cedis

## » Compensation of Employees

Year on year, Wages and salaries have always taken the lion's share of total expenditure projected. This year is no different as it is expected to take approximately

**26%**

of the entire 2022 expenditure.



# 35.84bn

Compensation of Employees

Breakdown

Unit = Cedis

Wages and Salaries

## 30.90bn



Social Contributions

## 4.94bn



### 1.85bn

Pensions



### 305.36m

Gratuities



### 2.79bn

Social Security



## » Subsidies and Social Benefits

Ghana's government is estimated to spend

**GH¢513.58m**

on subsidies and social benefits, accounting for 0.4% of the country's total budget of

**GH¢137.53bn**



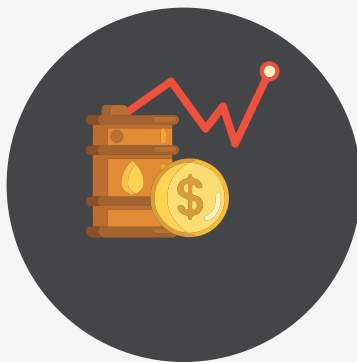
# 513.58m

Subsidies and Social Benefits

Breakdown

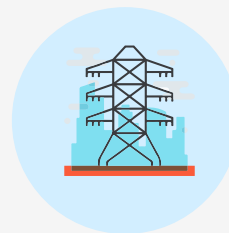
Unit = Cedis

Subsidies on  
Petroleum  
Products



**326.48m**

Lifeline  
Consumers of  
Electricity



**187.10m**



## Grants to Other Government Units

A grant to other government units is a monetary award made by a government authority to other government units for a worthy project; it includes statutory transfers and Earmarked Funds, amounting to



**GH¢26.83bn**

which will be funded by

**20%**

of the total expenditure of

**GH¢137.53bn**

Grants to Other  
Government Units

**GH¢26.83bn**

## » Statutory Transfers

These are payments provided to government agencies that are supposed to receive financing outside of executive agencies' direct authority, depending on their functions. Statutory transfers of

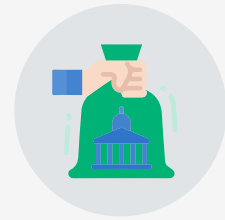
**GH¢21.74bn**

will be funded with

**16%**

of the overall expenditure of

**GH¢137.53bn**



# 21.74bn

Statutory Transfers

Breakdown

Unit = Cedis

	National Health Fund (NHF)	<b>3.37bn</b>
	Education Trust Fund	<b>2.60bn</b>
	Road Fund	<b>1.95bn</b>
	Petroleum Related Funds	<b>39.75m</b>
	Dist. Ass. Common Fund	<b>3.34bn</b>
	Ghana Infrastructure Fund (ABFA Capex)	<b>442m</b>
	Retention of Internally-generated funds (IGFs)	<b>8.32bn</b>
	Transfer to the National Oil Company from Oil Revenue	<b>1.68bn</b>

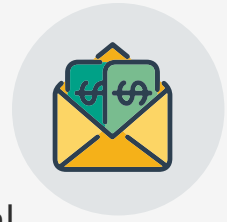


## » Earmarked Funds

Earmarked funds are monies set aside by the government to implement the government's Earmarked Funds Capping and Realignment Act, which has been in effect since 2017, to reduce budget rigidities and create fiscal space to fund growth-enhancing expenditures. This year, the government set aside

**4%**  
of the total expenditure

**GH¢137.53bn**



# 5.09bn

Earmarked Funds

Breakdown

Unit = Cedis

Youth Employment Agency	440.70m
Student's Loan Trust	5.17m
Export Development Levy	316.67m
Ghana Airport Authority	396.03m
Mineral Development Fund	266.32m
Mineral Income Investment Fund	1.34bn
GRA Retention	2.31bn
Plastic Waste Recycling Fund	4.76m

## » Capital Expenditure

This is money spent to get fixed assets and implement projects that will enhance economic growth and the needs of the citizens such as roads, hospitals, security, etc. This expense is classified based on the source of financing. Capital expenditure is estimated at



**GH¢16.40bn**

an increase of

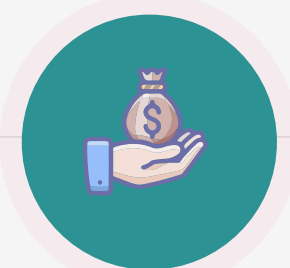
**↑44%**  
from the previous CAPEX  
**(GH¢11.42bn)**

**16.40bn**  
Capital Expenditure

Breakdown

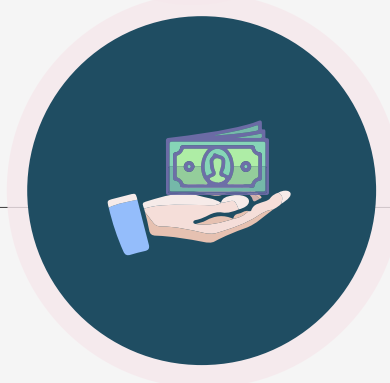
Unit = Cedis

Foreign  
Funded  
Capital  
Expenditure



**8.60bn**

Domestic  
Funded  
Capital  
Expenditure

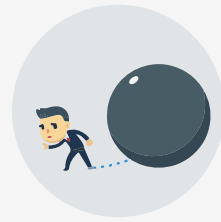


**7.80bn**

## » Debt Service (Interest Payment)

Debt service is the amount of money set aside to pay back a debt's interest and principal. Ghana's government will spend

**GH¢37.45bn**  
on interest payments, accounting for  
**27%**  
of total expenditure in 2022.



# 37.45bn

Total interest payments

Breakdown

Unit = Cedis



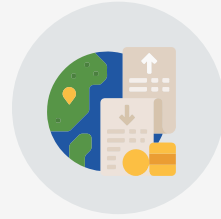


## Other Expenditure

An estimated **GH¢9.45bn** is allocated for other expenditures, and another 7% from the total expenditure

**(GH¢137.53bn)**

will be used to finance expenditures such as Energy Sector Levies, Financial Sector Costs, Independent Power Producers, etc.

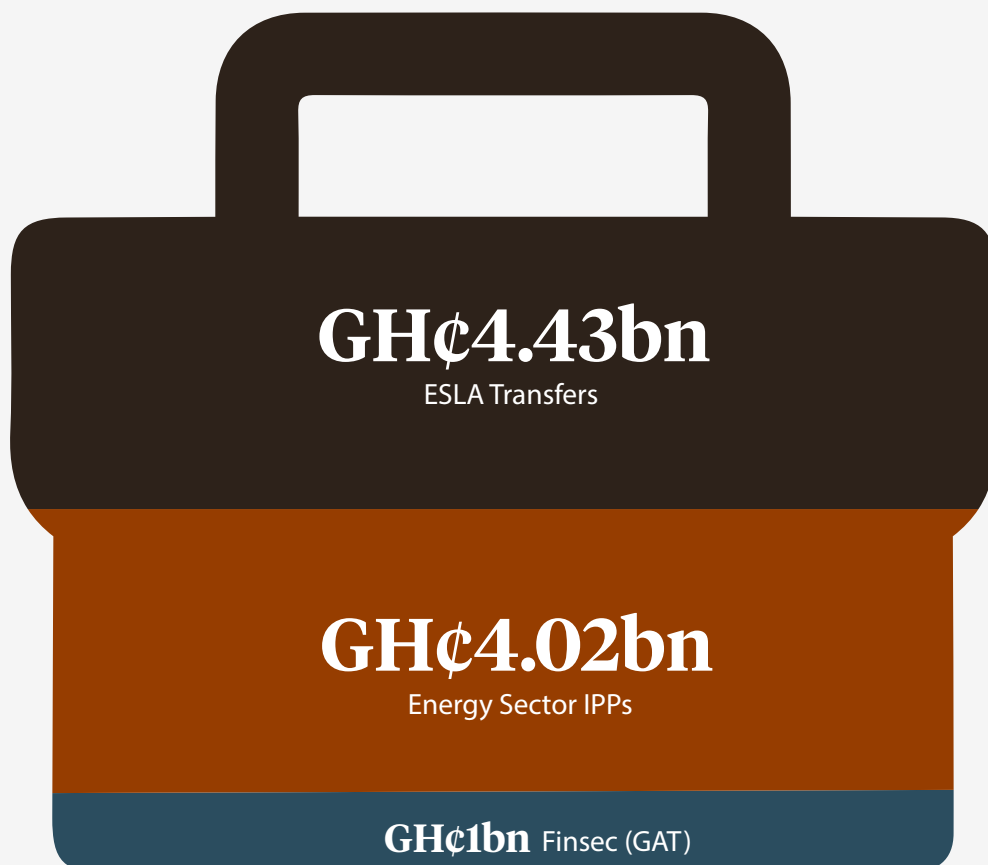


# 9.45bn

Other Expenditure

Breakdown

Unit = Cedis





## » Budget Deficit and Financing

This is a shortfall in revenue; it means the government does not have enough money to cover its expenses. A total of

**GH¢37.01bn**

will finance the deficit between the government's projected revenue and budgeted expenditures. The foreign sources include Exceptional financing (IMF SDR allocation), which will augment and reduce domestic borrowing needs.



**37.01bn**

Budget Deficit

Breakdown

Unit = Cedis

**GH¢9.09bn**

Foreign Sources



**GH¢27.92bn**

Domestic Sources including net issuances from debt

## » Sector Distribution Of Gross Domestic Product

The Ghanaian service sector has remained the primary contributor to GDP over the past years and is expected to maintain its dominance as a significant contributor to GDP over the medium term with an average share of

**48%**

while the agriculture sector is expected to grow with an average share of about

**21%**

Also, the Industry sector is the second largest contributor to GDP, with an average share of about 31% over the medium term. However, Illegal mining remains a significant concern in the sub-sector of the industry sector, which has been a second major driver of the Ghanaian economy for many years. The government needs to strengthen the industry sector by prioritizing efforts to combat illegal mining by providing incentives to attract legal mining through easy access to financing and tax rebates, allowing small and medium-scale mining companies to start and expand production, thereby boosting activities and boosting industry sector growth.



### Distribution GDP (%) by Industry



## Sectoral Allocation



## Selected Capital Expenditure

CAPEX	Budget	Sector	MDA's
Noguchi Memorial Institute for Medical Research	GH¢1.3m	Public Safety Sector	General Government Services
GhanaCARES	GH¢500m	Public Safety Sector	Youth and Entrepreneurship
YouStart	GH¢103m	Public Safety Sector	Youth and Entrepreneurship
Agenda 111	GH¢518m	Public Safety Sector	Ministry of Health
Construction of Law House	GH¢20.6m	Public Safety Sector	Office of the Attorney-General and Ministry of Justice
Construction of Forward Operating Base/ Northern Border Security	GH¢176m	Public Safety Sector	Ministry of Defence
Ammunitions and other Accoutrements	GH¢16.6m	Public Safety Sector	Ministry of Defence
Ammunitions and other Accoutrements	GH¢16.6m	Public Safety Sector	Ministry of the Interior
Planting for Food and Jobs	GH¢60.06m	Economic Sector	Ministry of Food and Agriculture
Pwalugu Multipurpose Dam Project	GH¢24.86m	Economic Sector	Ministry of Food and Agriculture
One District One Factory Programme	GH¢194m	Economic Sector	Ministry of Trade and Industry
Petroleum Hub	GH¢30m	Economic Sector	Ministry of Energy
Infrastructure for Poverty Eradication Programme (SDI Secretariat and Dev't Authorities)	GH¢977m	Administration Sector	Office of Government Machinery
Water and Sanitation Initiative	GH¢129.6m	Infrastructure Sector	Ministry of Sanitation and Water Resources
Dredging of White Volta	GH¢73m	Infrastructure Sector	Ministry of Works and Housing
Affordable Housing	GH¢95m	Infrastructure Sector	Ministry of Works and Housing
Roads Infrastructure	GH¢1.74bn	Infrastructure Sector	Ministry of Roads and Highways
Railways Development	GH¢207m	Infrastructure Sector	Ministry of Railways Development
Fish Landing Sites	GH¢73.2m	Infrastructure Sector	Ministry of Transport
Construction of Regional STEM Centres	GH¢63m	Social Sector	Ministry of Education
Health Infrastructure	GH¢28.2m	Social Sector	Ministry of Health
e-Health Project	GH¢7m	Social Sector	Ministry of Health
Ghana Psychological Council	GH¢1m	Social Sector	Ministry of Health
National COVID-19 Response	GH¢200m	Social Sector	Ministry of Health





## Key Initiatives in the 2022 Budget

<p><b>YouStart</b></p>	<p>Vehicle for supporting young entrepreneurs to gain access to capital, training, technical skills, and mentoring to launch and operate their own businesses. Key vehicle to create 1 million jobs in 3 years under the GhanaCARES programme.</p> <p>The Ghana Enterprises Agency (GEA), the National Entrepreneurship and Innovation Programme (NEIP), and partner financial institutions, will serve as the implementing arms of YouStart</p>
<p><b>Infrastructure for Poverty eradication (IPEP)</b></p>	<p>The programme is expected to be entirely financed as part of the SDI Secretariat and Development Authorities expenditure. A total of 730 out of the 1,000 community-based mechanised water systems have been completed. A total of 80 were completed in 2021 and the rest are scheduled for completion in 2022.</p>
<p><b>National Homeownership Fund (NHOF)</b></p>	<p>The National Homeownership Fund is working in partnership with three universal banks, the Rent to Own Scheme of the Affordable Real Estate Investment Trust, and GCB Capital to scale up the delivery of affordable housing in Ghana. The National Homeownership Fund (NHOF) is facilitating the use of innovative products to tap into the pension and other long-term funds to support homeownership in Ghana.</p>
<p><b>Accelerate Digitalisation</b></p>	<p>Government intends to continually accelerate investment and transformation of the digital and communication space.</p>
<p><b>Planting for Food and Jobs</b></p>	<p>The Planting for Food and Jobs programme will be continued under the Ministry of Food and Agriculture (MOFA)</p>
<p><b>Free SHS</b></p>	<p>Government plans to expand the Free Senior High School programme to include technical and vocational schools</p>
<p><b>Agenda 111</b></p>	<p>Government proposes to accelerate the implementation of Agenda 111</p>



## Key Initiatives in the 2022 Budget

### 1D1F Programme

Government plans to continue the implementation of the One District, One Factory (1D1F) Programme

### Sinohydro Project

Government seeks to accelerate the completion of major road projects under the Sinohydro Project

### Green Climate Fund

A total Nine (9) proposals have been accepted for funding with a sum of US\$106.9 million. Major projects to be implemented under the Fund include the Ghana Shea Landscape Emission Reduction Project (GSLERP) coordinated by the Ministry of Land and Natural Resources (MLNR), and the Affirmative Finance Action for Women in Africa (AFAWA).



## Abbreviations/Acronyms

GDP	Gross Domestic Product
ESL	Energy Sector Levies
IPPs	Independent Power Producers
Finsec	Financial Sector
CAPEX	Capital Expenditure
DGST	Domestic Goods and Services Taxes
VAT	Value Added Tax
GETFund	Ghana Education Trust Fund
NHIL	National Health Insurance Levy
SSNIT	Social Security and National Insurance Trust
1D1F	One District One Factory Programme
GH¢	Ghana Cedis
o/w	Over With - meaning a subtracted % of a main source
m	Million
bn	Billion
NAELP	National Alternative Employment and Livelihood Programme
AfCFTA	African Continental Free Trade Area
MDAs	Ministries, Departments and Agencies
FDI	Foreign Direct Investment
NHIL	National Health Insurance Levy
NHF	National Health Fund
IGFs	Internally Generated Funds
SDI	Special Development Initiative
IMF	International Monetary Fund
SDR	Special Drawing Rights



# Simplifying the Ghanian Budget

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