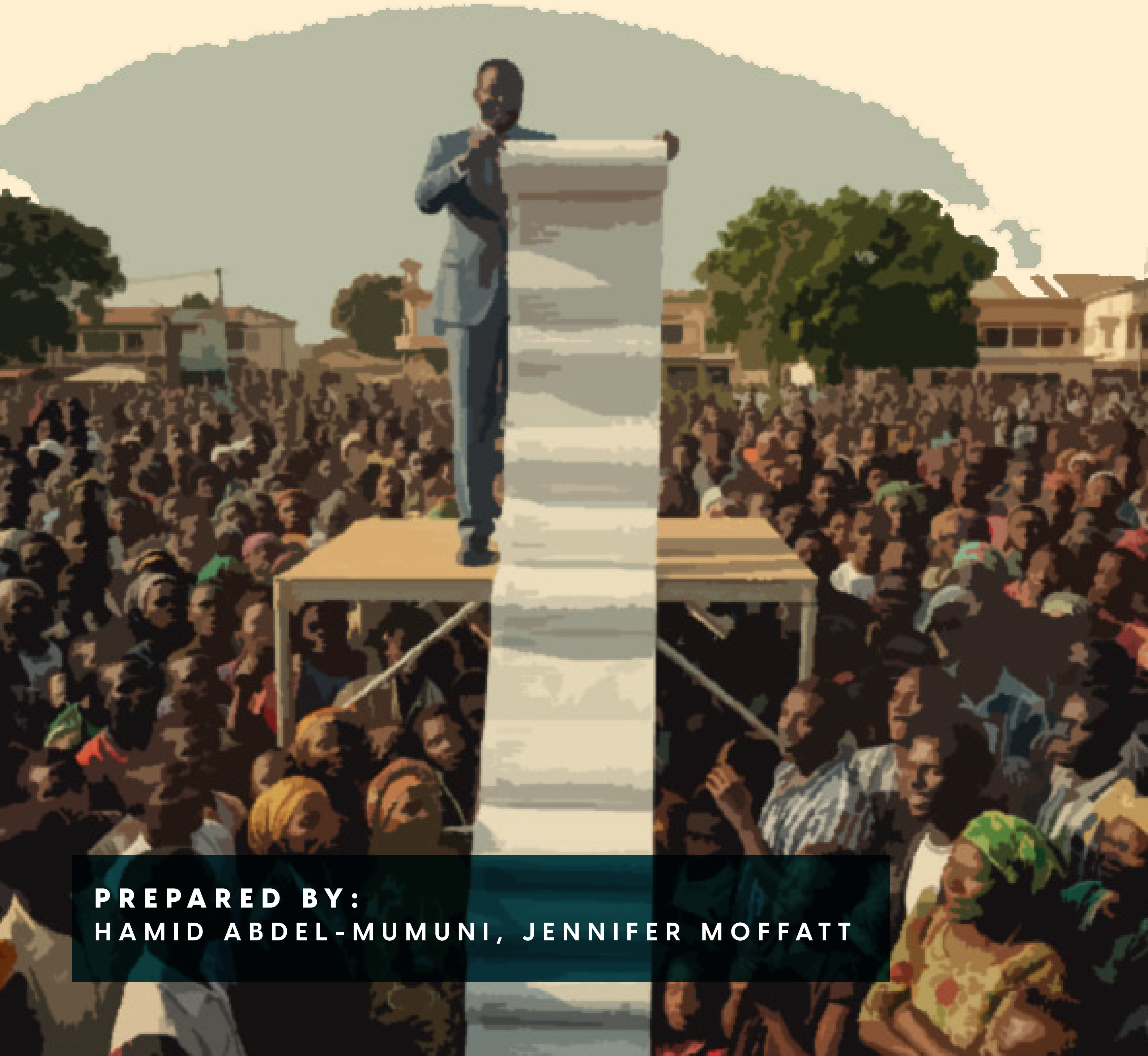
Ghana's 2024 Budget Performance Report



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1.0

Introduction: The "Nkunim Budget" in Review

The 2024 Budget and Economic Policy, themed "Pursuing Growth & Development in a Stable Macroeconomic Environment," aimed at building on the economic turnaround that began in 2023. Highest on its list of priorities was fiscal consolidation under the IMF-supported Extended Credit Facility (ECF) Programme.

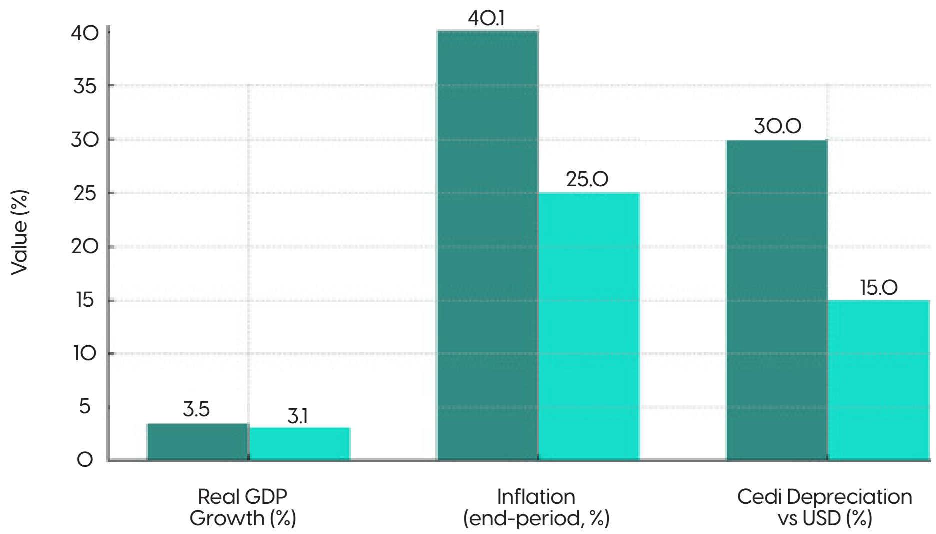
At BudgIT Ghana, we believe that every citizen should be aware of how their government is using public money. This report provides an in-depth analysis of Ghana's 2024 fiscal budget performance by comparing the predetermined targets with the actual achievements.

2.0

Macroeconomic Indicators

The IMF's Extended Credit Facility program helped Ghana's economy improve moderately in 2024. The real GDP growth rate was 3.1%, a decrease from 3.5% in 2023, due primarily to fiscal consolidation pressures. Inflation was high, but decreasing, from 54% in December 2022 to around 25% by the end of the fiscal year 2024, thanks to tighter monetary policy conditions. The cedi depreciated by around 15% against the US dollar, lower than in previous years, indicating stronger reserve buffers and lower import demand.

Figure 1: Key Macroeconomic Indicators (2023 vs 2024)



Source: Ministry of Finance, 2024 Annual Budget Performance Report

2.1 Real GDP Growth by Sector

Ghana's economy showed signs of recovery in 2024, exceeding some initial growth projections despite ongoing challenges. This growth was driven primarily by the Services and Agriculture sectors.

Source: Ministry of Finance, 2024 Annual Budget Performance Report

The Services sector maintained its robust performance as the leading driver of economic growth, with resilience in industries such as finance and commerce. The agriculture sector also registered satisfactory growth, which was crucial for rural livelihood and food security. The industry sector, on the other hand, grew moderately; however, this was a cause for concern since it is one of the biggest sectors for job creation and value addition. This suggests that attempts to accelerate industrial production and manufacturing will still experience setbacks and require ongoing support.

3.0

Fiscal Performance: A Story of Missed Targets

The government's fiscal performance in 2024 was marked by significant expenditure overruns, which offset a strong revenue performance. This led to a budget deficit far larger than planned and a failure to meet the crucial primary balance target.

Table 2: Overall Budget Balance (GH¢ Billion and % of GDP)

Metric	Programmed Target	Actual Outturn
Overall Balance (Commitment Basis)	-42.53	-92.65
% of GDP (Commitment Basis)	-4.2	-7.9
Primary Balance (Commitment Basis)	+5.47	-45.86
% of GDP (Commitment Basis)	+0.5	-3.9

The government's overall budgetary position has deteriorated sharply, with the actual deficit increasing to GH¢92.65 billion, contrary to the targeted GH¢42.53 billion. This results in a deficit of 7.9% of GDP, nearly double the 4.2% target, and indicates a significant deficiency in spending control relative to income mobilisation. A particular source of concern is the outturn of the primary balance, which was expected to record a surplus of GH¢5.47 billion (0.5% of GDP) but ended up in a deficit of GH¢45.86 billion (–3.9% of GDP). The primary balance is a crucial metric that is regularly assessed in the framework of Ghana's IMF-backed Extended Credit Facility program, so this collapse is especially worrisome because any lapse in this area basically undercuts the current push for fiscal reform.

The discrepancy between projected targets and outturns exhibits profound challenges in fiscal discipline. Overruns in expenditure, especially in capital projects and statutory obligations, neutralised robust revenue performance and undermined gains from previous reforms. The GH¢50.12 billion overspend against planned levels points to systemic weaknesses in budget implementation and expenditure tracking. The negative shift in the primary balance raises concerns about the sustainability of Ghana's debt, as it indicates that the country is still relying on borrowing to fund interest expenses and essential government functions. This threatens the credibility of the nation's fiscal adjustment trajectory, makes debt restructuring talks more difficult, and increases risks to macroeconomic stability. In the absence of decisive remedial actions such as tighter expenditure controls, improved fiscal responsibility structures, and strict compliance with IMF program targets, the sustainability of Ghana's public finances continues to be at risk
with possible spillover impacts on inflation, exchange rate stability, and long-term growth prospects.

4.0

Revenue Performance: A Step Forward

The government's revenue mobilisation efforts in 2024 were robust and exceeded programmed targets. This performance demonstrated the potential for enhanced domestic revenue generation.

Table 3: Summary of Revenue and Grants Performance (GH¢ Billion)

Revenue Category	2024 Budget (GH¢m)	2024 Revised Budget (GH¢m)	2024 Outturn (GH¢m)	2024 Outturn (% of GDP)
Total Revenue & Grants	**176,414**	**177,220**	**186,593**	**15.9%**
Domestic Revenue	**173,299**	**174,105**	**184,878**	**15.7%**
Non-Oil Tax Revenue	**135,919**	**135,925**	**140,983**	**12.0%**
Non-Oil Non-Tax Revenue	**14,838**	**15,638**	**18,071**	**1.5%**
Oil and Gas Receipts	**14,978**	**14,978**	**19,834**	**1.7%**
Other Revenue	**7,564**	**7,564**	**5,989**	**0.5%**
Grants	**3,115**	**3,115**	**1,716**	**0.1%**

Source: Ministry of Finance, 2024 Annual Budget Performance Report

Revenue performance in the 2024 fiscal year was relatively good, with Total Revenue and Grants recording GH¢186.6 billion, slightly above the programmed target of GH¢177.2 million, a performance of 5.3% above the target. This outcome indicates that, despite the macroeconomic pressure, revenue mobilisation efforts were largely successful. The government was able to exceed the programmed target for non-oil tax revenue (GH¢135.9 billion), reaching GH¢141.0 billion, which represents 12.0% of GDP, exceeding the target by 3.7%. Non-Tax Revenue (Non-Oil) amounted to GH¢18.07 billion (1.5% of GDP), exceeding the set target by 15.6%. This performance was mainly due to higher MDA retention and lodgments. The oil and gas receipts posted an impressive performance, recording GH¢19.8 billion (1.7% of GDP) against a programmed target of GH¢15.0 billion. This overperformance was supported by higher crude oil prices (US$80.04 per barrel compared to a target of US$75.44) and increased production volumes.

This indicates that the higher-than-expected international crude oil prices and increased production levels boosted government revenues from the petroleum sector. In contrast, performance was weaker in Other Revenue and Grants. Collections from SSNIT contributions to NHIL and Energy Sector Levies (ESL) were GH¢6.0 billion (0.5% of GDP), 20.8% lower than target. Grants from development partners totaled only GH¢1.7 billion (0.1% of GDP), falling 44.9% short due to non-disbursement of project grants by some partners. These shortfalls reflect the structural volatility of external inflows, as well as the difficulty of relying on donor funding and administrative fees.

Despite strong revenue growth, the economy's reliance on volatile commodity flows exposes it to future shocks, while non-tax revenue and grant shortfalls highlight long-standing structural issues. To lay solid fiscal foundations, Ghana must expand its income base, improve the performance of state-owned enterprises, and strengthen donor alignment. Reducing fiscal vulnerability and ensuring long-term macroeconomic stability will still necessitate measures that encourage compliance, expand the tax net in the informal sector, and leverage digital systems.

5.0

Expenditure Report: The Primary Challenge

On the expenditure front, the government's spending exceeded budgeted limits, directly contributing to the wider-than-planned deficit.

Table 4: Summary of Expenditure Performance (GH¢ Billion)

Item	2024 Budget (GH¢m)	2024 Revised Budget (GH¢m)	2024 Outturn (GH¢m)	2024 Outturn (% of GDP)
Total Expenditure (Commitment, incl. discrepancy)	**219,749**	**219,749**	**279,241**	**23.7%**
Primary Expenditure (Commitment)	**171,750**	**171,750**	**232,448**	**19.8%**
Compensation of Employees	**63,683**	**63,683**	**67,189**	**5.7%**
Goods and Services	**12,082**	**12,082**	**11,509**	**1.0%**
Grants to Other Gov't Units	**40,920**	**40,920**	**46,426**	**3.9%**
Capital Expenditure	**28,509**	**28,509**	**29,389**	**2.5%**
Other Expenditure	**26,557**	**26,557**	**24,939**	**2.1%**
Interest Payments	**47,999**	**47,999**	**46,792**	**4.0%**
Outstanding Expenditure Claims	**0**	**0**	**49,237**	**4.2%**
Total Expenditure (Cash basis)	**231,362**	**231,362**	**248,004**	**21.1%**

Source: Ministry of Finance, 2024 Annual Budget Performance Report

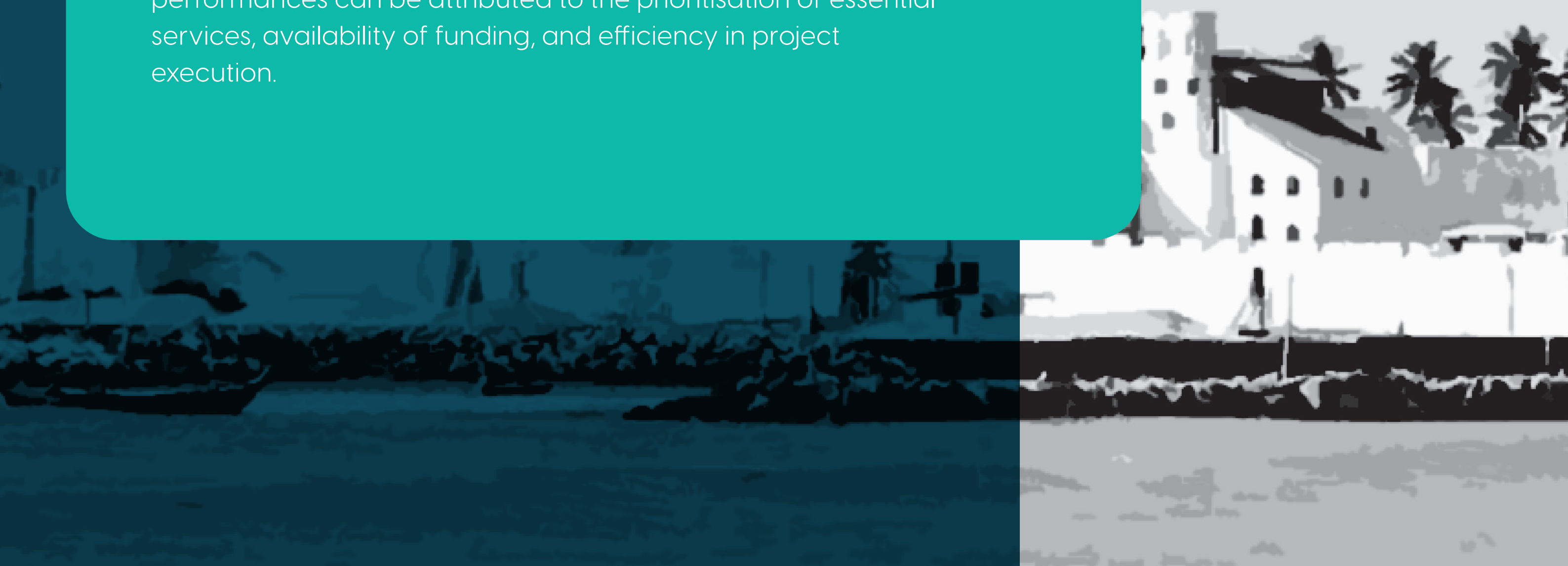
Total expenditure in 2024 on a commitment basis, including discrepancies, amounted to GH¢279.2 billion (23.7% of GDP), being 27.1% higher than the budgeted provision of GH¢219.7 billion (21.5% of GDP). This represented a sharp year-on-year increase of 66.7% compared to 2023. On a cash basis, total spending including the clearance of arrears amounted to GH¢248.0 billion (21.1% of GDP), which was 7.2% higher than the half-yearly target. Non-interest primary spending was GH¢232.5 billion (19.8% of GDP), being 35.3% above target, and reflecting the intractable spending pressures. Compensation of employees at GH¢67.2 billion was 5.5% above target, and wages and salaries alone represented nearly 90% of this total. Grants to other government units were also higher than budgeted, driven mainly by larger-than-expected transfers to GNPC from strong oil revenues.

The sharp rise in expenditure relative to revenue mobilisation reflects Ghana's chronic fiscal vulnerability, driven by elevated compensation expenses, grants, and arrears that leave little room for productive expenditure. Although there was a slight ease in interest payments, the elevated domestic debt service ratio reflects refinancing risks. In the coming years, more stringent expenditure restraints, improved arrears management, and a reallocation of expenditure towards capital and job-creating expenditures will be needed to regain fiscal stability.

6.0 Ministries, Departments, and Agencies Financial Performance

The performance of Ministries, Departments, and Agencies (MDAs) in 2024 was mixed, with some sectors demonstrating strong execution while others struggled with significant underperformance.

High-performing MDAs included the Ministry of Roads and Highways, which recorded above-target expenditure execution, driven by accelerated infrastructure projects and external financing support. The Ministry of Education and the Ministry of Health also performed strongly, achieving near-full execution of their budgets across compensation, goods and services, and capital expenditure, reflecting government prioritisation of social services and donor-backed funding. The Ministry of Defence likewise maintained a high execution rate, consistent with the priority accorded to national security. These strong performances can be attributed to the prioritisation of essential services, availability of funding, and efficiency in project execution.



However, some of the MDAs performed noticeably worse. Due to ongoing project delays, procurement hurdles, and financing shortages, the Ministry of Railway Development fell behind, with execution falling short of expectations. Similarly, the Ministry of Arts, Culture, and Tourism also performed poorly, primarily as a result of inadequate capital project execution and resource mobilisation. Due to implementation difficulties, financial limitations and prolonged procurement procedures, the Ministry of Sanitation and Water Resources also reported comparatively poor execution. In these cases, inefficient institutions and overly ambitious budgetary commitments that were not accompanied by consistent funding were blamed for the subpar performance.

By enhancing public infrastructure and human capital, high-performing MDAs in the fields of health, education, and infrastructure promote growth, enhance service delivery, and provide long-term resilience. However, ongoing poor performance in industries like tourism, sanitation, and railways indicates lost chances for environmental sustainability, industrial diversification, and job creation. Such discrepancies run the risk of weakening investor confidence, delaying the pace of economic transition, and expanding differences in development outcomes. To guarantee that budgetary allotments are successfully converted into observable developing outcomes in the future, increasing procurement efficiency, guaranteeing consistent funding flows, and strengthening project management capabilities will be essential.

Table 5: 2024 MDA Budget Performance Summary

MDA	Programmed Expenditure (GH¢)	Actual Expenditure (GH¢)	% Execution	Remarks
Ministry of Roads and Highways	**9,842,510,000**	**10,123,870,000**	**102.9%**	Overshot due to accelerated infrastructure works and external project funding.
Ministry of Education	**18,452,330,000**	**18,315,740,000**	**99.3%**	Strong execution; reflects priority funding for education services.
Ministry of Health	**15,642,910,000**	**15,482,560,000**	**99.0%**	High performance due to protected funding and essential service delivery.
Ministry of Defence	**5,231,780,000**	**5,162,430,000**	**98.7%**	Consistent delivery due to prioritisation of security needs.
Ministry of Railway Development	**1,265,420,000**	**688,950,000**	**54.4%**	Weak execution due to project delays and funding gaps.
Ministry of Tourism, Arts and Culture	**912,340,000**	**508,760,000**	**55.8%**	Poor capital project implementation and inadequate resource inflows.
Ministry of Sanitation and Water Resources	**2,482,660,000**	**5,682,440,000**	**65.3%**	Underperformance linked to delayed procurement and funding shortfalls.
Ministry of Energy	**5,942,510,000**	**1,621,570,000**	**95.6%**	Stable execution supported by sector financing and energy priorities.

Source: Ministry of Finance, 2024 Annual Budget Performance Report

7.0 Progress on Flagship Programs

Despite the overall fiscal challenges, the government continued to implement its key programs. The report highlights progress in various sectors, including:

- Zongo Development Fund: Constructed 36 six-unit classroom blocks, 7 institutional toilets, and 38 mechanised boreholes.
- Judicial Service: Appointed 73 Judges and Magistrates and inducted 104 newly appointed/promoted ones.
- Audit Service: Opened an "Auditor's Lodge" in Accra and continued to audit public accounts.

8.0

Conclusion

Ghana's 2024 budget performance presented a mixed outlook, where revenue mobilisation was encouraging, with non-oil tax revenues on target and oil revenues exceeding expectations, supported by enhanced compliance as well as favourable external conditions. Inflation eased and currency depreciation moderated, reflecting some macroeconomic stability.

However, these significant gains were undermined by spending overruns and weak budget discipline that pushed the fiscal deficit and primary balance well beyond their programmed targets. While wages, statutory transfers, and social benefits were executed fully, capital expenditure overruns and structural inefficiencies indicated persistent weaknesses in expenditure control. Furthermore, MDAs' performance continued to be uneven. While the education, health and infrastructure sectors posted good results, sectors like sanitation, tourism, and railways lagged due to financing gaps and implementation issues.

Overall, the 2024 fiscal outturn underscores the pressing need for stronger expenditure containment, revenue diversification, and stricter enforcement of fiscal responsibility frameworks. Without concrete reforms, Ghana risks perpetuating fiscal vulnerabilities that threaten macroeconomic stability and long-term development goals.