

REVIEW: 2021 BUDGET STATEMENT AND ECONOMIC POLICY

THEME

“ECONOMIC REVITALISATION THROUGH
COMPLETION, CONSOLIDATION &
CONTINUITY”



2020 PERFORMANCE REVIEW

ECONOMIC GROWTH AND INFLATION

1. Growth:

- Overall real GDP growth rate of 0.9 percent. The outturn is as a result of the impact of the COVID-19 pandemic on economic activities in the economy.
- Overall non-oil real GDP growth rate of 1.6 percent;

2. Inflation:

- End-period December year-on-year inflation of 10.4 percent;
- In the outlook, inflation is forecast to remain close to the Central Bank's central path of 8-10 percent at end-2021, barring any unforeseen shocks.

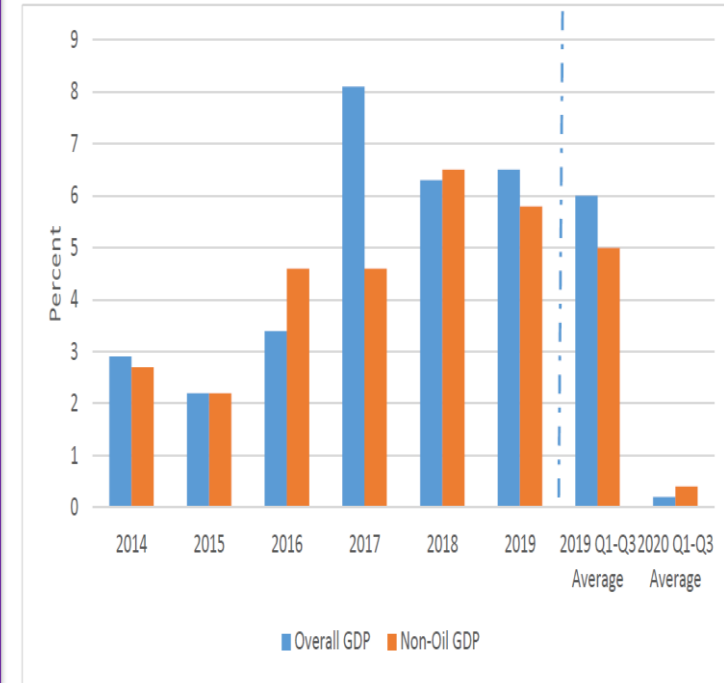
CREDIT AND MONEY MARKET DEVELOPMENTS

1. Monetary Aggregates and credit growth :

- Broad money, including foreign currency deposits (M2+), grew on year-on-year basis by 29.6 percent compared to 21.7 percent in December 2019. This stood at GH¢120,521.8 million at the end of December 2020, compared with GH¢92,975.5 million and GH¢76,380.4 million at the end of December 2019 and December 2018, respectively.
- The nominal annual growth of outstanding credit slowed from 23.9 percent in December 2019 to 5.8 percent in December 2020. Total outstanding credit at the end of December 2020, stood at GH¢47,769.0 million, compared with GH¢45,170.0 million recorded in December 2019. Reflecting these developments, nominal growth in credit to the private sector slowed from 18.0 percent in 2019 to 10.6 percent in December 2020.
- Outstanding credit to the private sector in December 2020 stood at GH¢43,533.2 million, compared with GH¢39,364.9 million in December 2019. In real terms, the annual growth of outstanding credit to the private sector moderated from 9.4 percent growth in December 2019 to 0.2 percent in December 2020.

2. Interest rates:

- The Monetary Policy Committee (MPC) of the Bank of Ghana reduced the Monetary Policy Rate (MPR) by 150 basis points to 14.50 percent in March 2020 and remained unchanged as at end December 2020.
- The 91-day and 182-day Treasury bill rates declined to 14.08 percent and 14.13 percent, respectively, in December 2020, from 14.69 percent and 15.15 percent in December 2019. Similarly, the rate on the 364-day instrument decreased to 16.98 percent from 17.88 percent over the same comparative periods.
- The weighted average interbank rate declined from 15.20 percent to 13.56 percent, in line with the cut in the monetary policy rate in March 2020.



Source: GSS, 2020

Sector/Subsectors	2014	2015	2016	2017	2018	2019	2019 Q1-Q3 Ave	2020 Q1-Q3 Ave
AGRICULTURE	0.9	2.3	2.9	6.1	4.8	4.6	3.7	4.5
INDUSTRY	1.1	1.1	4.3	15.7	10.6	6.4	6.7	-3.1
SERVICES	5.4	3	2.8	3.3	2.7	7.6	6.5	1.9

Source: GSS, 2020

2020 PERFORMANCE REVIEW

EXTERNAL POSITION

1. Balance of Payment:

- The trade account recorded a lower surplus of US\$2.02 billion (3.0% of GDP) compared with US\$2.26 billion (3.4% of GDP) in 2019.
- The overall Balance of Payments (BOP) recorded a deficit of US\$0.63 billion in 2020, compared with a surplus of US\$1.34 billion in 2019.

2. Exchange rate:

- Cumulatively, the Ghana Cedi depreciated against the US Dollar, the Pound Sterling, and the Euro by 3.9 percent, 7.1 percent, and 12.1 percent, respectively. This compares with larger depreciation rates of 12.9 percent, 15.7 percent, and 11.2 percent for the US Dollar, Pound Sterling, and Euro, respectively, during the same period in 2019.
- This was on the back of improved forex inflows mainly from the Eurobond issuance and the IMF Rapid Credit Facility.

3. International Reserves:

- Gross International Reserves (GIR) stood at US\$8.62 billion, equivalent to 4.1 months of imports cover, at the end of December 2020, from a stock position of US\$8.42 billion (equivalent to 4.0 months imports cover) at the end of December 2019.

FISCAL DEVELOPMENTS

- Total Revenue and Grants for fiscal year 2020 amounted to GH¢55,132 million, compared with the target of GH¢53,667 million. The 2020 outturn exceeded the 2019 performance by 3.3 percent and the target for the year by 2.7 percent.
- Total Expenditures (including arrears clearance) for the period amounted to GH¢100,053 million compared to a programme target of GH¢97,740 million and represents a year-on-year growth of 42.4 percent.
- The higher than programmed target reflects the unanticipated expenses incurred to mitigate the negative impact of Covid-19.

S/N	Indicators (GH¢ billion)	Jan-Dec 2019	Jan-Dec 2020				
		Prov. Outturn	Budget	Rev. Budget	Prov. Outturn	Dev (%)	y/y (%)
1	Total Revenue & Grants	53,380	67,071	53,667	55,132	2.7	3.3
	% of GDP	15.3	16.9	13.9	14.4		
2	Non-oil Tax Revenue	40,597	44,986	40,717	42,568	4.5	4.9
	% of GDP	11.6	11.3	10.6	11.1		
3	Non-Oil Non-Tax Revenue	4,857	8,464	4,523	4,964	9.7	2.2
	% of GDP	1.4	2.1	1.2	1.3		
4	Oil and Gas Receipt	4,888	8,932	3,827	3,587	-6.3	-26.6
	% of GDP	1.4	2.2	1.0	0.9		
5	Other Revenue (ESLA & SSNIT to NHIL)	2,051	3,449	3,376	2,785	-17.5	35.7
	% of GDP	0.6	0.9	0.9	0.7		
6	Grants	986	1,240	1,223	1,229	0.4	24.6
	% of GDP	0.3	0.3	0.3	0.3		

Source: MoF

S/N	Indicators (GH¢ billion)	Jan-Dec 2019	Jan-Dec 2020				
		Prov. Outturn	Budget	Rev. Budget	Prov. Outturn	Dev (%)	y/y (%)
1	Total Exp. (incl. Arrears clearance)	70,271	85,952	97,740	100,053	2.4	42.4
	% of GDP	20.1	21.6	25.4	26.1		
2	Compensation of Employees	22,219	26,565	27,062	28,269	4.5	27.2
	% of GDP	6.4	6.7	7.0	7.4		
3	Use of Goods and Services	6,170	8,331	7,744	7,388	-4.6	19.8
	% of GDP	1.8	2.1	2.0	1.9		
4	Interest Payment	19,769	21,691	26,268	24,599	-6.4	24.4
	% of GDP	5.7	5.4	6.8	6.4		
5	Grants to Other Gov't Units	11,424	15,635	11,805	11,882	0.7	4.0
	% of GDP	3.3	3.9	3.1	3.1		
6	Capital Expenditure	6,152	9,260	9,327	12,083	29.6	96.4
	% of GDP	1.8	2.3	2.4	3.2		
7	Other Expenditure	2,123	3,026	14,092	12,179	-13.6	473.7
	o/w ESLA	1,898	2,647	2,550	2,739	7.4	44.3
	o/w Covid-19 Related	0	0	11,162	8,122	-27.2	
8	Arrears	-730	-1,443	-1,443	-1,443	0.0	97.7
	% of GDP	-0.2	-0.4	-0.4	-0.4		
9	Discrepancy	-1,685	0	0	-2,209		
	% of GDP	-0.5	0.0	0.0	-0.6		

Source: MoF

2020 PERFORMANCE REVIEW

FISCAL DEVELOPMENTS (CONT.)

- Government's fiscal operations resulted in a cash basis deficit of GH¢44,921 million, equivalent to 11.7 percent of GDP, compared to the revised target of GH¢44,074 million, equivalent to 11.4 percent of GDP.
- The corresponding Primary Balance recorded a deficit of GH¢20,323 million, equivalent to 5.3 percent of GDP, 14.1 percentage points higher than the programmed deficit of GH¢17,806 million, equivalent to 4.6 percent of GDP.
- The Overall Budget Balance was financed from both domestic and external sources.
- Total Domestic Financing amounted to GH¢44,889 million, equivalent to 11.7 percent of GDP, and constituted 99.9 percent of the total financing.
- Foreign financing amounted to GH¢31.2 million, 0.01 percent of GDP, against a target of GH¢18,462 million or 4.8 percent of GDP, and constituted 0.1 percent of the total financing for the period

S/N	Indicators (GH¢ million)	Jan-Dec 2019	Jan-Dec 2020				
		Prov. Outturn	Budget	Rev. Budget	Prov. Outturn	Dev (%)	y/y (%)
1	Total Revenue & Grants	53,380	67,071	53,667	54,922	2.3	2.9
	% of GDP	15.3	16.9	13.9	14.3		
2	Total Exp. (incl. Arrears clearance)	70,271	85,952	97,740	99,844	2.2	42.1
	% of GDP	20.1	21.6	25.4	26.0		
3	Budget Balance	-16,892	-18,881	-44,074	-44,923	1.9	165.9
	% of GDP	-4.8	-4.7	-11.4	-11.7		
4	Primary Balance	2,877	2,811	-17,806	-20,323	14.1	-806.3
	% of GDP	0.8	0.7	-4.6	-5.3		
5	Nominal GDP	349,480	398,048	385,378	383,305		

Source: MoF

S/N	Indicators (GH¢ billion)	Jan-Dec 2019	Jan-Dec 2020				
		Prov. Outturn	Budget	Rev. Budget	Prov. Outturn	Dev (%)	y/y (%)
1	Total Financing	16,892	18,881	44,074	44,921	1.9	165.9
	% of GDP	4.8	4.7	11.4	11.7		
2	Foreign Financing	5,041	10,619	18,462	31.2	-99.8	-99.4
	% of GDP	1.4	2.7	4.8	0.01		
3	Domestic Financing	11,851	8,262	25,612	44,889	75.3	279
	% of GDP	3.4	2.1	6.6	11.7		
4	Nominal GDP	349,480	398,048	385,378	383,305		

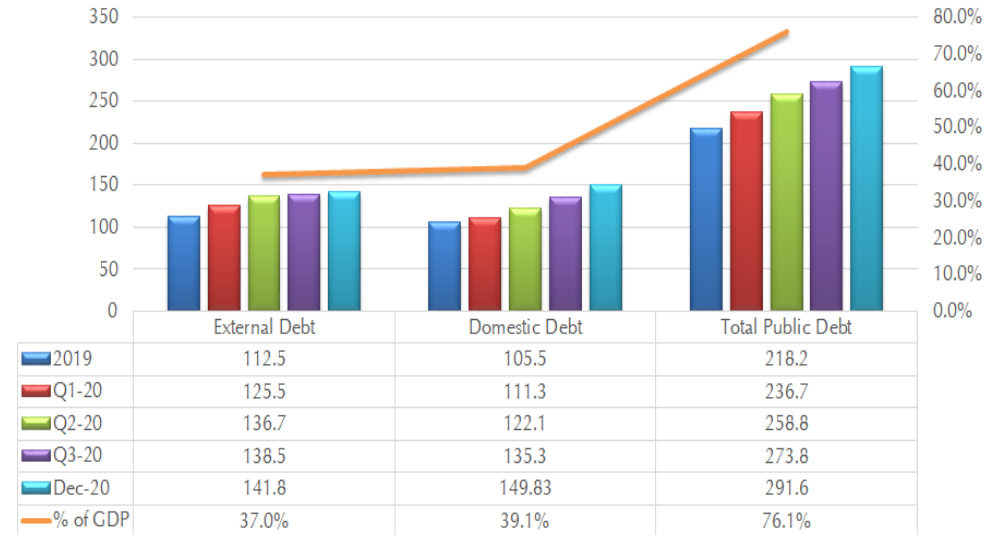
Source: MoF

2020 PERFORMANCE REVIEW

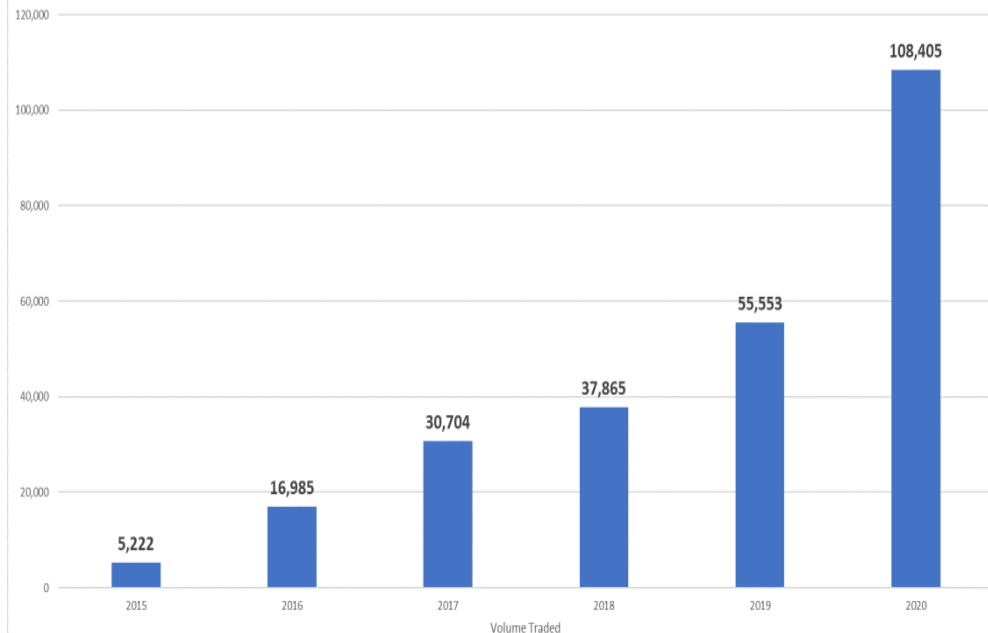
PUBLIC DEBT DEVELOPMENT

- The provisional nominal debt stock as at end-December 2020 stood at GH¢291,614.5 million (US\$50,829.6 million), representing 76.1 percent of GDP.
- This ratio includes the financial and energy sector bailouts. Excluding the Financial Sector Bailout, the nominal debt stock as percentage of GDP falls to 71.5 percent.
- The composition of the total debt stock shows a provisional amounts of GH¢141,780.60 million (US\$24,712.94 million) and GH¢149,833.89 million (US\$26,116.66 million) for external and domestic debt, respectively, which correspondingly accounted for 48.6 percent and 51.4 percent of the total.
- As a percentage of GDP, external and domestic debt represented 37.0 percent and 39.1 percent, respectively.
- The Ghana Fixed Income Market (GFIM) of the Ghana Stock Exchange (GSE) saw a record-setting year in volumes traded during 2020. The GFIM smashed the 100 billion glass ceiling for trade volumes during 2020, ending the year at 108.40 billion in trades, which was almost double the volume traded in 2019.
- The record trading on the bond market was fueled by attractive real returns on fixed income securities and increased liquidity with banks and fund managers. Domestic investors accounted for 80.0 percent of trading on the market, up from 71.0 percent in 2019.

GHANA'S DEBT STOCK @ DEC.-20 (GHS BN)



GFIM VOLUME TRADED (MILLIONS)



2020 PERFORMANCE REVIEW

DEVELOPMENTS IN THE BANKING SECTOR

- The recapitalisation exercise and reforms undertaken by the Bank of Ghana in 2018 well positioned banks to withstand unexpected shocks. The banking sector reforms enhanced the resilience of the banking sector with the roll-out of Basel II/III capital standards.
- Total assets of the banking sector increased to GH¢149.3 billion (15.8 percent year-on-year growth) in December 2020 from GH¢129.0 billion in December 2019 (22.7 percent year-on-year growth) as total deposits grew by 24.4 percent to GH¢103.8 billion as at end-December 2020, marginally higher than the 22.2 percent growth a year earlier.
- Cost control measures during the second half of the year and increased investment income (particularly on long-term investments) contributed to a decent profit-after-tax growth of 27.9 percent in 2020 compared with a growth rate of 38.3 percent in 2019.
- The strong growth in assets reflected in new advances and investments. New loans and advances in 2020 amounted to GH¢34.4 billion, 15.8 percent higher than the GH¢29.7 billion recorded in the previous year.
- However, weak credit demand on account of the pandemic, as well as increased repayments, offset the increase in new loans and advances during the period under review, and culminated in a decline in growth in gross loans and advances from 23.8 percent in December 2019 to 5.8 percent in December 2020.
- Investments grew strongly by 33.4 percent to GH¢64.4 billion in December 2020 compared with 26.6 percent a year ago.
- The financial soundness indicators of the banking sector remained broadly positive during the year. Liquidity and efficiency indicators were strong. The solvency position, measured by the industry average capital adequacy ratio of 19.8 percent, was well above the regulatory minimum.
- The initial decline in asset quality during the first half of the year, which reflected the pandemic-induced repayment challenges, improved by year-end. Accordingly, the Non-Performing Loans (NPL) ratio, which increased from 14.3 percent in December 2019 to 15.7 percent in June 2020, declined to 14.8 percent in December 2020, to reflect impact of the policy measures.
- Also, the Bank of Ghana restricted the payment of dividends and distribution of capital to shareholders, with the view of preserving the capital of banks, and ensured that banks held enough liquidity assets to meet maturing obligations.
- The COVID-19 pandemic had very minimal impact on the operations of the banks. Banks activated their Business Continuity Plans (BCPs) including activating all their electronic banking platforms.
- During the year under review, there was a significant surge in the use of electronic banking services and mobile money transfers.
- Work on the establishment of a Domestic Credit Rating Agency (DCRA) in Ghana progressed steadily with the drafting of a business plan. Government has already secured funding for this project.
- When the DCRA becomes operational, information asymmetry among market participants will be reduced, and credit-culture, risk-based lending, and pricing of debt instruments will be promoted.
- The DCRA will specifically: promote market transparency and discipline; facilitate independent rating of regulated financial institutions and other corporate entities and issuers; facilitate investment decisions by helping investors achieve a balance in the risk return profile; and assist firms to access capital.

MEDIUM TERM MACROECONOMIC TARGETS (2021-2024)

Medium Term macroeconomic targets (2021-2024):

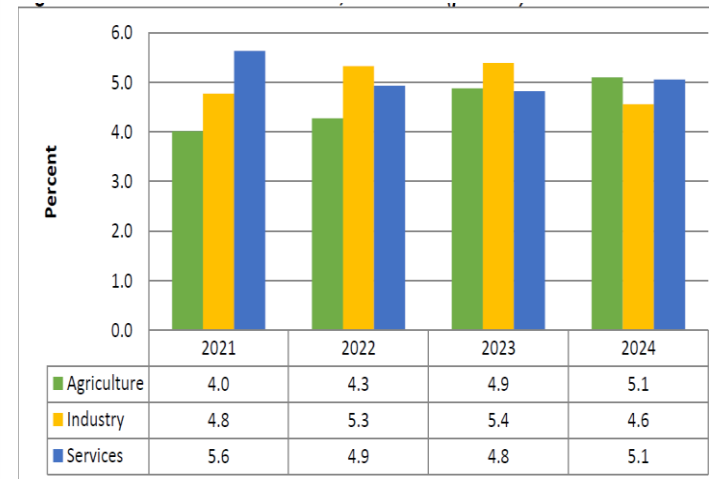
- ✓ Overall Real GDP growth to average 5.0 percent;
- ✓ Non-Oil Real GDP to grow at an average of 4.9 percent;
- ✓ Inflation to be within the target band of 8 ± 2 percent;
- ✓ Overall fiscal balance and primary balance to return to the Fiscal Responsibility Act threshold of fiscal deficit of 5 percent of GDP and positive primary balance by 2024; and
- ✓ Gross International Reserves to cover at least 4.0 months of imports.

2021 macroeconomic targets are as follows:

- ✓ Overall Real GDP growth of 5.0 percent;- Interventions anticipated under the GhanaCARES, Government's blueprint for modernization and transformation, together with an expected roll-out of COVID-19 vaccines, lend justification to this optimistic outlook.
- ✓ **Agriculture Sector**- driven by Crops Sub-Sector –Planting for Food & Jobs Programme
- ✓ **Industry**- driven by Mining and in the medium term Oil and Gas from the first oil from the PECAN oil from 2023.
- ✓ **Services Sector**- driven by Information and Communication
- ✓ Non-Oil Real GDP growth of 6.7 percent;
- ✓ End-period inflation of 8.0 percent;
- ✓ Fiscal deficit of 9.5 percent of GDP;
- ✓ Primary deficit of 1.3 percent of GDP; and
- ✓ Gross International Reserves to cover not less than 4.0 months of imports.
- ✓ Total Revenue and Grants for 2021 is projected to rise to GH¢72,452 million (16.7% of GDP).
- ✓ Total Expenditure (including clearance of Arrears) is projected at GH¢113,750 million (26.2% of GDP).

Item	2021	2022	2023	2024	Average
Real GDP	5.0	5.0	5.1	4.9	5.0
Non-Oil GDP	6.7	4.7	3.5	4.7	4.9

Source: MoF



Source: MoF

No	Item	2021 & Medium Term			
		2021	2022	2023	2024
1	Total Revenue & Grants	72,452	81,650	92,173	103,752
	% of GDP	16.7	16.7	16.8	16.9
2	Total Expenditures (incl. arrears)	113,750	118,265	122,583	131,290
	% of GDP	26.2	24.2	22.3	21.4
3	Overall Fiscal Balance (Cash)	-41,298	-36,615	-30,410	-27,538
	% of GDP	-9.5	-7.5	-5.5	-4.5
4	Primary Balance	-5,434	1,011	7,404	11,040
	% of GDP	-1.3	0.2	1.3	1.8
5	Nominal GDP	433,686	488,510	548,566	614,680

Source: MoF

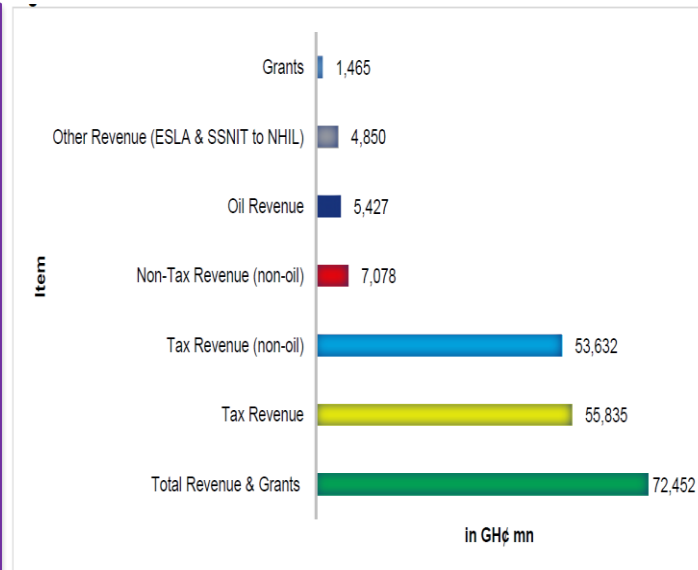
TAX POLICY INITIATIVES

Tax Policy Initiatives

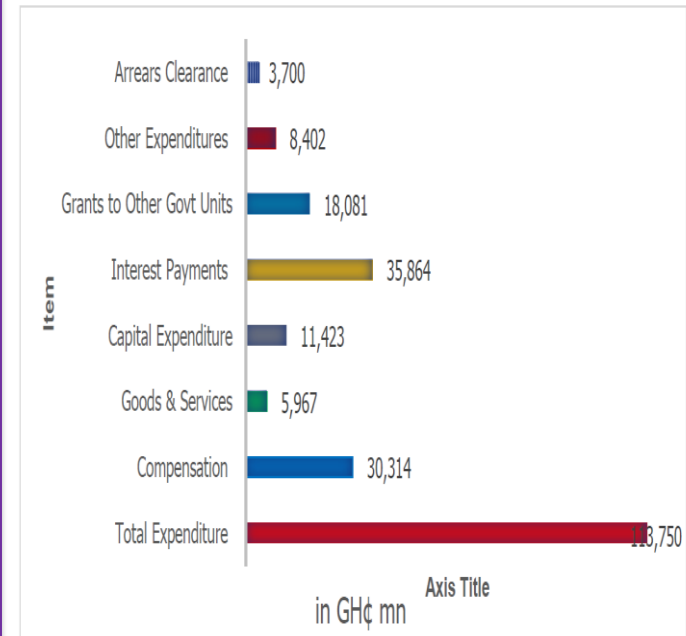
- ✓ **Covid-19 Health Levy:** A proposal to increase National Health Insurance Levy (NHIL) by 1% point. Also, a 1%-point increase in the VAT Flat Rate has been proposed. The purpose of these proposed tax increases is to help the Government implement measures to contain the spread of Covid-19.
- ✓ **Sanitation and Pollution Levy (SPL):** 10 pesewas on the price per liter of petrol/diesel under the Energy Sector Levies Act (ESLA) has been proposed to aid proper sanitation management, improve the quality of life and reduce the number of deaths and diseases from poor sanitation.
- ✓ **Increases in Energy Sector Levies Act (ESLA):** The Government has proposed for approval of 20 pesewas per liter on petrol/diesel increment in the Energy Sector Levies Act (ESLA) to help Government cover the excess capacity charges that have resulted from the Power Purchase Agreements (PPAs). The Government estimates that the proposed increments in ESLA will result in a 5.7% increase in in petroleum prices at the pump.
- ✓ **Financial Sector Cleanup Levy:** A 5% levy on the profit-before tax of banks has been proposed to help defray outstanding commitments in the financial sector.
- ✓ **Tax Administration**
- ✓ **Tax Audit:** GRA will intensify tax audits and employ measures to recover all the outstanding debt and enforce collections in the extractive industry. This will help government mobilize more revenue to meet its revenue target.

Tax Reliefs

- ✓ **Tax Rebate:** The Government has proposed a tax rebate of 30% on the income tax due for companies in hotels and restaurants, education, arts and entertainment, and travel and tours for the second, third and fourth quarters of 2021.
- ✓ **Tax Stamps:** The Government has proposed a suspension of the quarterly income tax instalment payments for the second, third and fourth quarters of 2021 for small businesses using the income tax stamp system.
- ✓ **Vehicle Income Tax:** Government has also proposed for the suspension of quarterly instalment payments of the vehicle income tax for the second, third and fourth quarters of 2021, for trotros and taxis as part of measures to reduce the cost of transportation.
- ✓ **Extension of Penalty and Interest Waiver:** A waiver of penalty and interest on accumulated tax arrears up to December 2020 has been proposed by the Government. Through this the Government intends to reduce cash flow challenges for companies and individuals who arrange terms with GRA to pay up the principal by September 2021.



Source: MoF



Source: MoF

KEY PROGRAMME (GHANA CARES)

The Ghana Cares (Obaatanpa) Programme

- ✓ Government launched the Ghana COVID-19 Alleviation and Revitalization of Enterprises Support (Ghana CARES) programme on 20th November, 2020.
- ✓ The CARES programme is designed to recover, revitalise and support strategic industries, harness new opportunities and safeguard the economy against future shocks.
- ✓ At the initial Stabilization Phase (June to December 2020), a raft of measures were rolled out to provide relief and support to Ghanaians, ensuring food security, protecting businesses and workers as well as strengthening the national health system.
- ✓ These interventions have been vital in protecting Ghanaians, sustaining the quality of life and preserving businesses. The result is the attainment of some stability that allows us to move forward in optimism towards recovery and transformation.
- ✓ Phase II of CARES will revitalise the economy and accelerate the national transformation agenda. Government will embark on dedicated actions to support local enterprises in targeted sectors to enhance competitive import substitution and export expansion in light manufacturing.
- ✓ In addition, it refocuses key government flagship programmes for increased efficiency, leverages digitisation and advances financial sustainability. The key projects and programmes that will be implemented under the Ghana CARES Programme include:
 - ✓ Support commercial farming and attract educated youth into commercial farming;
 - ✓ Build Ghana's light manufacturing sector;
 - ✓ Develop engineering/machine tools and ICT/digital economy industries.
 - ✓ Fast track digitalization;
 - ✓ Develop Ghana's Housing & Construction Industry;
 - ✓ Establish Ghana as a Regional Hub;
 - ✓ Review/optimize implementation of Government Flagships and Key Programmes; and
 - ✓ Establish the Development Bank of Ghana to finance the growth and development agenda under the Ghana CARES Programme.

SOME KEY SECTOR PROGRAMMES FOR 2021

• ENERGY SECTOR	OPPORTUNITIES
<ul style="list-style-type: none"> • Completion of the phase 1B of the Early Power Project that will bring the installed capacity to 202MW; • Continuation of the ongoing PPA Renegotiations; • Implementation of the Pwalugu Multipurpose Dam; • Repair /replacement of T3 Gas Turbines; • Completion of Lot1 (Kumasi-Kintampo component) of the Kumasi-Bolgatanga Transmission Line Project; • 161kV Volta-Achimota-Mallam Transmission Line Upgrade Project; • Completion of the 330kV A4BSP (Pokuase Bulk Supply Point); and • Feasibility Studies for the 330kV Accra Kumasi Transmission Line Project. • construction of a new substation at Dunkwa-on-Offin. • Development of a Petroleum Hub-The Petroleum Hub Implementation Programme seeks to promote Ghana as an attractive destination for investment, technology and a hub for refined petroleum products in the West African Sub-Region. In 2021, government will ensure the set up and operationalisation of the Petroleum Hub Development Corporation. 	<ul style="list-style-type: none"> • Opportunity for project financing • Syndicated loan financing
• INFRASTRUCTURE	
<ul style="list-style-type: none"> • Government will continue with the construction of the Upper East, Yendi, Tamale and Damongo Water Supply Projects and will complete the implementation of the Greater Accra Metropolitan Area Sanitation and Water Project, Kpong Phase 2, Ho and Hohoe, Sekondi – Takoradi, Sunyani, Essiama, Keta, Techiman, and Wenchi. • Road Rehabilitation and Maintenance Programme • Road and Bridge Construction Programme • Railways Development Programme • Health Service Delivery Programme-Government's Health infrastructure drive, including Agenda 111 the Ministry awarded contracts for the construction of 101 District Hospitals, seven Regional Hospitals and two Psychiatric Hospitals, and rehabilitation of Effia-Nkwanta Hospital. • Accra – Cape Coast –Takoradi PPP Project (208Km) • Accra – Tema Motorway PPP Project (31.7Km) • Accra – Kumasi Expressway Project (245Km) • Development of Tema Arterial Roads 	<ul style="list-style-type: none"> • Opportunity for asset creation and deposit mobilization. Asset should be given to contractors who meets the credit requirements of the bank. • The need for GCB to liaise with Ministry of Roads and Highways/Ministry of Railway development to assess the viability and financing options for some of these projects.
HUMAN SETTLEMENT AND DEVELOPMENT PROGRAMME:	
<ul style="list-style-type: none"> • Continued works on Phase III of the Security Services Housing Programme — the construction of 320 units for the Ghana Police Service • TDC Development Company Limited (TDCL) initiated steps to complete 139 apartment blocks made up of 2,856 housing units. Pre-contractual arrangements commenced and actual construction works is expected to commence in earnest. • Government concluded arrangements to enable the State Housing Company Limited (SHCL) complete the stalled Government Affordable Housing Projects at Koforidua, Tamale and Wa. Works have commenced at the Koforidua site and are progressing steadily. • State Housing Company Limited also embarked on a number of housing projects across the country to help address the nation's housing deficit. In 2021, the Company will continue the implementation of these ongoing projects while Government continues its efforts to support the repositioning of this Company as a major player in the real estate and affordable housing market in Ghana. 	<ul style="list-style-type: none"> • Opportunity for financing some of the projects as well as mortgage financing.

SOME KEY SECTOR PROGRAMMES FOR 2021

AGRICULTURAL MODERNISATION	OPPORTUNITIES
<ul style="list-style-type: none"> • Rearing for Food and Jobs Programme & Planting for Food and Jobs. Continuous supply of improved seeds and fertilizers and distribute improved breeds of ruminants and procure 5 million broiler day old chicks etc to beneficiary farmers. 	<ul style="list-style-type: none"> • Opportunity for financing and LCs
<ul style="list-style-type: none"> • In 2021, the MoFA will procure 97,000 litres and 14,000kg of insecticides for control of Fall Armyworm (FAW). In addition, two screen houses, three mass biological rearing facilities and 3 million parasitoids will be procured for the control of FAW. 	<ul style="list-style-type: none"> • Opportunity for financing & LCs
<ul style="list-style-type: none"> • COCOBOD secured a seven-year long term loan facility of US\$600 million from a consortium of financial institutions led by the African Development Bank (AfDB)/Credit Suisse (CS). The first drawdown of US\$200 million was made on 14th May, 2020. 	<ul style="list-style-type: none"> • Target for Ex inflows and deposit mobilisation
INDUSTRIALISATION	
<ul style="list-style-type: none"> • One District One Factory (1D1F) Initiative- As at the end of 2020, a total of 232 projects were at various stages of implementation out of which 76 are currently in operation. In addition, 107 are under construction, whilst 49 are ready to commence construction in 2021. 	<ul style="list-style-type: none"> • Opportunity for financial support in partnership with Government and prospective 1D1F industries.
<ul style="list-style-type: none"> • Strategic Anchor Industries Initiative. The key strategic industries under the initiative are: This included the Vehicle Assembly and Automotive Industry, Garments and Textiles and Pharmaceutical industries. 	<ul style="list-style-type: none"> • GCB to strategically position itself with the right asset and liability products to tap into the investments inflows that will arise from these sectors.
<ul style="list-style-type: none"> • Industrial Parks and Special Economic Zones (IP & SEZ). Engineering studies for the establishment of the Greater Kumasi Industrial City and SEZ to be located near Boankra in the Ejisu Traditional Area in Ashanti Region commenced. When fully developed, the Greater Kumasi Industrial City will become a new manufacturing hub in Ghana and will complement the operations of the Boankra Inland Port. 	<ul style="list-style-type: none"> • Opportunity for financial support and revenue generation

Other Initiatives

- In line with the government medium term debt strategy, a forecast of a ceiling of up to **US\$5.0 billion** is being proposed for their international capital market programme for 2021 through multiple instruments made up of: Eurobonds; Diaspora Bonds; Sustainable Bonds (Green Bonds & Social Bonds); and Syndicated Term/Bridge Financing
- The proceeds are to support the budget deficit by funding growth oriented expenditures; and conduct liability management on both external and domestic bonds.
- Government expect investor interest in the fixed income market to remain high in 2021 due to sustained attractive real rates of return, especially in government securities on the market. Liquidity will continue to be buoyed by the global standard, GMRA, introduced in the last quarter of 2020 for repos.
- In addition, to make securities financing transactions effective, the market will work to introduce securities lending and borrowing under global standards, the Global Master Securities Lending Agreements (GMSLA) in 2021.

MDAs BUDGET ALLOCATIONS 2021

Ministries / Departments & Agencies	Compensation of Employees	Goods & Services		CAPEX		IGF	DP Funds	Sub- Total	Other Government Obligations	Grand Total
GHS Million	GoG	GoG	ABF	GoG	ABFA					
Administration	3,242	1,453	2	990	296	197	1,355	7,536	-	7,536
Office of Government Machinery	824	975	-	519	276	44	39	2,677	-	2,677
o/w OGM Hqtrs and Agencies	140	353	-	35	-	44	39	611	-	611
o/w Scholarship	-	200	-	-	-	-	-	200	-	200
o/w Micro Finance and Small Loans Centre	-	48	-	-	-	-	-	48	-	48
o/w Nation Builders Corps	672	-	-	-	-	-	-	672	-	672
o/w National Identification Authority	-	200	-	-	-	-	-	200	-	200
o/w Zongo Development Fund	4	79	-	-	-	-	-	83	-	83
o/w Special Development Initiatives	7	92	-	484	276	-	-	859	-	859
Office of the Head of Civil Service	21	7	-	1	-	3	-	33	-	33
Parliament of Ghana	201	205	-	58	-	-	-	464	-	464
Audit Service	356	52	-	17	-	-	56	482	-	482
Public Services Commission	4	4	-	4	-	-	-	12	-	12
Electoral Commission	48	82	-	28	-	-	8	166	-	166
Ministry of Foreign Affairs and Regional Integration	420	13	-	5	-	32	27	497	-	497
Ministry of Finance	391	36	2	107	0	94	799	1,429	-	1,429
o/w Ghana Asset Management Company	-	2	-	-	-	-	-	2	-	2
o/w Venture Capital	-	5	-	-	-	-	-	5	-	5
o/w Housing and Mortgage Financing	-	-	-	100	-	-	-	100	-	100
Ministry of Local Government, Decentralisation and Rural Develo	871	53	-	229	20	-	426	1,599	-	1,599
o/w Local Government Service (incl. RCCs and MMDAs)	820	32	-	6	-	-	4	862	-	862
o/w Regional Reorganisation and Development	1	12	-	220	20	-	-	253	-	253
National Media Commission	4	3	-	-	-	-	-	7	-	7
National Development Planning Commission	6	7	-	2	-	-	-	14	-	14
Ministry of Information	83	9	-	10	-	24	-	126	-	126
Right to Information Commission	9	5	-	1	-	-	-	14	-	14
Ministry of Parliamentary Affairs	3	3	-	10	-	-	-	15	-	15

MDAs BUDGET ALLOCATIONS 2021

Ministries / Departments & Agencies	Compensation of Employees	Goods & Services		CAPEX		IGF	DP Funds	Sub- Total	Other Government Obligations	Grand Total
GHS Million	GoG	GoG	ABF	GoG	ABFA					
Economic	673	750	10	246	47	776	1,843	4,346	-	4,346
Ministry of Food and Agriculture	88	466	-	58	8	4	559	1,184	-	1,184
o/w Planting for Food and Jobs	-	424	-	7	8	-	-	439	-	439
o/w Tree Crops Development Authority	-	30	-	-	-	-	-	30	-	30
o/w Construction of Dam to hold spillage from Bagre Dam	-	2	-	41	-	-	-	44	-	44
Ministry of Fisheries and Aquaculture Development	11	2	-	5	2	62	292	375	-	375
Ministry of Lands and Natural Resources	222	144	10	8	12	330	122	847	-	847
o/w National afforestation programme	-	106	-	-	-	-	-	106	-	106
o/w Ghana Integrated Aluminium Development Company	-	7	-	8	-	-	-	15	-	15
o/w Ghana Integrated Iron and Steel Development Corp.	-	5	10	-	12	-	-	27	-	27
Ministry of Trade and Industry	65	110	-	82	17	120	135	530	-	530
o/w One District One Factory Programme	-	70	-	77	17	-	-	164	-	164
o/w Africa Continental Free Trade Area Secretariat	-	13	-	-	-	-	-	13	-	13
Ministry of Tourism, Arts and Culture	56	10	-	-	-	10	22	99	-	99
Ministry of Energy	4	6	-	88	8	68	679	854	-	854
Infrastructure	131	59	-	360	930	266	2,480	4,225	-	4,225
Ministry of Water Resources and Sanitation	15	21	-	57	15	30	423	561	-	561
o/w Water and Sanitation Initiative	-	18	-	57	15	-	-	90	-	90
Ministry of Works and Housing	21	3	-	82	-	1	68	175	-	175
Ministry of Roads and Highways	57	2	-	158	795	20	936	1,968	-	1,968
o/w Roads Infrastructure	-	-	-	158	795	-	-	953	-	953
Ministry of Communications and Digitalisation	24	10	-	30	-	38	250	351	-	351
Ministry of Railways Development	4	12	-	7	120	2	368	513	-	513
o/w Railways Development	-	9	-	7	120	-	-	136	-	136
Ministry of Transport	9	11	-	27	-	176	435	658	-	658
o/w Fish Landing Sites	-	6	-	23	-	-	-	29	-	29
o/w Aviation	1	0	-	1	-	-	188	191	-	191

MDAs BUDGET ALLOCATIONS 2021

Ministries / Departments & Agencies	Compensation	Goods &		CAPEX		IGF	DP	Sub-	Other	Grand
GHS Million	GoG	GoG	ABF	GoG	ABFA					
Social	15,880	1,693	763	42	45	4,543	1,881	24,848	-	24,848
Ministry of Education	10,412	1,431	763	12	13	2,075	925	15,632	-	15,632
o/w Free Senior High School Programme	-	1,211	763	-	-	-	-	1,974	-	1,974
o/w Existing Interventions in Education	-	200	-	-	-	-	-	200	-	200
o/w Teacher Trainee Allowances	170	-	-	-	-	-	-	170	-	170
Ministry of Employment and Labour Relations	69	4	-	5	-	130	1	208	-	208
Ministry of Youth and Sports	19	12	-	2	-	0	-	34	-	34
National Commission for Civic Education	63	4	-	1	-	-	0	68	-	68
Ministry of Chieftaincy and Religious Affairs	31	4	-	1	-	-	-	36	-	36
Ministry of Health	5,245	33	-	13	32	2,328	881	8,534	-	8,534
o/w Health Infrastructure	-	-	-	5	25	-	-	30	-	30
o/w Nursing Trainee Allowances	231	-	-	-	-	-	-	231	-	231
Ministry of Gender, Children and Social Protection	37	203	-	7	-	10	74	330	-	330
o/w Livelihood Empowerment Against Poverty	-	198	-	-	-	-	-	198	-	198
National labour Commission	3	2	-	1	-	-	-	6	-	6
Public Safety	5,728	378	-	333	-	111	553	7,103	-	7,103
Office of the Attorney-General and Ministry of Justice	80	6	-	18	-	29	-	134	-	134
Office of the Legal Aid Commission	14	1	-	1	-	-	-	16	-	16
Ministry of Defence	1,501	47	-	194	-	26	335	2,102	-	2,102
Commission on Human Rights and Administrative Justice	26	14	-	6	-	-	-	47	-	47
Judicial Service	285	62	-	32	-	19	-	397	-	397
Ministry of the Interior	3,291	48	-	35	-	37	-	3,411	-	3,411
Ministry of National Security	488	150	-	16	-	-	218	873	-	873
Office of the Special Prosecutor	43	51	-	30	-	-	-	124	-	124
Sub-Total MDAs	25,654	4,333	776	1,972	1,318	5,894	8,112	48,058	-	48,058
Pensions	1,651	-	-	-	-	-	-	1,651	-	1,651
Gratuities	516	-	-	-	-	-	-	516	-	516
Social Security	2,348	-	-	-	-	-	-	2,348	-	2,348
National Health Fund	-	-	-	-	-	-	-	-	1,904	1,904
Education Trust Fund	-	-	-	-	-	-	-	-	1,443	1,443
Road Fund	-	-	-	-	-	-	-	-	1,192	1,192
Dist. Ass. Common Fund	-	-	-	-	-	-	-	-	2,402	2,402
Other Govt. Expenditure	145	859	-	20	-	-	-	1,024	68,495	69,519
Sub-Total -Multi Sectoral	4,660	859	-	20	-	-	-	5,539	75,436	80,975
GRAND TOTAL	30,314	5,191	776	1,992	1,318	5,894	8,112	53,597	75,436	129,033

IMPLICATIONS AND OPPORTUNITIES

- The proposed 5% levy on the profit-before tax of banks would impact on our strategy of building capital buffers from our retained earnings. It also has implications on our strategic investment decisions.
- The Government has given a clear indication of aggressively pursuing Tax Audit through GRA. GCB should take pragmatic steps to avoid noncompliance in order not to be noticed through the Audit.
- We recommend that GCB conduct Tax Health Checks to self-identify tax exposures and take corrective measures such as self-declaration to benefit from interest and penalties exemption regimes under the tax laws.
- The Tax levies when it comes into effect could result in price adjustments by Vendors and supplies which could lead to an increase in the cost of operation of the Bank, and the cost of doing business in the country which could stifle investment.
- Total payroll expenditure is estimated to be **Ghc 30.31 billion (For targeting and deposit mobilisation by Consumer Banking)**
 - Pensions – **Ghs 1.6 billion**
 - Gratuity - **Ghs 516 million**
 - Teacher Training Allowance - **Ghs 170 million**
 - Nursing Training Allowance – **Ghs 231 million**
 - Nation Builders Corps – **Ghs 672 million**
- A total of **Ghc 8.11 billion** budgetary support from Development partners (**Source of Fx inflows for targeting through Ministry of Finance by Treasury Sales and corporate banking**)
- A total of **Ghc 15.17 billion** for targeting by the **Corporate banking dept.** especially the desk in charge of Public Institution on goods & services, CAPEX and IGF.
- Expenditure on other government obligations is estimated at **Ghs 75.44 billion** with **National Health Fund (Ghs 1.9 billion), Education Trust Fund (Ghs 1.44 billion), Road Fund (Ghs 1.19 billion)** and **District Assembly Common Fund (Ghs 2.40 billion)** for **deposit mobilisation by Corporate Banking.**
- **US\$5.0 billion** is being proposed for international capital market programme for 2021 (opportunity for fee income by GCB Securities as co-managers of proposed sovereign bond issuance for 2021).