



GHANA'S 2021 BUDGET HIGHLIGHTS

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CONTENTS

2020 Economic Performance and Projections for 2021	1
Revenue Generation Measures for 2021	2
Government Spending for 2021	3
Economy and Sectoral Outlook for 2021	4
Key Initiatives	5





INTRODUCTION

On March 12, 2021 Hon. Osei Kyei Mensah-Bonsu Minister For Parliamentary Affairs, Majority Leader & Leader Of Government Business on the authority of His Excellency Nana Addo Dankwa Akufo-Addo, president of the Republic of Ghana presented the budget statement and economic policy for the 2021 financial year. The budget focused on economic revitalization through completion, consolidation and continuity over the next financial year. The budget statement also includes a number of tax policy proposals focused on enhancing domestic revenue mobilization.

In this publication, Tesah Capital Limited provides a summary of budget statement and economic policy for 2021 and highlights of the main tax proposals presented before the house.

ECONOMY AT A GLANCE

2020 Performance

GDP Growth



0.2%

average GDP growth for 9M-2020

0.4%

average non-oil GDP growth for 9M-2020

Inflation



10.4%

inflation rate at the End of December

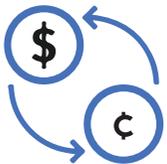
Fiscal Deficit



11.7%

of GDP as at Dec. 2020

Exchange rate



3.9%

Cedi depreciation to the US dollar in 2020.

Debt



76.1%

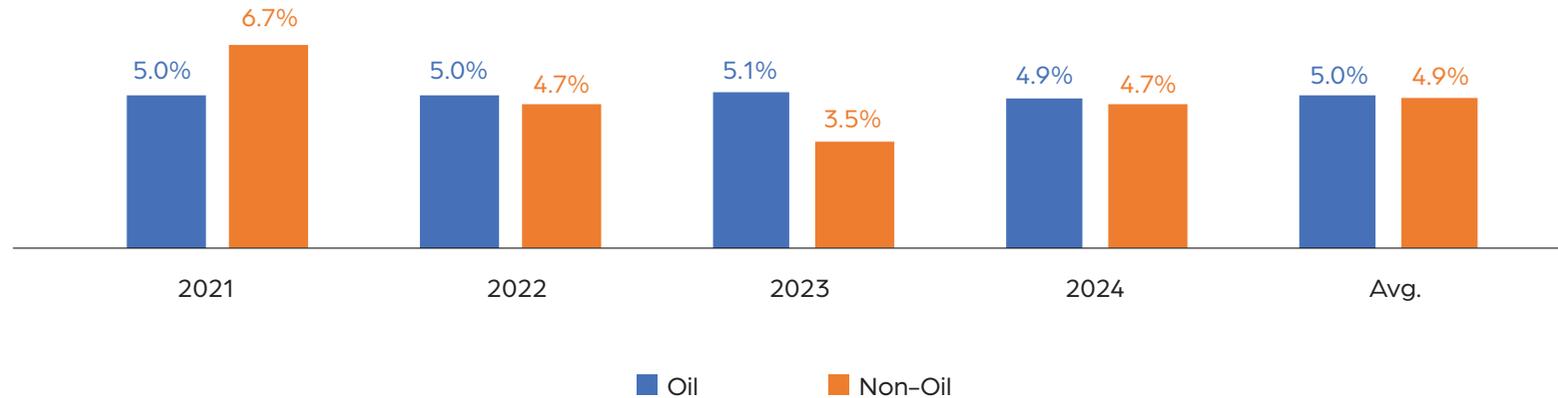
debt-to-GDP ratio as at Dec. 2020

PROJECTIONS AND TARGETS

GDP Growth

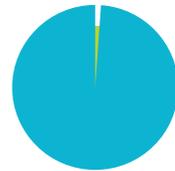
Overall real GDP growth of 2.0% expected in 2020 (MoF)

Growth Projection 2021–2024



Inflation
End year target of **8.0%** expected

8.0%
Dec 2021



Primary Balance
Primary deficit of

1.2%
of GDP in 2021



Fiscal Deficit

9.5%
of GDP

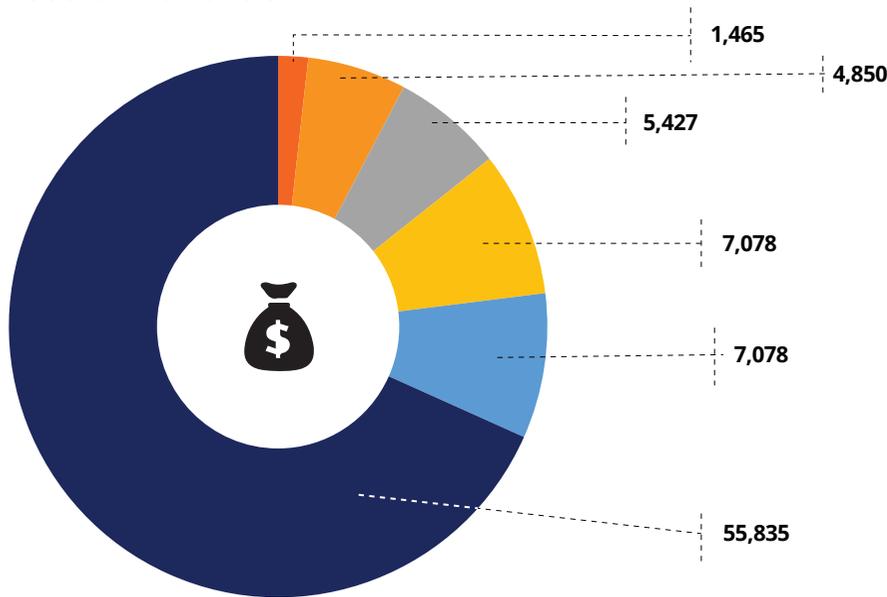


Gross international reserves

Not less than months of
import cover

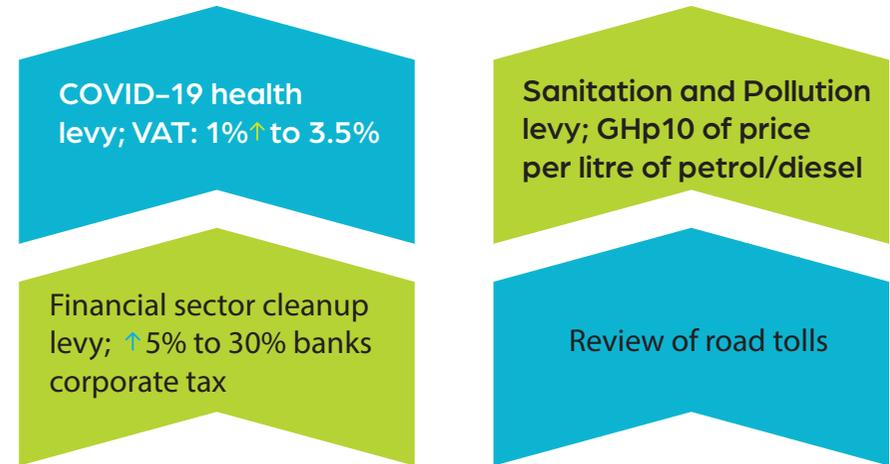
PROJECTED REVENUE IN 2021 AMOUNTS TO GHS72,452 MILLION (16.7% of GDP).

Sources of Revenue



- Grants
- Other Revenue (ESLA & SSNIT to NHIL)
- Oil Revenue
- Non-Tax Revenue (non-oil)
- Tax Revenue (non-oil)
- Tax Revenue

Tax Proposals

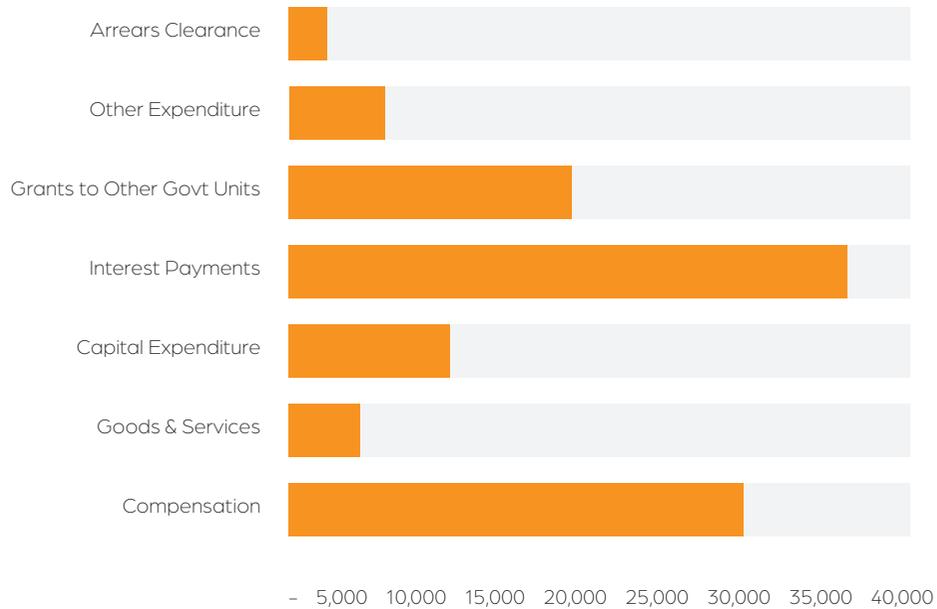


Administrative Measures



GOVERNMENT SPENDING FOR 2021

Summary of government's expenditure 2021 budget

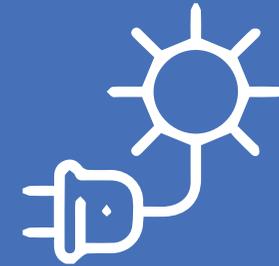


Resource	Allocation (GHS million)	% Allocation
Arrears Clearance	3,700.00	3.23%
Other Expenditures	8,402.00	7.34%
Grants to Other Govt Units	18,801.00	16.42%
Interest Payments	35,864.00	31.33%
Capital Expenditure	11,423.00	9.98%
Goods & Services	5,967.00	5.21%
Compensation	30,314.00	26.48%

KEY SECTORIAL OUTLOOK FOR 2021



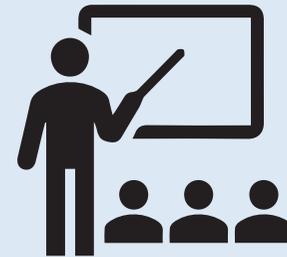
Agriculture



Energy



Health



Education



AGRICULTURE

Resource Allocation GHS 1.18 billion

↑ **22.6%**y/y

2020 Performance

- 1 **1.74 million** farmers have benefited from Planting for Food and Jobs programme (PFJ).
- 2 Procured **531,100** improved breeds of small ruminants, pigs and poultry for farmers.
- 3 Completed **21** out of **30** warehouses under one district one warehouse initiative

Recorded significant increase in yields of selected crops since 2016

Maize yields increased by **111%**

Rice yields increased by **59%**

Soya yields increased by **29%**

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AGRICULTURE

Initiative(s) / Outlook



Procurement of 97,000 litres and 14,000kg of insecticides for the control of Fall Army Worm



Supply of improved seeds and fertilizers to beneficiary farmers under PFJ.



Completion of remaining 9 warehouses under the "one district one warehouse" initiative.



Distribution of 531,100 improved breeds of small ruminants, pigs and poultry, 5 million broiler day old chicks and 20,000 kuroiler birds to farmers at a 50 percent subsidy.

Creation of Ghana Land Information Bank (GhLIB) to provide a reliable and easily accessible information platform to improve access to land for commercial farming.



FINANCIAL SECTOR

Resource Allocation GHS 1.43 billion

↑ **91.0%** y/y

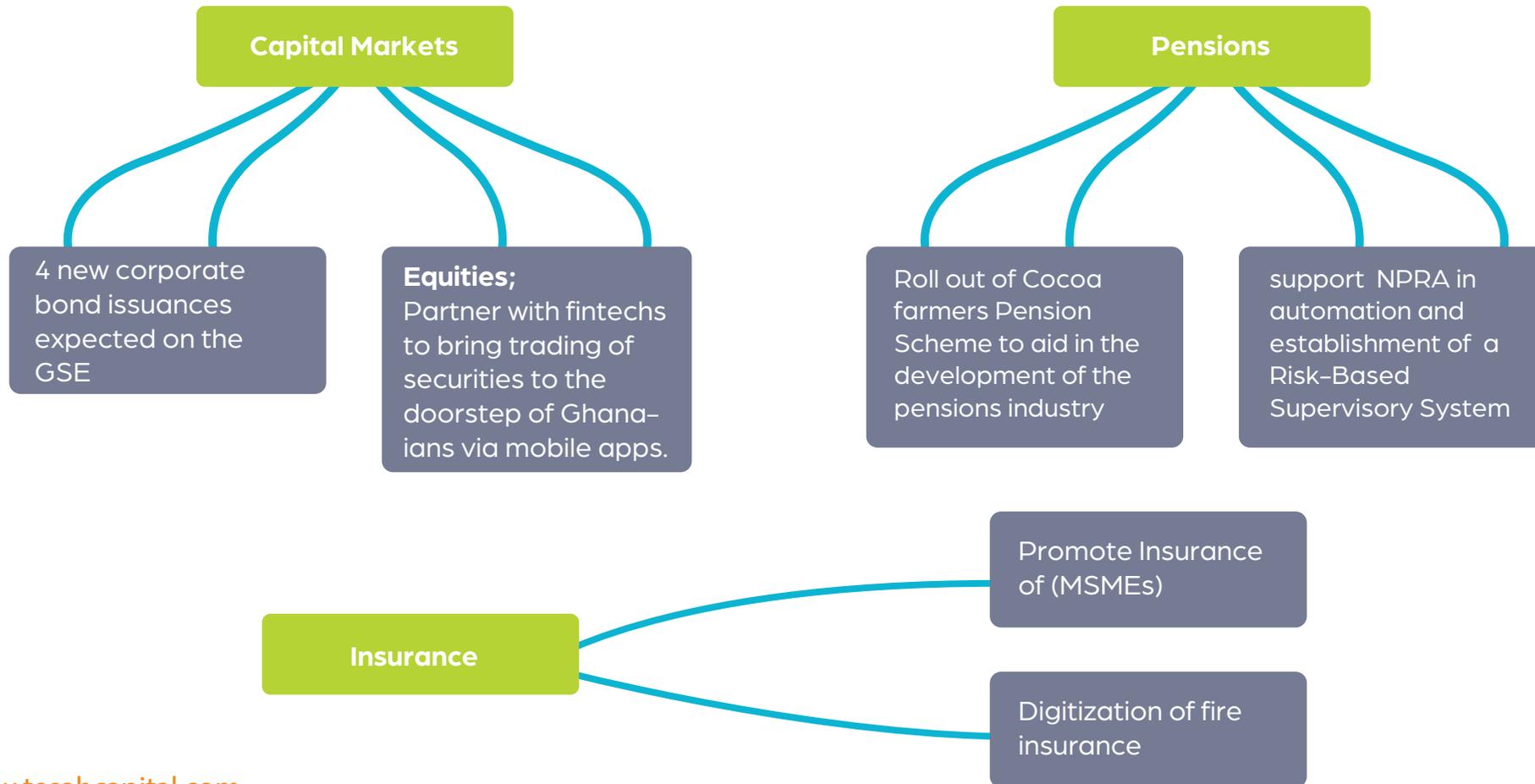
2020 Performance

- 1 Provided GHS 3.415 billion for the payment of validated claims of failed Asset Management Companies (AMC's)
- 2 Secured Funding for Domestic Credit Rating Agency (DCRA) project
- 3 Passed the National Insurance Bill to strengthen authority of NIC
- 4 Permanent tax-exemptions on capital gains on securities listed on the GSE
- 5 Initiated works to ensure easy verification of fire insurance at commercial places

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FINANCE SECTOR

Initiative(s) / Outlook





ENERGY

Resource Allocation GHS 854.05 million

↑ **45.8%** y/y

2020 Performance

- 1 **200MW** Amandi Power Project approximately 98 percent complete
- 2 Distributed **1,500 LPG** cookstoves under the Rural LPG Promotion Programme
- 3 Various transmission system improvement projects completed or near completion
- 4 Passage of the Petroleum Hub Corporation Bill

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ENERGY

Initiative(s) / Outlook



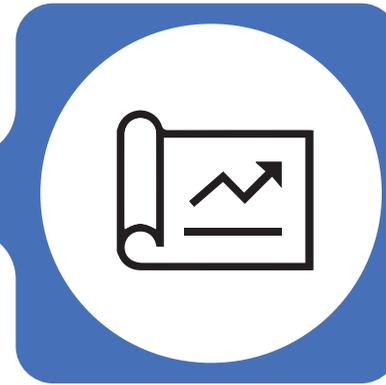
PPA negotiations
to continue



Implementation of
Pwalugu Dam Project



Repair of 3 Gas
turbines



Ensure and monitor
the completion of
ongoing SHEP-4 &
SHEP-5 projects



EDUCATION

Resource Allocation GHS 15.6 billion

↑ **34.8%**y/y

2020 Performance



Procured and distributed 840 pickup trucks, 350 buses and 2000 motorbikes.



Completed 195 basic education projects.

Initiative(s)



Training of 11,997 teachers on the KG-P6 Standard-Based Curriculum and 95,000 teachers on the Common Core Programme (CCP) Curriculum.



Complete 9 model Senior High Schools across the country.

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TRADE & INDUSTRY

Resource Allocation GHS 529 million

↑ **13.5%** y/y

2020 Performance

- 1 1D 1 F232 projects at various stages of completion 76 projects in operation
139,331 direct and indirect jobs created
- 2 Accelerated the implementation of the Strategic Anchor Industries initiative
- 3 Launched the Coronavirus Alleviation Programme Business Support Scheme (CAP BuSS) to provide relief to mitigate the effects of the COVID-19 Pandemic on MSMEs
- 4 Passed a new legislation to transform the National Board for Small Scale Industries (NBSSI) into the Ghana Enterprises Agency (GEA)
- 5 Established 37 Business Resource Centers (BRCs) at the district level
- 6 Rolled out the UNIPASS technology to address challenges in trade facilitation, customs management and revenue mobilization
- 7 Commissioned and handed over the state-of-the-art Secretariat Building for the AfCFTA

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TRADE & INDUSTRY

Initiative(s) / Outlook



49 1D1F to commence construction in 2021.



Continue to support the nascent auto industry



Support 10,000 entrepreneurs.



Support 20 innovative businesses and start-ups with enhanced financial support



HEALTH

Resource Allocation GHS 8.5 billion

↑ **83.3%**y/y

2020 Performance

- 1 Developed a COVID-19 Strategic Plan, and Guidelines for COVID-19 case management, Also treatment and laboratory testing for infectious diseases were developed
- 2 Recruitment of 58,191 personnel into the various service agencies of the sector
- 3 Deployed an Antiretroviral Therapy (ART) eTracker to all 488 ART facilities to improve HIV/AIDS healthcare services
- 4 NHIA introduced a mobile renewal application
- 5 Launched the National Health Policy and the Universal Health Care (UHC) Road Map to support healthcare delivery
- 6 Developed and launched the Health Care Waste Management Policy as part of efforts to improve health care waste management.

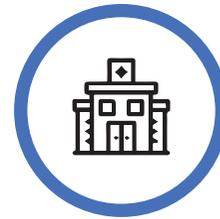
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HEALTH

Initiative(s) / Outlook



Insurance cover targeted at 10,000 health of workers who contracted the COVID-19 virus to continue in 2021.



2 million doses of the Covishield vaccine expected from the COVAX Facility by the end of March, 2021



Construction of 101 District Hospitals, 7 Regional Hospitals and 2 Psychiatric Hospitals, and the rehabilitation of Effia Nkwanta Hospital under 111.



Continuation of various health infrastructure projects including the construction of Koforidua regional hospital, La General Hospital, Tema Regional Hospital among others



COVID-19 RELIEF & SUPPORT MEASURES



30% rebate on the income taxes due for companies in the hospitality, tourism, arts, entertainment and education from Q2-2021 to Q4-2021.



Suspension of installment income tax stamp and vehicle income tax payments between Q2-2-21 and Q4-2021.



Extension of exemption of income tax on capital gains made on stocks listed on the GSE.



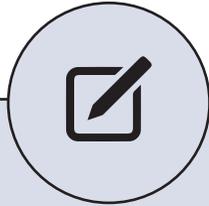
Taxation of the digital economy.

GHANA CARES "OBAATAN PA" PROGRAMME

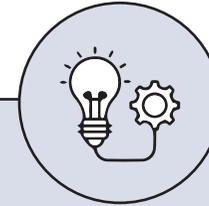
Seeks to:



Support and attract educated youth into commercial farming



Create jobs for young people, and expanding opportunities for the vulnerable in society



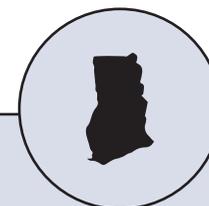
Develop Ghana's housing & construction industry



Build the country's light manufacturing sector



Fast tracking digitalization



Establish Ghana as a Regional Hub



NEW INITIATIVES

- 1 National Rental Assistance Scheme (NRAS)
- 2 Transport Sector Recapitalisation Project (TSRP)
- 3 National Equipment Leasing Policy (NELP)
- 4 Enhanced Student Loan Scheme

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