THE STATE OF THE GHANAIAN ECONOMY IN 2020

ISSER University of Ghana, Legon

THE STATE OF THE GHANAIAN ECONOMY IN 2020

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Chapter 1

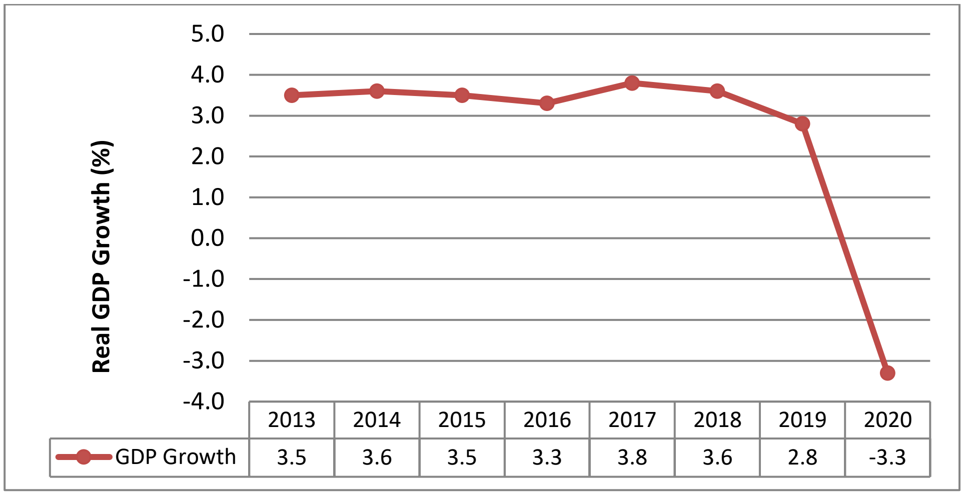
Overview: Global Economic Developments and Ghana's Economic Performance

Introduction

Ghana's gross domestic product (GDP) grew by 0.4% in 2020, a substantial decrease from the rate of 6.5% in 2019 (GSS, 2021). This growth outturn fell short of the government's revised target of 0.9% (GoG, 2021). Non-oil GDP grew at 1.3%, compared with a contracted growth of 9.0% for oil, suggesting that most of the contraction in overall GDP growth in 2020 was attributable to oil. This performance in 2020 was unlike in 2019 when non-oil GDP grew at 5.6% versus 6.5% for oil GDP (GSS, 2021).

Ghana's growth in 2020 occurred within a global recession. Indeed, the country's growth rate was substantially higher than the -1.9% registered by sub-Saharan Africa (SSA) as a whole (IMF, 2021a). Meanwhile, GDP growth globally fell from 2.8% in 2019 to -3.3% in 2020 (Figure 1.1). These declines are attributable to Covid-19 (IMF, 2021b).

Figure 1.1: World Output Growth, 2013-2020 (%)



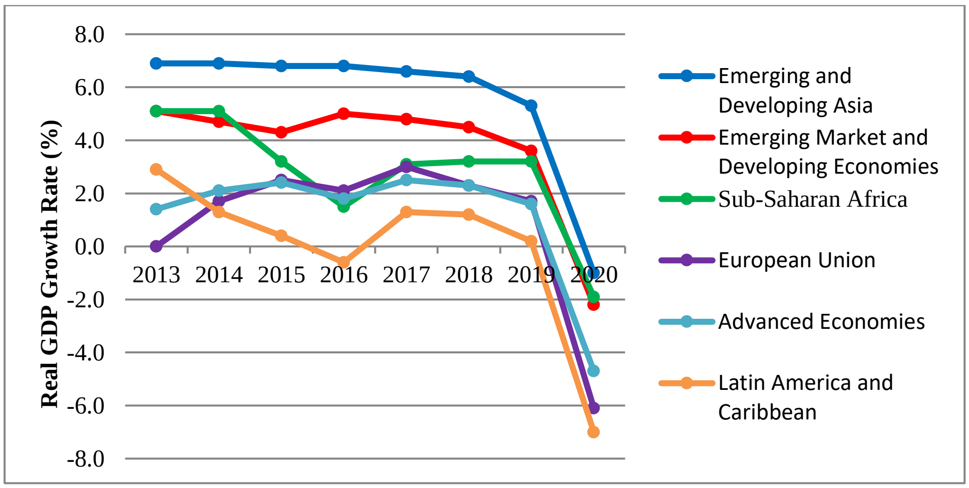
Data source: IMF, 2021b

Global Economic Performance

All world regions experienced lower economic growth in 2020 than in 2019. Advanced Economies registered a contraction in GDP of 4.7% in 2020, compared to positive growth of 1.6% in 2019. The European Union's growth decreased from 1.7% to -6.1% over the same period. Emerging Markets and Developing Economies' GDP shrank by 2.2% in 2020, from a positive growth of 3.6% in 2019. The Latin America and the Caribbean region maintained its dismal growth record, as the anaemic recovery rate of 0.2% in 2019 was followed by a contraction of 7.0% in 2020. Meanwhile, GDP growth in SSA decreased considerably from 3.2% in 2019 to -1.9% in 2020, as compared to the stability in growth experienced between 2018 and 2019 (Figure 1.2).

Emerging and Developing Asia's growth decreased from 5.3% in 2019 to -1.0% in 2020; however, this region continues to enjoy the fastest growth performance in the global economy. Emerging Markets and Developing Economies, as a group, also continued to perform well on GDP in 2020, compared to Advanced Economies: -2.2% versus -4.7% (Figure 1.2).

Figure 1.2: Global Growth Performance, 2013-2020 (%)



Data source: IMF, 2021b

From a medium- to long-term perspective, growth rates of most regions of the world have been trending downward since about 2011, including Emerging and Developing Asia, and most steeply Latin America and the Caribbean. The declines in 2020 are consistent with that trend. In contrast, the Advanced Economies, and the European Union (EU) in particular, had exhibited the reverse trend, that is, until the calamitous GDP decline in 2020, as these economies had been recovering since about 2012. EU growth is projected to recover to 4.4% in 2021, from -6.1% in 2020, and that of the Advanced Economies from -4.7% in 2020 to 5.1% in 2021. This projected sharp recovery is attributable primarily to the anticipated roll-out of Covid-19 vaccines in addition to the fiscal stimulus thrusts in these economies (IMF, 2021b).

Similarly, growth in Emerging Markets and Developing Economies, which had been improving but fell in 2020 to -2.2% from 3.6% the previous year, is projected to recover to 6.7% in 2021. Large emerging market economies such as Brazil, Argentina, South Africa and Turkey also experienced GDP contractions in 2020, also due to Covid-19, but are projected to recover in 2021. In the case of SSA, growth is expected to increase to 3.4% in 2021, from -1.9% in 2020 (IMF, 2021a).

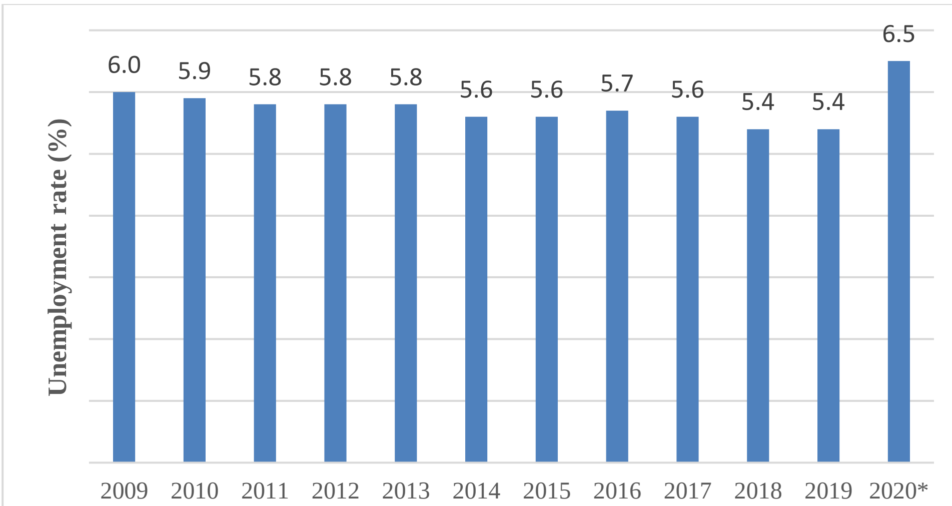
Although Emerging and Developing Asia continued to be the region with the highest growth, at 5.3% in 2019 and -1.0% in 2020, these rates are much lower than the post-2008 crisis rebound rate of 9.6% in 2010. India's economy shrank by 8.0% in 2020, down from a positive growth rate of 4.0% in 2019. Growth in India is, however, projected to recover to 12.5% in 2021, but then decline to 6.9% in 2022. As an exception, China's growth in 2020 was positive at 2.3%, though down from 5.8% in 2019. It is forecast to increase to 8.4% in 2021, but then fall to 5.6% in 2022 (IMF, 2021b).

The projected growth recovery from -4.7% in 2020 to 5.1% in 2021 for Advanced Economies, and from -6.1% to 4.4% for the EU, is good news for many developing countries, as advanced countries tend to absorb huge amounts of their exports. Moreover, the recovery among the prominent members of the Emerging Markets and Developing Economies group, particularly China and India, should be an issue of major interest to SSA generally, and for Ghana in particular, as substantial and increasing shares of the region's imports and/or exports are traded with these economies.

World Employment Trends

Global employment levels worsened significantly in 2020 due to the impact of Covid-19. The unemployment rate worldwide increased from 5.4% in 2019 to 6.5% in 2020. This rate was higher than the post-economic crisis crest of 6.0% in 2009, and the pre-crisis 2007 rate of 5.4% (Figure 1.3). Moreover, at 220.3 million in 2020, the number of people unemployed globally was 32.9 million above the previous year's (ILO, 2021).

Figure 1.3: Trends in World Unemployment Rates, 2009-2020 (%)



* Projected *Data source*: ILO, 2021

Employment conditions in high-income countries also worsened considerably in 2020, with the unemployment rate rising substantially to 6.8% in 2020, from 4.8% in 2019. Meanwhile, for developing economies, the rate increased from 4.8% in 2019 to 5.3% in 2020, from 5.9% to 6.7% in middle-income countries, and from 6.0% to 6.3% in the case of SSA, over the same period (ILO, 2021).

Until 2020, the unemployment picture had been improving for the high-income countries, while stagnating in the developing world. Furthermore, the problems of underemployment, low wages, poor working conditions, and the lack of adequate social protection schemes continue to worsen the plight of the workforce in the developing world (ILO, 2021).

Indeed, for many developing countries, vulnerable employment (VE), the category in which most of the working poor fall, is likely to be most consequential. Although the ILO does not provide VE data for 2020, the past evidence is quite telling. While VE was only about 8.9% in higher income countries in 2019, it was as high as 80.7% in low-income countries, similar to 2018 levels. In SSA, VE was recorded at 73.7% in 2019. In Ghana, the 68.7% rate was higher than the 61.3% recorded for the country's lower middle-income peer group. Comparatively, VE was as high as 77.6% in Nigeria, but as low as 10.3% in South Africa (ILO, 2020).

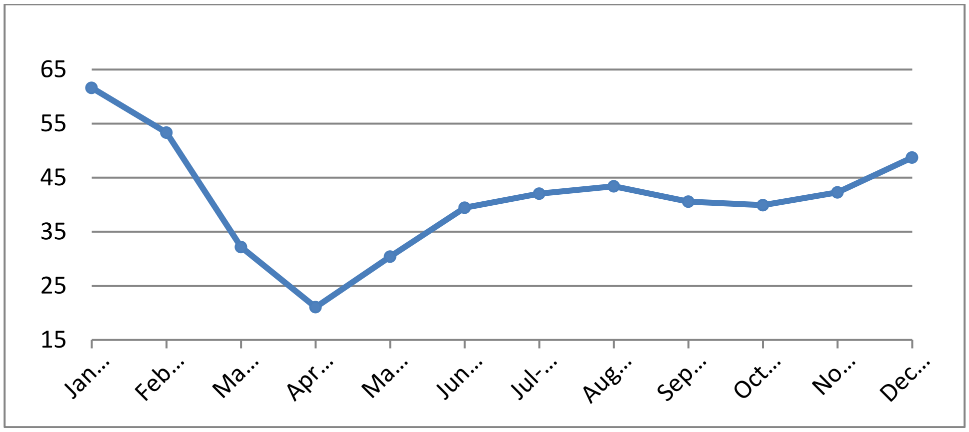
Similarly, the ILO has not updated its (un)employment data for 2020 on the youth (persons 15-24 years of age). Nonetheless, unemployment has historically been much higher for this group than for other cohorts of the labour force in most economies: usually more than twice the adult rate. In 2019, for example, the estimated rate of youth unemployment globally was 15.4% compared to the overall rate of 5.4%, as was the case in 2018 when the respective rates were 15.2% and 5.4%. Indeed, there were about 267.0 million young people with 'not in employment, education or training' (NEET) status worldwide in 2019 (ILO, 2020).

As observed in previous editions of the State of the Ghanaian Economy Report (SGER), the growing global youth population coupled with their very high unemployment rates, pose a significant risk to society. There is the tendency of young people, especially the relatively educated, to withdraw from the labour market due to the difficulty of finding jobs. Concurrently, the youth are particularly vulnerable to involvement in unrest and other forms of social dysfunction.

Developments in Crude Oil and Food Prices

Oil prices decreased from US$61.6 per barrel in January 2020 to as low as US$21.0 in April, before rising sharply to US$48.7 in December 2020, except for a marginal fall in September and October.

Figure 1.4: World Crude Oil Prices in 2020 (US$/barrel)



Source: Index Mundi, 2021a

Thus, between January and December 2020, the price decreased by 20.9%; however, the overall price declined on average from US$61.4 in 2019 to US$41.3 in 2020, that is, by about 32.7% (Figure 1.4; Index Mundi, 2021a). It appears, then, that oil price changes between 2019 and 2020 favoured oil importers while disadvantaging oil-exporting economies.

There is a historical link between energy and agricultural products.[1] Between January and May 2020, the food price index decreased from 102.5 to 91.0, thereafter increasing continually to 108.5 in December, 2020. In 2020, therefore, the average food price rose marginally by 3.2% (Figure 1.5). The increase was largely driven by firmer prices of cereals, oils and sugar (FAO, 2021).

Except for rice, the prices of major cereals remained generally firm in 2020, supported by increases in global production, tightening export supplies, and robust world demand. The outlook in 2020/2021 for global cereal demand, relative to supply, remains favourable, as

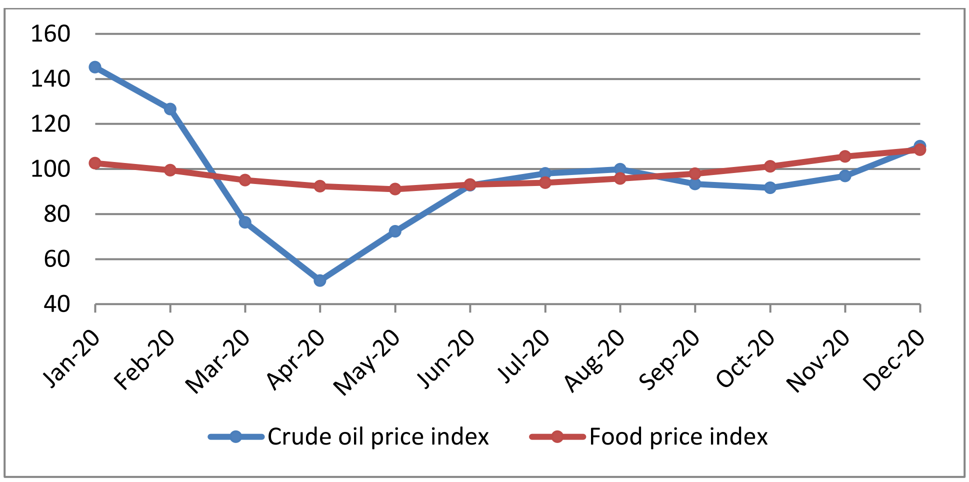
[1] "As fuel prices rise, so does the demand for biofuels, which are the only non-fossil liquid fuels able to replace petroleum products," (Heinberg, 2011) thus raising the price of food.

the worldwide utilisation rate (demand) is projected to rise by 2.4% over the 2019/2020 level (FAO, 2021).

Economic Performance in Sub–Saharan Africa

As already observed, SSA's GDP shrank by 1.9% in 2020, as against its positive growth of 3.2% in 2019, a reversal of the resurgence since the anaemic growth rate of just 1.4% in 2016 (Figure 1.6). This performance is, however, better than what prevails in Advanced Economies, EU, and Latin America and Caribbean, but lower than the growth rates of Emerging and Developing Asia (IMF, 2021b).

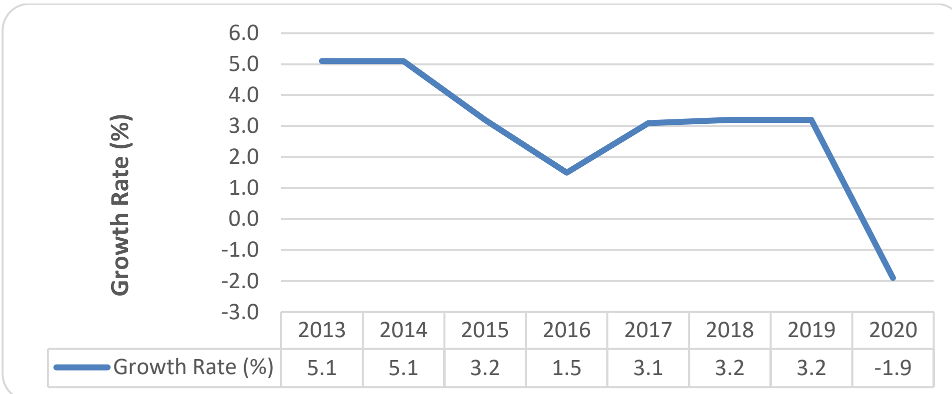
Figure 1.5: Food and Crude Oil Prices, January-December 2020



Data source: Index Mundi (20210b); FAO (2021)

As in other regions globally, the contraction in GDP in SSA is attributed to the negative impact of Covid-19. The rebound in commodity prices has waned, with oil prices lower in 2020 than in 2019. SSA's oil exporters experienced GDP contraction in 2020, compared with a weak growth rate in 2019: from 0.7% in 2019 to -3.7% in 2020 when Nigeria is excluded, and from 1.8% to -2.3% inclusive of Nigeria (IMF, 2021a).

Figure 1.6: Real GDP Growth Rate in SSA, 2013-2020 (%)



Data source: IMF, 2021b

The SSA region appeared to have weathered the 2008 financial crisis quite well, especially in comparison with other regions of the world and with the region's historical record (Fosu, 2013a). The growth decline to 1.4% in 2016 was a major dent in that performance. However, growth almost doubled to 2.9% in 2017, followed by the 3.2% rate in 2018 and 2019.

Interestingly, the decline in growth between 2019 and 2020 appears to be less severe in SSA than in any other region of the world. Conversely, SSA growth recovery in 2021 may also turn out to be much less impressive. The respective growth rates for 2019, 2020 and (projection for) 2021 are: 3.2%, -1.9%, and 3.4% for SSA; 2.8%, -3.3%, and 6.0% for the world; and 3.6%, -2.2%, and 6.7% for Emerging Market and Developing Economies (IMF, 2021b). Thus, the other economies seem to bounce back with 2021 growth rates that far exceed their pre-Covid-19 levels, while SSA's projected growth in 2021 barely exceeds the pre-Covid 2019 level. This phenomenon is not entirely new; there has been a historical tendency for SSA economies to rebound more slowly than other regions following an economic crisis, as was the case during the financial crisis (Fosu, 2013a).

Economic growth has generally been robust in the non-fragile, low-income (NFLI) African states.[2] The post-financial-crisis growth performance of this group of countries surpassed that of its middle-income counterparts (Fosu, 2013a). This pattern continued in 2020, with the NFLI growth rate remaining positive, though decreasing significantly from 7.4% in 2019 to 2.0% in 2020, still much higher than the -1.9% growth rate for SSA as a whole. Meanwhile, GDP growth of the fragile countries[3] as a group decreased appreciably from 3.6% in 2019 to -0.4% in 2020 (IMF, 2021a). That the growth rates of the low-income countries have remained relatively high is, of course, good news, at least from an income convergence perspective.

Compared with 2019, growth performance in 2020 was negative for the two largest SSA economies, Nigeria and South Africa. While Nigeria's growth decreased from 2.2% to -1.8%, South Africa's fell to -7.0% in 2020, from 0.2% in 2019. Nigeria's economy may have suffered from falling oil prices in 2020, which were lower overall than in 2019. Meanwhile, the South African economy continued to suffer from low private investment and export growth. This dismal performance reflects structural constraints (including the high cost of doing business, inflexible product and labor markets, and low public enterprise efficiency), which are expected to keep business confidence and private investment lackluster (IMF 2020b).

As the largest economies in SSA, Nigeria's and South Africa's relatively dismal performance is unfortunate, for they count substantially in the overall computation of the regional average. For example, excluding these two economies, SSA's growth fared considerably better, falling to -0.4% (instead of -1.9%) in 2020, from 4.6%

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2 These NFLI countries in 2020 are: Benin, Burkina Faso, Ethiopia, Madagascar, Mozambique, Niger, Rwanda, Tanzania, and Uganda (IMF, 2021a).

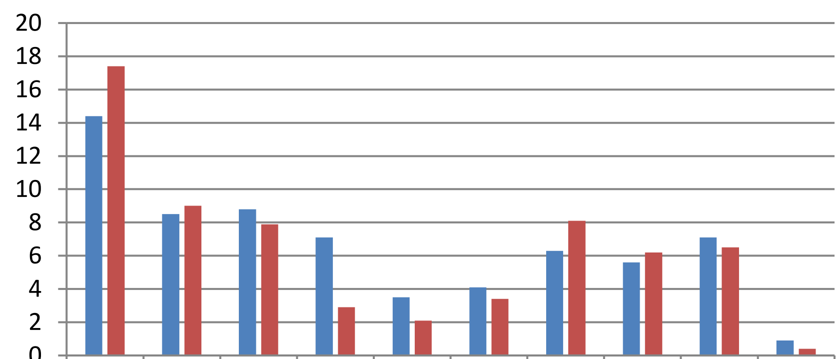
3 Fragile states in 2020 are: Burundi, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Republic of Congo, Côte d'Ivoire, Eritrea, The Gambia, Guinea, Guinea-Bissau, Liberia, Malawi, Mali, São Tomé and Príncipe, Sierra Leone, South Sudan, Togo, and Zimbabwe (IMF, 2021a).

in 2019 (IMF, 2021a). This performance in 2020 is more due to South Africa since Nigeria's GDP outcome was slightly better than the SSA average. Nigeria and South Africa also constitute potential growth 'poles' for SSA; thus, intra-regional trade is likely to suffer from these economies' weak performance, with adverse implications for overall growth for the region.

Economic Performance in Ghana

As already observed, Ghana's GDP grew by 0.4% in 2020, a substantial decline from the 6.5% rate in 2019. It was also lower than the (revised) target of 0.9% (Figure 1.7).

Figure 1.7: Target and Actual GDP Growth, Ghana, 2011-2020 (%)



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Target	14.4	8.5	8.8	7.1	3.5	4.1	6.3	5.6	7.1	0.9
Actual	17.4	9	7.9	2.9	2.1	3.4	8.1	6.2	6.5	0.4

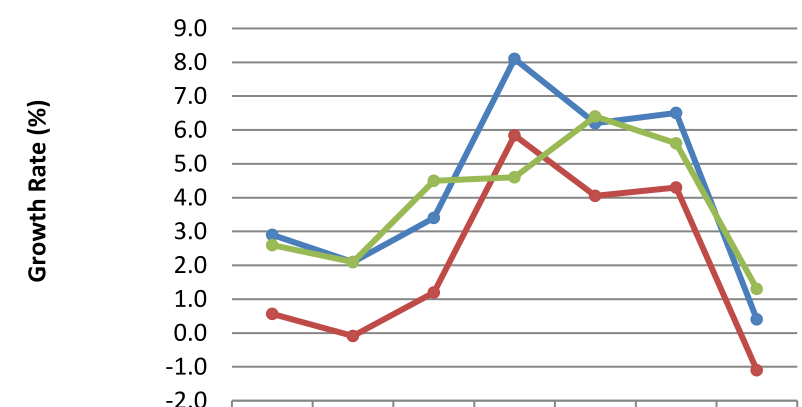
Note: The revised target of 0.9% for 2020 is considerably lower than the original target of 6.8% (GoG, 2020). The 'actual' figures for 2014-2020 are from the new series (2013 base year) while those for 2011-2013 are from the old series (2006 base year); the 2014-2017 figures from the old series (2006 base year) are: 4.0%, 3.8%, 3.7% and 8.5% respectively (no figure for 2018).

Data sources: ISSER, 2020; GSS, 2021; GoG, 2021.

From 2011 to 2014, Ghana's growth was buoyed by oil exports, but that effect has since waned, except in 2017 when GDP growth was primarily the result of oil. In 2020, however, overall GDP growth was much less than non-oil growth: 0.4% versus 6.5% (Figure 1.8), implying a large contraction in the oil sector.

As apparent from Figure 1.8, there is strong co-movement between GDP growth and its per capita counterpart, for population growth seldom changes significantly in the short run. Per capita GDP growth decreased from 4.3% in 2019 to -1.1% in 2020 (IMF, 2021b), while GDP growth declined from 6.5% to 0.4% over the same period (Figure 1.8).

Figure 1.8: Real GDP, Non-Oil GDP and Per Capita GDP Growth Rates, Ghana, 2014-2020 (%)



	2014	2015	2016	2017	2018	2019	2020
Real GDP Growth	2.9	2.1	3.4	8.1	6.2	6.5	0.4
Real Per Capita GDP Growth	0.6	-0.1	1.2	5.8	4.1	4.3	-1.1
Real Non-Oil GDP Growth	2.6	2.1	4.5	4.6	6.4	5.6	1.3

Note: Real GDP and non-oil GDP growth rates are from the Ghana Statistical Service (GSS, 2021). Real per capita GDP growth rates are from the IMF (2021b). For comparison, note that the 2020 overall GDP growth estimate from the IMF (2021a) is 0.9%, compared with the lower GSS estimate of 0.4% reported in this table. However, the IMF (2021a) provides no data for non-oil GDP growth.

Data source: GSS, 2021; IMF, 2021b

Disaggregating Growth

Industry and services both grew at lower rates in 2020 than in 2019; however, the growth of the agriculture sector was substantially faster. Services, which currently constitute the largest share of GDP (GSS, 2021), registered a growth rate of 1.5% in 2020 compared with 7.6% in 2019. The decline was attributable mainly to the substantial contraction in Hotels and Restaurants which, precipitated by Covid-19, tumbled from a 6.0% growth rate in 2019 to -34.8% in 2020; however, Professional, Administrative and Support Services, which shrank by 5.9% in 2020 compared to positive growth of 5.1% in 2019, also contributed to this decline. Similarly, industry, the second largest sector, shrank by 3.6% in 2020 as compared with the 6.4% rate in 2019. In contrast, the growth rate of the agricultural sector in 2020 was 7.4%, which is higher than the 4.7% rate in 2019 (Table 1.1), with most of the sub-sectors contributing to this growth improvement, as discussed below.

Thus, the ranking of sectoral growth in 2020 differs from that in 2019 and 2018, with agriculture far in the lead, followed by services, and then by industry. There was a considerable decline in industrial growth in 2020 compared to 2019, attributable mainly to a contraction in mining and quarrying by 11.0% in 2020, from 12.6% growth in 2019. In contrast to the previous year, there was a contraction in the growth of the oil and gas sub-sector: -9.0% in 2020 as compared with 17.2% in 2019 (see Table 1.2), which led to an overall growth rate of 0.4% in 2020, thus undermining the 5.6% rate for non-oil GDP. Hence, the consequential influence of the oil and gas sub-sector in the Ghanaian economy cannot be overlooked.

The Inflation Picture and Monetary Policy: At a Glance

The end-of-year inflation rate in 2020 was 10.4%, up from 7.9% in 2019 and close to the target rate of 11.0%. The average annual inflation rate rose from 8.7% in 2019 to 9.9% in 2020. Meanwhile, the year-on-year growth of total liquidity (broad money supply, including foreign currency deposits, M2+) was at 29.6% at the end of 2020,

TABLE 1.1: Selected Economic Indicators, Ghana, 2019-2020

Indicator	*2019*	*2020*	*2020**	*Difference*	*Difference*
(% unless otherwise stated)	*Actual (C1)*	*Target (C2)*	*Actual (C3)*	*(C3-C1)*	*(C3-C2)*
National Nominal GDP (GH¢ million)	350,788	398,048	404,874	54,086	6,826
Real GDP growth	6.5	0.9	0.4	-6.1	-0.5
Real per capita GDP growth	4.3		-1.1	-5.4	
Sectoral Growth Rates (%)					
Agriculture	4.7	5.1	7.4	2.7	2.3
Industry	6.4	8.6	-3.6	-10.0	-12.2
Services	7.6	5.8	1.5	-6.1	-4.3
Fiscal Indicators (%)					
Domestic revenue/GDP	15.5				
Domestic expenditure/GDP	13.2				
Tax revenue/GDP	12.2				
Domestic primary balance/GDP	1.8				
Overall balance/GDP (cash)	-5.8				
Monetary Indicators					
Broad money supply (M2+) growth (year-on-year)	21.7		29.6	7.9	
Reserve money growth (end-of-year)	34.4		25.0	-9.4	
Inflation (year-on-year)	7.9	11.0	10.4	2.5	-0.6
Inflation (yearly average)	8.7		9.9	1.2	
Interest Rates					
Demand deposits (annual av.)	2.8		2.8	0.0	
Savings deposits (annual av.)	7.6		7.6	0.0	
Time deposits (annual av.)**	14.7		11.2	-3.5	
Lending rates (annual av.)	13.5		21.9	8.4	
91-day T-bill (end period)	14.7		14.1	-0.6	
Average Exchange Rates					
Inter-bank rate (GH¢/US$)	5.3		5.6	0.3	
Forex bureau rate (GH¢/US$)	5.4		5.8	0.4	

* Provisional ** Time deposit is for 12 months

Source: GoG, 2020; GSS, 2021; BoG, 2020; ISSER, 2020; IMF, 2020a, 2021a; MoF, 2020 compared with 21.7% in 2019. Although, at 25.0%, **end-of-year** reserve money growth was substantially lower in 2020 than the 34.4%rate in 2019 (Table 1.1).The **average** growth rates of the monetary instruments, with the possible exception of private credit, were all higher in 2020 than in 2019.[4] Thus, these higher monetary growth rates are consistent with the inflation acceleration in 2020.

Interest Rates and the Cedi Exchange Rate: At a Glance

Between 2019 and 2020, interest rates for depositors were generally stable; however, time deposit rates declined. Lending rates were also slightly higher in 2020 than in 2019. Meanwhile, the Ghana cedi depreciated slightly against the US dollar based on the average interbank and forex bureau rates (Table 1.1).

The cumulative depreciation rates on the interbank market in 2020 were 3.9%, 7.1% and 12.1% against the US dollar, the British pound and the Euro, respectively. Thus, except for the Euro, the Ghana cedi's depreciation against all the major currencies was lower in 2020 than in 2019 when the cedi depreciated at the respective rates of 12.9%, 15.7% and 11.2% (BoG, 2021).

Disaggregated Sectoral Performance

Services

As already observed, the largest sector of the economy, Services, recorded the second highest growth rate (1.5%) in 2020, considerably lower than the 7.6% recorded in 2019. The lower growth in Services was largely attributable to contractions in Hotels and Restaurants (-34.8%) and Professional, Administrative and Support Service Activities (-5.9%), due to the Covid-19 pandemic . Indeed, only the following two service sub-sectors had larger growth rates in 2020 than in

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[4] The **average** growth rates in 2020 for private sector credit, reserve money, broad money (M2), and total liquidity (M2+) were: 16.0%, 23.6%, 23.0%, and 22.3% respectively, compared with the 2019 respective rates of: 16.7%, 15.4%, 16.1%, and 18.5% (BoG, 2021).

2019 (percentage point differences in parentheses): Financial and Insurance Activities (3.9), and Public Administration, Defence and Social Security (3.6). And, given its solid growth of 46.5% in 2019, Information and Communications grew substantially less in 2020 than in 2019, by as much as 24.0 percentage points (Table 1.2).

Industry

Industry, the second largest sector, shrank by 3.6% in 2020, compared with its positive growth of 6.4% in 2019. Industrial performance since 2011 has been underpinned primarily by growth in Mining and Quarrying, with Oil and Gas as the main contributor. However, this sub-sector shrank by 11.0% in 2020, attributable mainly to the contraction in Oil and Gas by 9.0%, from 17.2% growth in 2019. In contrast, electricity grew by 7.9% in 2020, slightly higher than its growth rate of 6.0% in 2019. Electricity's performance, therefore, represents a continuation of the improvement from the irregular power outages (*dumsor*), which severely limited electricity supply in the country in recent years.

Manufacturing grew at 1.4% in 2020, much less than the 6.3% growth rate in 2019. Furthermore, there were improvements in the growth of Water and Sewage as well as in Construction: 2.2% and 2.9% respectively in 2020, compared with a 4.4% contraction each in 2019. (Table 1.2)

Agriculture

Agriculture grew by 7.4% in 2020, substantially higher than the 4.7% rate in 2019. Indeed, all its sub-sectors, except Forestry and Logging as well as Cocoa, experienced higher growth rates than in 2019. Fishing expanded by 14.4% in 2020, a substantial improvement over growth of 1.7% in 2019. Fishing experienced the fastest expansion (14.4%), followed closely by Crops (8.7%), and then by Livestock at 5.4%. Bucking the trend, however, Forestry and Logging experienced a larger contraction of 9.2%, compared with a contraction of nearly 2.0% in 2019. Similarly, the Cocoa sub-sector grew by about 2.0% in 2020, lower than the expansion of 5.4% in 2019. (Table 1.2)

TABLE 1.2: Sectoral and Sub-Sectoral Growth, Ghana, 2019-2020 (%)

(%) Sector	*2019 Actual (C1)*	*2020 Target (C2)*	*2020* Actual (C3)*	*Difference (C3-C1)*	*Difference (C3-C2)*
AGRICULTURE	**4.7**	**5.1**	**7.4**	**2.7**	**2.3**
Crops	5.3	5.4	8.7	3.4	3.3
of which: Cocoa	5.4	1.3	1.9	-3.5	0.6
Livestock	5.4	5.6	5.4	0.0	-0.2
Forestry and Logging	-1.7	3.1	-9.2	-7.5	-12.3
Fishing	1.7	2.2	14.4	12.7	12.2
INDUSTRY	**6.4**	**8.6**	**-3.6**	**-10.0**	**-12.2**
Mining and Quarrying	12.6	10.1	-11.0	-23.6	-21.1
of which: Oil and Gas	17.2	7.3	-9.0	-26.2	-16.3
Manufacturing	6.3	6.8	1.4	-4.9	-5.4
Electricity	6.0	15.2	7.9	1.9	-7.3
Water and Sewage	-4.4	4.1	2.2	6.6	-1.9
Construction	-4.4	7.4	2.9	7.3	-4.5
SERVICES	**7.6**	**5.8**	**1.5**	**-6.1**	**-4.3**
Trade, Repair of Vehicles, Household Goods	3.7	4.6	-1.1	-4.8	-5.7
Hotels and Restaurants	6.0	4.0	-34.8	-40.8	-38.8
Transport and Storage	4.3	5.1	3.7	-0.6	-1.4
Information and Communications	46.5	5.9	22.5	-24.0	16.6
Financial and Insurance Activities	1.6	1.1	5.5	3.9	4.4
Real Estate	19.9	1.7	12.5	-7.4	10.8
Professional, Administrative & Support Service Activities	5.1	2.5	-5.9	-11.0	-8.4
Public Administration & Defence; Social Security	3.7	7.9	7.3	3.6	-0.6
Education	9.4	5.5	7.8	-1.6	2.3
Health and Social Work	10.4	21.5	8.2	-2.2	-13.3
Other Service Activities	2.6	4.5	1.1	-1.5	-3.4

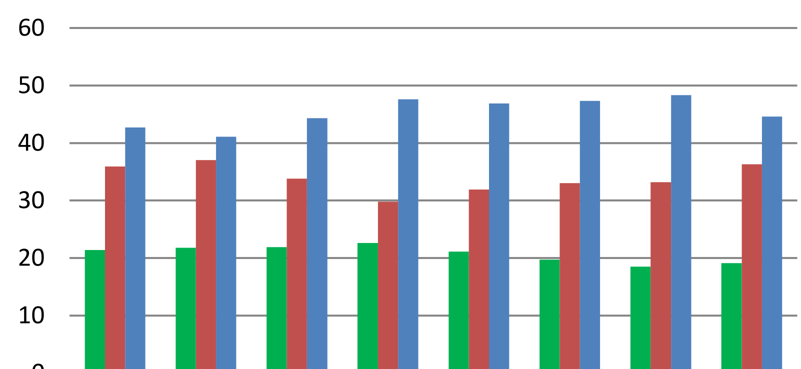
* Provisional *Source:* GSS, 2021; GoG, 2020

Trends in Sectoral Contributions to GDP

Sectoral contributions to GDP in 2020 largely follow the pattern observed in recent years. The dominance of Services continues, despite its lacklustre performance in 2020. As the largest sector since 2007, it contributed 44.6% of GDP in 2020, below the 48.3% share in the previous year. The second largest sector, Industry, marginally improved its share to 36.3% of GDP in 2020, from a 33.2% share in 2019.

However, the smallest sector, Agriculture, improved from 18.5% of GDP in 2019 to 19.1% in 2020, a break in its downward trajectory from a peak of 31.8% of GDP in 2009.[5] (Figure 1.9).

Figure 1.9: Sectoral Contributions to GDP, 2013-2020 (%, basic prices)



	2013	2014	2015	2016	2017	2018	2019	2020
Agriculture	21.4	21.8	21.9	22.6	21.1	19.7	18.5	19.1
Industry	35.9	37	33.8	29.8	31.9	33	33.2	36.3
Services	42.7	41.1	44.3	47.6	46.9	47.3	48.3	44.6

Source: GSS, 2021.

[5] A shrinking agriculture share may be explained by the usual phenomenon that the demand for agricultural products tends to fall with income (downward sloping Engel Curve). In addition, there is the tendency for imported foods to displace domestically produced foods. As a first-order approximation, food imports as a share of merchandise imports have increased from a nadir of 5.8% in 1997 to 17.4% in 2019. (https://knoema.com/atlas/Ghana/Food-imports).

Fiscal Developments

Macroeconomic stability through prudent fiscal policies appears to be at the heart of the government's agenda to promote economic growth, especially as it attempts to meet the Fiscal Responsibility targets of at most 5.0%, 65.0%, and less than 10 percent, respectively, for fiscal deficits (% of GDP), debt (% of GDP), and inflation. Ghana's fiscal deficits skyrocketed in 2012, largely because of the implementation of the Single Spine Pay Policy, which led to a huge public wage bill. Since then, however, there have been attempts to reduce the deficits, and they have been trending downward. Nonetheless, the objective of the government was to limit the fiscal deficit (including grants) to 11.4% of GDP in 2020, but it ended up with an overall budget deficit of 13.8%, a considerable deterioration from the 5.8% deficit in 2019 (Table 1.3).[6]

Within the Medium-Term Expenditure Framework (MTEF), government expenditure is usually divided into discretionary and statutory components. By far the largest components of discretionary expenditure in 2020, as in previous years, were Personnel Emoluments, which have been consistently rising since 2009, largely as a result of the Single Spine Salary Policy. They increased again by 28.3% between 2019 and 2020, to the tune of GH¢228,268.9 million. Moreover, Administration and Service, which was the second largest category in both 2019 and 2020, increased by 19.8%. Similarly, Arrears Clearance rose by 97.7% over the same period. The increase in 2020 seems to reflect the relatively low clearance rates in 2019 and in 2018 (Table 1.4).

HIPC-financed expenditure projects and programmes and investment financed by the Multilateral Debt Relief Initiative (MDRI) ceased in 2011. Allocations to the Ghana Education Trust Fund

[6] IMF (2021a) actually reports a figure of 16.0%, which presumably includes the energy debt legacy payments. See Table 1.3 footnotes.

(GETFund) rose by 7.3% between 2019 and 2020, following an increase of 8.0% the previous year. However, there was a decrease in

TABLE 1.3: Selected Fiscal Indicators, Ghana, 2012-2020 (% GDP)

Indicator	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*	*2020**
Total Receipts	23.2	23.9	21.8	23.3	20.0	20.2	15.9	15.3	14.4
Total Revenue	21.6	22.4	21.1	22	19.3	19.4	15.6	15.0	14.1
Tax Revenue	17.2	17.4	17	18.1	15.2	15.7	12.6	12.2	11.5
Direct Taxes	7.7	6.7	7.5	6.5	5.4	6.5	6.3	6.5	6.2
Indirect Taxes	4.9	5.2	5.7	7.5	7.2	6.5	5.0	4.9	4.6
International Trade Taxes	2.8	3.4	3.8	4.1	2.6	2.7	2.0	1.5	1.4
Non-Tax Revenue	4	4.6	4	3.7	2.9	2.6	2.2	2.2	1.7
Grants	1.6	0.2	0.7	1.3	0.7	0.7	0.4	1.4	0.3
Other Receipts	12.2	0	***	***	0.98	0.96	0.6	0.5	0.7
Divestiture	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0.0	0.0
Project Loans	2.3	2.8	3.6	3.1	2.7	2.4	0.6	0.8	1.5
Programme Loans	0.3	0	0	0.6	0	1.8	0.3	0.0	0.1
Exceptional Financing	0.1	0	***	***	***	***	***	***	***
Net Domestic Financing	9.6	7.6	5.4	2.6	6.7	5.8	3.3	3.8	11.3
Total Payments	32.9	23.6	28.2	28	30.3	25.2	19.5	19.4	25.0
Statutory Payments	7.1	8.8	***	***	***	***	***	***	***
Discretionary Payments	25.8	21.3	***	***	***	***	***	***	***
Overall Budget Balance (cash)	-12.2	-10.1	-10.2	-7.1	-7.8	-5.9	-7.2	-5.8	-13.8**
Primary Balance	-2.2	-0.7	2.3	-0.3	-1.4	0.6	1.4	0.9	5.3

* Provisional
**Includes financial sector bailout and bank capitalisation, exclusive of which the figure is -11.7% (MoF, 2021). It is important to also note that IMF (2021a) actually reports a figure of 16.0%, inclusive of both the debt legacy payments and the cost of banking and financial strengthening.
*** Not available *Source*: ISSER, 2020; MoF, 2021

the National Health Fund allocation by 14.7% in 2020 over that of 2019. The allocation to the Road Fund declined by 39.5% between 2019 and 2020, following considerable increases between 2017 and 2018 (Table 1.4), while that of the Energy Fund rose by more than ten times, over the same period.

TABLE 1.4: Composition of Government Expenditure, MTEF Format, Ghana, 2018- 2020 (GH¢ million, unless other**wise indicated)**

Component	*2018*	*2019*	*2020**	*Difference*	*% change*	*Difference*	*%Change*
	C1	*C2*	*C3*	*(C3-C1)*		*(C3-C2)*	
Discretionary	***	***	***	***	***	***	***
Personnel Emoluments	19,612.0	22,033.4	28,268.9	8,656.9	44.1	6,235.6	28.3
Administration and Service	5,127.9	6,169.6	7,388.3	2,260.4	44.1	1,218.7	19.8
Domestic Financed	1,682.8	2,528.5	4,811.2	3,128.4	185.9	2,282.7	90.3
Other Cash Expenditure	1,816.7	1,911.7	11,860.9	10,044.2	552.9	9,962.9	524.9
Net Lending (Foreign Financed)	3,055.5	3,623.3	7,271.7	4,216.1	138.0	3,648.3	100.7
VAT Refunds	2,124.7	2,470.2	2,586.7	462.0	21.7	116.5	4.7
Arrears Clearance	858.5	730.0	1,443.2	584.8	68.1	713.2	97.7
External Interest	3,327.8	4,599.5	6247.2	2,919.4	87.7	1,647.7	35.8
Domestic Interest	12,494.1	15,156.6	18,352.1	5,858.0	46.9	3,195.5	21.1
DACF	1,446.9	1,606.1	2,184.1	737.2	51.0	578.0	36.0
Education Trust Fund	851.7	919.9	986.7	135.0	15.8	66.8	7.3
Road Fund	516.8	899.2	544.0	27.2	5.3	-355.2	-39.5

Table 1.4 (Cont'd): Composition of Government Expenditure, MTEF Format, Ghana, 2018- 2020 (GH¢ million, unless otherwise indicated)

Component	*2018*	*2019*	*2020**	*Difference*	*% change*	*Difference*	*%Change*
	C1	*C2*	*C3*	*(C3-C1)*		*(C3-C2)*	
Energy Fund	13.1	15.9	196.5	183.5	1,403.6	180.7	1,138.3
National Health Fund	1,106.1	1,473.3	1,123.6	-349.7	-23.7	-193.3	-14.7
Social Benefits: Lifeline Consumers of Electricity	***	100.5	150.1	***	***	49.6	49.4
Covid-Related Expenditure	***	***	8,121.9	***	***	***	***

Notes: HIPC = Heavily Indebted Poor Countries initiative; MDRI = Multilateral Debt Relief Initiative; DACF = District Assemblies Common Fund

* Provisional *** Not available

Source: ISSER, 2020; MoF, 2021.

Monetary and Financial Developments

Inflation Rate

The Bank of Ghana (BoG) has largely sustained its inflation-targeting regime over the past few years, with policies aimed at attaining a single-digit inflation rate, as well as maintaining exchange rate stability. Achieving the objective of single-digit inflation was again somewhat successful in 2020, with the average annual rate rising to 9.9%, from the respective 2019 and 2018 rates of 8.7% and 9.9%. Moreover, end-of-year inflation in 2020 was 10.4%, an increase from the 7.9% rate in 2019 (GSS, 2021).

The increase in end-of-year inflation in 2020 was driven by movements in both food and non-food prices. Overall, food inflation increased to 10.8% in December 2020 from 7.2% in December 2019, while non-food inflation increased to 10.0% from 8.5% over the same period (GSS, 2021).

Money Supply Growth

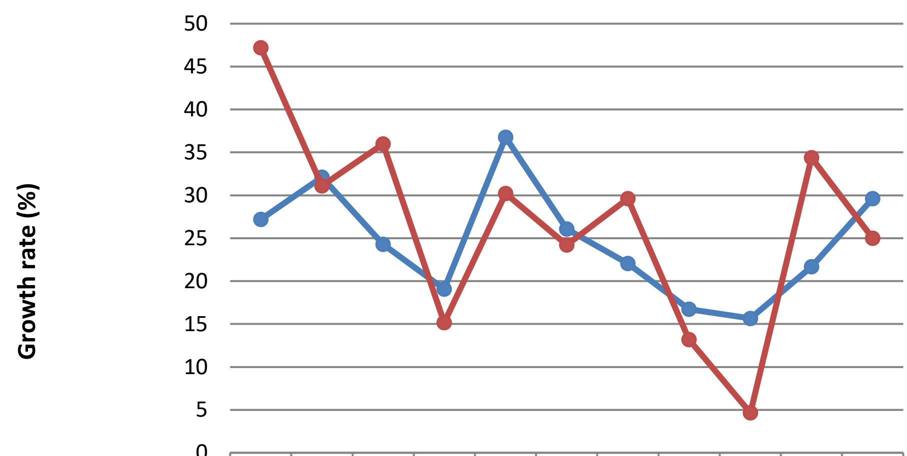
The increase in end-of-year inflation in 2020 could be attributed to the effect of expansionary monetary policy during much of the year, that is, since March (BoG, 2021). This observation holds for both M2 and M2+. For example, since March, both money supply measures recorded higher growth rates every month in 2020 than in 2019 (BoG, 2021), suggesting an expansionary monetary policy in 2020. Furthermore, on end-of-year (year-on-year) basis, while reserve money grew less in 2020 than in 2019, total liquidity (M2+) recorded a higher growth rate of 29.6% compared with the 21.7% in 2019 (Figure 1.10).

Interest Rates

Nearly all nominal rates were lower in 2020 than in 2019, while 2020 real rates fell appreciably below their respective values in 2019, on account of the higher inflation rate in 2020 (Table 1.5).

The general picture of interest rates in 2020, therefore, appears to be a positive one, in that lower past inflation may have reduced inflationary expectations, resulting in lower nominal rates generally. Nonetheless, at 21.1%, the nominal lending rate remains too high, especially given the current low interest rates globally. The real lending rate fell considerably by some 5 percentage points between 2019 and 2020, and that should be good news to potential investors. However, the risk premium of investment remains high in Ghana, suggesting that macroeconomic stability and improvements in the business environment require continued attention.

Figure 1.10: Growth in Monetary Aggregates, Ghana, 2010-2020 (%)



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total liquidity (M2+)	27.2	32.1	24.3	19.08	36.77	26.09	22.04	16.72	15.66	21.7	29.6
Reserve money	47.2	31.1	36	15.15	30.2	24.2	29.6	13.2	4.65	34.4	25.0

Data sources: ISSER, 2020; BoG, 2021

On the savings side, the real interest rate was -2.77% in 2020, a decline from the -0.35% 2019 value (Table 1.5). As this form of savings is likely to be predominantly held by people with low discretionary income, the increasingly negative savings rate certainly does not bode well for improvements in income distribution.

TABLE 1.5: Money Market Instruments Rates, 2017-2020 (%, end-of-year)

Instruments	*Nominal Rates*				*Real Rates*			
	2017	*2018*	*2019*	*2020*	*2017*	*2018*	*2019*	*2020*
91-day	13.33	14.56	14.69	14.08	1.53	5.16	6.79	3.68
182-day	13.78	15.02	15.15	14.13	1.98	5.62	7.25	3.73
364-day	15.00	15.00	17.88	16.98	3.20	5.60	9.98	6.58
2-year fixed	17.50	19.50	20.95	18.50	5.70	10.10	13.05	8.10
3-year fixed	18.25	19.50	19.70	19.25	6.45	10.10	11.80	8.85
Savings Rate	7.55	7.55	7.55	7.63	-4.25	-1.85	-0.35	-2.77
Lending Rate	29.25	23.96	23.59	21.10	17.45	14.56	15.69	10.70

Source: ISSER, 2020; BoG, 2021

Exchange Rates

The central bank's efforts to minimise the fluctuation of the Ghana cedi against the major trading currencies continued and seemed more successful in 2020 than in 2019. The annual average exchange rates of the cedi against the US dollar, British pound, and euro on the inter-bank market in 2020 were GH¢5.6, GH¢7.2 and GH¢6.4, compared with the 2019 respective rates of GH¢5.3, GH¢6.7 and GH¢5.9. The cumulative depreciation rates on the interbank market in 2020 were 3.9%, 7.1%, and 12.1%, respectively, against the US dollar, the British pound and the Euro. Except in the case of the Euro, these depreciation rates are lower in 2020 than in 2019, when the respective rates were 12.9% and 15.7% against the US dollar and the British pound, but 11.2% against the Euro (BoG, 2021).

External Sector Developments

Exports

Ghana's merchandise exports decreased in 2020 in both value and share of GDP terms: US$14,471.5 million (20.0%) in 2020, from

US$15,667.5 million (23.3%) in 2019 (Table 1.6). The decrease is attributed largely to declines in earnings from exports of crude oil and timber products and also of non-traditional products (BoG, 2021).

Crude oil exports in 2020 fell to US$2,910.6 million, as compared with US$4,493.1 million in 2019. The decrease is explained by declines in both volume and price, with the latter decreasing from a monthly average price of US$64.2 per barrel in 2019 to US$43.2 per barrel in 2020, a fall of 32.7% (BoG, 2021).

However, the value of cocoa exports in 2020 was estimated at US$1,480.2 million, an increase from US$1,451.4 million in 2019. The average monthly price of cocoa, moreover, rose by 3.9% to settle at US$2,581.3 per tonne in December 2020, from US$2,518.4 in 2019 (BoG, 2021). The higher earnings in 2020 are attributable to increases in both the quantity and price of cocoa produced and exported.

Total earnings from gold exports also rose to US$6,799.1 million in 2020, from US$6,299.7 million in 2019. The higher earnings resulted entirely from rising gold prices, as the volume fell. The average price increased by 27.1% to US$1,857.2 per fine ounce in December 2020, from US$1,481.3 in the previous year (BoG, 2021).

Ghana's main export destinations remain the major industrialised countries: France, Germany, Italy, Japan, Netherlands, United Kingdom and United States (BoG, 2021). Thus, it is important to appraise the current and prospective growth of this group of countries, as was done in the first section of this chapter, in order to better gauge Ghana's export performance.

Imports

Ghana's imports are mostly industrial supplies, capital and consumer goods, oil and foodstuffs, mainly from China, United States, Belgium, United Kingdom, and France. There was a decrease in the import bill for goods, from US$13,410.7 million in 2019 to

US$12,428.6 million in 2020. The decrease resulted primarily from a fall in non-oil imports from US$10,990.4 million in 2019 to US$10,538.0 million in 2020, representing a 3 percentage-point decrease in its share of GDP from that of 2019 (Table 1.6).

External Balance and Reserves

There was a trade (goods) surplus of US$2,042.9 million (2.8% of GDP) in 2020, compared with a surplus of US$2,256.8 million (3.4% of GDP) in 2019 (Table 1.6). The trade surplus is underpinned by the rising value of net exports, with (merchandise) imports falling faster than exports. While crude export earnings declined, there were increases in exports receipts from cocoa beans, gold and timber products (BoG, 2021).

There was, however, a deficit in the external current account, which increased from US$1,863.9 million (2.8% of GDP) in 2019 to US$2,134.9 million (3.0% of GDP) in 2020 (Table 1.6). The surplus in the (merchandise) trade balance against the current account deficit

TABLE 1.6: Summary of External Sector Performance, Ghana, 2016–20

Indicators (US$ million unless otherwise stated)	*2016*	*2017*	*2018*	*2019*	*2020**
Merchandise Exports	11,136.9	13,835.0	14,942.7	15,667.5	14,471.5
% of GDP**	20.3	23.5	22.9	23.3	20.0
Merchandise Imports	12,910.2	12,647.4	13,134.1	13,410.7	12,428.6
% of GDP**	23.5	21.5	20.1	19.9	17.2
Trade Balance	-1,773.3	1,187.7	1,808.7	2,256.8	2,042.9
% of GDP**	-3.2	2.0	2.8	3.4	2.8
Current Account	-2,832.0	-2,003.0	-2,043.9	-1,863.9	-2,134.9
% of GDP**	-5.2	-3.4	-3.1	-2.8	-3.0
Gross International Reserves (GIR)	6,161.8	7,554.8	7,024.8	8,418.1	8,624.4
GIR in Months of Imports	3.5	4.3	3.6	4.0	4.1

*Provisional (annual); **Computed using export and import data from BoG (2021) and GDP data from GSS (2021)
Source: BoG (2021); GSS (2021)

in 2020 results from deficits in the external services sector and net investment income, though the balances on current transfers, both private and official, were positive. While the services account deficit worsened between 2019 and 2020, however, balances on both net investment income and net current transfers improved (BOG, 2021).

At a projected 4.1 months of imports of goods and services, Ghana's level of international reserves in 2020 is slightly higher than the 4.0 months level in 2019 (Table 1.6). Though an improvement on the minimum 3.5 months of import cover recommended by the International Monetary Fund, the 2020 reserve level still signals a continuing, vulnerable foreign exchange position for the country, as this value only slightly exceeds the minimum.

Outlook

At 0.4%, Ghana's GDP growth in 2020 was a considerable deterioration from the 6.5% rate in 2019, which is in line with the performance of the global economy. As earlier observed in the chapter, growth in Advanced Economies, Emerging and Developing Economies, generally and in SSA, also all declined substantially. Indeed, Ghana is among the very few countries globally that eked out non-negative growth.

The country's growth is projected to increase to 4.6% in 2021 (IMF, 2021a). This forecast is based on the likely rebound in economic activities after the administration of Covid-19 vaccines and other prevention and containment measures and is a significant improvement over the previously projected value of 1.5% (IMF, 2020c). Higher growth rates of both the oil and non-oil sectors are anticipated, but with the former being dominant (IMF, 2020a).[7] A rise in non-oil sector growth would be good news, given the concern of possible oil

[7] IMF (2020a) provides no data on non-oil GDP growth, but IMF (2018a) does. According to the latter, Ghana's non-oil real GDP growth rate is projected to increase

dependency. However, the projection also crucially assumes that the *dumsor* challenge will have been addressed. While significant improvements occurred in 2017 when the electricity sector's growth was 19.4%, this growth has since levelled off at 6.0% and 7.9% in 2019 and 2020, respectively.

As in the global economy, the Covid-19 threat in Ghana and elsewhere in Africa requires special measures at prevention and containment in the short term, medium-term policies for reopening and rebuilding the economy, and long-term policies for building resilience (see, e.g., ADI-AfDB, 2020). Meeting these objectives would require additional resources and appropriate reprioritisation of the existing budget. According to the Ministry of Finance, "The preliminary revised 2020 fiscal deficit reflecting the impact of Covid-19 pandemic is now 10.8% of GDP compared to 4.5% programmed for 2021. This deficit does not include financial sector bail-out costs programmed for payment in 2021" (MoF, 2020a). This revised budget deficit forecast clearly violates the 5.0% Fiscal Responsibility (FR) target, though an improvement over the 2020 deficit of 16.0%, which includes both the financial sector bail-out costs and energy legacy debt payments (IMF, 2021a). The projected outstanding debt-GDP ratio of 81.5% (MoF, 2020b; IMF, 2021a), is also well above the GDP FR target of 5.0%. A major concern is that the Covid-19 threat may now siphon off funds from critical infrastructure projects, as these are postponed in favour of special-commitment projects such as Free SHS.
Despite improvements in recent years, particularly in 2018 and 2019, Ghana faced a bleak fiscal situation in 2020, mainly as a result of Covid-19. Projections by the IMF, however, show that the situation is likely to improve in 2021 and 2022, with the fiscal deficits (including grants) recovering to 12.6% and 10.4%, respectively (IMF, 2021a).

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from 5.0% in 2018 to 6.0% in 2019, compared with projected overall GDP growth rates of 6.1% and 1.5% in 2019 and 2020, respectively.

Relative to 2019, Ghana's external balance deteriorated in 2020, mainly as a result of a decline in petroleum exports. The trade balance showed a lower surplus in 2020 than in the preceding year (Table 1.6). The current account deficit, furthermore, worsened slightly in 2020. Meanwhile, international reserve holdings, which were slightly lower in 2019 than in 2018, rose slightly in 2020 but are forecast to decline in 2021 (IMF, 2021a).[8]

Ghana's inflation rate has historically been much higher than the SSA average. However, the gap has closed. Indeed, in 2020, Ghana's inflation rate of 9.9% was lower than the SSA average of 10.8%. The country's inflation rate increased from 8.7% in 2019 to 9.9% in 2020 but is forecast to decrease to 9.0% in 2021. The respective SSA mean inflation rates are: 8.5%, 10.8% and 9.8% for the years 2019, 2020 and 2021 (IMF, 2021a).

The lower real (savings) long-term rates in 2020, compared with 2019, do not bode well for savers, especially those who hold regular savings, where the rate is the most negative since 2017. However, the real lending rate has been falling steadily since 2017, registering its lowest value in 2020. Although these lending rates are still too high from a global perspective, the trend augurs well for investment. Meanwhile, Ghana needs to improve its export diversification,[9] an important vehicle for economic transformation in a small open economy. Domestic credit would be critical for diversification (Fosu and Abass, 2019). In 2020, private sector credit decreased marginally to an average of 16.0% of GDP, from its 2019 rate of 16.6% (BoG, 2021). Complementary infrastructure would also be required (Fosu, 2021b).

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[8] The IMF (2019a) international reserves figures (months of imports) for 2018, 2019 and 2020 and 2021 are 2.4, 3.2 and 3.4 and 3.0, respectively. Hence, IMF estimates are lower than the respective BoG data reported here in Table 1.6, and foreshadow an even more precarious condition for Ghana.

[9] Currently, Ghana ranks in the middle quantile among African countries on export diversification (Fosu, 2021b, table 1).

Ghana's government debt increased to 78.0% of GDP in 2020, from its 63.9% level in the preceding year. It is projected to rise further to 81.5% in 2021 (IMF, 2021a), with a rapidly increasing share owed to the domestic and external private sector.[10] While debt need not be growth-inhibiting, sufficiently high levels could reduce growth through lower investment (Krugman, 1989), or directly via adversely influencing productivity (Fosu, 1996b).

The likely diversion of the infrastructure budget toward meeting the exigencies of the Covid-19 threat is especially worrisome, in the light of Ghana's daunting infrastructural deficiencies. For example, the country is ranked in the bottom quintile among African countries for the 'proportion of people using at least basic sanitation services' and is in the next-to-lowest quintile for the 'proportion of roads paved' (Fosu, 2018). Besides, although *dumsor* has abated considerably, its adverse implications for investment, growth and development linger. Addressing infrastructural challenges clearly requires serious prioritisation of Ghana's public finances, especially in the light of Covid-19.

Thus, the advice offered in previous SGER editions for more economically prudent allocation of government expenditure is even more pressing today. For example, the government continues to embark on such fiscal-draining initiatives as expanding public tertiary institutions in the form of regional universities, an undertaking that is further exacerbated by having increased the number of regions in the country.[11] These programmes require huge public expenditures in perpetuity, even though access to public institutions is *national* and not limited to natives of any region.[12]

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[10] As a decreasing share of the debt is owed to official external lenders, and Ghana is now a lower middle-income country, it can no longer count on any future debt cancellation.

[11] There are currently 16 regions, compared with 10 previously.

[12] The justification often provided is that the regional universities are subject-specific; yet, there is a tendency toward subject duplication.

Nor is it economically judicious to convert technical polytechnics to technical universities when these institutions mostly duplicate many of the courses already offered in the regular universities. In addition, there has been a proliferation of private tertiary institutions in the country, while the share of the public budget spent on education, especially tertiary education, is very high.[13] Concurrently, there appears to be an excess supply of graduates entering the labour market.[14] Indeed, it would seem more economically prudent to instead allocate more funds towards greater improvements in complementary physical infrastructure in order to boost *derived demand* for labour.

Strong institutions are believed to be crucial for African economic development (Fosu, 2015, 2019). Ghana currently ranks mostly in the very top quintile among SSA countries on measures of institutional quality (IQ) (Fosu, 2019). However, the country's scores on 'government effectiveness', an indicator of the quality of public services, have fallen below the world average since 2009 and have been declining steadily since 2011.[15] Although Ghana's scores remain above those of SSA, they have been falling faster: from -0.05 in 2011 to -0.21 in 2019, compared with -0.75 to -0.79 respectively for SSA (World

[13] In 2011, the latest year for which comparable data are currently available, 33% of public expenditure was on education in Ghana, as compared to the SSA mean of 16%. Since 2011 might be an aberration due to payments under the Single Spine Pay Policy, the average share during 2004-2014 was computed as 26%, compared with the SSA mean of 17% over the same period, and against respective historical averages of 17% and 15% for Ghana and SSA (World Bank, 2015c; Fosu, 2007). Meanwhile, the share of tertiary education in the educational budget averaged 23% over 2004-2010 for Ghana, as compared with the SSA mean of about 18%.
[14] In a recent survey, Abdallah (2019) finds that one year after national service, over 40% of university graduates remained unemployed in Ghana. And, after four years, nearly 20% would still be unemployed. Indeed, these numbers do not even include those not in the labour force due to discouragement. The survey also finds that university graduates as a group have the highest level of unemployment among the various categories observed.
[15] See Fosu (2017, Table 9.7), with data source: World Bank, 2015b.

Bank, 2020). Similarly, except in 2018 and 2019, 'control of corruption' has been declining since 2012, suggesting an increasing level of corruption in the country, although there appears to be significant abatement most recently (World Bank, 2020). Yet, maintaining high IQ levels is critical for Ghana to maintain the 'developmental governance' required for sustaining the progress in economic growth and development.[16] All efforts must be devoted to ensuring that there is no diminution of IQ in the wake of the Covid-19 pandemic.

Meeting medium-term growth targets would require massive investments in productive infrastructure which, together with the availability of domestic credit, would be critical for export diversification (Fosu, 2021b; Fosu and Abass, 2019). The manufacturing share of non-fuel exports increased substantially from approximately 1% in the pre-reform period to some 30% by 2013. However, it dropped by about 10 percentage points by 2016 and 2017 (World Bank, 2015a; 2019), likely attributable to *dumsor* This outcome, therefore, underscores the need to decisively resolve this challenge if the positive impact of competitive manufacturing for sustained growth is to be realized.[17]

As observed in previous SGER editions, considerable attention is required on the fiscal side. Prudent management of government resources is critical. Although efforts at mobilising revenue through an expanded tax base must be pursued rigorously, government expenditure must also be reined in. The tendency of government spending to rise faster than tax revenues has been the main culprit behind historically rising budget deficits in Ghana. Unfortunately,

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[16] 'Developmental governance' is employed here to mean 'economic policy coherence (free market policies), public service effectiveness, and limited corruption' (Alence, 2004).

[17] For developing countries, Fosu (1990; 1996a) for instance finds that given international competition, manufacturing exports, rather than primary products, tend to be the growth-enhancing component of exports in developing economies in the longer term.

special programmes with long-term adverse budget implications – Free SHS, ever-expanding public universities (e.g., regional and public universities), etc. – seem to be the order of the day. Indeed, the additional fragmentation of regions, from 10 to 16, will further exacerbate the budget-busting regional-university syndrome, as long as the bulk of the financing emanates from the central government.

There are also key risks to the conduct of monetary policy. These include possible adverse developments in world commodity prices, as was apparent with crude oil in 2020, as well as foreign investment inflows, especially given the Covid-19 environment. With a projected budget deficit of 12.6% of GDP in 2021 following the huge deficit in 2020 (IMF, 2021a), it is difficult to envision how such deficits can be financed without the pursuit of an expansionary monetary policy, with adverse implications for inflation and interest rates. Resurgent high lending rates could be deleterious to not only overall growth but also Ghana's quest to diversify exports and transform the economy.

The current medium-term development programme is the Agenda for Jobs: Creating Prosperity and Equal Opportunity for All, 2018-2021 (First Step) [NDPC, 2018].

Among the highlights of the programme initiatives are:

- One Village, One Dam policy: Small- and medium-scale irrigation schemes are to be identified and rehabilitated.
- One District, One Factory initiative to ensure an even spatial spread of industries.
- Free SHS to provide further education for all.
- Allocation of US$1 million to each of 275 constituencies under the Infrastructure for Poverty Eradication Programme (IPEP).

The first two initiatives would expand employment across districts; the third should increase the supply of secondary school graduates; while the fourth might help strengthen local authorities financially.

Indeed, the implementation of the Free SHS initiative, which began in 2017/2018, was already expecting its first set of graduates in 2020. The resulting bulge in enrolment has necessitated certain major adjustments, including creating two streams of students. Although it is too early to meaningfully assess the fiscal implications of the initiative, especially in terms of its opportunity costs, what is clear is that *additional* financing of nearly GH¢3 billion would be required annually for implementing this programme. Petroleum receipts are the designated funding source, which would thus be subject to the volatility of such revenues. [18]

The implementation details of most of these other initiatives are yet to be established. A major concern, however, is that their effective implementation may require additional financial resources, with likely unfavourable consequences for the fiscal balance. Indeed, the Covid-19 pandemic may require that appropriate adjustments be made, in order to make the deficit more manageable.

Covid-19-Related Programmes

Overall, Ghana was able to contain the impact of the COVID-19 relatively well through measures adopted to mitigate the adverse effects of the pandemic. The government passed the COVID-19 National Trust Fund Act (CNTF), 2020 (Act 1013) in April 2020 to establish the Fund. As of 30th June, 2020, the CNTF had mobilized GH¢53,911,249.87. Over GH¢32,820,564.97 had been utilized as of 30th June, 2020. To help relieve local businesses, the **CAP-Buss** and the Ghana **CARES** Obaatan Pa Programme were initiated.

[18] The petroleum revenue shortfall is estimated at some GH¢5.7 billion (MoF, 2020).

The CAP-BuSS Initiative

The Corona Virus Alleviation Programme - Business Support Scheme (CAP-BuSS) of GH¢600.0 million was intended to specifically support micro-, small- and medium-sized enterprises (MSMEs). The Scheme was part of the GH¢1.2 billion CAP approved by Parliament to address the disruption to economic activities due to the pandemic.

The Ghana CARES Obaatan Pa Initiative

The government established the GH¢100 billion Covid-19 Alleviation and Revitalization of Enterprises Support (CARES) programme to mitigate the impact of the pandemic on the lives and livelihoods of Ghanaians, and to ensure that Ghanaians quickly emerge from the pandemic with a stronger and more resilient economy.

To help pay for the above initiatives and to reduce the implied budget deficits, several tax increases have been proposed. These taxes would help blunt somewhat the effects of previous tax reductions discussed in SGER 2019, including a rollback of the import-duty effective tax rate. However, the pro-business nature of these taxes overall is apparent and should be commended.

Indeed, the success of the new programme will critically depend on the ability of the government to significantly reduce wasteful spending. It must also mitigate the tendency of multiparty democracy to result in chronic fiscal deficits (Fosu, 2021a). Unless there are considerable efficiency improvements in government spending in the Agenda for Jobs programme, Ghana might return to deteriorating macroeconomic imbalances, resulting in more borrowing and debt accumulation. That outcome could, indeed, undo the significant progress so far on inflation and interest rates, with deleterious consequences for the country's future growth and development.

Guidelines: Going Forward

As in previous SGER editions, and consistent with Asante and Owusu (2013) and Fosu (2013b), we proffer the following guidelines as a way forward:

- **Policies of inclusive growth with the objective of ensuring sustainable economic growth and human development:** Policies should focus on the equitable participation of all citizens, including women, youth and persons with disabilities, in the economic growth process. Spatial inequality, especially with respect to the North-South divide, must be tackled more effectively. In this regard, the distribution of physical infrastructure rather than human capital should be accorded special priority, as the latter is more mobile, especially in the absence of complementary physical capital (Fosu, 2004);
- **Pursuit of an employment-centred economic growth strategy:** Employment should be expanded significantly along with production, with the benefits of growth widely shared via better job opportunities and enhanced incomes, especially for the growing pool of unemployed youth. Labour productivity must also rise commensurately with higher wages, particularly to rationalize the higher wages granted public employees under the Single Spine Pay Policy;
- **Ensuring sustainability in the exploitation of Ghana's natural resource endowment**: To ensure sustainability, there must be redoubled efforts to reclaim and improve the degraded environment: soil, water bodies and air. In this regard, current efforts by the government to end or at least mitigate *galamsey* (illegal mining) activities are welcome, and must be strengthened. There must also be increased efforts at raising value addition and properly implementing the extant local content policy;
- **Engagement in strategic infrastructural (physical, human and institutional) development as well as the application**

of science, technology and innovation: There should be strategic infrastructural investment, in order to enhance the creation of employment and income-earning opportunities for rapid and sustained poverty reduction. Academia-industry/government relations should also be improved through research to inform policy;

- **Curtailment of public tertiary educational expansion and tightening up the regulation of private tertiary institutions, in order to ensure high-quality education:** Ongoing efforts to expand the public tertiary education sector must be curtailed. Instead, greater attention should be paid to enhancing the *quality* of graduates from public institutions, while improving the infrastructural environment to encourage complementary physical capital investment targeted at increasing *derived demand* for labour in order to absorb the apparent oversupply of graduates. These institutions must be allowed to raise the necessary resources, including increasing fees for those who can afford to pay, while assisting those who cannot. Meanwhile, the regulation of the private tertiary education sector must be tightened up to ensure quality educational outcomes. Concurrently, greater emphasis should be placed on improving the quality of basic education, not only to prepare students properly for senior high school, but also to enhance the vocational track in order to change the present sub-optimal mix of labour-market supply; and
- **Achieving fiscal stability**: To be able to accomplish its development goals in the long term, Ghana requires macroeconomic stability. In the present democratic framework, however, such an achievement faces significant risks, which could be mitigated via effective decentralization (Fosu, 2021a)

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Chapter 2
Fiscal Developments

Introduction

The COVID-19 pandemic that hit the global economy starting from December 2019 had an adverse impact on Ghana's fiscal policy measures and outlook for the year 2020. The government had, over the period 2016 to 2019, shown strong commitment to maintaining fiscal consolidation and indeed gave clear signals of priorities in 2020 that were expected to ensure the "consolidation of the gains for growth, jobs and prosperity for all", a theme that ran through the 2020 Budget statement.

The government's medium-term vision seeks to build a vibrant and innovative economy anchored on strong macroeconomic fundamentals underpinned by fiscal consolidation; sustained investments in productive infrastructure; development of a competitive world-class human capital base; an efficient well-capitalised financial sector; a competitive business environment based on scientific and technological innovation; and a robust social protection system that guarantees an acceptable standard of living for all.

It was against Ghana's medium-term vision and objectives that the government in 2020 planned to ensure that the fiscal policy objectives remained consistent with the provisions under the Public Financial Management Act, 2016; Act 921, the PFMA Regulations, as well as the requirements of the Fiscal Responsibility Act, 2018 (Act 982). The government reiterated in the 2020 Budget that relative to 2019, fiscal policy in 2020 would be more expansionary even though still committed to ensuring that the perennial cycle of election-year fiscal excesses would not be repeated. This commitment was reassuring because of the need to ensure that the gains made in the management of Ghana's public finances since 2017 were not eroded.

The devastating effect of Covid-19 was greatly felt in government finances and expenditures which had to be revised during the mid-year review to incorporate the cost of the mitigation measures put in place to contain the spread of the virus and to support households and businesses.

This chapter provides an in-depth analysis of how the government of Ghana performed in 2020 with respect to its fiscal policy goals in the midst of the unexpected pandemic which first hit Ghana in March 2020. The chapter focuses on the fiscal policy measures, the general trends in broad fiscal outcomes and the trends in the various components of government revenue and expenditure. The discussion also covers Ghana's public debt situation with a view to understanding how fiscal choices in 2020 affected debt sustainability objectives. The chapter concludes with the outlook for 2021 as Ghana seeks rapid recovery from the negative effects of the pandemic on the economy.

Fiscal Policy Measures and Targets

The fiscal policy measures detailed in the 2020 Budget were expected to support other macroeconomic policy measures to ensure the "consolidation of the gains for growth, jobs and prosperity for all". For the 2020 fiscal year, the government indicated its continued commitment to a measured path for sustained fiscal consolidation and robust broad-based growth. The government made a pledge in the 2020 Budget to adhere to the Fiscal Responsibility Act to maintain fiscal discipline by ensuring that the perennial excessive spending in election years would not be repeated. This was to forestall the strenuous and steep fiscal consolidation measures normally undertaken in the year following an election.

The government's fiscal stance for 2020 was expected to be more expansionary than in 2019, given that it was expected to fund the presidential and parliamentary elections, incur one-off expenditure to host the African Continental Free Trade Area (AfCFTA) secretariat and scale up budget execution of flagship programmes.

In line with the medium-term objective of fiscal consolidation, the government continued the practice of using the fiscal deficit and primary balance as the primary fiscal anchors. The fiscal deficit for 2020 was projected at 4.7% of GDP, clearly indicating commitment to the rule of capping the budget deficit at 5.0% of GDP in each fiscal year. The primary balance was projected to record a surplus of 0.7% in 2020 and was expected to remain positive through to 2023. Given the medium-term (2020-2023) framework, total revenue and grants were projected to grow at an average of 14.8%, non-oil tax revenue growth by an average of 15.9% and total expenditure including arrears by 18.1%. As a share of GDP, total revenue and grants in 2020 were budgeted at 16.9%, with a total expenditure-to-GDP ratio of 21.6% and non-interest expenditure-to-GDP ratio of 16.1%.

The measures in the 2020 Budget to boost domestic revenue mobilisation included:

- The renewal and extension of the National Fiscal Stabilisation Levy and Special Import Levies (SIL) for another five years to support the Budget;
- Pursuing non-tax revenue inflows associated with the operations of some telecom companies and state-owned enterprises to yield about 0.5% of GDP;
- Adjustment of the personal income tax band (in line with government policy to move from taxation to production and upon approval by Parliament) to ensure that the 12% minimum wage increase for 2020 is tax-exempt;
- Personal tax reliefs such as marriage relief, child education relief and old age relief which were last adjusted in 2015 would also be reviewed upwards.

- Review current legislation to strengthen the relevant laws and provide additional regulations and administrative guidelines for the taxation of e-services;
- Review and incorporate in legislation the outstanding relevant actions, including requiring taxpayers to disclose their aggressive tax planning arrangements, under the relevant Base Erosion and Profit Shifting (BEPS) action points in existing legislation;
- Remove all conflicts and fill in gaps in major revenue legislation and submit the relevant amended Bills to Parliament for passage;
- Make abridged versions of the major revenue laws (such as Customs Act, Excise Duty Act, Income Tax Act and Value-Added Tax Act) easily available to the public.

On the expenditure side, the government made clear its intention not to derail fiscal programmes as has been the case in election years. In furtherance of this, the government in 2020 sought to consolidate its flagship programmes to deliver desired results. In addition, it indicated its resolve to initiate sanctions under the PFM Act against any line ministry that did not comply with the established commitment control systems by processing transactions only through the Ghana Integrated Financial Management Information System (GIFMIS).

Implementing these fiscal measures in 2020 was to meet the following targets:

- Fiscal deficit projected at 4.7% of GDP arising from projected total receipts of 16.9% of GDP and total expenditure of 21.6% of GDP. Primary surplus projected at 0.7% of GDP, with non-oil primary balance projected at a deficit of 1.6% of GDP.
- Total revenue and grants projected to grow on nominal basis by 25.6% to GH¢67,071.2 million from GH¢53,379.6 million in 2019.

- Non-oil revenue and grants growth projected at 19.9% to GH¢58,139.0 million.
- Total expenditure projected to grow above the projected outturn for 2019 by 24.5% to GH¢84,508.9 million; this was expected to be driven mainly by an estimated 50.5% growth in capital expenditure, 19.6% growth in compensation and 35% growth in government administration and services.
- Capital expenditure projected at GH¢9,260.0 million, equivalent to 2.3% of GDP, and growth of 50.5% over the projected outturn of GH¢6,151.8 million in 2019.
- Interest payments on public debt were projected at 5.4% of GDP, a slight decrease from the 2019 ratio of 5.7% of GDP. A total amount of GH¢21,691.5 million, equivalent to 25.7% of total expenditure, was expected to be expended as interest payments on public debts in 2020.

These targets were subsequently revised in line with the normal practice and most importantly because of the anticipated impact of the pandemic in view of the steady rise in reported COVID-19 cases in Ghana and the subsequent disruption of economic activities that severely hit households and businesses through significant job and output losses and reduced income.

The government's immediate fiscal policy response to contain COVID-19 included the announcement of a commitment to provide the cedi equivalent of US$100 million to enhance Ghana's COVID-19 preparedness and response through the expansion of infrastructure, purchase of materials and equipment, and for public education, and a GH¢1 billion from the Stabilization Fund to fund Ghana's Coronavirus Alleviation Programme (CAP) to assist affected industries and households.

Specific fiscal measures and reliefs to minimise the impact of COVID-19 on the demand and supply sides of the economy, especially for vulnerable and less privileged people, included a 100% water bill subsidy to all households and businesses for nine months

(April to December 2020), full electricity bill subsidy for one million lifeline customers (consuming below 50 kilowatts per month) and 50% subsidy for all other consumers based on March electricity bills for the months April, May and June 2020. This was estimated to cost about GH¢1 billion.

To provide incentive to frontline workers in the health sector, the government offered free transportation for health sector workers, tax exemptions on emoluments for three months (April, May and June 2020) for all health workers, procurement of personal protective equipment (PPEs) from domestic firms of about GH¢65 million and in addition a 50% pay raise for frontline health workers.

The government also provided food packages for about 470,000 vulnerable households and people daily for a brief period at a cost of GH¢54.3 million. For domestic enterprises, the government also provided a GH¢600 million soft loan scheme with a two-year repayment plan under the Coronavirus Alleviation Programme (CAP) Business Support Scheme to support micro-, small- and medium-scale (MSMEs) businesses. A COVID-19 National Trust Fund was also set up to help alleviate the negative effects of the pandemic on institutions and individuals.

These fiscal measures obviously had implications for the targets that were initially set in the 2020 Budget. Thus the mid-year budget review of 2020 revised the earlier targets set with the following;

- An upward revision of the fiscal deficit (on cash basis) to 11.4% of GDP for 2020, up from the original target of 4.7% of GDP. This was as a result of an expected revenue shortfall of GH¢13,632 million (3.5% of revised GDP and increased expenditures to contain the COVID-19 pandemic estimated at GH¢11,660 million, or 3.0% of GDP);
- Revenue shortfalls were expected in domestic direct and indirect taxes, as well as Customs and Excise taxes, estimated at GH¢5,089 million (1.3% of GDP) including a reduction in the communication services tax from 9% to 5%;

- A shortfall in petroleum revenue mainly due to the decline in crude oil prices (from the basis of US$62.6 per barrel used in the 2020 Budget to US$39.1 per barrel as a result of the pandemic), estimated at GH¢5,257 million (1.4% of GDP);
- A shortfall in non-tax revenue (non-oil) estimated at GH¢3,286 million (0.85% of GDP);
- Increased interest payments by 21.1%, from GH¢21.7 billion (5.4% of GDP) to GH¢26.3 billion (6.8% of GDP), mainly reflecting the effect of higher net domestic borrowing to meet additional COVID-19-related expenditures;
- Reduction in selected programmed expenditures to make room for additional unprogrammed expenditures induced by the impact of the pandemic;
- Adjustments to both domestic and external financing as part of measures to close the financing gap resulting from the shortfalls in revenue and the increased spending in the wake of the COVID-19 pandemic.

Trends in Fiscal Outcomes

As of end-December 2020, the projected outturn of government operations with respect to the primary fiscal anchors shows an overall fiscal deficit (on cash basis) of GH¢44,897.9 million, equivalent to 11.7% of GDP. This was higher than the revised target of 11.4% of GDP, approximately GH¢44,073.9 million. This represents a deterioration from the outturn for 2019 which was GH¢16,891.8 million, equivalent to 4.8% of GDP.

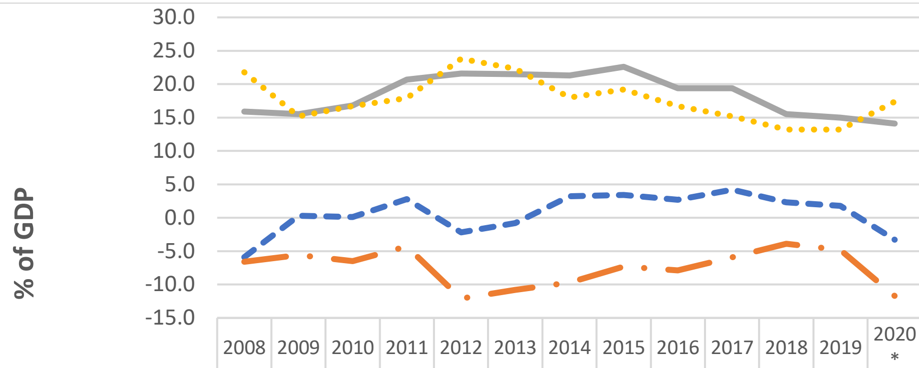
The outturn for revenue and grants was 0.5 percentage points higher at 14.4% of GDP (GH¢55,128.4 million) as of end-December 2020 than the revised target of 13.9% of GDP amounting to GH¢53,666.5 million. This was significantly lower than the pre-pandemic 2020 Budget figure of 16.9% of GDP (GH¢67,071.2 million) and the 15.3% of GDP recorded in 2019, amounting to GH¢53,379.6 million. Total expenditure (including arrears clearance and discrepancies) amounted to GH¢100,026.3 million (26.1% of GDP) compared with the revised target of GH¢97,740.4 million (25.4% of GDP). This was significantly higher than the pre-pandemic 2020 Budget amount of GH¢85,952.1 million, equivalent to 21.6% of GDP.

The increase in expenditures and the revenue shortfall in 2020 as a result of the unprecedented fiscal impact of Covid-19 resulted in primary deficit of GH¢20,298.6 million (equivalent to 5.3% of GDP), worse than the revised target of GH¢17,805.6 million (equivalent to 4.6% of GDP) and much worse than the outturn for 2019 which stood at a surplus of 0.8% of GDP (about GH¢ 2,877.4 million).

Although the 2020 Budget projected a fiscal deficit of 4.7% of GDP in line with government's commitment to remain below the 5.0% Fiscal Responsibility Act threshold, the fiscal impact of the pandemic caused a suspension of the fiscal responsibility rules for the 2020 financial year in accordance with the Fiscal Responsibility Act, 2018 (Act 982) section 3(1 & 3) which allows for the suspension of the rule due to unforeseen economic circumstances or a force majeure, for which the minister shall, within 30 days, present to Parliament for approval the facts and circumstances for the suspension, and the plans for restoring public finances within a reasonable period after the circumstances for the suspension has elapsed. Indeed, the government revised downwards budgeted total revenues and grants by GH¢13,404 million to reflect the impact of the pandemic on revenues, while total expenditures were revised upwards by GH¢11,788 million to accommodate COVID-19-related expenditures, resulting in a revised deficit of 11.4% of GDP for 2020, significantly higher than the original Budget figure of 4.7% of GDP.

This represents a worsening of the fiscal position above the 5% threshold since 2018. As shown in Figure 2.1, the government has since 2017 improved the fiscal position from a deficit of 7.9% of GDP in 2016 to 5.9% in 2017, and further below the 5% threshold for two consecutive years to 3.9% and 4.8% in 2018 and 2019 respectively. In addition, the domestic primary balance, which has been in surplus since 2014, worsened significantly to a deficit of 3.3% of GDP in 2020 (see Figure 2.1).

Figure 2.1 Fiscal Indicators: 2008-2020 (% of GDP)



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020*
Domestic Primary Balance	-5.9	0.3	0.1	2.8	-2.2	-0.8	3.2	3.4	2.7	4.2	2.3	1.8	-3.3
Overall Budget Balance	-6.6	-5.6	-6.5	-4.3	-12.1	-10.8	-9.7	-7.3	-7.9	-5.9	-3.9	-4.8	-11.7
Domestic Revenue	15.9	15.5	16.8	20.7	21.6	21.5	21.3	22.6	19.4	19.4	15.5	15.0	14.1
Domestic Expenditure	21.8	15.2	16.7	17.9	23.8	22.3	18.0	19.2	16.7	15.2	13.2	13.2	17.4

Figures based on 2018 rebased GDP. *Provisional outturn
Source: ISSER (2020) and Government of Ghana, 2021 Budget Statement and Economic Policy

Trends in Government Revenue

General Trends

The adverse impact of the pandemic on total receipts in 2020 was on domestic revenues rather than on grants. Domestic revenue as a proportion of GDP was revised downwards by 2.9 percentage points, from the 2020 Budget projection of 16.5% of GDP to the revised projection of 13.6% of GDP. Comparatively, grants as a proportion of GDP remained as initially projected at 0.3% of GDP.

Figure 2.2 presents trends in domestic revenue between 2008 and 2020. Domestic revenue as a proportion of GDP, which averaged about 18% between 2008 and 2012 and increased to an annual

TABLE 2.1: Selected Fiscal Indicators, 2008-2020 (% of GDP)

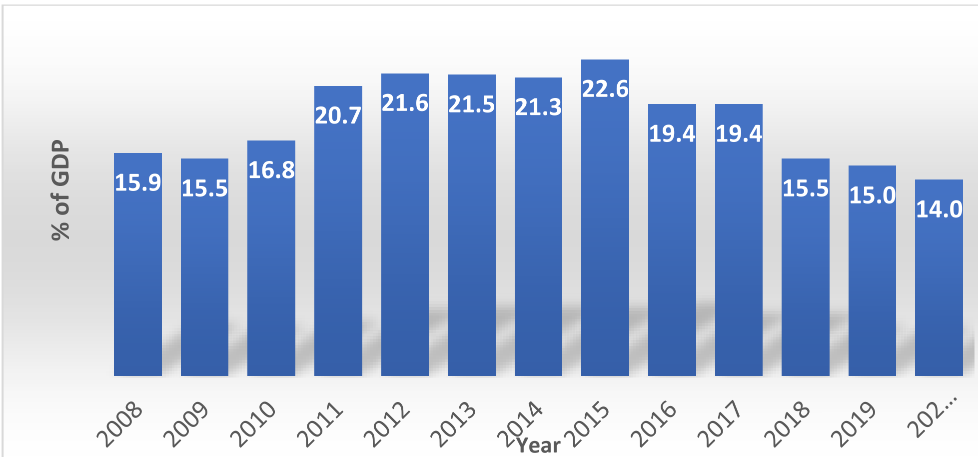
INDICATOR	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	*2019**	*2020**
Total Receipts	30.1	25.4	27.7	28.2	35.4	33.4	30.0	24.2	20.1	20.2	15.8	15.3	14.4
Total Revenue	15.9	15.5	16.8	20.8	21.6	21.5	21.3	22.6	19.4	19.4	15.5	15.0	14.1
Tax Revenue	14.3	12.7	13.7	17.4	17.2	16.4	17.2	18.9	15.4	13.3	12.6	12.2	11.5
Direct Taxes	4.2	4.7	5.3	7.2	7.7	7.2	7.8	7.1	5.4	6.5	6.2	6.5	6.2
Indirect Taxes	5.1	4.4	4.3	5.5	4.9	5.6	5.7	7.2	7.3	6.5	5.0	4.9	4.6
International Trade Taxes	2.4	2.1	2.5	2.7	2.8	3.6	3.7	3.2	2.6	2.7	2.0	1.5	1.4
Non-Tax Revenue	1.4	2.4	2.7	3.2	4.0	4.9	3.8	4.6	2.9	2.6	2.2	2.2	1.7
Grants	2.7	3.0	2.4	2.1	1.6	0.9	0.7	1.5	0.7	0.7	0.5	0.3	0.3
Other Receipts	11.5	6.9	8.6	5.4	12.2	11.1	8.0	0.0	0.0	1.0	0.6	0.5	0.7
Divestiture	3.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project Loans	1.7	3.0	3.1	1.2	2.3	3.0	3.1	2.7	2.7	1.8	0.6	0.3	0.3
Programme Loans	0.5	0.9	0.6	0.4	0.3	0.0	0.0	0.6	0.0	0.5	0.3	0.0	0.0
Exceptional Financing	0.3	0.2	0.2	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Domestic Financing	5.3	2.9	4.7	3.5	9.6	8.1	4.9	3.4	7.2	5.8	3.3	3.7	11.9
Total Payments	31.6	25.4	28.8	24.3	32.9	37.0	28.7	0.0	0.0	0.0	0.0	19.4	26.1
Statutory Payments	7.8	6.7	7.6	7.9	7.1	9.1	4.8	0.0	0.0	0.0	0.0	0.0	0.0
Discretionary Payments	23.8	18.7	21.2	16.4	25.8	27.9	23.9	0.0	0.0	0.0	0.0	0.0	0.0
Overall Budget Balance	6.6	-5.6	-6.5	-4.3	-12.1	-10.9	-9.7	-7.3	-9.3	-5.9	-3.9	-4.8	-11.7
Primary Budget Balance	-5.9	0.3	0.1	2.9	-2.2	-0.8	-3.3	-3.4	-2.7	-0.6	2.3	0.8	-5.3

All figures are 2018 rebased GDP. *Provisional Outturn

Note: The calculation of Total Receipts has been revised to reflect current data published by the Bank of Ghana

Source: ISSER (2020) and Government of Ghana 2021 Budget Statement and Economic Policy average of about 21% between 2013 and 2017, saw a sharp decline to about 15% in 2018 and 2019. This might have been occasioned by the removal of some "nuisance" taxes in 2017, most of which affected businesses in the aviation, finance and real estate industries.

Figure 2.2: Trends in Domestic Revenue, 2008-2020 (% of GDP)



Figures based on 2018 rebased GDP
Source: ISSER (2020) and Government of Ghana 2021 Budget Statement and Economic Policy

Although the government indicated in the 2020 Budget that it was committed to rigorous domestic resource mobilisation and projected an increase in domestic revenue to 16.5% of GDP, this had to be revised downwards to accommodate the impact of the unanticipated shocks on economic activity and thus on domestic revenue.

For the fiscal year 2020, domestic revenue amounted to GH¢53,899.7 million, compared with the target of GH¢52,443.2 million. The 2020 outturn fell short of 2019 performance by a percentage point (see Figure 2.2) but exceeded the target for the year by 0.4 percentage points. The reduction in domestic revenues for the fiscal year 2020 implied less funding available to meet total expenditures which unexpectedly saw a sharp increase to accommodate COVID-19-related expenditures.

Sources of Revenue

For the year under review, tax revenue remained the main contributor to total revenue (including grants) as it contributed about 81% of total revenue, amounting to GH¢44,447.8 million. This was higher than the revised target of GH¢42,331.7 million but lower than the budget target of GH¢49,247.7 million. As shown in Table 2.2, tax revenue as a proportion of total revenue (including grants) had declined from 81.25% in 2018 to 80.1% in 2019. Although the government had initially projected a tax revenue share of 73.4% of total revenue in the 2020 budget, revised to 78.9%, the provisional outturn as of end-December 2020 showed a higher-than-expected share of 80.6% of total revenue. This tax revenue performance was as a result of improved compliance activities the Ghana Revenue Authority (GRA) embarked upon in 2020 (i.e. enhanced tax education exercises, stepping up the prosecution of tax defaulters and nationwide restructuring of the Domestic Tax Revenue Division of the GRA to bring services closer to taxpayers), the favourable increase in gold prices by 19% between January and December 2020, higher sales figures reported by some taxpayers in some months due to the panic buying resulting from the expected lockdown of Greater Accra and Greater Kumasi and the increased use of telecom services due to COVID-19 pandemic restrictions.

The performance of non-oil tax revenue accounted for the higher-than-expected receipts from tax revenue mobilization in 2020. Indeed, revenue from the domestic tax component for 2020 exceeded target, with only non-oil income and property taxes falling below target. Tax components such as mineral royalties, corporate income taxes, excise duty, Value Added Tax (VAT), National Health Insurance Ley (NHIL), Ghana Education Trust Fund (GETFund), self-employed and communication services taxes all outperformed their respective targets. In addition, international trade taxes exceeded the revised Budget target for 2020 by 17.0% and this was about 2 percentage points above the outturn recorded in 2019.

These positive performances resulted in non-oil tax revenue – comprising taxes on non-oil income and property, domestic goods and services, and international trade taxes – recording an amount of GH¢42,404.8 million (76.9% of total revenue including grants). The recorded outturn exceeded the revised Budget target of GH¢40,716.5 million (75.9% of total revenue including grants), by 4.1% of GDP.

Non-tax revenue (excluding oil) yielded GH¢4,964.2 million, 9.7% above target as of GH¢4,532.4 million. The outturn was largely on account of retention and lodgement exceeding their respective targets. Disbursements of grants by development partners for the period amounted to GH¢1,228.7 million, which was slightly above the revised target of GH¢1,223.3 million by 0.4%. With respect to their shares in total revenue and grants, Table 2.2 shows that while non-tax revenue contributed a relatively lower share of 12.1% in 2020 compared with 14.2% in 2019, grant disbursements from development partners increased marginally from a share of 1.8% in 2019 to 2.2% in 2020.

Tax and Non-Tax Revenue

Direct Taxes

The provisional outturn for total direct taxes (i.e. taxes on income and property) in 2020 amounted to GH¢23,728.6 million, an increase of about 4.6% in the 2019 outturn of GH¢22,683.1 million. The 2020 outturn was almost equal to the revised Budget estimate of GH¢23,768.8 million and about 11% lower than the initial budget estimate of GH¢26,603.4 million. Although direct taxes as a share of total tax revenue have been on an upward trend since 2017 (mainly as a result of an increase in company taxes on oil production), rising by 6 percentage points in both 2017 and 2018 and by 3 percentage points in 2019, the share for 2020 was almost the same as the 2019 share of about 53% (Table 2.3).

Generally, company taxes have been the most important source of direct tax revenue, contributing a share of approximately 40%, followed by personal income tax. The share of company taxes in direct taxes increased from 45.4% in 2018 to 46.6% in 2019 and further to 48,0% in 2020. With the exception of 2016, taxes on oil companies since 2013 have fueled the increase. Personal income tax, however, remains on a downward trend since 2017, decreasing from 33.4% in 2018 to 32.2% in 2019 and further down to 31.6% in 2020 (Table 2.3). The underperformance of personal income and company profits, especially in 2020, was due to the tax exemption granted to frontline health workers for nine months of 2020 (i.e. April to December) as part of the fiscal support to fight the COVID-19 pandemic, and non-collection of personal income tax (PIT) from some employers such as schools and hotels which were closed for about nine months as part of the Covid-19 containment measures.

Taxes on self-employment dropped sharply from 6% of direct taxes in 2017 to 2% in 2018 and remained below 2% in 2019 and 2020, declining from 1.9% in 2019 to 1.7% in 2020. Noticeably, taxes from oil production have contributed much more than taxes on self-employment activities since 2018, thus affirming the need to aggressively enforce tax compliance among the self-employed (Table 2.3). This can be achieved through improved tax audits and the expedited prosecution of tax defaulters.

Indirect Taxes

Over the last three years (since 2018), indirect taxes have contributed about 40% of total tax revenue annually, a share that is higher than the annual contribution over the period from 2008 to 2014. The provisional outturn of GH¢17,792.1 million is lower than the Budget estimate of GH¢19,102.3 million and higher than the revised estimate of GH¢15,901.6 million. As shown in Table 2.4, the VAT contribution to total indirect tax decreased from 59.2% in 2018 to 54.4% in 2019 and further to 51.8%, mainly as a result of the decline in the shares of both domestic and import VAT[1]. While domestic VAT declined marginally from a share of 30.4% in 2019 to 29.8 % in 2020, import VAT declined to 22% in 2020 from 24% in 2019. Although indirect taxes such as VAT, NHIL, GETFund and the communication service tax did not reach their budgeted targets in 2020, they exceeded the revised targets amidst the pandemic mainly as a result of the higher-than-expected sales figures resulting from increased purchases made by households to store food supplies and other household consumables just before the lockdown of the Greater Accra and Greater Kumasi regions. In spite of the global decline in crude oil prices due to impact of COVID-19, the share of petroleum tax in total indirect tax revenue rebounded by increasing to 22.4% after it fell in 2019 to 20.6% from 22.2% in 2018.

International Trade Taxes

Total international trade tax revenue in 2020 was GH¢5,513.8 million, about 2% higher than the outturn in 2019 amounting to GH¢5,410.0 million. The 2020 provisional outturn fell below the original Budget estimate of GH¢5,810.2 million. However, similar to other taxes, the 2020 provisional outturn exceeded the revised target estimate of GH¢4,714.2 million by about 17%. The overperformance was as a result of the implementation of the Integrated Customs Management System (ICUMS) which has ensured more efficient management and collection of revenues at the ports, guaranteeing robust performance from international trade taxes.

Ironically, international trade taxes as a share of total tax revenue declined marginally from 12.6% in 2019 to 12.4% in 2020. Though very marginal, the outturn continued its decline from 2017 when the share fell from 17.1% to less than 13%. The reduced share of international trade taxes in total tax revenue mirrors the increase in the share of import tax exemptions in international trade taxes which

[1] This is as a result of the increase in the share of direct taxes in total tax revenue leading to the decline in the share of indirect taxes of which VAT remains the main component.

TABLE 2.2: Composition of Government Revenue, 2008-2020 (% of Total Revenue)

ITEMS	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	***2019****	***2020****
TAX REVENUE	89.53	82.09	81.43	83.72	79.89	76.38	81.05	82.25	79.07	80.64	81.25	**80.1**	**80.6**
Direct Taxes	26.1	30.26	31.74	34.57	35.70	33.64	36.49	29.66	27.99	33.53	40.38	**42.5**	**43.0**
Indirect Taxes	31.92	28.17	25.78	26.70	22.62	25.80	26.98	33.82	37.59	33.39	32.32	**32.1**	**32.3**
Domestic Goods and Services	9.26	5.82	4.84	5.19	4.71	3.71	3.13	8.18	11.20	7.73	7.87	**7.3**	**8.0**
VAT	22.65	22.36	20.93	20.35	17.91	17.71	19.62	21.31	21.91	21.39	19.12	**17.5**	**16.7**
o/w VAT (Domestic)	8.69	8.33	8.39	8.46	6.84	7.12	8.02	9.42	9.29	8.90	8.559	**9.8**	**9.6**
VAT (Imports)	13.97	14.03	12.54	11.89	11.07	10.59	11.60	11.89	12.62	12.49	10.5637	**7.7**	**7.1**
International Trade Taxes	14.98	13.44	14.83	12.98	12.83	16.94	17.58	18.76	13.49	17.02	13.12	**10.1**	**10.0**
Imports	14.15	13.15	13.60	12.94	12.17	11.91	12.50	10.49	12.67	17.02	13.12	**10.1**	**10.0**
Exports	0.83	0.3	1.22	0.04	0.67	0.53	1.33	1.26	0.83	0.00	0.00	**0.0**	**0.0**
Import Exemptions	9.91	5.61	5.00	5.43	5.02	4.49	3.75	7.01	8.79	7.98	4.4038	**4.6**	**4.7**
NON-TAX REVENUE	9.04	15.33	15.86	15.60	18.40	22.77	17.92	16.77	15.01	13.33	14.03	**14.2**	**12.1**
Income and Fees	6.55	7.21	7.00	9.42	6.85	9.34	6.37	8.14	4.66	6.20	7.22	**6.8**	**4.8**
GRANTS	17.09	19.41	13.97	10.06	7.48	2.34	3.35	9.16	3.51	3.84	2.44	**1.8**	**2.2**
DIVESTITURE and NPART	21	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.0**	**0.0**
OTHER REVENUE MEASURES (incl. NHIL)	6.62	8.74	6.80	5.87	5.43	4.39	3.28	3.47	3.44	8.37	7.13	**6.8**	**8.2**
GRAND TOTAL	100	100	100	100	100	100	100	100	100	100	100	**100**	**100**

*Provisional Outturn *Source*: ISSER (2019), Ministry of Finance Fiscal Data (2020) and Government of Ghana 2020 Budget Statement and Economic Policy

TABLE 2.3: Composition of Direct Taxes, 2008-2020 (%)

ITEM	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	***2019****	***2020****
Direct Taxes (% of Total Tax Revenue)	29.2	36.9	39.0	41.3	44.7	44.0	45.0	36.1	35.4	41.6	49.7	**53.0**	**53.4**
of which													
PAYE (Personal)	42.0	45.1	41.4	33.7	39.8	37.6	35.1	38.0	38.1	36.3	33.4	**32.2**	**31.6**
Self-Employed	5.5	4.2	4.1	3.3	3.0	2.9	2.4	3.0	2.6	6.8	2.0	**1.9**	**1.7**
Companies	43.0	38.6	40.3	38.8	42.7	36.8	36.3	41.6	44.5	43.2	45.4	**46.6**	**48.2**
Company Taxes on Oil	-	-	-	-	0.0	6.7	10.1	0.5	0.5	1.7	3.9	**4.1**	**4.0**
Others	9.5	12.2	14.3	24.2	14.6	16.2	16.0	16.9	14.4	16.3	15.3	**15.2**	**14.5**

*Provisional Outturn

Source: ISSER (2020) and Government of Ghana (2021) Budget Statement and Economic Policy

TABLE 2.4: Composition of Indirect Taxes, 2008-2020 (%)

ITEM	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	***2019****	***2020****
(% of Total Tax revenue):	35.7	34.3	31.7	30.4	28.3	33.8	33.3	41.1	47.5	41.4	39.8	**40.1**	**40.0**
Of which													
VAT	71.0	79.4	81.2	80.0	79.2	68.6	72.7	63.1	58.3	64.1	59.2	**54.4**	**51.8**
VAT (Domestic)	27.2	29.6	32.6	30.7	30.3	27.6	29.7	27.5	24.7	26.7	26.5	**30.4**	**29.8**
VAT (Import)	43.8	49.8	48.7	49.3	48.9	41.0	43.0	35.6	33.6	37.4	32.7	**24.0**	**22.0**
Petroleum Tax	25.2	17.4	12.9	14.6	15.5	10.9	9.4	21.8	27.4	20.6	22.2	**20.6**	**22.4**
Other Indirect Taxes (Excise)	3.8	3.2	5.9	5.4	5.3	3.5	2.2	2.4	2.4	2.54	2.12	**2.3**	**2.3**
National Health Insurance Levy	-	-	-	-	-	13.4	12.2	10.2	9.2	10.3	9.99	**10.2**	**10.1**
Communications Service Tax	-	-	-	-	-	3.6	3.5	2.6	2.8	2.46	2.79	**2.4**	**3.1**
GETFund Levy	-	-	-	-	-	-	-	-	-	-	-	**10.2**	**10.2**

*Provisional Outturn

Source: ISSER (2020) and Government of Ghana (2021) Budget Statement and Economic Policy

TABLE 2.5: Composition of Taxes on International Trade Transactions, 2008-2019 (% of Total Tax Revenue)

ITEM	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	*2019**	*2020**
International Trade Tax (% of Total Tax Revenue)	16.7	16.4	18.2	15.5	16.1	22.2	21.7	22.8	17.1	17.0	16.2	**12.6**	**12.4**
of which													
Import Duties (A)	97.8	94.6	91.7	99.7	94.8	70.3	71.1	55.9	93.9	100.0	100.00	**100.0**	**100.0**
Export Duties (B)	2.2	5.5	8.3	0.3	5.2	3.2	7.6	6.7	6.1	0.0	0.0	**0.0**	**0.0**
Total (A+B)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	**100.0**	**100.0**
Import Exemptions (% of International Trade Tax)	-	-	-	-	-	26.5	21.3	37.4	24.8	19.2	33.6	**45.7**	**46.9**

*Provisional Outturn

Source: ISSER (2020) and Government of Ghana (2021) Budget Statement and Economic Policy

has risen from 19.2% in 2017 to almost 47% in 2020 (Table 2.5). A cursory look at Table 2.5 shows that since 2017, import duties have remained the sole source of international trade tax proceeds because export duties on cocoa have been forfeited by the government in response to the low levels of cocoa revenue (as a result of the low international price of cocoa since 2017).

Non-Tax Revenue (excluding Grants)

Non-tax revenue in 2020 underperformed not only in terms of the nominal amount but also as a share of GDP and of total revenue. From an outturn of GH¢7,567.6 million in 2019, non-tax revenue declined to GH¢6,667.3 million in 2020 (Table 2.6). This was about 0.5 percentage point and 2.7 percentage points of its share of GDP and of total revenue respectively.

TABLE 2.6: Trends in Non-Tax Revenue, 2008-2020 (%)

YEAR	*Non-Tax Revenue (GH¢ million)*	*% of GDP*	*% of Total Tax Revenue*	*% Total Revenue*
2008	433.9	1.4	10.1	9.0
2009	870.3	2.4	18.7	15.3
2010	1,226.1	2.7	19.5	15.9
2011	1,822.0	3.2	18.6	15.6
2012	2,853.0	4.0	23.0	18.4
2013	4,265.4	4.9	29.8	22.8
2014	4,289.2	3.8	22.1	10.0
2015	4,921.4	3.7	19.6	16.3
2016*	4,882.4	2.9	19.0	15.0
2017*	5,325.2	2.6	13.3	12.8
2018*	6,523.7	2.2	17.3	15.7
2019*$	**7,567.6**	**2.2**	**17.7**	**14.2**
2020*$	**6,667.3**	**1.7**	**15.0**	**12.1**

*2018 Rebased GDP. $Provisional Outturn

Source: ISSER (2020) and Government of Ghana (2021) Budget Statement and Economic Policy

Compared to the original Budget estimate of GH¢13,134.3 million and the revised Budget estimate of GH¢6,735.6 million, non-tax revenue for 2020 was significantly short of the original Budget estimate by about 49% and marginally short of the revised budget estimate by 1%. The lower deviation from the revised estimate was on account of the overperformance of retention which was higher-than-expected by 40%. Excluding oil, lodgment (i.e. fees, charges and dividend/interest and profits also contributed to the higher-than-expected performance of non-tax revenue.

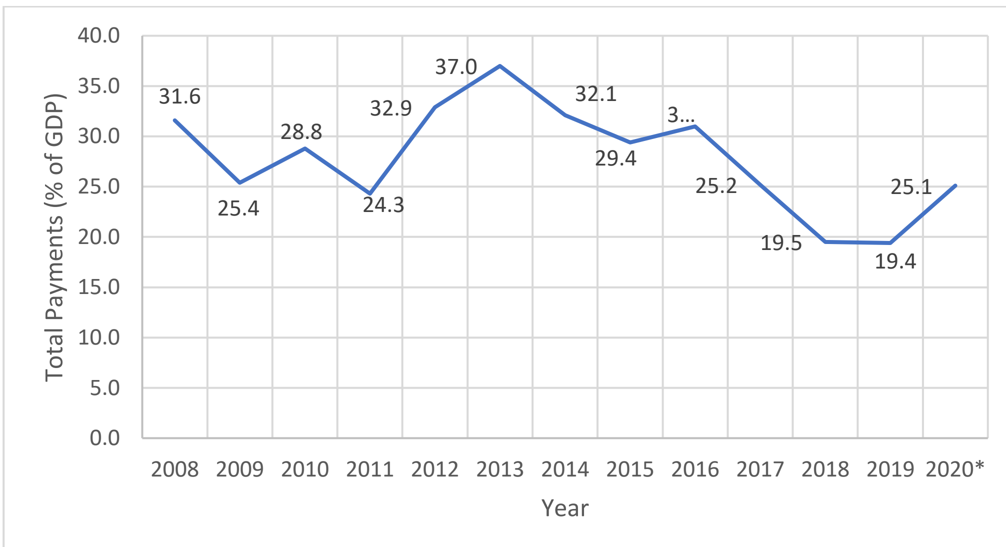
Trends in Government Payments

Total expenditure, excluding outstanding obligations (i.e. arrears clearance and amortisation), which amounted to GH¢67,856.1 million in 2019 increased substantially by 42% to GH¢96,400.4 million in 2020. Although this was not significantly different from the revised target of GH¢96,297.1 million (a difference of about GH¢102 million), it was relatively higher (about 14%) than the corresponding amount of GH¢84,508.9 million in the pre-pandemic Budget for 2020. The higher than pre-pandemic Budget target reflects the unanticipated expenses incurred to mitigate the negative impact of COVID-19.

As a share of GDP, total government expenditure fell from 25.2% in 2017 to 19.5% in 2018, then decreased marginally to 19.4% in 2019 before rising substantially to 25.1% in 2020 (Figure 2.3). Including arrears clearance and amortisation, the total appropriation for the government in 2020 increased by 40% to GH¢111,910.6 million, relative to the 2019 outturn of GH¢79,828.8 million.

Apart from use of goods and services and grants to other government units, all the other components of government expenditure turned out to be higher than the revised targets for the year, clearly reflecting the unexpected expenditures that had to be incurred to contain and mitigate the effects of the pandemic. This was against the background of the upward review of all the components of expenditures in anticipation of the increased spending that the government had announced at the end of the first quarter of 2020 to contain the pandemic. Although not related to the pandemic, the higher than budgeted amount for amortisation in 2020 also contributed to the growth in government appropriations in 2020 which amounted to GH¢14,066.9 million, approximately 15.4% higher than the revised estimate GH¢12,192.8 million.

Figure 2.3: Trends in Government Payments, 2008-2020 (% of GDP)



*Provisional Outturn

Source: ISSER (2020) and Government of Ghana (2021) Budget Statement and Economic Policy

It is also worth noting the changes in the share of total expenditure of the two main expenditure categories. While both recurrent expenditure and capital expenditure as a share of GDP increased (from 17.5% to 18.8% and 1.8% to 3.2% respectively), the direction of change differed. The share of recurrent expenditure in total expenditure declined from 88% in 2019 to 75.2% in 2020, while the share of capital expenditure in total expenditure increased from 9.1% to 12.5% over the same period (Table 2.7). The increase in the share of capital expenditure was in line with the government's commitment to completing infrastructure projects, consolidating its flagship programmes (most likely in fulfillment of its election promises) and augmenting Ghana's health infrastructure in the face of the pandemic.

Recurrent and Capital Payments

The main expenditure items under recurrent spending include personnel emoluments, administration and services, interest payments, transfers, and subsidies. Recurrent spending has remained the dominant component of government spending with a share exceeding three-quarters (Table 2.7). Recurrent expenditure, which increased to 80.9% in 2017 and remained approximately 88% in 2018 and in 2019, dipped in 2020 to a share of 75.2% because of the unusually higher share of other expenditures.

In nominal money terms, recurrent expenditure in the year under review amounted to GH¢72,456.7 million, an annual increase of about 21%, compared with the 2019 outturn of GH¢59,806.2 million. Although the implementation of the free senior high school policy and other government flagship programmes have been the main factors in the increased share of recurrent expenditure since 2017, COVID-19-related expenditures incurred in 2020 ensured the unusually higher increase in recurrent expenditure over the previous year.

Non-interest recurrent expenditure in the year under review amounted to GH¢47,857.4 million, representing 49.7% of total expenditure. It included compensation of employees or personnel emoluments, administrative and service costs, payments to organisations on government subvention, government transfers and utility price subsidies This was higher than the GH¢40,037.0 million spent in 2019. Indeed, as shown in Table 2.7, non-interest recurrent expenditure payments in 2020 as in previous years accounted for the largest share of recurrent spending, accounting for more than half of this line item..

TABLE 2.7: Composition of Recurrent and Capital Expenditure, 2016-2020 (% of Total Expenditure and GDP)

Year	*2016**		*2017**		*2018**		*2019*$*		*2020*$*	
ITEMS	*% T.EXP*	*% GDP*	*% T.EXP*	*% GDP*	*% T.EXP*	*% GDP*	*% T.EXP*	*% GDP*	*% T.EXP*	*% GDP*
Total Expenditure	**100.0**	**30.3**	**100.0**	**25.2**	**100.0**	**19.5**	**100.0**	**19.4**	**100.0**	**25.1**
Recurrent Expenditure	**77.7**	**23.6**	**80.9**	**20.4**	**88.7**	**17.3**	**88.0**	**17.3**	**75.2**	**18.8**
Non-Interest	***56.6***	***17.2***	***54.8***	***13.0***	***61.5***	***12.0***	***58.9***	***11.6***	***49.7***	***12.4***
Compensation of Employees	*27.8*	*8.5*	*32.3*	*8.1*	*33.7*	*6.6*	*32.7*	*6.4*	*29.3*	*7.4*
Administration and Services	*10.5*	*3.2*	*4.8*	*1.2*	*8.8*	*1.7*	*9.1*	*1.8*	*7.7*	*1.9*
Subventions and Transfers	*18.3*	*5.5*	*17.7*	*3.9*	*18.5*	*3.7*	*16.9*	*3.4*	*12.3*	*1.7*
Utility Price Subsidies	*0.0*	*0.0*	*0.0*	*0.0*	*0.2*	*0.0*	*0.2*	*0.0*	*0.2*	*0.0*
Interest	***21.1***	***6.4***	***26.1***	***6.6***	***27.2***	***5.3***	***29.1***	***5.7***	***25.5***	***6.4***
Domestic	*16.6*	*5.0*	*21.2*	*5.4*	*21.5*	*4.2*	*22.4*	*4.4*	*19.0*	*4.8*
External	*4.5*	*1.4*	*4.9*	*1.2*	*5.7*	*1.1*	*6.7*	*1.3*	*6.5*	*1.6*
Other Expenditure	**0.4**	**0.1**	**3.5**	**0.9**	**3.1**	**0.6**	**2.8**	**0.5**	**12.3**	**3.1`**
*ESLA***	*0.4*	*0.1*	*3.5*	*0.9*	*3.1*	*0.6*	*2.8*	*0.5*	*2.8*	*0.7*
Covid-19 Related	--	--	--	--	--	--	--	--	*8.4*	*2.1*
Financial Sector Cost	--	--	--	--	--	--	--	--	*1.0*	*0.3*
Capital Expenditure	**19.0**	**5.7**	**12.2**	**3.1**	**8.1**	**1.6**	**9.1**	**1.8**	**12.5**	**3.2**
Domestic Financed	*8.0*	*2.4*	*2.0*	*0.5*	*2.9*	*0.6*	*3.7*	*0.7*	*5.0*	*1.3*
Foreign Financed	*11.0*	*3.3*	*10.2*	*2.6*	*5.2*	*1.0*	*5.3*	*1.0*	*7.5*	*1.9*
DACF	2.3	0.7	2.0	0.5	2.5	0.5	2.4	0.5	2.3	0.6
GETFund	1.5	0.5	1.0	0.2	1.5	0.3	1.4	0.3	1.0	0.3
Road Fund	2.0	0.6	1.7	0.4	0.9	0.2	1.3	0.3	0.6	0.1
Petroleum-Related Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.1
National Health Fund	2.2	0.7	2.1	0.5	2.5	0.5	1.9	0.4	1.2	0.3

*2018 Rebased GDP. $Provisional Outturn **Energy Sector Levy Act

Source: ISSER (2020) and Government of Ghana (2021) Budget Statement and Economic Policy

Expenditure on compensation of employees constitutes the largest component of recurrent expenditure. In 2020, it amounted to GH¢28,268.9 million, and this was 4.5% above the revised target of GH¢27,061.8 million and about 27% over the 2019 amount of GH¢22,219 million. This outturn was driven mainly by the increased recruitment of health professionals, allowances paid to frontline health workers (among the measures to help contain the pandemic), and the increase in the retirement age of military officers (GOG, 2021).

Over the period 2017-2019, the share of recurrent spending in total expenditure increased mainly due to increased expenditure on goods and services, subventions and transfers to statutory funds as well as social benefits. The numerous flagship programmes (especially the Free SHS policy) were one of the main factors responsible for the increase. Over the year under review, expenditure on goods and services increased by about 20% mainly as a result of Covid-19-related expenditures. The provisional outturn for 2020 indicates that expenses in the use of goods and services category amounted to GH¢7,388 million, 4.6 % below the revised target of GH¢7,744 million.

Grants to other government units amounted to GH¢11,882 million, which was 0.7% more than the revised target of GH¢11,805 million, while social benefits in terms of subsidies to lifeline consumers of electricity amounted to GH¢150.1 million, consistent with the Budget and revised targets.

During the year under review, interest payments, the second largest component of government expenditures, amounted to GH¢24,599 million, about 6.4% below the programme target of GH¢26,268 million. Of this amount, domestic interest payments were GH¢18,352 million, 13% lower than the Budget target. Although domestic debt servicing continued to dominate interest payments, its share relative to external debt servicing declined from 78.0% in 2018 to 76.9% in 2019, and further down to 74.6% in 2020. The reduction in interest payments resulted mainly from the deferment to 2022 of interest on non-marketable bond instruments, to help Ghana deal with the impact of COVID-19 (GOG, 2021).

Other expenditures comprising Energy Sector Levy Act (ESLA) transfers have usually been less than 5% of total expenditures. In 2020 however, the share of other expenditures in total expenditures increased to over 12% (an increase from less than 1% of GDP to 3.1% of GDP) mainly as a result of COVID-19-related expenditures. The pre-pandemic Budget of 2020 had a programme estimate amounting to GH¢2,646.8 million and this was revised upwards by 418% to a target of GH¢13,712.3 million. The provisional outturn as of end-December 2020 amounted to GH¢11,860.9 million, 13.5% below the revised target. Of this amount, COVID-19-related expenditures were GH¢8,122 million against the target of GH¢11,162 million. These included the Covid-19 Alleviation Programme, Covid-19 Preparedness Plan, seed funding for the capitalisation of the National Development Bank, provision of health infrastructure and other pandemic-related use of statutory funds, Electoral Commission, National Identification Authority, security services, labour, and others.

Capital expenditure (both domestic- and foreign-financed) in 2020 rose to GH¢12,082.9 million compared with a programme target of GH¢9,326.7 million, reflecting an overrun of almost 30%. The provisional outturn for 2020 was 96.4% higher that the outturn for 2019 which amounted to GH¢6,151.8 million. The provisional outturn in 2020 was equivalent to 3.2% of GDP and 12.5% of total payments (Table 2.7). The overrun in 2020 is essentially attributed to election-year and COVID-19-related infrastructure projects.

While both domestic-financed and foreign-financed capital expenditure components exceeded their revised targets, the share of foreign-financed capital expenditure increased from 58.9% in 2019 to 60.2% in 2020, confirming Ghana's dependence on foreign resources to fund capital expenditure because of the lack of fiscal space provided by domestic revenue. Indeed in 2020, the Annual Budget Funding

Amount (ABFA)[2] of GH¢2,127.7 million to finance capital expenditure was less than a fifth of the total capital expenditure for the year. It is refreshing to note that the ABFA amount to finance capital expenditure was 76.8% of the total amount of GH¢2,771.1 million utilized as total ABFA from the petroleum receipts in the 2020 fiscal year.

Variations in Revenue and Expenditure

This section analyses and discusses how actual revenue and expenditure outturn differed from the targets. Table 2.8 compares the actual values recorded for revenue and expenditure relative to the Budget and revised Budget estimates for 2020.

TABLE 2.8: Variation Analysis of Revenue and Expenditure Items in 2020

INDICATOR	***(A) Budget GH¢ million***	***(B) Revised Budget GH¢ million***	***[C] Actual GH¢ million***	***(A-C) % Change***	***(B-C) % Change***
Total Receipts	67,071.16	53,666.50	55,128.44	**-17.8%**	**2.72%**
Total Revenue	65,831.14	52,443.16	53,899.74	**-18.1%**	**2.78%**
Tax Revenue	49,247.70	42,331.69	44,447.77	**-9.7%**	**5.00%**
Direct Taxes	26,603.39	23,768.77	23,728.56	**-10.8%**	**-0.17%**
Indirect Taxes	19,102.34	15,901.65	17,792.09	**-6.9%**	**11.89%**
International Trade Taxes	5,810.16	4,714.20	5,513.81	**-5.1%**	**16.96%**
Non-Tax Revenue	13,134.34	6,735.56	6,667.32	**-49.2%**	**-1.01%**
Grants	1,240.05	1,223.34	1228.70	**-0.9%**	**0.44%**
Project Loans	4,345.40	4,982.92	6,042.96	**39.1%**	**21.27%**
Programme Loans	1,202.50	8,286.85	398.75	**-66.8%**	**-95.19%**
Net Domestic Financing	15,849.01	32,127.02	45,643.04	**188.0%**	**42.07%**
Total Expenditure	84,508.86	96,297.14	96,400.43	**14.1%**	**0.11%**
Interest Payments	21,691.48	26,268.28	24,599.26	**13.4%**	**-6.35%**
Overall Budget Balance	-18,880.93	-44,073.87	-42,715.22	**126.2%**	**-3.08%**
Primary Budget Balance	2,810.55	-17,805.59	-20,298.62	**-822.2%**	**14.00%**

Source: ISSER (2020), and Government of Ghana 2021 Budget Statement and Economic Policy

[2] ABFA is the amount allocated from oil and gas revenue (i.e. Petroleum Receipts) in support of government budget for the year.

With regard to total receipts from tax and non-tax revenue sources, the 2020 projections were not met as only 82.2% of the Budget estimate was realised. However, the outturn exceeded the revised Budget projection by 2.7%. Targets for all the major revenue line items were not realised, except for project loans (Table 2.8). The general underperformance in revenue mobilisation was mainly due to the adverse effects of the COVID-19 outbreak on economic activities. As a result, all targets for the major revenue lines (except project loans and programme loans) were revised downwards. Also, most fiscal responsibility rules – stated in Section 3(1) of the Fiscal Responsibility Act, 2018 (Act 982) – were suspended in the 2020 financial year (GOG, 2021).

Although tax revenue fell 9.7% short of the Budget target in 2020, the revised tax revenue target was exceeded by 5% mostly due to the improved compliance activities that the GRA implemented. The underperformance of indirect taxes by 6.9% relative to the Budget target was mainly attributable to the shortfalls in GETFund, National Health Insurance Levy (NHIL) and excise duty proceeds. However, this abysmal performance was turned around as the revised target was exceeded by 11.9% due to a strong surge in proceeds from mineral royalties, VAT and communication services taxes as the restriction of movement to contain COVID-19 boosted the patronage of telecom companies' services. Notably, projections for direct tax revenues were not met as the proceeds fell short by 10.8% and 0.2% of budgeted and revised targets respectively. The underperformance of direct tax revenue was mainly due to tax exemptions that were granted to frontline health workers (April-December, 2020) and the closure of schools and hotels for about nine months, which reduced the volume of income taxes collected.

Non-tax revenue also could not reach its budget and revised budget targets for 2020. The outturn for non-tax revenue fell short by 49.2% and 1% relative to the Budget estimate and revised target respectively (Table 2.8). This speaks to the massive downward revision of the Budget estimates following a downturn in proceeds from retention, fees or charges, interest payments and profits, dividends and licenses (GOG, 2021a).

Compared with project loan shortfalls of 38% and 54% in 2019 and 2018 respectively, the government received more project loans than projected in both the Budget (exceeded by 39.1%) and the revised estimates (exceeded by 21.3%). However, significant shortfalls were recorded for programme loans. With an initial Budget projection of GH¢1,202.5 million and a mid-year review revision to GH¢8,286.85 million, the government by the end of 2020 contracted only GH¢398.8 million in programme loans to finance the Budget. Thus, the higher-than-expected project loans ensured that the initial Budget estimate of GH¢5,547.9 million for both project and programme loans swelled to a realised total of GH¢6,441.7 million. This can be attributed to the various COVID-19 relief and support programmes and projects that were undertaken by the government.

On the expenditure side, the actual expenditure incurred exceeded the Budget projection by 14%. Notably, even when total expenses were revised in anticipation of increased government spending to mitigate the effects of the pandemic, the revised target was exceeded by 0.11%. Indeed, the government, in the revised estimates, allocated about GH¢11,162 million to fund COVID-19-related expenses but ended up spending GH¢8,122 million (GOG, 2021). The major line items that exceeded budget projections were compensation of employees, interest payments and capital expenditure. Interest payments exceeded the Budget projection by 13.4% but fell 6.4% short of the revised target.

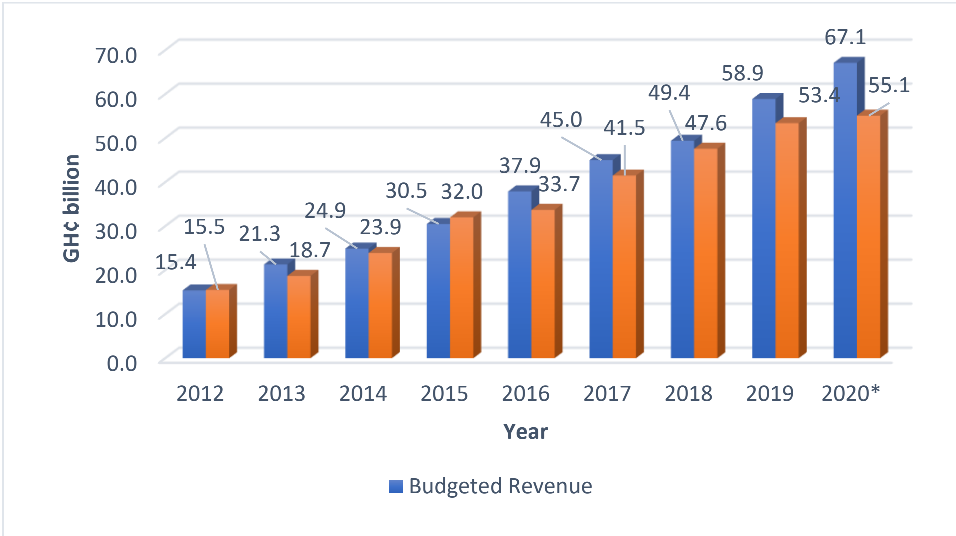
In summary, total receipts fell short of Budget estimates but exceeded the revised targets. However, the total expenditure outturn exceeded both the Budget estimate and the revised target. This culminated in a 126% increase in the overall budget deficit and a whopping primary deficit of GH¢20,299 million vis-à-vis the projected primary budget surplus of GH¢2,811 million (Table 2.8). The generally poor financial performance for the year under review shows that Ghana was hit hard by the effects of COVID-19. Comparing the outturn to the revised estimates, however, Ghana recorded a 3.1% reduction in the revised budget deficit estimate, albeit recording a 14% higher primary budget deficit. This raises serious questions about how effective and resilient Ghana's revenue mobilisation system is. With a large informal economy and a small tax base, Ghana struggled to raise enough revenues to cover the hike in expenses in an attempt to cope with the pandemic. This has resulted in narrowing Ghana's already small fiscal space and plunging the country into deeper and unsustainable debt stock levels.

Trends in Targets Versus Outturn – Government Revenue and Expenditure

The period between 2012 and 2020 has been characterised by missed revenue and expenditure targets. As depicted in Figure 2.4, budgeted revenues have mostly fallen short when compared with the actual revenue outturn, with 2015 being the only exception. In 2020, Ghana recorded the highest revenue shortfall of the last decade. It is worth noting that revenue targets within the last five years have always exceeded the actual outturn, showing continued underperformance in revenue mobilisation. This may be attributable to inefficiencies in revenue collection, and the withdrawal of some production-related taxes and tax exemptions. In 2020, the significant underperformance in revenue was mainly due to the impact of the Covid-19 containment measures that led to the temporary lockdown of Greater Accra and Greater Kumasi as well as the particularly adverse effects on some services sub-sectors.

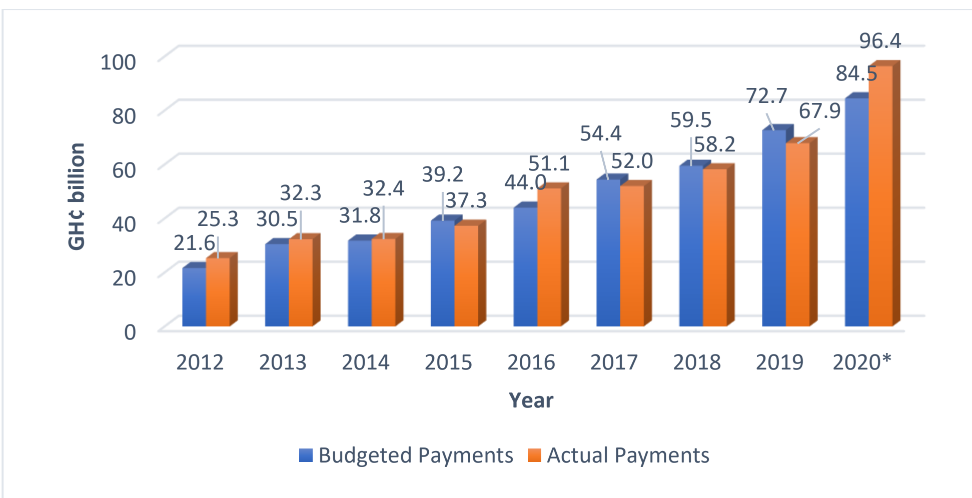
Trends in budgeted and actual expenditure since 2012 present a mixed picture, with election years showing excessive spending above what is programmed. In election years (2012, 2016 and 2020) as well as in 2013 and 2014, actual payments were higher than budget targets and this underlies Ghana's election cycle-related deficits. It is worth noting that the difference recorded in 2020 is the highest in the last decade, perhaps, due to the extra Covid-19-related spending to help mitigate the effects of the pandemic (Figure 2.5).

Figure 2.4: Budgeted and Actual Revenue, 2012-2020 (GH¢ billion)



*Provisional Outturn
Source: ISSER (2020) and Government of Ghana (2021) Budget Statement and Economic Policy

Figure 2.5: Budgeted and Actual Payments, 2012-2020 (GH¢ billion)



*Provisional Outturn
Source: ISSER (2020) and Government of Ghana (2021) Budget Statement and Economic Policy

Ghana's Debt Situation

In the 2020 Budget and Economic Policy Statement, the government indicated that it would continue its medium-term debt strategy which seeks to ensure that its financing needs are met on a timely basis and at the lowest cost consistent with a prudent degree of risk. It also seeks to promote the development of an efficient primary and secondary domestic market and to meet other public debt management goals, with the ultimate aim of achieving fiscal and debt sustainability.

In furtherance of Ghana's medium-term debt strategy, the government in 2020 committed to pursuing debt management strategy measures[3] including assessing and implementing only projects that are self-financing in order to reduce debt levels; preparing and publishing a borrowing plan (consistent with Section 60 of the 2016 PFM Law) to meet the aggregate borrowing requirements of the government in 2020; continue the policy to foster primary and secondary market development by re-opening existing bonds to create benchmarks to increase market liquidity and facilitate more efficient markets, as well as developing a harmonized primary dealer manual to guide the markets. The debt management strategy in 2020 also included pegging total non-concessional debt limits at US$3.75 billion and international capital market borrowing at US$3.0 billion for 2020 in line with the macro-fiscal framework for 2020-2023.

The expectation before the pandemic hit Ghana was that by achieving an overall fiscal deficit of 4.7% of GDP in 2020, below the 5% of GDP threshold (in line with the Fiscal Responsibility Law), good progress would be made in fiscal consolidation for debt sustainability. However, the impact of the COVID-19 pandemic significantly changed budget financing conditions and options in Ghana, as gross financing requirements increased with the reduction in domestic

[3] These measures sought to lower the level of public debt closer to the medium-term target of 60.0% of GDP

revenue. The government therefore suspended the implementation of the Fiscal Responsibility Act and raised the debt limit for contracting non-concessional external financing from US$750 million to US$1,000 million to cater for the construction and refurbishment of hospitals and other health infrastructure (GOG, 2021b).

As a result of COVID -19, Ghana had to seek financing of about GH¢14,500 million from the IMF Rapid Credit Facility (RCF), Bank of Ghana Asset Purchase Programme, the World Bank and the African Development Bank to fund the anticipated financial gap arising from projected revenue shortfalls and increased spending due to COVID-19 including the COVID-19 Preparedness and Response Plan (ISSER, 2020).

The provisional nominal debt stock including the financial and energy sector bailouts as of end-December 2020 stood at GH¢291,630.7 million (equivalent of US$50,832.4 million), representing 76.1% of GDP (Table 2.9). Excluding the financial and energy sector bailout costs, the nominal debt stock as a proportion of GDP stood at 69.7%. Compared with end-December 2019 figures of GH¢218,228.9 million (US$39,387.2 million and equivalent to 62.4% of GDP), Ghana's public debt stock grew in nominal terms by 33.6% in 2020 (Table 2.11). The increase was mainly because of the February 2020 Eurobond issuance, the COVID-19 pandemic effect, and the three main drivers of Ghana's nominal public debts, namely, the crystallization of contingent liabilities in the energy and financial sectors, exchange rate fluctuations and lower-than-expected GDP growth.

Ghana revised its projection in 2020 from expected overall growth of 6.8% to a revised rate of 0.9%, one of the lowest rates in Ghana's modern history. The 91-day Treasury Bill rate, which had been stable since 2016 and maintained stability in 2020 despite risk from the COVID-19 pandemic and the 2020 election year, also meant higher interest payments and worsening of the financing gap. Although, exchange rate depreciation in 2020 exhibited one of the best runs in an election year and under an external economic crisis, the marginal depreciation did add about 27.6% of the build-up of the nominal value of Ghana's external debt in 2020. Although Ghana had run a surplus primary balance since 2017, the negative primary balance position in 2020 due to COVID-19 added to debt accumulation. Similarly, crystallization of contingent liabilities in the energy and financial sectors in 2020 added about 6.4% of GDP to Ghana's debt stock, while Covid-19-related expenditure added 4.2% of GDP to the nominal public debt levels as of end-December 2020.

External debt, which accounted for 51.7% of total debt in 2019, declined to 48.36% in 2020, while the share of domestic debt in total debt increased from 48.3% to 51.7% (Table 2.9). In nominal terms, Ghana's external debt amounted to GH¢141,780.6 million, while domestic debt amounted to GH¢149,833.9 million. As a proportion of GDP, external and domestic debt represented 37% and 39%, respectively.

TABLE 2.9: Public Debt Ratios (2015-2020)

Debt Type	*2015*	*2016*	*2017*	*2018*	*2019*	*2020**
			(% of GDP)			
External Debt	33.2	32.0	29.5	28.7	32.6	37.0
Domestic Debt	22.4	24.8	26.0	28.9	30.2	39.1
Total Public Debt	**55.5**	**56.8**	**55.5**	**57.6**	**62.4**	**76.1**
Total Public Debt (Excl. Bailout)	**55.5**	**56.8**	**55.5**	**54.4**	**59.2**	**69.7**
			(% of Total Debt)			
External Debt	59.7	56.3	53.2	49.8	51.7	48.6
Domestic Debt	40.3	43.7	46.8	50.2	48.3	51.4
Total Public Debt	100.0	100.0	100.0	100.0	100.0	100.0

*Provisional
Source: ISSER (2020), Ministry of Finance 2020 Annual Public Debt Report (2021) and Bank of Ghana 2020 Annual Report (2021)

Although the share of external debt in Ghana's total debt has been higher than domestic debt, (mainly as a result of government efforts to avoid crowding-out the private sector from domestic credit markets), the dominance of domestic debt in 2020 was primarily as a result of increased use of domestic financing sources to fund the financing gap and COVID-19 related expenses. Indeed, the pandemic resulted in the reduced supply of external financing sources which affected all economies of the world, with a much severer impact on the developing world.

External Debt Stock

Ghana's outstanding external debt stock which stood at GH₵141,796.8 at the end of December 2020, was 25.8% higher in nominal cedi terms than the GH¢112,747.7 million recorded at the end of 2019. In nominal dollar terms, the end-2020 external debt stock of US$24,712.94 million was 21.5% higher than the end-2019 stock of US$20,349.4 million. As a proportion of GDP, the external debt stock increased from 32.6% in 2019 to 37.0% in 2020 (Table 2.9) mainly as a result of the US$3,000.0 million Eurobond issuance, COVID-19-related disbursements by multilateral donors and the rate movements between the different currencies in Ghana's external loan portfolio (GOG, 2021b). The successful Eurobond issuance in early 2020 was part of the government's debt management strategy to turn greater attention towards external financing, especially borrowing from international capital market for budget support and liability management operations.

The currency composition of Ghana's external debt stock as of end-December 2020 shows a US Dollar (USD)- and Euro (EUR)-denominated debt. Although Ghana's external debt is also denominated in other currencies including the Chinese renminbi, British pound, Japanese yen, Kuwaiti dinar, and Saudi riyal, the USD- and EUR-denominated debt constitutes about 87.3% of the total external debt stock. In 2020, Ghana's external debt denominated in US dollars constituted 70% of total external debt (a marginal decrease from 70.7% in 2019), euro-denominated debt 17.3% (an increase from 16.6% in 2019) and the rest accounting for 12.5% (Table 2.10). The 1.3 percentage point increase in Euro-denominated external debt was as a result of the 2020 Eurobond issuance.

The holders of Ghana's external debt include commercial, multilateral, bilateral, export creditors as well as other concessional debt holders. At the end of the period under review, about 51.1% of Ghana's external debt amounting to US$12,630.5 million was held by commercial creditors, comprising non-concessional loans and holders of Ghana's Eurobonds issued on international capital markets (ICM). The increase in the commercial debt from 48.5% in 2019 to 51.1% was on account of the US$3,000 million Eurobond issue which caused the ICM share of the commercial debt stock to increase from 37.8% to 41.3% as of the end-2020. Concessional multilateral debt stock of US$8,280.2 million which accounted for 33.5% of total external debt stock, was 26.3% higher than the corresponding stock at end-December 2019 (Table 2.10). The major holders of Ghana's multilateral debts as of end-December 2020 were the World Bank International Development Association (IDA) – 55.8%, IMF – 25,4%, and the African Development Bank (AfDB) – 14.8%. Indeed, the increase of multilateral debt from 32.2% to 33.5% was due to the IMF Rapid Credit facility and the IDA and AfDB loans contracted to support the containment of the pandemic.

TABLE 2.10: Currency and Creditor Composition of Ghana's External Debt in 2019 and 2020

Currency	*2019*	*2020**	*Creditor*	*2019*		*2020**	
	%	%		*US$ m*	%	*US$ m*	%
USD	70.7	70.0	**Multilateral**	6,555.5	32.2	8,280.2	33.5
EUR	16.6	17.3	**Bilateral**	1,227.9	6.0	1297.4	5.2
CNY	2.6	3.8	**Commercial**	9,860.0	48.5	12630.5	51.1
GBP	1.9	2.2	**o/w ICM$**	7,694.7	37.8	10215.1	41.3
JPY	3.0	2.0	**Export Credits**	1,049.0	5.2	966.1	3.9
Other Currencies	5.3	4.5	**Other Concessional**	1,657.0	8.1	1541.7	6.2
Total	**100.0**	**100.0**	**Total**	**17,875.4**	**100.0**	**20,306.4**	**100.0**

*Provisional Outturn. $ICM stands for International Capital Markets
Source: Ministry of Finance Annual Public Debt Report (2021)

With regard to bilateral creditors, France, Germany, China and Korea account for the bulk of Ghana's US$1,297.4 million bilateral debt, holding 26.1%, 22.8%, 17.6% and 12.3% respectively of Ghana's bilateral debt at end-2020. Together with export credit and other concessional financing, bilateral debts at end-2020 declined in terms of their share in total debt relative to end-2019 (Table 2.10).

Domestic Debt Stock

At the end of December 2020, Ghana's domestic debt stock – which had increased to GH₵149,833.9 million, or US$26,116.66 million – was 42% higher than the end-December 2019 amount of GH¢105,481.2 million. This increase was partly due to COVID-19-related financing of GH¢5,500 million by the Bank of Ghana through its Asset Purchase programme and net domestic borrowing of GH¢45,643.0 million used to support the 2020 Budget. As shown in Table 2.9, the stock of domestic debt at-end December 2020 represents an increase in the domestic debt-to-GDP ratio from 30.2% at end-2019 to 39.1% at end-2020, and from 48.3% of total debt in 2019 to 51.4% in 2020.

A content analysis of Ghana's domestic debt stock in terms of category, holders and tenor shows the predominance of marketable and non-marketable debt instruments mainly held by domestic investors and the increasing issuance of longer dated instruments in 2020. Ghana's domestic debt stock is mainly made up of marketable debt (i.e. financial securities and instruments traded on the secondary market), non-marketable securities (i.e. financial securities and instruments that cannot be traded on secondary markets) and standard domestic loans.

In line with the debt strategy for 2020, the government mobilized funds through two new standard loans signed in 2020 disbursing an amount of GH¢131.1 million in the domestic standard loan portfolio. This led to an increase in the share of domestic standard loans to 0.15% of total domestic debt as of end-December 2020. The total non-marketable debt increased to GH¢26,694.4 million at end-December 2020, from GH¢23,694.5 million as of end-December 2019. This represented 17.8% of total outstanding domestic debt at end-December 2020, as against 22.5% in 2019. Consequently, the share of marketable debt in the domestic debt stock increased from 77.4% at end-December 2019 to 82.0% at end-December 2020 (GOG, 2021b)

Domestic investors held 81.5% of domestic debt in 2020, up from 75% in 2019 (GOG, 2021b) indicating greater participation in the domestic bond market in 2020 by domestic investors as was the case in 2019. At a further disaggregated level, the banking sector held 51% of domestic debt as of end December 2020 compared with 44.3% in 2019, while the non-bank sector share remained stable at about 30% over the same period. The increase in the banking sector share was mainly as a result of Bank of Ghana holdings which more than doubled from GH¢15,598.7 million in 2019 to GH¢33,621.9 million in 2020, raising its share of total domestic debt from 14.8% to 22.5% over the same period.

With regard to the tenor of domestic debt, the government continued with its strategy of issuing longer-dated instruments in 2020 as medium-term debt increased from 56.5% in 2019 to 60.0%, while the proportion of longer-term debt instruments rose only marginally from 28% in 2019 to 28.8% in 2020. Over the same period, short-term instruments declined from 15.5% in 2019 to 11.2% in 2020 (Figure 2.6). As part of the government's strategy to manage rollover and refinancing risks, the portfolio of domestic marketable debts decreased to 13.7% in 2020 from 20% in 2019 (GOG 2021b).

Debt Servicing

Regarding debt servicing (made up of principal repayments and interest payments), the debt service-to-GDP ratio which stood at 7.8% in 2019, increased to 8.7% in 2020 (Table 2.11), Out of the provisional 2020 total debt service amount of GH¢33,489.0 million, external debt service amounted to GH¢15,136.9 million (about 45%). Compared with 2019, external debt service increased sharply by 26% mainly due to the 2020 Eurobond issuance on top of the 2019 Eurobond issued in March 2019.

Table 2.11 shows that debt service-to-domestic revenue and debt service-export ratios were respectively 51.9% and 31.3% in 2019 and increased to 62.1% and 40.2% in 2020. Since 2015, these two ratios have remained above the debt service sustainability threshold of 18% and 15% respectively[4] The ratio of debt servicing to domestic revenue in 2020 suggests that Ghana commits GH¢0.62 of every GH¢1.00 raised in domestic revenue to debt servicing, leaving little fiscal space for other recurrent and especially capital expenditure.

Although the government indicated its commitment to continuing its efforts to reduce debt-service costs by replacing high-cost domestic debt with relatively cheaper and longer tenure external finance, the unanticipated financing needs that arose as a result of the pandemic significantly changed government financing strategy and led to the increased external borrowings. The increase in external borrowings will have implications for Ghana's external debt service in the immediate future even though the suspension of bilateral debt service payments under the Debt Service Suspension Initiative (DSSI) has been extended to June 2021, with an increase in the number of years for repayment extended from three to five years. However, the current situation is still worrying and indicates the need to rein in fiscal deficits to reduce the growth in debt stock.

The results of the 2020 updated Debt Sustainability Analysis (DSA) show that currently both Ghana's external and total public debt stocks were high and that the shocks from the COVID-19 pandemic are expected to widen current account and fiscal deficits over the medium term, resulting in a higher debt path in 2020. The fiscal costs

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[4]Source:http://documents1.worldbank.org/curated/en/829241580327419447/pdf/Ghana-Joint-World-Bank-IMF-Debt-Sustainability-Analysis-December-2019.pdf

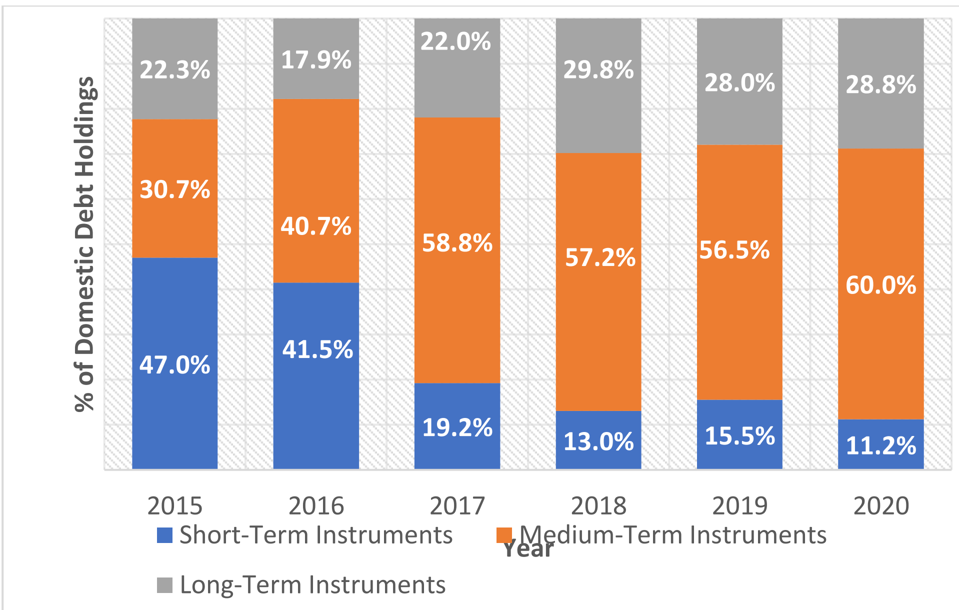
TABLE 2.11: Debt Servicing and Prospects for Sustainability, 2008-2020 (GH¢ million)

ITEM / YEAR	*2010**	*2011**	*2012**	*2013**	*2014**	*2015**	*2016**	*2017**	*2018**	*2019**	*2020**
Total Public Debt	17,036	23,315	35,506	46,058	76,120	100,158.8	122,165.5	142,546.6	173,102.2	218,228.9	291,630.7
Total Debt Service	1,942	2,195	3,060	5,218	7,500	11,809	13,731	15,083	18,782	27,168.2	33,489.0
External Debt Service	817	888	1,180	1,430	1,390	4,497	5,264	5,264	6,288	11,985.7	15,136.9
Principal	502	584	624	821	420	2,734	2,960	2,960	2,960	7,398.9	8,889.7
Interest	315	303	556	609	970	1,762	2,304	2,304	3,328	4,559.8	6,247.2
Domestic Interest	1,124	1,308	1,880	3,788	6,110	7,313	8,466	9,819	12,494	15,209.5	18,352.1
Ratios (%)											
Debt Service-to-Domestic Revenue	25.1	18.8	19.7	28.0	31.0	39.0	42.0	45.0	45.0	51.9	62.1
Debt Service-to-Exports	17.0	11.4	12.2	20.0	18.0	30.0	30.0	25.0	25.0	31.3	40.2
Loans-to-Domestic Revenue	22.1	12.4	12.0	22.0	28.0	27.0	23.0	16.0	17.0	5.0	12.0
Grants-to-Domestic Revenue	14.0	10.1	7.5	2.0	3.0	7.0	4.0	4.0	2.4	1.9	2.3
Debt Service-to-GDP	4.2	3.9	4.3	6.0	7.0	9.0	8.0	7.0	7.0	7.8	8.7

*2018 Rebased GDP

Source: ISSER (2020), Ministry of Finance 2020 Annual Debt Report (2021), Bank of Ghana Database (2021) and Government of Ghana 2021 Budget Statement and Economic Policy (2021) that Ghana will continue to incur as part of its response to COVID-19 and its effort to recover the economy under the COVID-19 Alleviation and Revitalisation of Enterprises Support (CARES Obaatanpa) programme will have a significant impact on the sustainability of public debt, especially if the pandemic is prolonged and continues to stifle efforts to recover and grow the Ghanaian economy.

Figure 2.6: Composition of Domestic Debt Stock, 2015-2020



Source: Bank of Ghana Annual Report (2020) and Statistical Bulletin December 2020 (2021)

Outlook for 2021

The government of Ghana's plans captured in the President's Coordinated Programme of Economic and Social Development Policies (2017-2024) seek mainly to propel Ghana to new levels of optimism, self-confidence and prosperity by efficiently exploiting the human and natural resources, strengthening the level of democracy and building an open and fair society that is founded on mutual trust and equitable access to economic opportunities (GOG, 2021).

The vision, as detailed in Ghana's Medium-Term National Development Policy (MTNDP) framework is meant to reflect the long-term vision of the Ghana Beyond Aid Agenda. To realise this vision, Ghana aims to transform the economy by increasing the inflow of private sector investment in sectors such as manufacturing, information and communications technology (ICT) and agriculture while building capacity to take advantage of the African Continental Free Trade Area. The success of the MTNDP framework also hinges on a strong industrialization drive, diversification into high-value production with higher productivity, infrastructural development, and digitization of the economy.

For the period 2021-2024, Ghana's macroeconomic policy targets include:

- Overall average real GDP growth rate of 5.0%;
- Non-oil average real GDP growth of 4.9%;
- Overall fiscal deficit to be kept below the Fiscal Responsibility Act ceiling of 5% of GDP;
- Inflation to be maintained within the target band of (8±2 percentage points);
- Primary balance surplus; and
- Gross international reserves (GIR) to cover at least 4.0 months of imports.

Based on the medium-term targets and unanticipated adverse impact of COVID-19, the government has set the following macroeconomic targets for the fiscal year 2021:

- Overall real GDP growth of 5.0%;
- Non-oil real GDP growth of 6.7%;
- Fiscal deficit of 9.5% of GDP;
- End-period inflation of 8.0%;
- Primary deficit of 1.3% of GDP; and

- GIR to cover 3.5 or more months of imports of goods and services.

To achieve the above targets for 2021, the government's specific priorities include:

1. Measures to contain COVID-19 including vaccination;
2. Implementing the Ghana CARES Obaatanpa programme and ensuring debt sustainability to revitalize and transform the economy.
3. Ensuring the completion of existing projects/programmes to assure value for money;
4. Creation of fiscal space to accommodate the implementation of priority projects and programmes;
5. Creating and sustaining jobs;
6. Improving security; and
7. Enhancing entrepreneurship and wealth creation.

The immediate concern of the government is to mitigate the effects of the pandemic, return the economy to the pre-pandemic period which was characterized by strong growth, as well as to protect lives and livelihoods. The medium-term fiscal framework focuses on debt sustainability given the elevated debt levels, the narrowed fiscal space and budget rigidities. Therefore, fiscal strengthening has to be carefully combined with the provision of targeted fiscal stimulus to ease COVID-19-related stress on people and businesses.

The broad fiscal targets for 2021 include the following:

- Total revenue and grants-to-GDP ratio of 16.7%;
- Expenditure-to-GDP ratio of 26.2%;
- Domestic primary balance of 1.1% of GDP; and
- Deficit in overall balance of 9.5% of GDP;

The specific measures in the 2021 Budget to enhance domestic revenue mobilization include:

- The pursuit of Ghana's digitization agenda to strengthen the tax collection machinery, widen the tax base and bring more taxpayers into the tax net;
- The amendment of the Fees and Charges Act, 2018 (Act 983) that regulates the setting of rates and tolls. This will allow an automatic annual adjustment pegged to the average annual inflation rate for the previous year;
- Given the tax potential of the gaming industry, the ministries of Interior and Finance will jointly supervise the industry to formulate a comprehensive policy to boost revenue mobilization from gaming, in consultation with other stakeholders.
- The GRA will beef up audits and formulate measures to retrieve all outstanding debts and regularize the collection of taxes within the extractive industry.
- The government proposes to introduce a financial sector clean-up levy of 5% on banks' profit-before-tax to help pay outstanding commitments in the sector;
- The government will consider a review of energy sector levies, including proposing a 20 pesewas per litre levy on petrol/diesel under the Energy Sector Levy Act (ESLA);
- The government will consider a Sanitation and Pollution Levy (SPL) of 10 pesewas per litre of petrol/diesel under the ESLA; and
- The government is also considering the introduction of a COVID-19 Health Levy. This comprises a 1 percentage point increase in both the National Health Insurance Levy and the VAT flat rate.

Regarding expenditure, the main policies include;

- The rationalization of expenditures by implementing tighter expenditure control systems and more efficient procurement systems to assure value for money;
- Pursuit of structural reforms in public financial management to enhance efficiency in public service delivery; and

- Provision of a fiscal stimulus to mitigate the impact of COVID-19 on businesses via the Ghana CARES Obaatanpa programme.

Concerning debt management strategy, the 2021 Budget highlighted the following measures:

- Using an appropriate financing mix to reduce cost and keep risk at acceptable minimum levels;
- Build benchmark bonds by reopening or issuing medium- to long-term bonds;
- Government issuance of bonds on the international capital market based on favourable market conditions to fund some growth-oriented programmes/projects and manage liabilities associated with both external and domestic bonds; and
- Embark on a liability management programme where liabilities that pose rollover and refinancing risks in the public debt portfolio are bought back or exchanged.

The main aim of the government is to rebuild the economy after the COVID-19 shock by maintaining a good balance between the provision of enabling conditions, support for all economic actors and maintaining fiscal consolidation. Hence, the theme of "Economic revitalization through completion, consolidation and continuity" presented in the 2021 Budget statement.

In its mid-year review of the 2021 budget, the government of Ghana has indicated its commitment to achieving the original fiscal deficit target of 9.5% of GDP, with an expectation to possibly improve the deficit marginally to 9.4% of GDP by the end of 2021.

On overall performance for the period January-June 2021, total revenue and grants amounting to GH¢28,304 million (6.5% of GDP) was realized, representing a shortfall of 1% of GDP of the programmed target of GH¢32,362 million for the period. Total expenditure over the same period amounted to GH¢50,619 million, also 1% of GDP less than the programmed target of GH¢55,088 million. The overall fiscal deficit of 5.1% of GDP fell marginally short of the 5.2% of GDP programmed for the first half of 2021. Overall, although the revenue targets were missed marginally by about 1% GDP, it is expected that the revenue optimization measures (including identification of new potential individual taxpayers, the establishment of Revenue Assurance, Compliance and Enforcement (RACE) unit under the Ministry of Finance, setting up of tax courts and the development of the Ghana.Gov centralized payment platform) and the gradual recovery of the economy will make it possible to exceed the programmed target for the year.

Except for use of goods and services and capital expenditure, all other expenditure items were within programme targets for the first half of 2021, clearly indicating the concerted efforts to keep expenditures within programme limits to ensure fiscal consolidation. As a result of the front-loading of critical expenditures on health, roads and agriculture, the programme target for the use of goods and services category was exceeded by about 63.5%. Refreshingly, interest payments fell below the programme target by 16.2% (resulting from the domestic liability management adopted by the government). Capital expenditures amounted to GH¢6,870 million in the first half of 2021 and this was about 28.2% higher than the programme target of GH¢5,359 million. This was due to the faster pace of project loan disbursements of foreign-financed capital expenditure (GoG, 2021c).

Ghana's nominal public debt stock which amounted to GH¢291.6 billion (representing 76.1% of GDP) at the end of December 2020, increased to GH¢334.56 billion (representing a debt-to-GDP ratio of 77.1%) as of end-June 2021. The increase was as a result of the Eurobond issuance in April 2021, the effects of the pandemic and front-loading of financing. Although the domestic share of total debt was higher (51.6% as against 48.4% in 2019), the foreign-held share of domestic debt has repercussions on the exchange rate as and when such debts are serviced.

Overall, the government expects to keep within the programmed fiscal deficit for the year mainly because of very marginal deviations from the first-half targets, with much less deviation expected in the second half of the year. For instance, total revenue and grants is expected to deviate by 0.03% from its programmed target of GH¢72,452 million, while the programme target for total expenditures is expected to remain unchanged for the year (GoG, 2021c). Although the government expects readjustment of some expenditure items to reflect developments in the first half of 2021, the expenditure envelope is expected to be intact for 2021.

What remains to be seen is, if the government will keep the expenditure envelop intact while ensuring that the critical expenditures to aid in the recovery/revitalization and transformation of the economy as outlined under the CARES Obaatanpa programme are carried out efficiently? In addition, it remains to be seen whether the revenue optimization measures will be successful? If Ghana can raise the projected revenue above its programmed target and ensure the expenditure envelop is intact, then we can outperform the revised fiscal deficit of 9.4% for 2021. This will invariably be a giant step in returning to the path of fiscal consolidation even before the expected date of 2024.

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Chapter 3

Monetary and Financial Developments

Introduction

The year 2020 began with greater expectations of the monetary and financial sector partly due to the banking sector clean-up and government commitment to keeping the fiscal deficit below the threshold of the Fiscal Responsibility Act (5% of GDP) even in an election year. The onset of the COVID-19 pandemic in Ghana in March 2020, coupled with the elections, provided the first real test on how robust the financial sector and the macroeconomic environment had become. Amidst these concerns and expectations, the Bank of Ghana remained focused in the delivery of monetary policy to ensure stability in both the monetary and financial sectors. This chapter assesses developments in the monetary and financial sectors by providing a trend analysis in the key indicators. The chapter is divided into three main parts: the first provides highlights in the key monetary and financial indicators, followed by a detailed trend analysis and discussion. The final section provides an outlook for 2021.

Overview of Monetary and Financial Policy Outcomes in 2020

With a more resilient financial sector and generally promising monetary and financial indicators attained in 2019, the central bank maintained the monetary policy rate (MPR) at 16% at the beginning of the year, until March, when it was reduced by 150 basis points to 14.5%. Meanwhile, total liquidity in the economy defined by M2+ grew by nearly 30% at the end of the year, mainly driven by growth in net domestic assets. Given the happenings of the year and the demand pressures that came along, it was not surprising to see relatively higher month-on-month inflation rates in 2020 compared with the corresponding periods in 2019. The only period in which month-on-month inflation rates were within the central bank's targeted band of 8 ± 2 was in the first quarter of 2020 (averaged at 7.80%) and later in November 2020 (at 9.80%). The end-of-period inflation rate of 10.40% meant Ghana missed the central bank target and the ECOWAS convergence criterion for inflation, albeit narrowly.

In nominal terms, all interest rates (except interest on savings) on the major financial instruments in 2020 were lower than corresponding rates in the preceding year. Lending rates and the 2-year bond rates recorded the largest decline of about 2.5 percentage points each. Savings rates, however, recorded a marginal rise of 0.1 percentage point in 2020 compared with the previous year. With generally lower nominal interest rates, coupled with higher inflation rates, the real interest rates on the key financial instruments during the reviewed year were lower compared with 2019. Meanwhile, total credit to the various sectors of the economy from the deposit money banks (DMBs) increased by about 5.75% (from GH¢45,170.01 million in 2019 to GH¢47,769.04 million. The DMBs remained selective in their allocation of credit by giving more than one-fifth of total credit each to the services and commerce and finance sectors. The manufacturing sector received a little over one-tenth of total DMB credit to all sectors.

The banking sector was fairly robust in 2020 despite the international and domestic uncertainties as a result of the COVID-19 pandemic, a development the Bank of Ghana (BoG) attributed to "*strong policy support and regulatory reliefs*" (Bank of Ghana, 2021).[1] The banking sector report for the year under review showed impressive growth of 15.8% in assets of the banking industry, amidst the uncertainties in the year, despite falling short by about 6.9% compared with the growth rate for 2019. The COVID-19 regulatory reliefs such as reductions in reserve requirements, changes in loan loss classifications amongst others, played key roles in the growth of bank assets.

Investments in bills and securities continued to dominate DMB assets, with the reviewed year recording a 5.6 percentage point increase in their share. On the other hand, the share of net advances fell from 31% in 2019 to 28%. About 21.2% of bank assets were cash and due from banks while the remaining 7.7% comprised other forms of assets. The corresponding figures in 2019 were 23.9% and 7.6% respectively. Looking at the developments within the year, the key financial soundness indicators for banks were generally good. For instance, return on equity (after tax) rose from 20.9% (2019) to 21.4% (2020). However, return on asset (before tax) declined marginally by 0.1 percentage points (4.3% in 2019 to 4.2% in 2020). The capital adequacy ratio, which measures bank solvency, was 19.8%, about 8.3 percentage points higher than the minimum required ratio (Bank of Ghana, 2021) and 2.3 percentage points higher relative to the preceding year's ratio, thereby underscoring the benefits of the banking sector reform carried out between 2017 and 2018.

At the end of 2020, the cedi had cumulatively depreciated by 4.16% and 8.0% to the dollar and the pound sterling respectively, translating into an exchange rate of $1 to GH¢5.71 and £1 to GH¢7.87. This compares with a cumulative depreciation of 14.06% and 17.73% to the dollar and pound respectively over the same period in 2019. The

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[1] Bank of Ghana. (2021). Bank of Ghana Monetary Policy Report. *Banking Sector Developments*, Vol. 5 No. 1/2021

rural and community banks were also resilient in 2020, increasing their activities amid the year's challenges. The sector recorded positive growth in all the key performance indicators. The most outstanding was in total investments, which recorded nearly 60% growth, with about 44 percentage points' rise relative to the growth rate between 2018 and 2019. The Ghana Stock Exchange (GSE) on the other hand was slow, with three listed companies exiting the market in 2020. The market's underperformance in the year was evident in the GSE composite index and market capitalisation which fell by 13.98% and 4.25% respectively in the reviewed year. The rest of the chapter presents detailed discussions on the key monetary and financial aggregates for 2020 compared with the same period in the preceding year.

Trends in Money Supply

The broad money supply (M2+) grew by 29.66% in 2020; representing an increase in growth in total liquidity by about 8.02 percentage points, following the 5.95 percentage point increase in growth in 2019. The growth in M2+ was driven by growth in narrow money and quasi-money (savings and time deposits) attributable to both the fiscal expansion (particularly the COVID-19-related stimulus packages) and the monetary measures taken. Narrow money constituted 50.5% of total liquidity in 2020 and grew by 40% compared with the corresponding 46.8% and 25% in 2019. Quasi-money gained momentum with a growth rate of 27.15% in the reviewed year compared with the 3.4% recorded in 2019. Foreign deposits grew by 13.16% in 2020, representing a decline by almost 30 percentage points relative to 2019 growth. Unlike the preceding year, the reviewed year recorded negative growth of nearly 10% in net foreign assets. Net domestic assets on the other hand recorded impressive growth of 40.86% in 2020, a 24.86 percentage point gain in growth compared with 2019. The growth in net domestic assets was largely driven by claims on government, which grew remarkably by 79.1% (Table 3.1). Even though the year-on-year growth in claims on the rest of the economy was 10.2% in 2020, this represented a decline of about 13 percentage points relative to the 2019 growth rate.

Trends in inflation

The year began with single-digit inflation of 7.8% (a marginal decline of 0.1 percentage point relative to December 2019) but ended with a double-digit rate of 10.4%, missing the central bank's target by 0.4 percentage points. Even though the inflation rates were generally higher in the reviewed year compared with the past couple of years, the rates were quite modest given the uncertainties that characterized all economic activities.

TABLE 3.1: Monetary growth and underlying factors, 2019–2020

Item	*2019*	*2020*	*Change*	*Change (%)*
	(GH¢ million)	*(GH¢ million)*	*(GH¢ million)*	
A. Broad Money (M2+)	**92,952.94**	**120,521.83**	**27,568.89**	**29.66**
1.Money (M1)	43,473.19	60,826.18	17,352.99	39.92
2.Quasi-Money	26,477.38	33,665.58	7,188.20	27.15
3.Foreign Deposits	23,002.37	26,030.07	3,027.70	13.16
B. Underlying Factors	**92,952.95**	**120,521.82**	**27,568.87**	**29.66**
1. Net Foreign Assets	20,593.78	18,598.06	-1,995.72	-9.69
2.Net Domestic Assets, of which:	72,359.17	101,923.76	29,564.59	40.86
a. Net Claims on Government	47,498.72	85,069.90	37,571.18	79.10
b. Claims on Rest of Economy (excluding other items)	49,384.52	54,438.54	5,054.02	10.23
C. Memorandum Items				
1. Rate of Inflation (%)				
a) Annual Average	8.70	9.90	1.20	13.79
b) End-of-Period	7.90	10.40	2.50	31.65
2. Real GDP Growth (%)	6.5	0.4	-6.10	-93.85
3. Exchange Rate (¢/$) (End of year) Interbank Market	5.53	5.71	0.18	3.26

Source: Bank of Ghana

The first increase in inflation was recorded in April when the rate increased by 2.8 percentage points (from 7.8% to 10.6%), and increased further to 11.3% in May, before declining marginally by 0.1 percentage point in June.

TABLE 3.3: Headline Inflation Rates, 2019 and 2020 (%)

Month	***Inflation (Average)***		
	Combined	*Food & non-alcoholic beverages*	Non-Food
	2019		
Jan	9.0	8.0	9.5
Feb	9.2	8.1	9.7
Mar	9.3	8.4	9.7
Apr	9.5	7.3	10.4
May	9.4	6.7	10.6
Jun	9.1	6.5	10.3
Jul	9.4	6.6	10.7
Aug	7.8	8.2	7.4
Sept	7.6	8.5	7.0
Oct	7.7	7.0	8.2
Nov	8.2	8.4	8.0
Dec	7.9	7.2	8.5
	2020		
Jan	7.8	7.8	7.9
Feb	7.8	7.9	7.7
Mar	7.8	8.4	7.4
Apr	10.6	14.4	7.7
May	11.3	15.1	8.4
Jun	11.2	13.8	9.2
Jul	11.4	13.7	9.7
Aug	10.5	11.4	9.9
Sept	10.4	11.2	9.8
Oct	10.1	12.6	8.3
Nov	9.8	11.7	8.3
Dec	10.4	14.1	7.7

Source: Ghana Statistical Service, 2020

This decline was as a result of disinflation (1.3%) recorded in the food and non-alcoholic component of the consumer price index (CPI). The inflation rate increased (although marginally) in July due to a rise in the non-food inflation and alcoholic beverages component of the CPI. Thereafter, the rate declined continuously for four months (from August to November).

Even though the month-on-month inflation rates were highest in July (11.4%), followed closely by May (11.3%), the biggest change in inflation was recorded in April (see Table 3.2), and this was driven primarily by the food and non-alcoholic component of the CPI. At the same time, the regional inflation analysis for April shows a month-on-month inflation rate of 6.88% for Greater Accra (the highest relative to the other regions) pointing to demand pressure from the COVID-19 lockdown restrictions which resulted in hikes in prices of food and non-alcoholic beverages.

Traditionally, inflation in Ghana has predominantly been driven by the non-food and alcoholic beverage components, particularly housing, water, electricity, gas and other fuels. It is worth noting that in the reviewed year, the month-on-month inflation rates for the food and non-alcoholic beverage component exceeded those of the non-food and alcoholic component throughout (except in January); with the highest food and non-alcoholic beverage inflation rate (15.1%) recorded in May. On the whole, apart from the major spike in inflation in April, the fluctuations within the year were somewhat within range considered attractive to doing business and maintaining the general public's confidence in the inflation targeting framework of the central bank.

Trends in Interest Rates

The Monetary Policy Committee (MPC) of the BoG, the committee responsible for formulating and implementing policy related to money, banking and credit, maintained the monetary policy rate

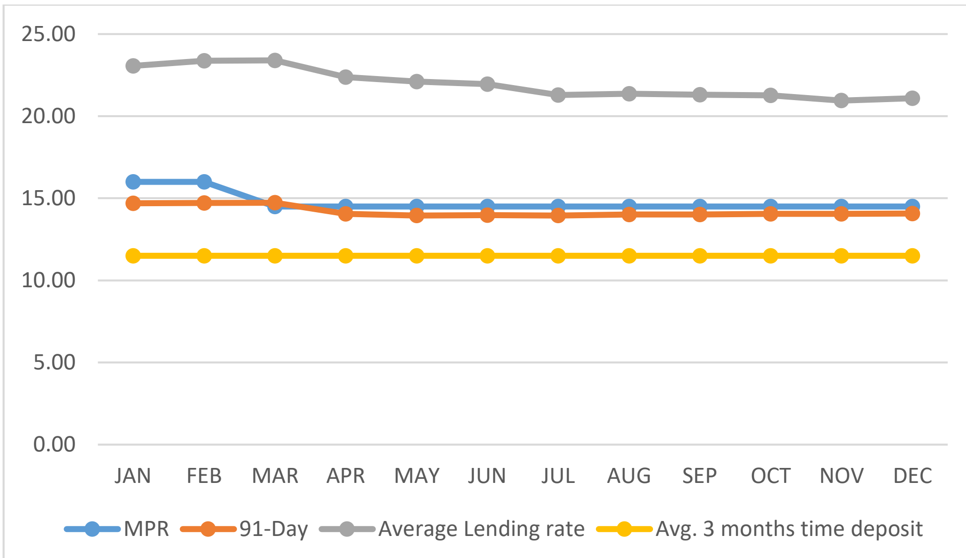
(MPR), the main policy tool for anchoring inflation towards the targeted band at 16.0% for the first two months of the reviewed year. This may be explained by the uncertain international impact of the COVID-19 outbreak at the time. However, by March 2020, the COVID-19 had been declared a pandemic and was spreading around the world, raising uncertainties in global financial and stock markets, with predicted repercussions on Ghana's domestic economy, through receipts from exports, imports, taxes, and foreign exchange. In response, the MPC of the BoG, reduced the MPR by 150 basis points in March (from 16% to 14.5%) to help protect the economy from any significant and prolonged recession arising from the effects of COVID-19. The MPR was then kept unchanged at 14.5% for the rest of the year.

Interest rates of the deposit money banks (DMBs) were generally stable (since the fluctuations during the year were marginal), predominantly due to the relatively stable MPR (see Figure 3.1). For instance, even though the interest rates on 91-day Treasury bills and lending increased consecutively in February and March, the changes were only about 0.02 and 0.17 percentage points respectively. In all, the interest rates on lending increased in only four months (February, March, August and December), with the highest rate (23.4%) recorded in March, which also marked the highest interest rate on the 91-day Treasury bill. Similar to the preceding year, the interest rate on 3-month time deposits remained unchanged at 11.5% throughout 2020, keeping the interest rate on time deposits fixed at this rate for 30 months in a row.

Comparing the interest rates on short-dated instruments to medium- and long-dated instruments shows that the rates were relatively lower for short-dated instruments. In fact, this has been the characteristic of interest rates in Ghana. Even though the end-period interest rates on 91-day and 182-day Treasury bills were relatively lower in the reviewed year compared with rates attained in 2018 and 2019, the rates on the 5-year and 7-year instruments were the highest in

2020 relative to the same periods. Nonetheless, the trends in the yield curve for the last three years are very similar (see Figure 3.2).

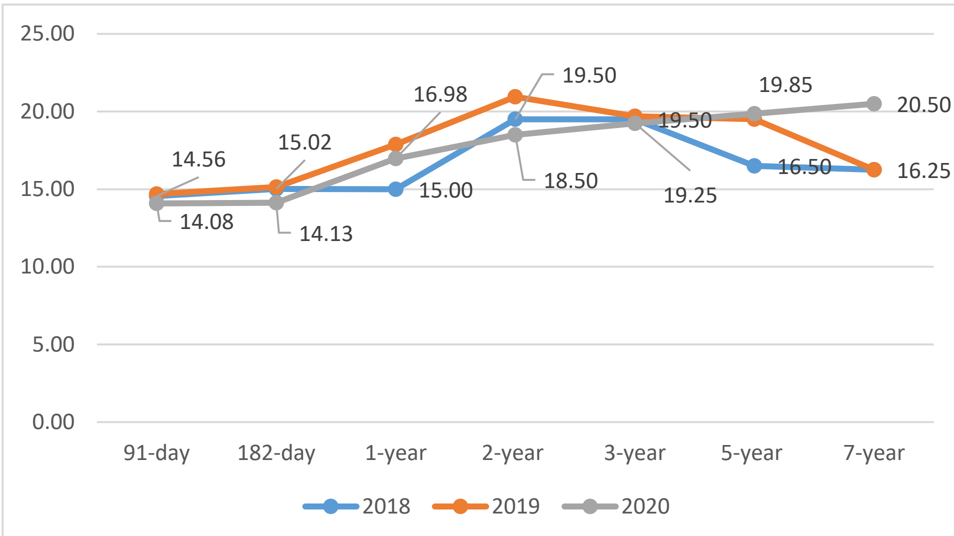
Figure 3.1: Trends in Prime Rate, 91-Day Bill, Lending and 3-Month Time Deposits, 2020 (%)



Source: Generated from Bank of Ghana, *Statistical Bulletin*, 2020

With relatively higher rates of inflation and the generally lower nominal rates of interest recorded throughout 2020, it was not surprising to see relatively lower real returns on all major assets compared with 2019. The most rewarding asset during the year was the 3-year bond, with real interest rate of 8.85%; this was nevertheless 2.95 percentage points lower than the rate (11.8%) for 2019. Keeping savings deposits with the DMBs was not only the worst form of storing wealth (in real terms) given the negative pay-off, but the pay-off declined by over 690% relative to the real return end-period in 2020 (See Table 3.3A).

Figure 3.2: Yield Curve from 2018-2020 (%)



Source: Bank of Ghana *Statistical Bulletin*, 2019 and 2020

TABLE 3.3A: Real Interest Rates, 2019 and 2020 (%)

Instruments	*Nominal Rates*		*Real Rates*	
	2019	***2020***	***2019***	***2020***
91-day	14.69	14.08	6.79	3.68
182-day	15.15	14.13	7.25	3.73
1-year	17.88	16.98	9.98	6.58
2-year fixed	20.95	18.50	13.05	8.10
3-year fixed	19.70	19.25	11.80	8.85
Savings rate	7.55	7.63	-0.35	-2.77
Lending rates	23.59	21.10	15.69	10.70
Inflation rates	7.90	10.40		

Source: Computed from Bank of Ghana, *Statistical Bulletin*, 2020

The lower lending rate in 2020 (see Table 3.3A) was expected to stimulate the economy but this expectation was largely dependent on the extent to which prospective investors were ready to take up the opportunities, given the demand uncertainties.

Other instruments with interest rates recording noticeable change were certificates of deposit and call money. In the case of certificates of deposit, the reviewed year recorded an increase in rates from 8.0% in 2019 to 10.5%. This represented a growth rate of 31.25% in 2020 compared with the negative growth (-28.89%) recorded in 2019. With regard to call money, the rate of interest declined by 1 percentage point (see Table 3.3B).

Foreign Exchange Market Developments

Developments on the international markets are critical for any economy because of the role they play in determining the strength of the economy through the exchange rate value of the domestic currency. In relatively small open economies such as the Ghanaian economy, the domestic currency is typically volatile given that the country's exports are predominantly primary goods with little or no value added and at the same time the economy depends heavily on manufactured imported goods and services. The lockdown restrictions implemented globally were expected to have negative implications on international supply chains, thereby impacting the exchange rate. Interestingly, these developments appeared to have "favoured" the domestic currency given that the cedi's performance relative to almost all the major foreign currencies during the year under review was the best in the last four years. Overall, the cedi was strongest to the dollar, cumulatively depreciating by 4.16%. This represented nearly 10 percentage points decline in the rate of depreciation compared with the cumulative depreciation rate for the same period in 2019. On the other hand, the cedi's worst performance was relative to the euro, recording a cumulative depreciation of 13.33%. This was in fact 1.09 percentage points higher compared with what was recorded in 2019.

TABLE 3.3B Interest Rates, 2013-2020

	Averages (% per annum)							
	2013	***2014***	***2015***	***2016***	***2017***	***2018***	***2019***	***2020***
1. Central Bank								
a. Monetary policy rate	16.00	21.00	26.00	25.50	20.00	17.00	16.00	14.50
b. Treasury Bill Discount Rate	17.96	24.25	23.12	16.81	13.33	14.56	14.69	14.05
(91 days)								
c. Interest Rate Equivalent	18.80	25.81	24.16	18.50	13.78	15.02	15.15	14.12
2. Commercial Banks								
a. Deposits								
i. Demand Deposits	3.25	3.50	3.50	4.75	3.38	2.80	2.80	2.63
ii. Savings Deposits	5.75	5.00	6.08	6.50	7.55	7.55	7.55	7.63
iii. Time Deposits	12.50	13.85	13.00	13.00	13.00	11.50	11.50	11.50
iv. Certificates of Deposit	12.75	12.75	13.70	14.15	12.75	11.25	8.00	10.50
v. Call Money	8.25	8.00	8.50	8.50	8.50	9.50	9.50	8.50
vi. Others	7.75	7.75	10.56	12.40	12.40	12.40	12.40	9.10
b. Lending Rates	25.56	28.98	27.50	30.71	29.25	23.96	23.59	20.95

Source: Bank of Ghana, *Statistical Bulletin,* various years

TABLE 3.4: Exchange rate changes (m-o-m) of the Ghana Cedi, January 2019 – December, 2020 (%; interbank rate)

Month, 2019	**₵/$**	**¢/£**	**¢/€**	**¢/¥**
Jan-19	2.71	5.53	3.07	3.88
Feb-19	4.54	5.50	3.48	2.20
Mar-19	-1.77	-3.69	-2.92	-1.29
Apr-19	0.09	0.23	-0.14	-0.44
May-19	2.22	-1.02	1.71	4.81
Jun-19	1.11	1.75	3.20	1.88
Jul-19	-0.04	-3.77	-2.18	-0.61
Aug-19	0.46	0.05	-0.74	2.68
Sep-19	0.66	1.74	-0.24	-1.20
Oct-19	0.40	5.50	2.57	0.41
Nov-19	3.53	3.35	2.25	2.23
Dec-19	0.15	2.58	2.19	0.99
Cum Dep-2019	**14.06**	**17.73**	**12.25**	**15.53**
Month, 2020				
Jan-20	-1.24	-1.69	-2.64	-1.37
Feb-20	-3.11	-5.62	-4.01	-2.58
Mar-20	2.78	-0.44	2.94	3.06
Apr-20	2.92	4.44	2.55	3.56
May-20	0.34	-1.98	1.84	-0.19
Jun-20	0.84	1.23	1.93	0.77
Jul-20	0.19	5.73	5.24	2.85
Aug-20	0.12	2.63	1.45	-0.74
Sep-20	0.31	-3.17	-1.66	0.74
Oct-20	0.13	0.45	-0.12	0.92
Nov-20	0.07	3.40	2.78	0.55
Dec-20	0.81	3.03	3.04	1.82
Cum Dep-2020	**4.16**	**8.00**	**13.33**	**9.40**

Source: Computed from Bank of Ghana, *Statistical Bulletins, 2019 and* 2020

The local currency was also quite robust to the pound given that the cumulative depreciation rate of 8.0% represented a decline of 9.74 percentage points relative to the same period in 2019. Similarly, the local currency recorded a 6.13 percentage point decline in its cumulative depreciation to the Japanese yen.

A quarterly analysis shows the cedi was relatively more stable in the first quarter, appreciating relative to the four selected foreign currencies. The second and third quarters were characterized by relatively more instability, with the worst performance being relative to the euro, where the local currency depreciated by about 6.3% and 5.0% in the second and third quarters respectively. In terms of month-on-month performance, unlike the preceding year, the cedi started the reviewed year strongly by appreciating to all the major foreign currencies in January and February. The biggest gain was recorded in February; where the cedi appreciated by 3.11%, 5.62%, 4.01% and 2.58% to the dollar, pound, euro and yen respectively. The local currency kept its resilience by appreciating relative to the pound again in March, May and September by 0.44%, 1.98% and 3.17% respectively (Table 3.4). However, in the case of the dollar, beyond February, the local currency depreciated consistently for the rest of the year even though the rate of depreciation kept fluctuating.

Assets and Liabilities of DMBs

Even though all components of deposit money bank (DMB) assets grew in 2020, the growth rates were lower than the rates recorded in the preceding year. This resulted in a fall in the growth of total assets of DMBs by about 7.87% percentage points in 2020. For instance, the growth in claims on public corporations was slashed by almost two-thirds, from 23.88% (2019) to 8.84% (2020). Claims on government, which grew astronomically (201.8%) in 2019, recorded a growth rate of about 39% in 2020. Meanwhile, cash reserves grew by 4.7% relative to the 30% recorded in 2019. Although not substantial, the growth in foreign assets also fell by 2.8 percentage points while its share contracted by -0.05% (See Table 3.5).

Unlike previous years where DMBs' assets were appreciably dominated significantly by claims on private sector, the reviewed year appeared different with claims on private sector only marginally outweighing the share of claims on government. That is, claims on private sector constituted 28.54% while claims on government formed 28.17% of DMB total assets. In addition, the claims on private sector were 1.81 percentage points lower relative to the 2019 share. The increased share (4.32 percentage points) in claims on government did not come as a surprise given that apart from the COVID-19 related expenditures, the reviewed year was also an election year, and such years are arguably characterized by increased government expenditures. However, the shares of claims on public corporations declined marginally by 0.58 percentage points (Table 3.5). Claims on public corporations not only formed the lowest share (7.15%) of DMB assets, but also recorded a decline (0.54 percentage points) in its share relative to 2019.

Nearly 62% of DMB liabilities were in the form of private sector deposits, made up of demand foreign currency, savings, and time deposits. This represented an increase of about 5 percentage points relative to the 2019 share. The increased share of private sector deposits in DMB total liabilities was mainly driven by the shares of demand and time deposits. More than a third of private sector deposits was in the form of demand deposits, up by 3.62 percentage points. In terms of total liabilities of the DMBs, demand deposits alone formed about 22.95%, representing a 3.92 percentage point rise. The share of foreign currency deposits constituted 17.06% of total liabilities but 27.71% of total private sector deposits. Savings and time deposits together formed about 35% of total private sector deposits and 21.57% of DMB total liabilities (Table 3.5). All the other components of DMB liabilities (apart from paid-up capital and reserves) recorded declines in their respective shares, even though these were marginal. For instance, the shares of public sector deposits and government deposits in DMB total liabilities fell by 0.48 and 0.23 percentage points respectively in 2020. The most significant decline was in foreign liabilities, whose share fell by about 2.5 percentage points.

In terms of growth, the data showed negative rates in three out of the six components of DMB liabilities in 2020. Specifically, the

TABLE 3.5: Assets and liabilities of deposit money banks, 2019-2020

Item	*2019 (GH₵ mn)*	*2019 Share*	*2020 (GH₵ mn)*	*2020 Share*	*Change 2020-2019* (*percentage points*)
ASSETS					
Cash Reserves	15,989.08	12.33	16,747.70	10.98	-1.35
Foreign Assets	10,377.07	8.00	12,136.66	7.96	-0.05
Claims on Government	30,923.93	23.84	42,968.45	28.17	4.32
Claims on Public Corporations	10,019.61	7.73	10,905.36	7.15	-0.58
Claim on Private Sector	39,364.91	30.35	43,533.19	28.54	-1.81
Others	23,023.31	17.75	26,257.58	17.21	-0.54
Total	**129,697.91**	**100.00**	**152,548.94**	**100.00**	
LIABILITIES					
Private Sector Deposits					
Demand Deposits	24,674.46	19.02	35,004.28	22.95	3.92
Foreign Currency Deposits	23,002.37	17.74	26,030.07	17.06	-0.67
Savings Deposits	13,171.31	10.16	17,928.90	11.75	1.60
Time Deposits	12,482.84	9.62	14,973.18	9.82	0.19
Total Private Sector Deposits	***73,330.98***	***56.54***	***93,936.43***	***61.58***	***5.04***
Public Sector Deposits	2,599.04	2.00	2,321.45	1.52	-0.48
Government Deposits	5,178.13	3.99	5,733.97	3.76	-0.23
Foreign Liabilities	9,706.61	7.48	7,660.09	5.02	-2.46
Credit from Bank of Ghana	1,703.41	1.31	1,227.44	0.80	-0.51
Paid-up Capital and Reserves	17,580.21	13.55	21,289.12	13.96	0.40
Others	19,599.53	15.11	20,380.42	13.36	-1.75
Total Liabilities	**129,697.91**	**100.00**	**152,548.92**	**100.00**	

Source: Calculated from Bank of Ghana, *Statistical Bulletin* (various years) growth in foreign liabilities; and credit from the central bank declined by 21.1 and 27.9 percentages respectively; with the latter recording the biggest decline compared with the 244% growth recorded in 2019. Now, considering private sector deposits alone, these grew by about 28.1% in 2020, up by 4.4 percentage points compared with 2019 growth. Time deposits grew by nearly 20% in 2020 (relative to the −7.45% growth recorded in 2019) and, therefore, a major driver in growth in private sector deposits. Even though the "other" component of DMB total liabilities also grew (3.98%) in 2020, this was significantly lower than the previous year's growth rate (34.77%).

Trends in Domestic Credit

The DMBs were expected to play a crucial role in reviving the economy following the COVID-19 pandemic-related slowdown in many businesses. With these developments, total credit from the DMBs to the various sectors of the economy increased from GH¢45,170.01m (2019) to GH¢47,769 (2020), indicating a growth rate of 5.75%. This represented only a marginal (0.03 percentage point) rise in growth relative to what was recorded in 2019. DMB credit allocations continued to be skewed in 2020: three sectors alone (services, commerce and finance; and construction) out of 14 sectors received over half (58.55%) of total DMB credit (see Table 3.6).

The services sector not only received the biggest share of total DMB credit but also recorded an increase in its share from 24.1% in 2019 to 26.6% in 2020 (Table 3.6). The increased share of credit to the services sector was in line with strategies to sustain and revive the sector given that the sector was one of (if not the most affected) sectors heavily hit by the pandemic due to the lockdown, border closure and other restrictions imposed domestically and internationally. These affected the hospitality and tourism sub-sectors significantly. Monthly analysis of outstanding DMB credit showed significant growth in credit to the services sector in January (18.1%), March

TABLE 3.6: Sectoral allocation of credit by DMBs, 2011-2020 (%)

Sectors	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*	*2020*
Agriculture	5.74	4.85	4.08	3.93	3.84	3.65	4.08	4.05	5.76	3.68
Mining and Quarrying	4.26	1.14	0.99	0.98	0.48	2.01	2.97	3.32	2.87	2.48
Manufacturing	8.95	11.03	8.83	8.92	8.40	7.66	8.16	9.81	10.95	10.67
Construction	8.04	4.80	4.43	6.16	4.90	9.93	11.05	9.93	8.23	9.55
Elect., Gas, Water	6.68	2.13	2.64	2.74	1.94	15.27	8.37	8.19	6.34	7.07
Import Trade	9.21	7.97	9.08	9.46	9.13	6.40	5.73	4.71	2.53	2.58
Export Trade	1.20	8.45	8.96	9.69	9.79	0.48	0.84	0.75	0.35	0.34
Domestic Trade	16.27	16.91	16.17	14.31	16.24	-	-	-	-	-
Transp., Storage & Comm.	4.19	7.90	11.31	12.11	14.73	8.26	8.47	9.86	7.99	8.36
Services	26.82	26.34	26.24	22.25	21.86	17.20	18.36	20.86	24.10	26.62
Others	8.10	8.04	6.86	9.12	8.50	-	-	-	-	-
Cocoa Marketing	0.54	0.46	0.40	0.32	0.17	0.39	1.29	1.99	0.26	0.43
Commerce and Finance	-	-	-	-	-	20.46	19.84	17.02	17.75	21.26
Miscellaneous										
o/w mortgage loans	-	-	-	-	-	8.29	10.84	9.52	12.87	6.97
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Calculated from various issues of Bank of Ghana, *Statistical Bulletin*

TABLE 3.7: Financial Deepening, 2008-2020

Year	*Nominal M2+ (GH¢ mm)*	*Nominal M1 (GH¢ mm)*	*Currency Cu (GH¢ mm)*	*Private Sector Credit (GH¢ mm)*	*Nominal GDP[2] (GH¢ mm)*	*M2+/GDP*	*M1/GDP*	*Cu/GDP*	*Cu/M2+*	PSC/GDP
2008	8,061.20	3,801.60	1,663.80	4,884.30	17,211.70	0.47	0.22	0.10	0.21	0.28
2009	10,233.08	4,159.53	2,084.44	5,653.96	22,336.00	0.46	0.19	0.09	0.20	0.25
2010	13,775.46	6,439.28	2,925.85	6,776.62	24,101.00	0.57	0.27	0.12	0.21	0.28
2011	18,195.19	8,714.40	3,763.27	8,752.36	27,486.00	0.66	0.32	0.14	0.21	0.32
2012	22,620.05	11,156.74	4,918.56	12,584.70	30,040.00	0.75	0.37	0.16	0.22	0.42
2013	26,937.02	12,902.52	5,499.68	15,192.31	124,477.58	0.22	0.10	0.04	0.20	0.12
2014	36,843.07	17,257.51	6,896.22	20,633.85	128,032.96	0.29	0.13	0.05	0.19	0.16
2015	39,526.20	17,524.13	6,610.64	26,200.00	130,748.23	0.30	0.13	0.05	0.17	0.20
2016	56,692.09	25,460.62	10,139.81	35,409.01	135,158.97	0.42	0.19	0.08	0.18	0.26
2017	66,171.97	29,846.99	10,707.89	37,661.80	146,145.91	0.45	0.20	0.07	0.16	0.26
2018	76,380.39	34,645.61	11,940.91	45,681.52	155,207.07	0.49	0.22	0.08	0.16	0.29
2019	92,952.95	43,473.19	14,335.53	56,491.32	165,307.59	0.56	0.26	0.09	0.15	0.34
2020	120,521.82	60,826.18	20,889.63	54,438.54	165,992.70	0.73	0.37	0.13	0.17	0.33

Source: Calculated from various issues of Bank of Ghana *Statistical Bulletin*

[2] Note that GDP values for the period 2013-2020 have been updated to reflect constant 2013 prices

(12.1%) and November (5.8%). On the other hand, export trade received the least (0.34%) share of DMB credit, followed by cocoa marketing (0.43%). Comparing the sectoral shares of DMB credit in 2020 to those of 2019, the agricultural sector was second to the Miscellaneous o/w mortgage loans sector, recording a substantial cut in its share by 2.1 percentage points, from 5.76% (2019) to 3.68%.

Financial Deepening

Financial deepening is measured by money supply-to-GDP (M1/GDP or M2+/GDP), the ratio of currency in circulation to GDP (Cu/GDP), ratio of currency in circulation to broad money (Cu/M2+), and ratio of private sector credit to GDP (PSC/GDP).

From Table 3.7, except for the PSC/GDP ratio, all the indicators of financial deepening increased in the reviewed year. The ratio of money supply to GDP grew by 29.12% and 39.34% for M2+/GDP and M1/GDP respectively. Thus, M2+/GDP increased from 0.56 (2019) to 0.73 (2020); while M1/GDP rose from 0.26 to 0.37 within the same period, indications of more liquid money in the economy in 2020 than in 2019. The proportion of cash in the hands of the general public (Cu/GDP) rose from 0.09 in 2019 to 0.13 in 2020. This may have been partly driven by the general uncertainties that characterised the year, resulting in panic withdrawals and/or buying thereby increasing the need to hold cash. The Cu/M2+ ratio which declined in 2019, bounced back in 2020 with a growth rate of 12.39%. On the other hand, the private sector credit-to-GDP ratio which grew by about 16.1% from 0.29 in 2018 to 0.34 in 2019, recorded negative growth of about 4.0% in 2020.

Rural and Community Banks

Even though rural banks primarily target people in rural and remote areas, their services have expanded to peri-urban and urban areas thereby reaching a wider range of customers. Rural banking in Ghana has seen some advancement in the areas of technology and services in order to keep up with the changing needs of customers and competition from the DMBs. Just like the commercial banks, the rural and community banks (RCBs) had their fair share of the repercussions from the pandemic in terms of doing business. They had to resort to the use of digital channels to enable remote customer access to almost all banking services[3] in order to sustain business relationships. This new way of doing business was expected to have some implications for the performance of RCBs, given the additional costs incurred and uncertainties about customer acceptance of this new way of doing business.

TABLE 3.9: Performance of Rural and Community Banks, 2019-2020

Performance Indicator	*Dec. 2019 (GH¢ mn)*	*Dec. 2020 (GH¢ mn)*
Total Assets	4,688.32	6,170.88
Total Advances	1,499.16	1,688.76
Total Investments	1,829.60	2,894.45
Cash Holdings & Balances with Banks	683.21	870.46
Total Deposits	3,908.99	5,353.11
Net Worth	-	-

Source: Compiled from Bank of Ghana, *Statistical Bulletin* (various years)

From Table 3.9, there was a striking increase in the performance indicators of RCBs (assets, liabilities, investments, cash holdings and balances with banks, and deposits) in 2020. Total assets increased from GH¢4,688.32 million (2019) to GH¢6,170.88 million; representing growth of about 31.6%. Total deposits were also up, by 36.9% from GH¢1,829.60 to GH¢2,8944.5 within the same period (Table 3.9). The biggest growth (58.2%) was recorded in total investments, a 43.9 percentage point rise relative to 2019 and the highest rate of change

[3] The *Rural Banker*, 2020. Issue 11, Q3.

in at least five years. Cash holdings and balances with banks grew by about 27.4%; representing only about 1.4 percentage points increase in growth compared with the preceding year's growth rate.

Ghana Stock Exchange

The stock market was not spared from the global uncertainties. Three companies exited the market in 2020 bringing down the number of listed companies to 36. Even though the year ended with market capitalisation of GH¢54,374.88 million, a 4.25% decline relative to the value at end-2019, this was nonetheless better than the 7.11% decline recorded between 2018 and 2019. The Ghana Stock Exchange (GSE) Composite Index[4] declined by almost 13.98% from 2,257.15 (2019) to 1,941.59 (2020), almost equivalent to the preceding year's decline. Despite having an extra trading day in 2020 compared with 2019, the total number of transactions for the entire year fell substantially from 17,288 (2019) to 11,650, resulting in a decline of 32.6% in the volume traded in the reviewed year. More specifically, the total volume traded in 2020 was 695,396,188 reflecting 2,792,756 daily average volume traded compared with 3,816,967,510.00 and 15,390,998 respectively in 2019. The total value generated from the transactions at the end of the year was GH¢575,269,873.22, down by 7.8% relative to total value traded in 2019.

Unlike the preceding year when the finance sector dominated the total volume traded, in 2020, transactions in ICT sector constituted 84.8% of total volume traded, and this was almost entirely driven by MTN Ghana's trading activities. Transactions from the finance sector which formed 92% of total volume traded in 2019 were just about 7% in the reviewed year. A sectoral distribution of trades revealed that the decline in total volume traded was largely driven by underperformance in the finance, manufacturing and mining sectors. For instance, with 4,508 number of trades (3,753 fewer than in 2019) in the finance sector, the total volume of trades was cut by 45.4% in 2020.

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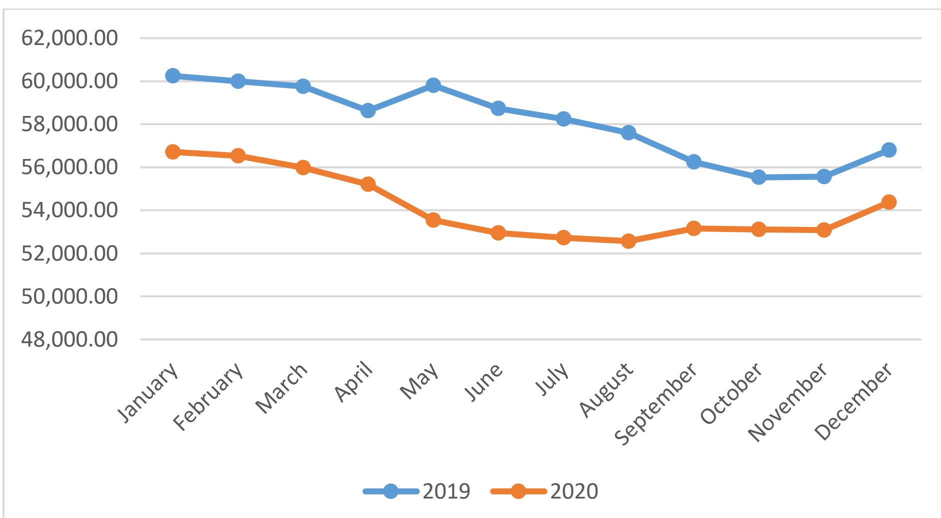
[4] Shows the changing average value of share prices of all listed companies

Unlike 2019 when the traded volume from the finance sector was exclusively driven by Ecobank Transnational Incorporated (ETI) and constituted 99% of the total volume traded in the sector, in 2020, CAL Bank and Ghana Commercial Bank (GCB) were the main drivers, together constituting 67.3% of total volume traded in the sector. The volume from ETI was just about 7.8% of the total volume traded in the finance sector in 2020. The manufacturing and mining sectors also recorded declines in volume traded by 88.8% and 94.9% respectively. Even though the traded volume in the distribution sector tripled, in addition to impressive gains in the food and beverage and ICT sectors, these gains were not enough to offset the negative growth from the finance and manufacturing sectors.

Figure 3.3: Market capitalisation, January 2019-December, 2020 (GH¢ million)



Source: Ghana Stock Exchange, Market Report (2019–2020)

The stock market was relatively less concentrated in 2020 than it was in 2019 given that the top three volume leaders (MTN Ghana, GOIL and CAL bank), together accounted for about 90% of the total volume traded compared with the 98% dominance by the top three (ETI, MTN-Ghana and Ayrton Drugs) in 2019. The traded value from the top three value leaders (MTN-Ghana, GCB[5] and Ecobank Ghana (EGH)) formed almost 80% (down by about 4 percentage points) of the total value traded in the market. Analogous to 2018 and 2019, the education sector[6] recorded no trade in the reviewed year.

The exchange traded funds and advertisement and production sectors that had no trades in 2019 recorded 12 and 21 trades respectively in 2020, yielding traded values of GH¢231,563.90 and GH¢6,102 respectively. Apart from the insurance sector, the number of trades declined in all other sectors. Even though the number of trades and the volume of trades in insurance-related stocks increased, the value traded declined marginally from GH¢8,033,093.34 (2019) to GH¢8,021,108.48 (2020).

Figure 3.4: Market capitalisation, 2007-2020 (GH¢ million)

Source: Ghana Stock Exchange, Market Report (2007-2020)

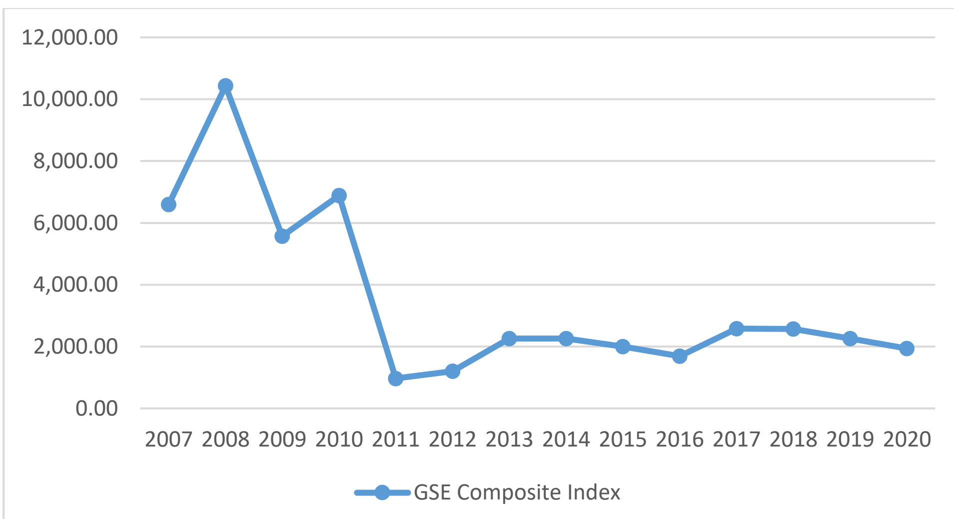
Similar to the preceding year, market capitalisation declined month-on-month for almost the entire year (except September and Decem-

[5] Ghana Commercial Bank (GCB)

[6] Meridian Marshall is an example of an education-related company

ber), with the biggest decline (3%) recorded in May. By August, market capitalisation had reached its lowest value (GH¢56,568.06) in at least 36 months. However, the market bounced back in September, recording month-on-month growth of 1.13% but this was short-lived given the decline recorded in October and November. Nonetheless, the year ended on a good note with 2.43% growth in December. Generally, the volatilities on the market were fairly stable in 2020 compared with the preceding year (see Figure 3.3). With the slow market activity in the year, it was not surprising to record a decline in the GSE composite index (Figure 3.5) by 13.98%, although about 1.73 percentage points higher than the decline recorded in 2019.

Figure 3.5: GSE Composite Index, 2007-2020



Source: Ghana Stock Exchange, Market Report (2007-2020)

Outlook for 2021

The year under review was an election year and the fiscal and monetary slippages associated with the political business cycle were expected. The devastating effects of the COVID-19 pandemic even in developed economies created some uncertainties and increased concerns of actors in the sector. The central bank responded by reducing the policy rate by 150 basis points to 14.5%, and further announced a number of measures including: deferment of interest payments on non-marketable instruments with BoG to beyond 2022; reduction in the primary reserve requirement from 10% to 8% for banks and microfinance institutions as well as a corresponding reduction in reserve requirements for savings and loans companies, finance houses and rural banks from 8% to 6% to mitigate the effects of the pandemic. In addition, the Bank reduced both the interest rates within the Ghana Reference Rate and short-term instruments by 200 basis points. Consequently, total liquidity increased by 30% during the year under review. Inflation at the end of the period was marginally (0.4 percentage points) above the targeted band of 8±2%, and most interest rates were lower than the corresponding rates in 2019. Meanwhile, the banking sector recorded growth in its assets despite COVID-19 effects. The local currency was relatively stable while rural and community banks showed resilience to COVID-19 shocks. Private sector credit increased marginally over that of the preceding year while the GSE recorded slower activities in 2020 than in the preceding year. Nevertheless, financial deepening indicators showed improvements in the year under review.

In conclusion, the outlook for 2021 remains positive but with some likely challenges. The fiscal slippages resulting from election spending, low fiscal revenue, increased COVID-19 alleviation spending as well as high interest payments on public debt – which are about 49.5% of tax revenue – pose significant challenges to the monetary sector. COVID-19 reliefs arising from BoG directives to banks as outlined above are likely to impact negatively on bank profitability. Secondly, attaining the inflation target of 8±2% is likely, but an uphill task while the exchange rate will depreciate marginally more than 2020 rates of change due partly to the double-digit fiscal deficit recorded and the means needed to finance the deficit in 2021. Remittance inflows will continue to increase to assist families for consumption needs and support the local currency. Recent Bank of Ghana data show that remittances to Ghana have been counter-cyclical. Thus, the outlook for 2021 and beyond looks brighter than the outcomes of the preceding year which were worsened by the devastating effects of COVID-19.

Chapter 4

International Trade and Payments

Introduction

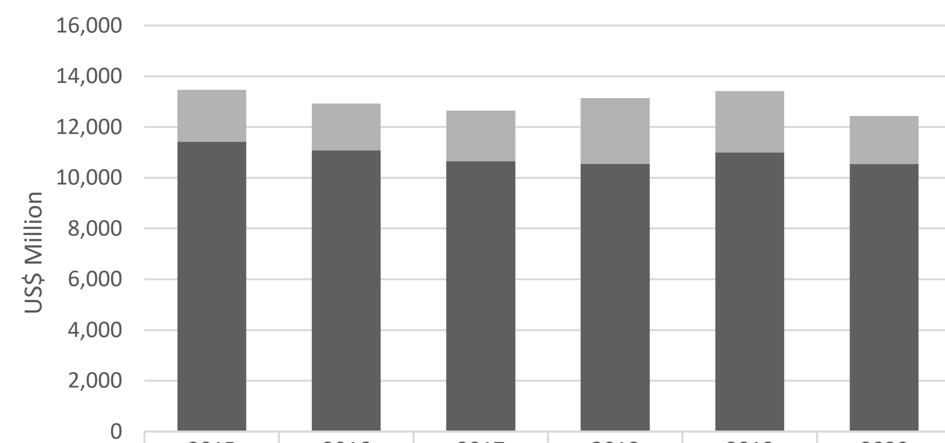
Ghana's balance of payments (BOP) position declined significantly in 2020 despite improvements in 2019. The deficit was on account of a further deepening of the current account deficit and the decline in net inflows in the capital and financial accounts. The current account deficit recorded a larger decline because of a lower trade surplus and higher services outflows. The decline in the trade surplus is on account of a relatively bigger contraction in receipts compared to expenditures. The relatively insignificant growth in Ghana's trade and deteriorating payments accounts can largely be attributed to the decline in global growth resulting from the adverse effects of the pandemic.

In 2020, there was a decline in Ghana's trade position. The balance of payments deteriorated in part due to the contraction in export receipts, especially from crude oil. Although cocoa prices on the international market remained unfavourable, the government provided strong cushioning for the cocoa sub-sector, which mitigated the negative effects of the fall in world prices of cocoa. In 2020, some volatility was experienced in the exchange rate due to both internal and external factors. Relative to its major trading currencies, the Ghana cedi depreciated on account of external factors, foreign exchange supply constraints, and seasonal demand pressures. Pressures from corporate demand, energy-related forex demand, and pandemic-induced portfolio outflows were offset by gains in forex inflows mainly from the Eurobond issuance and the IMF Rapid Credit Facility.

Trade Sector Performance

The balance of trade account, or net exports, is a component of the balance of payments account which measures the difference between total merchandise exports and total merchandise imports. A positive net export position means a balance of trade surplus while a negative net export position signifies a deficit in the trade balance.

Figure 4.1: Oil and Non-Oil Imports, 2015-2020 (US$ million)



	2015	2016	2017	2018	2019	2020
Oil	2,047	1,834.89	1,992.15	2,580.90	2,420.30	1,890.54
Non-Oil	11,418	11,085.22	10,655.20	10,553.20	10,990.40	10,538.02

Source: Bank of Ghana

Ghana recorded a lower surplus of US$2,043.0 million in 2020 compared to US$2,256.8 million in 2019. Merchandise export value reached US$14,471.5 million in 2020, a decline of 7.6% over the previous year's US$15,667.5 million (Table 4.1). Imports decreased by 7.3% from US$13,410.7 million in 2019 to US$12,428.6 million in 2020.

The contractions reflect a slowdown in import demand due to the COVID-19 pandemic. Figure 4.1 shows the proportional contributions of non-oil and oil imports from 2015 to 2020. The share of oil imports in total imports decreased from 18% in 2019 to about 15.2% in 2020.

Balance of Payments

The balance of payments provides a record of a country's payments and receipts involving trade in goods, services, and financial assets with the rest of the world over a specified period. Where payments exceed receipts, a deficit in the balance of payments account has occurred, and where receipts exceed payments, a surplus in the balance of payments account has occurred.

Ghana's balance of payments recorded a deficit in 2020 compared to the surplus in 2019. This deficit is due, in part, to a worsening of the current account deficit that was not countered by the positive outturn in net inflows in the financial and capital accounts. The higher current account deficit in 2020 was on account of an increase in the net services deficit which outweighed the marginal gains accruing from a lower net income deficit and an increase in the transfer account balance (due to increases in net private inward remittances and net official payments). Consequently, the services, income, and transfer accounts together recorded a deficit of US$4.18 billion. The positive net inflows from the financial and capital accounts in 2020 were lower than those of 2019. This was due to significant decline in net inflows of foreign direct investment (FDI) and higher portfolio investment outflows due to the heightened economic uncertainties associated with the pandemic. Due to these developments, the financial and capital account recorded a surplus of US$1.85 billion in 2020 compared to the significant surplus of US$3.02 billion recorded in 2019.

TABLE 4.1: Summary of Ghana's Balance of Payments, 2018-2020 (US$ million)

	2018	*2019*	*2020*
A. Current Account	-2,043.9	-1,864.0	-2,135.0
Merchandise Exports (f.o.b.)	14,942.7	15,667.5	14,471.5
Merchandise Imports (f.o.b.)	-13,134.1	-13,410.7	-12,428.6
Non-oil	-10,553.2	-10,990.4	-10,538.0
Oil	-2,580.9	-2,420.3	-1,890.5
Merchandise Trade Balance	-1,808.6	-2,256.8	-2,043.0
B. Balance on Services, Income and Transfers	-3,850.5	-4,120.8	-4,177.9
Services (net)	-2,510.2	-3,572.8	-4,511.3
Credit	7,570.3	9,924.8	7,605.6
Debit	-10,080.5	-13,497.6	-12,116.8
Income (net)	-3,923.4	-3,952.1	-3,399.6
Credit	598.3	482.9	738.5
Debit	-4,521.6	-4,435.1	-4,138.0
Transfers (net)	2,583.0	3,404.1	3,732.9
Private (net)	2,564.3	3,386.4	3,564.8
Official (net)	18.7	17.6	168.1
C. Financial and Capital Account	1,618.1	3,067.6	1,852.9
Capital Transfers	257.8	257.1	250.1
Direct Investments	2,908.2	3,292.1	1,333.4
Other Investments	-1,547.9	-481.5	269.4
D. Net Errors and Omissions	-217.9	137.3	-350.4
Overall Balance	-671.5	1,341.0	-632.5
E. Reserves and Related Items	671.5	-1,341.0	632.5
Changes in International Reserves	671.5	-1,341.0	632.5
IMF Position (net)	0.00	0.00	0.00
Holdings of SDR	0.00	0.00	0.00
Other Reserve Changes	671.5	-1,341.0	632.5
Exceptional Financing	0.00	0.00	0.00

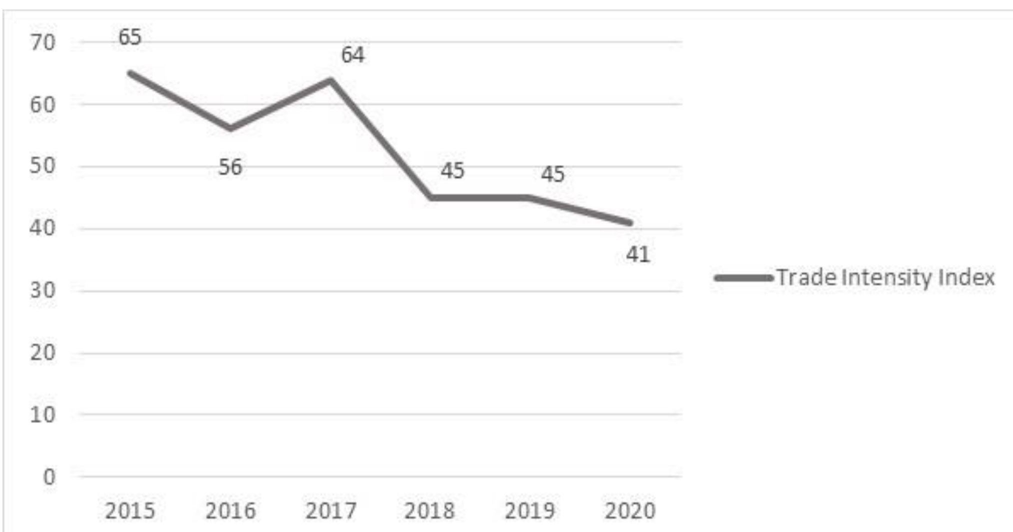
* Provisional
Source: Bank of Ghana

The reserve account records changes in the amount of reserves held by the central bank. These include gold, foreign currencies, and the IMF position. Due to the decline in the current account balance and the lower improvement in the financial and capital account balances noted above, there was a change in the reserve position between 2019 and 2020. Ghana's gross international reserves stood at US$8.62 billion (equivalent to 4.1 months of import cover) at the end of December 2020, from a stock position of US$8.42 billion (equivalent to 4.0 months of import cover) at the end of December 2019.

Openness to Trade in Commodities

The Trade Intensity Index (TII), calculated as the ratio of total trade to gross domestic product ([Exports + Imports]/GDP), is a measure of the size of Ghana's trade with the rest of the world relative to its national economy. Figure 4.2 shows that Ghana's TII has been on a downward trend since 2014, falling from 72% in 2014 to 43% in 2018. However, there was marginal TII improvement of 45% in 2019, but the index declined to 41% in 2020.

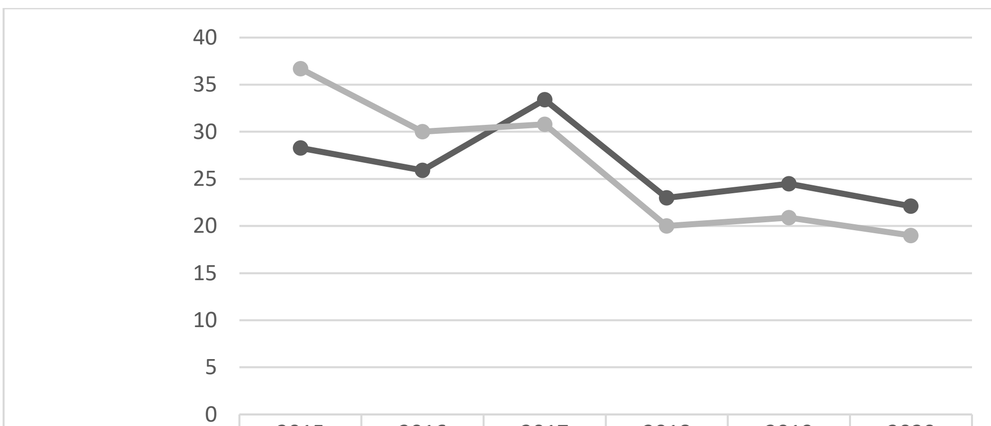
Figure 4.2: Ghana's Trade Openness, 2015-2020 (%)



Source: Calculated using data from the Bank of Ghana

This can be attributed to the decline in exports, owing to challenges in international markets. Merchandise exports decreased by US$1,196 million compared to an increase of US$724.8 million in 2019, while merchandise imports decreased by US$982.1 million compared to a US$276.6 million increase in 2019. Trends in merchandise imports and exports over time (Figure 4.3) show that in 2020, the export share (measured as Exports/GDP) decreased by 2.4 percentage points while the import share (measured as Imports/GDP) decreased by 1.9 percentage points (Figure 4.3).

Figure 4.3: Trends in Merchandise Imports and Exports, 2015-2020 (% of GDP)



	2015	2016	2017	2018	2019	2020
Export/GDP	28.3	25.9	33.4	23	24.5	22.1
Import/GDP	36.7	30	30.8	20	20.9	19

Source: Calculated using data from the Bank of Ghana

Key Export Commodities

Ghana's reliance on a few primary commodity exports has made the country vulnerable to volatility in world commodity prices. Gold and cocoa continued to account for Ghana's top export receipts in 2020 (Table 4.2). Between 2019 and 2020, export revenue from cocoa increased by about 1.2%, while revenue from timber decreased by 24.1%. Export revenue from minerals increased by 4.8%. In 2020, earnings from other exports, including the non-traditional exports (NTEs), fell by 4.9% from the previous year.

TABLE 4.2: Merchandise Export Earnings, by Sector, 2016-2020 (US$ million)

	2016	*2017*	*2018*	*2019*	*2020**
Gross Total Exports (US$ million)	11,061.2	13,751.9	14,942.7	15,667.5	14,471.5
of which:					
1. Cocoa Total	2,572.2	2,711.2	2,180.5	2,288.4	2,315.5
% Contribution	23.2	19.7	14.6	14.6	16.0
2. Minerals Total	5,060.5	5,999.5	5,760.0	6,678.7	6,998.2
% Contribution	45.8	43.6	38.5	42.6	48.4
3. Timber Total	254.3	183.1	221.5	169.0	128.3
% Contribution	2.3	1.3	1.5	1.1	0.9
4. Other Exports	3,174.2	4,858.1	6,870.7	6,531.4	5,029.5
% Contribution	28.7	35.3	46.0	41.7	34.8

* Provisional
Source: Bank of Ghana

Cocoa

Cocoa continues to be a vital foreign exchange earner for Ghana. In 2020, cocoa exports increased by about 1.2% in total value, reaching US$2,315.5 million from US$2,288.4 million in 2019 (Table 4.3). The unit price of cocoa beans declined by about 0.8% while the unit price of cocoa products increased by 3.66% in 2020. However, both cocoa beans and cocoa product recorded declines in export volume by 0.6% and 2.6% respectively.

The government of Ghana (GoG) continues to invest in the cocoa sub-sector in order to uphold its position as one of Ghana's most important sub-sectors for economic development. For example, the

GoG forfeited its share of the free-on-board (FOB) price for the third year running to protect cocoa farmers from market price volatility and income uncertainties. Additionally, the GoG increased the producer price of cocoa by 28% (from GH¢8,240 per tonne to GH¢10,560 per tonne) to ensure sustained cocoa production. This measure aimed to discourage cocoa farmers from substituting cocoa production with short-term crops which may not yield much financial benefit in the long run. Additionally, the GoG created 110,000 jobs within the cocoa sector (an improvement on the 105,320 jobs created in 2019) to encourage the participation of the youth in cocoa farming and to curb rural-urban migration of such youths.

TABLE 4.3: Cocoa Exports, 2016-2020

Product	*2016*	*2017*	*2018*	*2019*	*2020*
Cocoa Total (US$ million)	2,572.2	2,661.4	2,180.5	2,288.4	2,315.5
of which:					
1. Cocoa Beans (US$ million)	1,923.3	1,903.5	1,406.5	1,451.4	1,467.46
Volume (000 tonnes)	621.5	700.0	648.2	613.2	609.3
Unit Price (US$/tonne)	3,094.6	2,719.8	2,169.7	2,366.9	2,347.32
2. Cocoa Products (US$ million)	648.9	757.9	773.5	837.0	848.0
Volume (000 tonnes)	181.6	234.4	261.1	280.7	273.3
Unit Price (US$/tonne)	3,573.7	3,233.7	2,961.9	2,981.5	3,090.75
% Cocoa Processed***	22.6	25.1	28.7	31.4	31.0

* Provisional; ***Calculated using volumes of cocoa products and beans
Source: Bank of Ghana

The Ghana Cocoa Board (COCOBOD) collaborated with Côte d'Ivoire's Coffee and Cocoa Board (CCC) to institute the Living Income Differential (LID) to safeguard farmers against price shocks. COCOBOD also embarked on several productivity enhancing projects such as cocoa rehabilitation, mass pruning, artificial pollination, and mass spraying. The government in collaboration with COCOBOD continues the distribution of high-quality fertilizers which have been rigorously tested by the Cocoa Research Institute of Ghana (CRIG). COCOBOD also initiated the process to have a cocoa farmer database which would help synergize operations within the cocoa sector.

COCOBOD made efforts in 2020 to promote the consumption of cocoa products. Consumption of made-in-Ghana chocolate products increased following programmes such as the celebration of National Chocolate Week and Ghana's participation in the 2020 Tea-Coffee-Cocoa Expo in China to showcase the country's cocoa products.

Minerals

In 2020, total earnings of the minerals sub-sector increased by about 4.8% to US$6,998.2 million, from US$6,678.7 million in 2019 (Table 4.4). The share of gold in total mineral exports increased by nearly

TABLE 4.4: Mineral Exports, 2016-2020

Item	*2016*	*2017*	*2018*	*2019*	*2020**
Minerals Total (US$ million) of which:	5,060.5	6,004.7	5,760.0	6,678.7	6,998.18
1. Gold (US$ million)	4,919.5	5,786.2	5,435.7	6,229.7	6,799.09
Volume (fine oz.)	3,843,446	4,614,656	4,244 597	4,490 399	3,854.011.78
Unit price (US$/oz.)	1,280.0	1,253.9	1,280.6	1,387.3	1,763.49
2. Diamonds (US$ million)	2.1	2.8	1.9	0.83	0.42
Volume (carats)	53,070	81,618	57,531	33,760	14,997.20
Unit price (US$/carat)	38.7	34	33	25	13.06
3. Bauxite (US$ million)	38.7	50.9	25.4	36.0	37.72
Volume (tonnes)	1,202,500	1,631,001	792,889	1,124,703	1,251,957
Unit price (US$/tonne)	32.2	31.2	32.0	32.0	30.01
4. Manganese (US$ million)	100.2	164.5	297.0	412.2	160.95
Volume (tonnes)	2,056,359	2,853,694	4,386,094	5,835,715	2,660,367
Unit price (US$/tonne)	48.7	57.7	67.7	70.6	45.61

* Provisional *Source*: Bank of Ghana

four percentage points between 2019 and 2020. However, within the same time frame, gold earnings increased by 9.1% compared to the 14.6% increase from 2018 to 2019. This reduction in gold earnings could be attributed to a decline in export volume (14.2%) despite a 27.1% increase in unit price. Gold earnings contributed 97.2% of the total earnings of the sub-sector while diamonds, bauxite, and manganese accounted for the remaining 2.8%.

Diamonds recorded a sharp decrease in volume exported (55.6%) and a decrease in the unit price (47.8%) in 2020. Further, bauxite recorded a 10.2% increase in volume exported and a 6.2% decline in its unit price, while manganese recorded a substantial decrease in volume exported (54.4%) and a 35.4% decrease in its unit price.

Timber and Timber Products

Since 2016, there has been a steady decline in the volume of timber exports whereas its unit price has been fluctuating. Between 2019 and 2020, export earnings from timber decreased from US$169 million to US$128.3 million (Table 4.5). In 2020, there was a 25.8% decline in export volume but a marginal increase in unit price by about 2%.

TABLE 4.5: Exports of Timber and Timber Products, 2016-2020

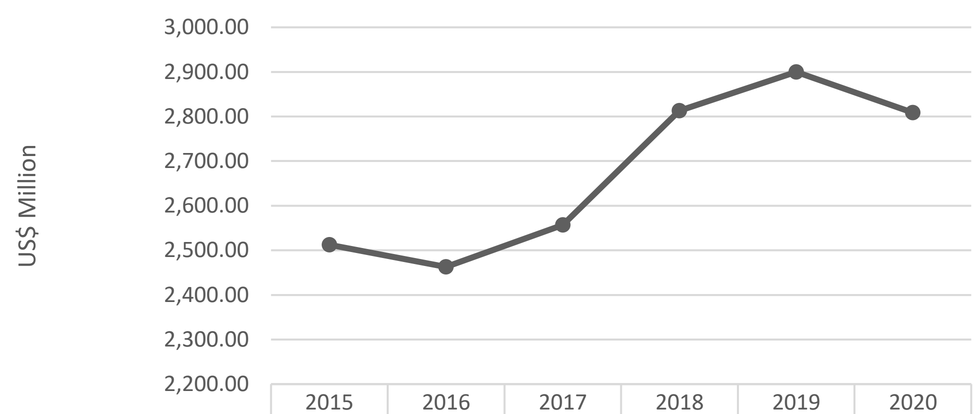
Item	*2016*	*2017*	*2018*	*2019*	*2020**
Value (US$ million)	255.7	215.0	221.5	169.0	128.3
Volume (m^3)	393,943	338,581	330,102	300,455	223,062
Unit Price (US$/$m^3$)	649.1	634.9	670.9	562.5	573.62

* Provisional
Source: Bank of Ghana

Non-Traditional Exports (NTE)

In 2020, earnings from the non-traditional exports (NTE) sub-sector decreased by 3.14% in value to US$2,808.8 million, from US$2,900.0 million in 2019 (Figure 4.4). Earnings from agricultural exports decreased by about 7.16% from US$430.2 million in 2019 to US$399.4 million in 2020 (Table 4.6). Furthermore, exports from processed and semi-processed products fell by 3.12% from US$2,455.2 million in 2019 to US$2,378.7 million in 2020. Handicraft exports rose in value by 111% from US$14.5 million in 2019 to US$30.6 million in 2020.

Fig.4.4: Trend in Total Non-Traditional Exports, 2015-2020 (US$ million)



	2015	2016	2017	2018	2019	2020
Total value of NTE	2,512.70	2,462.80	2,556.80	2,812.90	2,900	2,808.80

Source: Ghana Export Promotion Authority (GEPA), *NTE Performance Report 2020*

TABLE 4.6: Non-Traditional Exports, by Export Category, 2019-2020

Export Category	*2019 (US$ mn)*	*2020 (US$ mn)*	*% Change*
Agricultural Products	430.2	399.4	-7.16
Handicrafts	14.5	30.6	111
Processed/Semi-Processed	2,455.2	2,378.7	-3.12

Source: GEPA, NTE Performance Report 2019

In the processed and semi-processed category, the five important earners, in decreasing order, were: cocoa paste, cocoa butter, articles of plastic, canned tuna and iron/steel rods (Table 4.7). The single most significant contributor to NTE earnings was cocoa paste, making up 21.9% of the total. Earnings declined for two of these top five products, while cocoa paste, articles of plastic and iron/steel circles, rods, sheets, billets recorded an increase of 158.2%, 7.4% and 30%, respectively.

TABLE 4.7: Top Five Processed/Semi-Processed Products, 2020

Rank	*Product*	*2019 (US$ million)*	*2020 (US$ million)*	*% Change*
1	Cocoa Paste	179.5	463.4	158.2
2	Cocoa Butter	334.5	253.0	-24.4
3	Articles of Plastic	145.7	156.5	7.4
4	Canned Tuna	165.8	127.9	-22.9
5	Iron/Steel circles, rods, sheets, billets	91.2	118.6	30.0

Source: GEPA, NTE Performance Report 2020

In the agricultural products category, the five important earners, in decreasing order, were: cashew nuts, banana, fresh or chilled tuna, mangoes, and shea nut (Table 4.8). Between 2019 and 2020, earnings from these categories of agricultural products declined except for mangoes, which increased by 64%, respectively. As in previous years, cashew nuts made the highest contribution to agricultural products (about 56.8%), while mangoes recorded the highest percentage change at 64%.

In the handicraft category, the top five earners, in descending order, were: ceramic products, basketware, mats, hides and skins and paintings and drawings (Table 4.9). Basket ware, hides and skins and paintings and drawings recorded a decline of 8.3%, 50.7% and 53.7% respectively while ceramic products grew by 138.8% between 2019 and 2020.

TABLE 4.8: Top Five Agricultural Products, 2020

Rank	*Product*	*2019 (US$ million)*	*2020 (US$ million)*	*% Change*
1	Cashew Nuts	237.9	217.8	-8.4
2	Banana	63.8	40.7	-36.2
3	Fresh or Chilled Tuna	38.9	27.3	-29.8
4	Mangoes	12.5	20.5	64
5	Shea Nuts (karité nuts)	27.1	13.7	-49.4

Source: GEPA, *NTE Performance Report 2020*

TABLE 4.9: Top Five Handicraft Products, 2020

Rank	*Product*	*2019 (US$ million)*	*2020 (US$ million)*	*% Change*
1	Ceramic Products	11.6	27.7	138.8%
2	Basketware	1.2	1.1	-8.3%
3	Mats	-	0.59	100%
4	Hides and Skins	0.69	0.34	-50.7%
5	Paintings, Drawings	0.54	0.25	-53.7%

Source: GEPA, *NTE Performance Report 2020*

Direction of Trade

Origin of Imports

In the first three quarters of 2020, the two primary sources of imports were China and the United Kingdom (UK), accounting for 15% and 14.4%, respectively, of the total value of imports (Table 4.10). Between 2016 and 2019, imports from China fell from 16.7% of total imports in 2016 to 12.4% in 2019 but rose again in 2020 to 15%. Netherlands and Canada became key import origins for Ghana in 2020.

Destination of Exports

In 2020, Ghana's leading export destination was China, receiving 19.9% of Ghana's exports, taking the place of India, which had been the leading export destination since 2015. Switzerland and South Africa followed with 15.9% and 13.4% respectively (Table 4.11). Japan, Nigeria and Germany were substantial export destinations for Ghana in 2020. Exports to the rest of Africa continued to be minimal, at less than 10% of total exports in 2020. Ghana's export earnings are still quite vulnerable due to reliance on a narrow range of commodities, as well as a narrow range of export markets.

Exchange Rate Developments

In 2020, the foreign exchange market was relatively stable and the Ghana cedi performed better than in 2019. On the interbank market, the annual average exchange rate of the Ghana cedi against the US dollar depreciated by about 7.3% (and by 7.8% on the forex market) relative to 2019 (Table 4.12). However, by the end of December 2020, the Budget statement reported that the Ghana cedi had depreciated by 3.9%, 7.1%, and 12.1%, against the US dollar, the British pound sterling, and the euro, respectively (Figure 4.5).

External Debt and Capital Flows

Ghana's external debt in 2020 was US$24,715.77 million, a 21.7% increase over the 2019 figure of US$20,306.36 million (Figure 4.6). Between 2019 and 2020, bilateral debt decreased by 3.3%, while multilateral and commercial debts increased by 27.1% and 28.1%, respectively.

According to the 2021 Budget, the public debt stock as a ratio of GDP was 74.6% (in 2013 rebased GDP) as of December 2020. Excluding the financial sector bailout, the nominal debt stock as a ratio of GDP fell to 71.5%.

TABLE 4.10: Value of Ghana's Imports, by Major Origin, 2016-2020 (US$ million)

Region / Country	*2016*	*2017*	*2017 (3qs)*	*2018*	*2018 (3qs)*	*2019 (3qs)*	*2020 (3qs)*
DOTS World	11,361.0	12,718.1	9,664.0	11,880.5	8,151.4	7,739.2	7,900.6
Total	*(100.0)*	*(100.0)*	*(100.0)*	*(100.0)*	*(100.0)*	*(100.0)*	*(100.0)*
Region							
Emerging & Dev.	5,444.9	6,225.1	4,665.6	6,545.1	4,525.8	4,389.6	3,863.7
Economies	*(47.9)*	*(48.9)*	*(48.3)*	*(55.1)*	*(55.5)*	*(56.7)*	*(48.9)*
Advanced	5,524.6	6,469.7	4,980.9	5,277.7	3,532.5	3,333.7	3,995.0
Economies	*(48.6)*	*(50.9)*	*(51.5)*	*(44.4)*	*(43.3)*	*(43.1)*	*(50.6)*
Africa	863.7	1,085.0	803.7	1,153.1	853.1	791.8	692.8
	(7.6)	*(8.5)*	*(8.3)*	*(9.7)*	*(10.5)*	*(10.2)*	*(8.8)*
European Union	2,449.0	2,970.6	2,253.1	2,554.1	1,833.4	1.480.5	1.362.7
	(21.6)	*(23.4)*	*(23.3)*	*(21.5)*	*(22.5)*	*(19.1)*	*(17.2)*
Country							
China, P.R.:	1,964.6	2,134.2	1,613.4	2,272.6	1,504.5	1,476.2	1,183.8
Mainland	*(17.2)*	*(16.8)*	*(16.7)*	*(19.1)*	*(18.4)*	*(19.1)*	*(15.0)*
United Kingdom	1,106.7	1,099.1	893.7	604.1	*339.6*	371.4	1137.1
	(9.7)	*(8.6)*	*(9.2)*	*(5.1)*	*(4.2)*	*(4.8)*	*(14.4)*
United States	881.8	1200.1	925.2	953.7	*616.3*	732.8	572.2

TABLE 4.10 (Cont'd): Value of Ghana's Imports, by Major Origin, 2016-2020 (US$ million)

Region / Country	***2016***	***2017***	***2017 (3qs)***	***2018***	***2018 (3qs)***	***2019 (3qs)***	***2020 (3qs)***
	(7.8)	*(9.4)*	*(9.6)*	*(8.0)*	*(7.5)*	*(9.5)*	(7.2)
Vietnam	219.3	292.0	212.6	342.6	238.9	201.2	339.6
	(1.9)	*(2.3)*	*(2.2)*	*(2.9)*	*(2.9)*	*(2.6)*	*(4.3)*
Turkey	287.9 (2.5)	325.2 (2.6)	242.7 (2.5)	247.9 (2.1)	332.3 (4.1)	354.0 (4.6)	334.1 (4.2)
India	*527.6*	633.3	472.0	673.8	*461.0*	466.4	329.2
	(4.6)	*(5.0)*	*(4.9)*	*(5.7)*	*(5.7)*	*(6.0)*	*(4.2)*
Belgium	577.4	718.8	538.3	691.2	*484.6*	425.6	307.7
	(5.1)	*(5.7)*	*(5.5)*	*(5.8)*	*(5.9)*	*(5.5)*	*(3.9)*
Netherlands, The	268.5	237.0	175.5	259.6	195.8	150.4	278.6
	(2.4)	*(1.9)*	*(1.8)*	*(2.2)*	*(2.4)*	*(1.9)*	*(3.5)*
South Africa	333.0	410.4	303.8	406.3	297.0	259.0	239.4
	(2.9)	*(3.2)*	*(3.1)*	*(3.4)*	*(3.6)*	*(3.3)*	*(3.0)*
Canada	236.7	363.5	271.0	333.0	222.9	196.0	198.2
	(2.1)	(2.9)	(2.8)	*(2.8)*	*(2.7)*	*(2.5)*	(2.5)

Note: Figures in parenthesis show the percentage share of the country or region in Ghana's total imports

Source: IMF, Direction of Trade Statistics on CD-ROM, 2020

TABLE 4.11: Value of Ghana's Exports, by Major Destination, 2016-2020 (US$ million)

Region / Country	*2016*	*2017*	*2017 (3qs)*	*2018*	*2018 (3qs)*	*2019 (3qs)*	*2020 (3qs)*
DOTS World	10,537.2	14,357.5	10,321.0	17,096.6	13,056.5	11,871.2	14,212.9
Total	*(100.0)*	*(100.0)*	*(100.0)*	*(100.0)*	*(100.0)*	*(100.0)*	*(100.0)*
Region							
Advanced	3,735.8	5,169.1	3,619.8	6,395.6	4,894.4	4,684.8	6,881.6
Economies	*(35.4)*	*(36.0)*	*(35.0)*	*(37.4)*	*(37.5)*	*(39.4)*	*(48.4)*
European Union	1,318.9	2,181.5	1,515.2	3,191.9	2,380.5	1,811.3	2,386.2
	(12.5)	*(15.2)*	*(14.7)*	*(18.7)*	*(18.2)*	*(15.3)*	*(16.8)*
Emerging & Dev.	6,802.2	9,188.1	6,701.1	10,702.6	8,163.8	7,180.2	7,318.5
Economies	*(64.6)*	*(64.0)*	*(64.9)*	*(62.6)*	*(62.5)*	*(60.5)*	*(51.5)*
Africa	1,732.5	2,025.0	1,485.4	2,551.3	1,944.7	1,887.9	2,934.5
	(16.4)	*(14.1)*	*(14.4)*	*(14.9)*	*(14.9)*	*(15.9)*	*(20.6)*
Country							
China P.R: Main	941.8	2,381.4	1,736.3	2,032.3	1,548.0	1,782.7	2,827.8
	(8.9)	*(16.6)*	*(16.8)*	*(11.9)*	*(11.9)*	*(15.0)*	*(19.9)*
Switzerland	429.5	1,660.1	1,210.4	1,631.7	1,242.9	1,643.9	2,265.8
	(4.1)	*(11.6)*	*(11.7)*	*(9.5)*	*(9.5)*	*(13.8)*	*(15.9)*
South Africa	350.8	910.3	663.7	1,742.5	1327.2	1,281.7	1900.1
	(3.3)	*(6.3)*	*(6.4)*	*(10.2)*	*(10.2)*	*(10.8)*	*(13.4)*
Netherlands	443.0	884.6	609.9	1,228.6	871.7	614.3	1,214.7
	(4.2)	*(6.2)*	*(5.9)*	*(7.2)*	*(6.7)*	*(5.2)*	*(8.5)*

TABLE 4.11 (Cont'd) Value of Ghana's Exports, by Major Destination, 2016-2020 (US$ million)

Region/ Country	*2016*	*2017*	*2017 (3qs)*	*2018*	*2018 (3qs)*	*2019 (3qs)*	*2020 (3qs)*
	197.0	408.0	264.8	613.8	493.4	403.9	1074.4
United States	(1.9)	(2.8)	(2.6)	(3.6)	(3.8)	(3.4)	(7.6)
Japan	150.9	123.1	87.5	166.3	134.8	113.6	687.9
	(1.4)	*(0.9)*	*(0.8)*	*(1.0)*	*(1.0)*	*(0.9)*	*(4.8)*
United Arab Emirates	1,427.4	800.8	583.9	590.7	450.0	667.9	637.4
	(13.5)	*(5.6)*	*(5.7)*	*(3.5)*	*(3.4)*	*(5.1)*	*(4.5)*
India	1,557.8	2,689.4	1,960.9	3,670.4	2,795.7	2,161.4	602.8
	(14.7)	*(18.7)*	*(19.0)*	*(21.5)*	*(21.4)*	*(18.2)*	*(4.2)*
Nigeria	51.9 (0.5)	63.2 (0.4)	46.1 (0.4)	81.0 (0.5)	61.7 (0.4)	18.5 (0.2)	401.2 (2.8)
Germany	147.5	233.1	170.8	213.5	164.1	124.2	293.1
	(1.4)	*(1.6)*	*(1.7)*	*(1.2)*	*(1.3)*	*(1.0)*	*(2.1)*

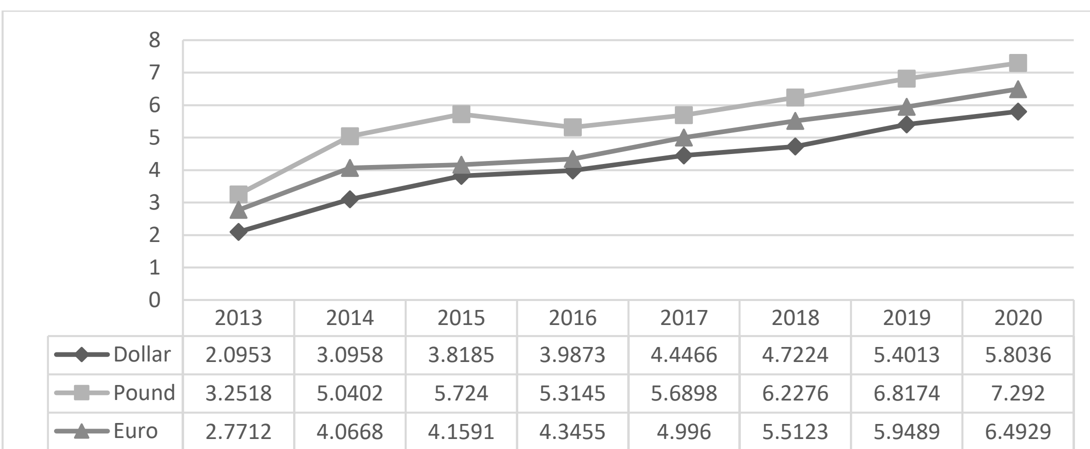
Note: Figures in parenthesis show the percentage share of the country or region in Ghana's total exports.
Source: IMF, Direction of Trade Statistics on CD-ROM, 2020

TABLE 4.12: Exchange Rates of Deposit Money Banks and Forex Bureaux, 2010-2020

Year	*Average Inter-bank Rate (GH¢/US$)*	*Annual Depreciation (%)*	*Average Forex Rate (GH¢/US$)*	*Annual Depreci-ation (%)*
2010	1.4738	3.17	1.4450	-1.19
2011	1.5505	5.2	1.5523	7.42
2012	1.8800	21.3	1.9006	22.4
2013	2.2000	17.0	2.0953	10.2
2014	3.2001	45.4	3.0958	100.1
2015	3.7714	17.9	3.8185	23.3
2016	3.9233	4.03	3.9873	4.42
2017	4.3562	11.03	4.4466	11.5
2018	4.5853	5.26	4.7104	5.93
2019	5.2174	13.79	5.3721	14.05
*2020	5.5968	7.27	5.7926	7.83

Note: Average rates are mid-rates (average of buying and selling rates)
* Provisional
Source: Bank of Ghana

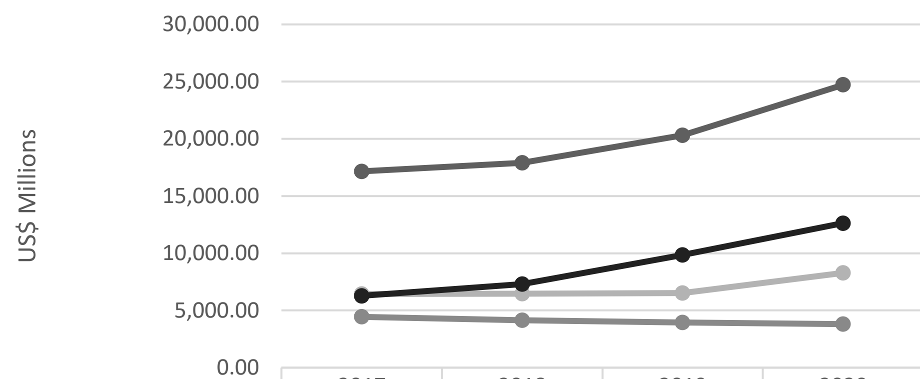
Figure 4.5: Exchange Rate Movements, 2013-2020



Source: Bank of Ghana

The increase in debt stock has been attributed to the issuance of the Eurobond in February 2020, COVID-19 pandemic effects, crystallization of contingent liabilities in the energy and financial sectors, coupled with lower-than-expected GDP growth.

Figure 4.6: External Public Debt, 2017-2020 (US$ million)



	2017	2018	2019	2020
Total External Debt	17,156.97	17,895.31	20,306.36	24,715.77
Multilateral Debt	6,436.84	6,458.16	6,512.46	8,280.17
Bilateral Debt	4,437.96	4,134.56	3,933.92	3,805.14
Commercial Debt	6,282.17	7,302.59	9,859.98	12,630.46

Source: Bank of Ghana

Outlook

The global economy contracted in 2020 following the outbreak of the COVID-19 pandemic. Economic growth and performance in emerging market and developing economies, including sub-Saharan Africa, have been severely affected by the pandemic. The devastating effect of the pandemic is likely to erode years of hard-won developmental and macroeconomic gains by emerging market and developing economies. This notwithstanding, the global economy is expected to grow in 2021, reflecting a positive turnaround on account of COVID-19 vaccine-powered economic activity and strong policy support from advanced economies. The turnaround is also likely to be due, in part, to fiscal stimulus packages to households and businesses and supportive central bank monetary policies, including expanded asset purchase programmes and funding-for-lending facilities. In sub-Saharan Africa, the key drivers of growth are expected to include improvement in export and commodity prices, as the global economy recovers, and increases in both private consumption and investment.

For most African countries, export growth has been affected by trade barriers. The trade tensions between China and the USA could increase volatility in financial markets, lower investment opportunities and change global supply channels, which would in turn stifle global growth and reduce commodity prices. For Ghana's resource-dependent economy (and for Africa in general), the effects could be quite detrimental since China and most of the euro area are Ghana's main export destinations for its primary commodities. Therefore, once growth slows down in these economies, the demand for primary commodity exports will fall, which will trigger many other challenges for African economies if efforts are not made to diversify from primary commodities. The short-term effects would play out in reduced export earnings and could be dire for Ghana's growth if the decline in major export destination countries is exacerbated. Such a situation is likely to directly impact the poor and vulnerable.[1]

The African Continental Free Trade Area (AfCFTA) commenced nominal operations on 1 January 2021. This is expected to positively impact growth by opening a large market outlet, high investment, improved welfare benefits from lower import prices, and higher value-added exports. If diligently followed through, initiatives such as these would help Ghana diversify and move away from its reliance on primary commodities.

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[1] For example, Kolavalli and Vigneri (2017) state that the roughly 800,000 rural households in Ghana's cocoa sector are vulnerable, with higher poverty rates relative to non-cocoa rural households. https://doi.org/10.2499/9780896292680

The effect of the pandemic has further revealed the vulnerability in Ghana's balance of payments position to seasonal and short-term fluctuations from terms of trade shocks on the global market, thereby leading to recurrent reductions of reserves and instability in the forex market. To better cushion the economy from shocks from the international market, the government intends to build external reserves to a minimum of four months of imports of goods and services. Furthermore, the government also wants to assess and implement projects that are self-financing in order to reduce debt levels.

In 2020, Ghana's external and domestic debt levels represented 37% and 39.1% of GDP, respectively. COVID-19 aggravated the situation in 2020 and together with the Financial Sector Bailout and the Energy Sector IPP payments, resulted in the debt-to-GDP ratio exceeding the ECOWAS threshold of 70% at the end of the year. This surge in public debt has therefore largely been attributed to the resources needed to embark on emergency response programmes due to the pandemic. This shows that the increase in public debt could pose a challenge to macroeconomic improvements as the government needs to find creative ways to increase revenue to cover expenditures. High debt-to-GDP ratios over an extended period tend to slow down economic growth. To curb Ghana's increasing debt levels, the government embarked on the 2020 Medium-Term Debt Management Strategy (MTDS) which was aimed at ensuring that the financing needs of the government are met on a timely basis at low borrowing costs and prudent degree of risk in addition to the development of the domestic debt market. This aims to ensure fiscal consolidation and minimise refinancing risks in the public debt portfolio. However, the government must take into consideration the significant impact of COVID-19 in subsequent years and be able to take effective medium- and long-term measures to increase overall debt sustainability.

Chapter 5

Agricultural Sector

Introduction

In spite of the considerable contraction in global economic activities by approximately 3.3 percent in 2020 due to the Covid-19 pandemic,[1] the agricultural sector has been relatively resilient. In Ghana for instance, a provisional growth rate of 7.4 percent was reported for the agricultural sector in 2020, which is 2.7 percentage points above growth levels during the pre-pandemic year of 2019. The agricultural sector has thus showed significant resilience compared with other sectors of the economy. Industry and services sectors grew by –3.6 and 1.5 percent, respectively, in 2020. These performances are down from relatively high growth rates (6.4 and 7.6 percent for industry and services respectively) during the pre-pandemic year of 2019. Although there is inadequate data to make attribution, it can be argued that recent anchor programmes such as the Planting for Food and Jobs (PFJ) could be driving the observed robust performance in the medium-term.

All the agricultural sub-sectors expanded in 2020, except the forestry and logging sub-sector that contracted by more than 9 percent. It seems that the level of direct exposure to world markets played an important role in domestic sub-sectoral performance. This is because, aside the poor growth performance of the forestry and

[1] Source International Monetary Fund World Economic Outlook (April-2021) https://statisticstimes.com/economy/countries-by-projected-gdp-growth.php.

logging sub-sector, the cocoa economy, which is highly dependent on international market forces, also grew slower in 2020 by about 3.5 percentage points compared with the growth rate in 2019 (1.9 versus 5.4 percent). It is worth noting that the fisheries sub-sector recovered very strongly from the relatively poor performances in recent years to record the highest agricultural sub-sector growth rate of more than 14 percent.

The rest of this chapter examines agricultural sector-related policy initiatives undertaken by the Government of Ghana (GoG) in 2020, and how these may have affected performance of the sector. The chapter concludes with a discussion and outlook for 2021 and beyond.

Policy Initiatives and Implementation in 2020

This section outlines agricultural sector-related policy initiatives undertaken by the GoG in 2020 through its ministries and departments as documented in the 2021 Budget Statement and Economic Policy document (Government of Ghana, 2020). The Ministry of Agriculture (MoFA) continue to promote the National Agricultural Investment Plan – of which the Planting for Food and Jobs (PFJ) programme has been the anchor vehicle for supporting producers in Ghana's agricultural sector since 2017. In 2020, government's intention was to continue implementing the PFJ programme together with other initiatives such as the Rearing for Food and Jobs (RFJ), Planting for Export and Rural Development (PERD), the Greenhouse Villages initiative, as well as boosting agricultural mechanization. Other complementary interventions include: irrigation and water management, agricultural marketing and post-harvest management.. For instance, the Ghana Irrigation Development Authority (GIDA), continued with the construction of various irrigation projects which are at various stages of completion: Tamne Phases I&II — 90 percent and 50 percent respectively; Mprumem Phase II — 95 percent, rehabilitation, modernisation, and expansion of existing schemes at Tono — 95 percent, Kpong Irrigation Schemes — 61 percent and Kpong Left Bank Irrigation Project — 72 percent. These projects when completed will make available a total land area of 7,690ha for year-round farming. In terms of marketing and post-harvest handling, MoFA through the Ghana Agricultural Sector Investment Project- GASIP constructed 74km feeder roads and farm tracks.

Crops

According to the 2020 Budget Statement of Ghana, 16 selected commodities[2] are being promoted under the Food Crop Production module of the PFJ. Based on the PFJ programme, the focus of government policy remains mainly the distribution of subsidized inputs. While there were plans to increase programme beneficiaries by nearly 17 percent, from about 1.2 million to 1.4 million, the 2021 Budget Statement reported that more than 1.7 million farmers benefited from fertilizers and improved seeds under the PFJ. The increase in target beneficiaries was aimed at combating the negative impact of the COVID-19 pandemic on food production. In 2020, the quantity of subsidized improved seed and fertilizer distribution to farmers increased by approximately 61 and 28 percent, respectively (Government of Ghana, 2020).

Aside from interventions in the food crops sub-sector, a Tree Crops Development Authority was established by an act of parliament in 2019 (Act 1010) to develop and manage the tree crop sub-sector. The Authority aims to focus on improving its structures and to rollout activities in 2021 to assist the Planting for Export and Rural Development Programme.

[2] They include maize, rice, sorghum, soybean, plantain, vegetables and Orange Flesh Sweet Potato.

Mechanization and post-harvest handling

Agricultural mechanisation levels are still very low in Ghana, with most of production carried out using manpower. As part of efforts to increase mechanization rates, 806 pieces of farm machinery and equipment were distributed to farmers, farmer groups, and service providers in 2020 at subsidized rates. In addition, €10 million was spent on the procurement of simple hand-held and medium-scale farm equipment for distribution to smallholder farmers and farmer groups at a subsidized rate. Although the majority of Ghanaian farmers are smallholders, only about 10 percent of the total amount is going to smallholder farmers and farmer groups. The Ministry of Food and Agriculture (MoFA) also procured 1,000 rice harvesters and 700 multipurpose threshers for distribution to rice farmers to help alleviate the drudgery of rice harvesting.

Post-harvest losses serve as an important disincentive to investments in Ghana's agriculture. The absence of appropriate storage infrastructure leads to seasonal food price fluctuations with attendant impacts on inflation. A government effort called the "One District, One Warehouse Initiative" aims to mitigate some of the post-harvest handling problems of the agricultural value chain. In 2020, the MoFA and the Ghana Buffer Stock Company, respectively, received 42 and 50 Grain Warehouses as part of the initiative.

Livestock and Fisheries

Ghana's livestock sector is often given less attention than crops, although nutritional security may not be achieved by focusing on crops alone. As part of efforts to boost the livestock sub-sector, the Ministry of Food and Agriculture procured 531,100 improved breeds of small ruminants (sheep and goats), piglets, and poultry for distribution to farmers as part of the Rearing for Food and Jobs Program. The Ministry also started building 116 livestock housing units and mechanized boreholes for seven livestock breeding stations.

For the fisheries sub-sector, construction of two hatcheries (at Sefwi Wiawso and Dormaa Ahenkro in the Western North and Bono Regions) and the refurbishment of another hatchery started in 2020 (at Vea in the Upper East Region). These efforts are targeted towards boosting the availability and supply of quality fingerlings. MoFA also started work on the National Aquaculture Centre and Commercial Farms in Amrahia, Greater Accra Region, to offer young people aquaculture skills training and encourage them to pursue aquaculture as a viable business.

Forestry and Logging

A total of 11,287 hectares of forest plantation was established under the National Afforestation Program, compared with a revised target of 12,000 hectares. In addition, 10.8 million seedlings were delivered and planted, including species such as ofram (*Terminalia superba)*, wawa (Triplochiton scleroxylon), kokrodua, teak, cedrela, gmelina, cassia, eucalyptus, and mahogany. The government has instituted a forest plantation initiative, and in 2020, about 71,100 persons were directly involved. In the Bono, Bono East, Ahafo, Western, and Western North Regions, 700 beneficiaries were trained and provided with initial start-up kits in seedling production, beekeeping, mushroom production, and soap making as part of the Forest Investment Programme, which aims to provide alternative livelihoods and reduce reliance on forest resources.

Agriculture Sector Performance

Table 5.1 presents growth rates for the agricultural sector and the various sub-sectors over the five year period of 2016 to 2020. Overall, the agriculture sector grew by 7.4 percent in 2020, representing a 2.8 percentage points increase over the 2019 growth rate. As Table 5.1 shows, some of the agricultural sub-sectors, for example livestock, did not expand at all in 2020 relative to 2019. Others expanded by between 3.4 percentage points for crops and 12.7 percentage points for fisheries. The strong growth of the fisheries sub- sector in 2020 could be attributed to the non-observance of the annual "closed fishing season" designed to enhance the replenishment of fish stock. While this may have produced a short-term increase in output, future stock could be negatively affected. The intensification of improved identification system for canoe operators on the sea and the increased sea and land patrols by the Fisheries Enforcement Unit in 2020 may also have contributed to the positive reversal of the sector's fortunes and should be continued.

Forestry and logging contracted by 9.2 percent, a worsening outcome when compared with the 2019 decline of 1.7 percent.

TABLE 5.1: Agricultural Sector Growth Rates, 2016-2020 (%)

Year	*Sub-Sectors*					
	Crops	*Cocoa*	*Livestock*	*Forestry/ Logging*	*Fisheries*	*All*
2016	2.2	–7.0	5.4	2.9	3.1	2.9
2017	7.2	9.2	5.7	3.4	–1.4	6.1
2018	5.8	3.7	5.4	2.4	–6.8	4.8
2019	5.3	5.4	5.4	–1.7	1.7	4.6
2020	8.7	1.9	5.4	–9.2	14.4	7.4
Mean (2016-20)	5.8	2.6	5.5	–0.4	2.2	5.2

Source: Ghana Statistical Service, National Accounts Statistics (2021)

Agriculture sector's contribution to the economy of Ghana

As Table 5.2 shows, agriculture's contribution to GDP increased in 2020, which is the first occurrence in five years (i.e., since 2016). This can be attributed to the relatively stronger performance of the agricultural economy relative to the rest of the economy in the presence of the pandemic.

TABLE 5.2: Sectoral Contribution to GDP, 2014-2019

Year	*Agriculture*	*Industry*	*Services*
2016	22.7	30.6	46.7
2017	21.2	32.7	46.0
2018	19.7	34.0	46.3
2019	18.5	34.2	47.2
2020	19.1	36.3	44.6
Average (2016-2020)	22.2	33.6	46.2

Source: Ghana Cocoa Board, National Accounts Statistics *(2021)*

But it must be noted that the approximately 0.6 percentage point increase in the sector's contribution to GDP between 2019 and 2020 is not the highest even since the discovery of oil in commercial quantities in 2011—between 2015 and 2017, the sector's contribution to GDP increased by 0.7 percentage point. Indeed, it must be noted that industrial sector contribution to GDP increased by a higher percentage point (about 2.1 percentage points) than the increase in agriculture sector's contribution; the services sector shrunk by about 2.6 percentage points. The strong performance of agriculture is mainly as a result of the significant growth performance of the fisheries and crops sub-sectors.

Agriculture continues to be an important contributor to Ghana's export earnings. Cocoa beans and cocoa products alone contributed more than 20–25 percent of non-oil export earnings between 2017 and 2020 (Government of Ghana, 2020). However, agricultural exports are still largely dominated by traditional commodities (cocoa and timber), which contributed about 81 percent of agricultural merchandise exports in 2020 (Table 5.3).

The external agricultural market seems to have been hard hit by the COVID-19 pandemic as all the three product categories experienced significant downturns in 2020 relative to 2019. Overall agricultural exports contracted by about 8.2 percent between 2019 and 2020 compared with the 1.5 percent decline between 2018 and 2019.

The highest decline in agricultural exports over the period came from timber products, which is a result of a continuing sub-sectoral downturn in recent years, even in the absence of the pandemic. Even though non-traditional agricultural exports fell by nearly 11 percent during the period under review, it must be noted that the 2020 decline was much slower than that of 2019 which saw non-traditional agricultural exports decline by more than 27 percent (Table 5.3). Nonetheless, non-traditional agricultural exports performed better year-on-year than overall non-traditional exports as the downturn for the latter was approximately 2.4 percentage points higher than for the former (–10.8 versus –13.3). (Figure 5.1).

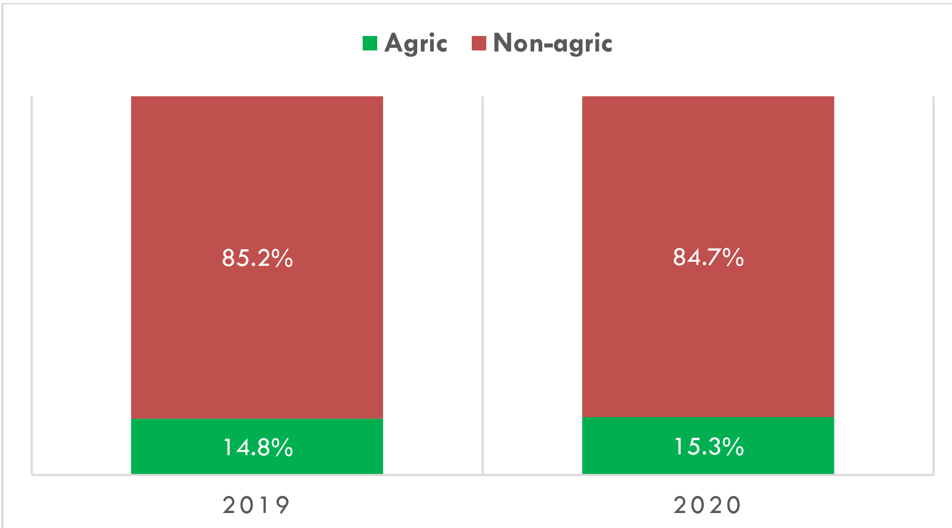
TABLE 5.3: Earnings from Traditional and Non-traditional Agricultural Exports 2018-2020

	Value ($ million)				*Share of Agric. Export (%)*			
	2018	*2019*	*2020*	*% change (2019-20)*	*2018*	*2019*	*2020*	*% change (2019-20)*
Cocoa beans	1,406.5	1,573.00	1489.94	–5.3	63.39	71.96	74.23	2.27
Timber products	221.4	182.6	133.64	–26.8	9.98	8.35	6.66	–1.70
Non-traditional	591.0	430.2	383.61	–10.8	26.63	19.68	19.11	–0.57
Total	2,218.90	2,185.80	2,007.19	–8.2	100	100	100	–

Source: Bank of Ghana and Ghana Export Promotion Authority (2021)

Although agricultural non-traditional exports constitute a relatively smaller proportion of all non-traditional exports, their contribution increased by 0.5 percentage points between 2019 and 2020.

Figure 5.1: Contribution of non-traditional agricultural exports to total non-traditional exports



Source: (generated from Table 5.3)

Six non-traditional agricultural products made the top ten list of leading non-traditional exports in 2020. In fact, the top three non-traditional exports were all agriculture related (i.e., cocoa paste, cocoa butter, and cashew nuts); the story was the same in 2019. Among the non-traditional agricultural exports reported in Table 5.4, the top three in 2019 (cashew nuts, banana, and fresh/chilled tuna) maintained their position in 2020, and these three alone contributed 83 percent of the total value of the non-traditional agricultural exports reported in Table 5.4. Fruits and nuts are the most valuable of the non-traditional agricultural export products, accounting for 87 percent of the value of non-traditional agricultural exports in 2020. Among this category (i.e., fruits and nuts), cashew remains the most valuable by far with about $217.77 million, which represents about 63 percent of the total export value reported in Table 5.4. Indeed, cashew nuts alone contributed about 11 percent of the value of all agricultural exports, but this is not its best performance to date, and in fact, the earnings in 2020 represented a decline of about 8 percent over the value recorded in 2019.

TABLE 5.4 Volumes and Values of Major Non-Traditional Agricultural Export Commodities (2018-2020)

	Volume (tonnes)				*Value ($000)*			
Commodity	*2018*	*2019*	*2020*	*% change (2019 -20)*	*2018*	*2019*	*2020*	*% change (2019-20)*
Cereal Crops								
Maize seed	192.3	250	15,179	5971.6	204	22	582	2545.5
Rice	6,946	1,524	334	–78.1	4,200	673	58	–91.4
Other cereals	49.48	35	42	20.0	46.33	36	23	–36.1
Fruits								
Pineapple	17,507	18,280	14,174	–22.5	9,254	9,228	8,785	–4.8
Banana	178,903	191,222	92,931	–51.4	85,544	63,828	40,748	–36.2
Mango	2,847	1,953	3,649	86.8	12,946	12,527	20,545	64.0
Pawpaw	1,240	1,446	1,028	–28.9	906.13	962	724	–24.7
Orange	7,192	10,153	3,214	–68.3	668	388	510	31.4
Vegetables								
Dried Pepper	54.2	32	322	906.3	19.46	13	35	169.2
Spinach	44.47	87	57	–34.5	39.23	30	39	30.0
Aubergine	17.5	43	32	–25.6	21.31	108	59	–45.4
Onion & shallot	103.2	654	305	–53.4	22.61	136	194	42.6
Fish/Sea Foods								
Fresh/chilled tuna	31,455	29,109	22,462	–22.8	44,093	38,890	27,346	–29.7
Dried/Smoked Fish	79.84	85	82	–3.5	47.96	106	208	96.2
Others								
Shea Nut	27,967	53,566	27,613	–48.5	14,103	27,190	13,791	–49.3
Cashew Nut	259,432	265,078	251,615	–5.1	378,210	237,889	217,766	–8.5
Palm Nut & Kernel	10,430	763	11,381	1391.6	177	119	888	646.2
Yam	17,279	29,037	38,495	32.6	8,621	13690	13,423	–2.0

Source: Ghana Export Promotion Authority, Accra

For poverty reduction purposes, one might want to look at commodities for which participation is high among the poor. Important candidate commodities are shea nut and yam. The shea nut value chain in particular is dominated by women. Thus, if well-structured to minimise constraints to export market participation, the sector could contribute immensely to poverty reduction in the northern regions of Ghana where the shea nut tree grows in the wild. The commodity was the fifth most important non-traditional agricultural export commodity in 2020 with a value of $13.79 million, representing only about 4 percent of the value of non-traditional exports in Table 5.4. The 2020 performance of shea nut export was poor relative to 2019 given the approximately 49 percent decline between 2019 and 2020. Yam, the most important non-traditional staple crop export commodity in value terms brought in about $13.42 million worth of earnings in 2020, but this too represents a drop of about 2 percent when compared with earnings in 2019.

Table 5.4 shows that non-traditional agricultural export earnings are generally very erratic with the export value of some commodities increasing by as high as a factor of more than 26 between 2019 and 2020 (i.e., maize seed) and others decreasing by about 91 percent over the same period (i.e., rice). The total value of exports increased for 8 out of the 18 commodities reported in Table 5.4. These increases were between 30 percent for spinach and 646 percent for palm nut & kernel. The rest of the commodities dropped in total value by between 2 percent for yam and 91 percent for rice.

The Ghana Export Promotion Authority listed a total of 87 different commodities that were classified under agricultural products. Of the 87, the most valuable in 2020 was frozen or fresh lobsters at $11,950/tonne. Other individual commodities in the top ten (with values per tonne in parenthesis) are: oil seeds flour ($8,677), dates ($8,050), tea ($5,915), mangoes ($5,630), mushrooms ($4,278), octopus ($4,116), and flowers ($3,013).

Table 5.5 presents the unit prices of the non-traditional agricultural commodities reported in Table 5.4. For those commodities, mango kept the top spot as the most valuable non-traditional agricultural export commodity in 2020, although its unit value declined by 12.2

percent between 2019 and 2020. There were increases in unit price for 7 out of the 18 commodities reported in Table 5.5 (ranging from nearly 6 percent for pawpaw to 315 percent for orange); the rest experienced drops in unit price ranging from 1.6 percent for shea nut to 73.2 percent for dried pepper.

TABLE 5.5: Unit Price of Major Non-Traditional Agricultural Export Commodities (US$/tonne)

Commodity	*2015*	*2016*	*2017*	*2018*	*2019*	*2020*	*% change (2019-20)*
Cereal Crops							
Maize seed	306	83	98	1061	88.0	38.3	–56.4
Maize	378	2,066	203	526	441.6	173.7	–60.7
Rice	570	706	198	605	1028.6	547.6	–46.8
Other cereals			722	936			
Fruits					504.8	619.8	22.8
Pineapple	473	506	497	529	333.8	438.5	31.4
Banana	267	284	344	478	6414.2	5630.3	–12.2
Mango	3,434	5,465	6233	4547	665.3	704.3	5.9
Pawpaw	701	658	707	731	38.2	158.7	315.2
Orange	61	50	78	93			
Vegetables					406.3	108.7	–73.2
Dried Pepper	571	336	783	359	344.8	684.2	98.4
Spinach	1,216	405	479	882	2511.6	1843.8	–26.6
Aubergine	2,292	1,647	2488	1218	208.0	636.1	205.9
Onion & shallot	151	155	161	219			
Fish/Sea Foods					1336.0	1217.4	–8.9
Fresh/chilled tuna	2,289	1,000	1740	1402	1247.1	2536.6	103.4
Dried/Smoked Fish	1,573	1,550	642	601			
Other			962	1235	507.6	499.4	–1.6
Others					897.4	865.5	–3.6
Shea Nut	249	245	367	504	156.0	78.0	–50.0
Cashew Nut	908	850	1267	1458	471.5	348.7	–26.0
Palm Nut & Kernel			8	17	88.0	38.3	–56.4
Coffee	3,264	3,714	7849	781	441.6	173.7	–60.7
Yam	671	787	457	499	1028.6	547.6	–46.8

Source: Ghana Export Promotion Authority, Accra (2021)

In sum, the erratic nature of these non-traditional agricultural exports call for domestic strategies such as increasing processing capacity to ensure that during periods of bust in the economic cycle, value chain participants can, at least, minimise their losses.

Agricultural sub-Sector Performance

Food crops

Table 5.6 presents mean summary statistics for area cultivated, output and yields for selected staple food crops. Out of the 8 staple crops reported, area under cultivation decreased for only millet (by approximately 5.4 percent), with 6 crops recording increased cultivated area over the period; and area under cocoyam cultivation remained unchanged. The largest area increase occurred under plantain (up by approximately 4.9 percent between 2019 and 2020).

Table 5.6 also shows that output increased faster than area under cultivation between 2019 and 2020 for all selected crop. This implies that a proportion of the increase in output came from productivity increases. For example, while area under cultivation for plantain increased by approximately 4.9 percent, output increased by 6.1 percent for the same period. The top three performing crops in terms of output growth were cassava (7.1%), plantain (6.1%), and maize (5.5%). Based on production and area data, we observe that yields increased for all the selected staples by 0.7–8.3 percent (Table 5.6). The highest yield growth was recorded by millet and the lowest by cassava. Maize, the most common cereal crop in terms of production and consumption, experienced a 2 percent increase in yield over the period.

The performance of the crops sub-sector continues to be attributed to the PFJ intervention although there is still a lack of robust evaluation of the impact of the programme. Nonetheless, there seems to be some correlation between crops sector performance and the interventions. For example, over the last four years rice output self-sufficiency increased by about 20 percentage points (Government of Ghana, 2020)

TABLE 5.6: Output, Area Cultivated and Yield (Output per Hectare) of Selected Food Crops 2015 – 2020

	2015	***2016***	***2017***	***2018***	***2019***	***2020***	***% Change (2019-20)***
Area Cultivated (000 ha)							
Cassava	917	879	926	977	1021	1062	4.0
Yam	430	427	493	478	500	505	1.0
Cocoyam	200	206	204	203	214	214	0.0
Plantain	363	358	363	387	409	429	4.9
Maize	881	865	970	1,021	1,150	1,189	3.4
Sorghum	228	201	224	228	226	228	0.9
Millet	162	137	157	142	148	140	-5.4
Rice (Milled)	233	236	239	260	282	292	3.5
Output (000 tonne)							
Cassava	17,213	17,798	19,138	20,842	22,750	24,369	7.1
Yam	7,296	7,440	8,253	7,850	8,754	8,946	2.2
Cocoyam	1,301	1,344	1,387	1,417	1,551	1,596	2.9
Plantain	3,952	4,000	4,279	4,632	5,479	5,811	6.1
Maize	1,692	1,721	1,986	2,298	2,912	3,071	5.5
Sorghum	263	230	278	316	347	356	2.6
Millet	157	159	165	182	230	236	2.6
Rice (Milled)	443	481	505	768	925	973	5.2
Yields (tonne/ha)							
Cassava	18.8	20.3	20.7	21.3	22.8	22.95	0.7
Yam	17	17.4	16.7	16.4	17.52	17.71	1.1
Cocoyam	6.5	6.5	6.8	7	7.24	7.47	3.2
Plantain	10.9	11.2	11.8	12	13.39	13.55	1.2
Maize	1.9	2	2	2.3	2.53	2.58	2.0
Sorghum	1.2	1.1	1.2	1.4	1.53	1.56	2.0
Millet	1	1.2	1.1	1.3	1.56	1.69	8.3
Rice (Milled)	1.9	2.9	2.1	3	3.28	3.34	1.8

Source: Statistics, Research and Information Directorate (SRID), Ministry of Food and Agriculture (2021)

Cocoa production

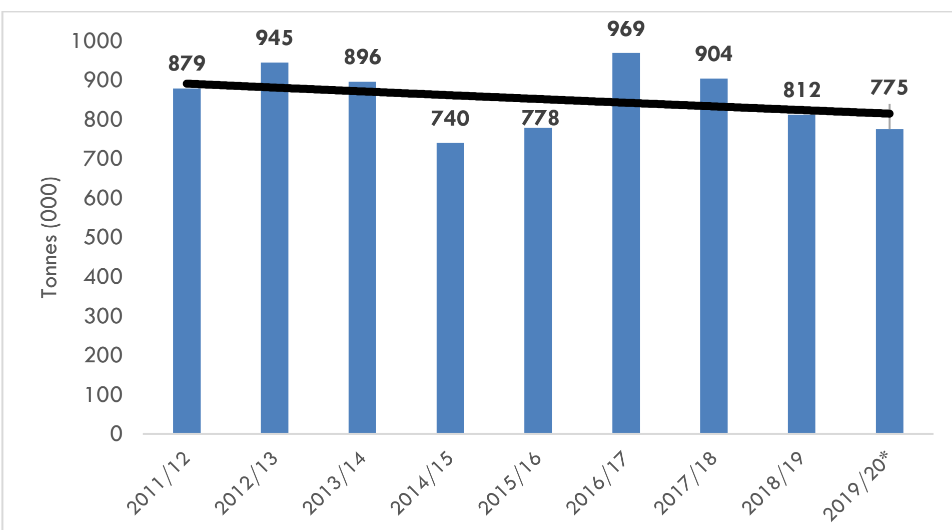
Table 5.7 shows that total annual output of cocoa beans fell by about 4.6 percent between the 2018/19 and 2019/20 production seasons. Indeed, Figure 5.2 shows a generally decreasing trend in cocoa output, which is because production tends are unstable (See Figure 5.2),

TABLE 5.7: Cocoa Production 2011/12-2019/20

Season	*Output (000 tonnes)*	*Change (%)*
2011/12	879	14.3
2012/13	945	7.5
2013/14	896	–5.2
2014/15	740	–17.4
2015/16	778	14.9
2016/17	969	24.6
2017/18	904	–6.7
2018/19	812	–10.2
2019/20	775	–4.6

Source: Ghana Cocoa Board; 2020 Budget Statement (2021)

Figure 5.2: Trends in cocoa production



Source: Generated from Table 5.7

increasing significantly between some years and then decreasing in other years (Table 5.7). To keep production incentives high, however, the government through the Ghana Cocoa Board has kept nominal producer price on an upward trend over the past two seasons, going up by about 28 percent during the 2019/20 season (Table 5.8).

TABLE 5.8: Nominal Producer Price of Cocoa, 2011/12-2019/20

Season	*Nominal price (GHC/ton)*	*Change (%)*
2011/12	3,280	--
2012/13	3,392	3.4
2013/14	3,392	0.0
2014/15	5,520	62.7
2015/16	7,520	36.2
2016/17	7,600	1.1
2017/18	7,600	0.0
2018/19	8,240	8.4
2019/20	10,560	28.2

Source: Ghana Cocoa Board; 2020 Budget Statement

Livestock and poultry sub-sector

Table 5.9 shows livestock and poultry production estimates by the Ministry of Food and Agriculture. The estimates suggest that the population of all the selected livestock increased between 2019 and 2020 with the exception of poultry. The highest increase was for goats (3.3 percent) and the lowest was sheep (2.1 percent). Overall, the estimated livestock population growth rates between 2019 and 2020 represent a slowdown when compared with growth between 2018 and 2019 for all groups of livestock.

TABLE 5.9: Livestock and Poultry Production, 2015-2020

	Livestock and poultry population (000)									
	Cattle		*Sheep*		*Goats*		*Pigs*		*Poultry*	
Year	*Qty.*	*Change (%)*	*Qty.*	*Change (%)*	*Qty.*	*Change (%)*	*Qty.*	*Change (%)*	*Qty.*	*Change (%)*
2015	1,734	4.6	4,522	4.3	6,352	5.1	730	7.0	71,594	4.5
2016	1,815	4.7	4,744	4.9	6,740	6.1	777	6.4	73,885	3.2
2017	1,901	4.7	4,978	4.9	7,151	6.1	816	5.0	75,363	2.0
2018	1,943	2.2	5,102	2.5	7,366	3	845	3.6	76,870	2.0
2019	2,112	8.7	5,577	9.3	8,004	8.66	952	12.7	86,975	13.2
2020 (Fore-cast)	2,159	2.2	5,695	2.1	8,268	3.30	974	2.3	86,495	-0.6

Source: Statistics, Research and Information Directorate (SRID), Ministry of Food and Agriculture

Food Supply, Demand, and Prices

Table 5.10 shows total domestic production, estimated total commodity needs and deficit or surplus for 10 selected crops for 2019 and 2020. For nine out of these ten selected crops, total production exceeded estimated total commodity needs, resulting in food surpluses in those cases. The crop with the highest surplus in 2020 was cassava while the crop with the lowest surplus was millet. In both 2019 and 2020, rice was the only crop that recorded a deficit although this deficit was lower than the 2019 situation.

Mean food commodity prices are reported in Table 5.11. Year-on-year nominal wholesale prices increased for six out of the nine commodities reported. The six crops include maize, local rice, millet, yam, cassava and groundnut. The highest increase of about 18.5 percent was recorded by local rice. Sorghum on the other hand experienced the highest decline in price (10.1%).

TABLE 5.10: Domestic Food Production and Demand, 2019 and 2020

Commodity	*Total domestic production (000 tonne)*		*Estimated total commodity needs (000 tonne)*		*Deficit/ Surplus (000 tonne)*	
	2019	***2020***	***2019***	***2020***	***2019***	***2020***
Cassava	22,713	24,370	15,898	18,041	6,815	6,329
Yam	8,755	8,946	6,946	7,826	1,809	1,120
Plantain	1549	5,812	1,276	5,460	273	352
Maize	2,912	3,071	2,218	2,377	694	694
Sorghum	347	356	332	342	15	14
Millet	230	236	188	224	42	12
Rice*	925	973	1,787	1,534	-862	-561
Groundnut	563	565	489	540	74	25
Cowpea	254	257	210	236	44	21
Soybean	193	209	158	157	35	52

Source: Estimates by MoFA (2021)

TABLE 5.11: National Average Nominal Wholesale Price of Selected Food Commodities, 2015-20 (GH¢/kg)

Food Commodity	*2015*	*2016*	*2017*	*2018*	*2019*	*2020 (forecast)*	*% change (2019-20)*
Maize	1.42	1.48	1.43	1.44	1.58	1.75	10.79
Local Rice	4.05	4.33	4.02	3.32	3.93	4.65	18.49
Millet	1.88	1.92	2.22	2.73	2.79	2.99	7.10
Sorghum	1.49	1.51	1.59	2.02	3.01	2.71	–10.10
Yam	1.27	1.72	2	1.75	2.45	2.53	3.39
Plantain	1.22	1.33	1.98	1.94	2.85	2.78	–2.75
Cassava	0.56	1.33	1.13	1.08	1.29	1.50	15.58
Groundnut	5.05	5.14	4.64	4.64	5.34	5.54	3.78
Tomato	5.71	5.48	5.77	4.61	7.04	6.67	–5.26

Source: Statistics, Research and Information Directorate (SRID), Ministry of Food and Agriculture

Outlook for 2021

Looking forward, the 4.6 percent average growth target in the medium term for the agricultural sector can be achieved if the provisions of the 2021 budget and the budgets that follow address fundamental issues such as COVID-19 recovery. The 2021 budget provides for the supply of improved seeds and fertilizers to beneficiary farmers, which are all direct attempts to address purchased input constraints. To maximize such investments, however, attention should be paid to monitoring seed producers to ensure that all the seeds supplied through the PFJ are of high quality and true-to-type. Certified seed producers engaged in the production of hybrid varieties in particular should be strictly monitored to prevent contamination to assure farmers that the seeds they receive are of high quality. Since good seeds go hand in hand with the timely supply of fertilizers, the PFJ should also pay attention to the distribution mechanisms of fertilizers and remove bottlenecks that delay farmer access to inputs.

The 2021 budget also aims at further closing the rice production-consumption gap through the rehabilitation and maintenance of several irrigation schemes across the country. To augment the irrigation infrastructure being developed, some resources have also been set aside to support the procurement of machinery, which will facilitate rice cultivation and harvesting. Beyond production, however, marketing strategies that help producers, processors and aggregators to sell their produce on time will be an important game changer. This is where the Ghana Commodities Exchange (GCX) can play a critical role.

The budget also makes provision for the completion of the Pwalugu Multipurpose Dam and Irrigation project, which seeks to address agricultural water supply problems that limit all-year-round production. Expanding irrigation infrastructure has been part of government policy over the last three decades, but progress has been slow.

In connection with the maize shortages experienced in 2020 due to dry spells, floods and excessive external demand, it is important that activities of the national buffer stock system is reviewed with the aim to mitigate such future occurrences.

In 2021, MoFA intends to procure agricultural machinery and equipment worth US$30 million for distribution to farmers to boost mechanization development. Having completed the sensitization phase of the Pwalugu In 2021, the cadastral survey will be completed and the land demarcated for identified owners. When completed, this dam will make available 25,000ha of irrigable land, and add 60 megawatts of hydro power and 50 megawatts of solar power to the national grid.

In 2021, the Ministry of Fisheries and Aquaculture Development will continue with the drafting of a new Fisheries Act to harmonize existing legislation in the sub-sector and ensure that they are consistent with international standards. After certifying 13 fish processing facilities under the "Class 1 Certification Scheme", to meet international market standards in 2020, the Ministry plans. In 2021 to audit 35 applications received from fish processing facilities for potential certification.

MoFA commenced the construction of 11 livestock housing units and mechanized boreholes for seven livestock breeding stations in 2020 and this should continue in 2021. In 2021, MoFA plans to distribute 531,100 improved breeds of small ruminants, pigs and poultry procured in 2020 to farmers; set up three baling centres, procure 5 million broiler day old chicks, 20,000 broiler birds and distribute to farmers at a 50 percent subsidy.

Government, in conjunction with COCOBOD, has allocated an amount of GH¢456.6 million to continue with the cocoa roads improvement programme in the 2020/2021 cocoa season. In order to strengthen implementation of interventions that will improve production and marketing of coffee and Shea, COCOBOD is setting up a new Division, called the Coffee and Shea Division (CSD) of COCOBOD, with an initial funding amount of GH¢64 million. This new division will improve the production levels of the two crops, deepen their value chains and ensure sustainable utilization of savanna forest lands.

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Chapter 6

Industrial Sector

Introduction

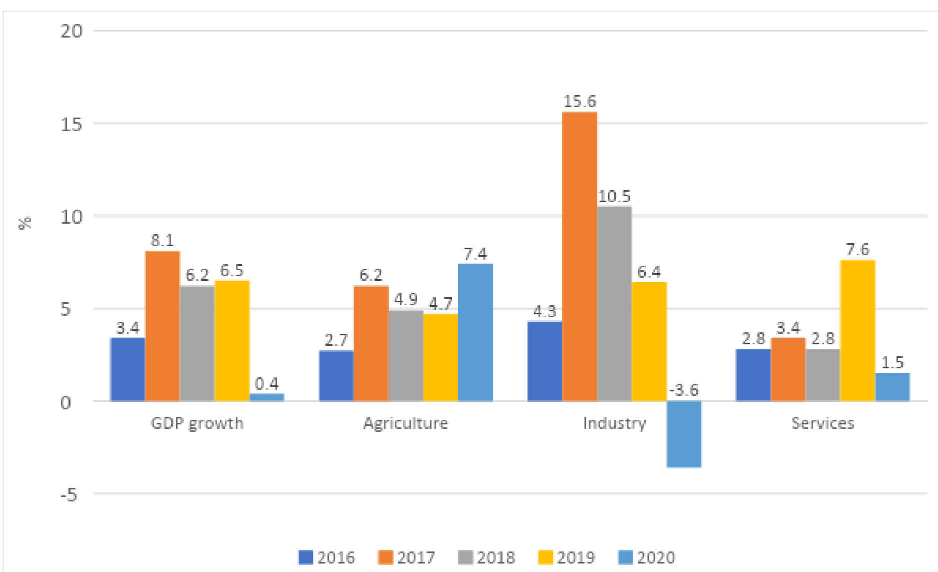
The industrial sector is made up of five major sub-sectors: mining and quarrying; manufacturing; electricity; construction; and water and sewerage. Output data for the first quarter of 2020 from the Ghana Statistical Service (GSS) show that the industrial sector performed abysmally compared with its performance over the last couple of years. The industrial sector's growth performance was the worst of all the sectors in first-quarter 2020. This can be explained by the outbreak of the novel coronavirus pandemic. This pandemic has severely affected the outlook of the sector, particularly in the short to medium term. In terms of growth, the electricity sub-sector recorded the highest rate of 7.9% followed by the construction and water and sewerage sub-sectors which grew by 2.9% and 2.2% respectively. The growth of the electricity and water and sewerage sub-sectors can partly be explained by measures put in place to prevent the spread of the coronavirus. Typically, industry tends to perform poorly in years in which oil and gas activities slow down and this was again evident in 2020.

This chapter presents a detailed assessment of the performance of industry and its sub-sectors in 2020 considering their performance in previous years as well as the performance of the other major sectors. It concludes with an assessment of the sector's outlook, particularly in the context of the key policy responses to mitigate the impact of COVID-19 on the sector.

Overview of Sectoral Performance

As a result of the COVID-19 pandemic, Ghana's real GDP grew by 0.4% in 2020, significantly lower than the 6.5% growth in 2019 and the projected 2020 growth of 6.8% (Figure 6.1). Industry's performance, prior to 2020, was notable, particularly in 2017 following a strong recovery from the effect of "dumsor" between 2012 and 2016. The turnaround in 2017 began to wane immediately with the sector's growth rate declining in both 2018 and 2019 (Figure 6.1). In 2020, industry performed poorly, contracting by 2.5%, compared with 6.4% growth in 2019 and the double-digit rates recorded in 2018 and 2017 (Figure 6.1). The general economic downturn from the COVID-19 pandemic had negative impact on the sector but more crucially, some activity areas within industry such as manufacturing and oil and gas may have been disproportionately affected by the pandemic, leading to the particularly poor performance of the industrial sector in 2020.

Figure 6.1: Growth Rates of Gross Domestic Product, 2016-2020 (%; at Constant 2013 Prices)

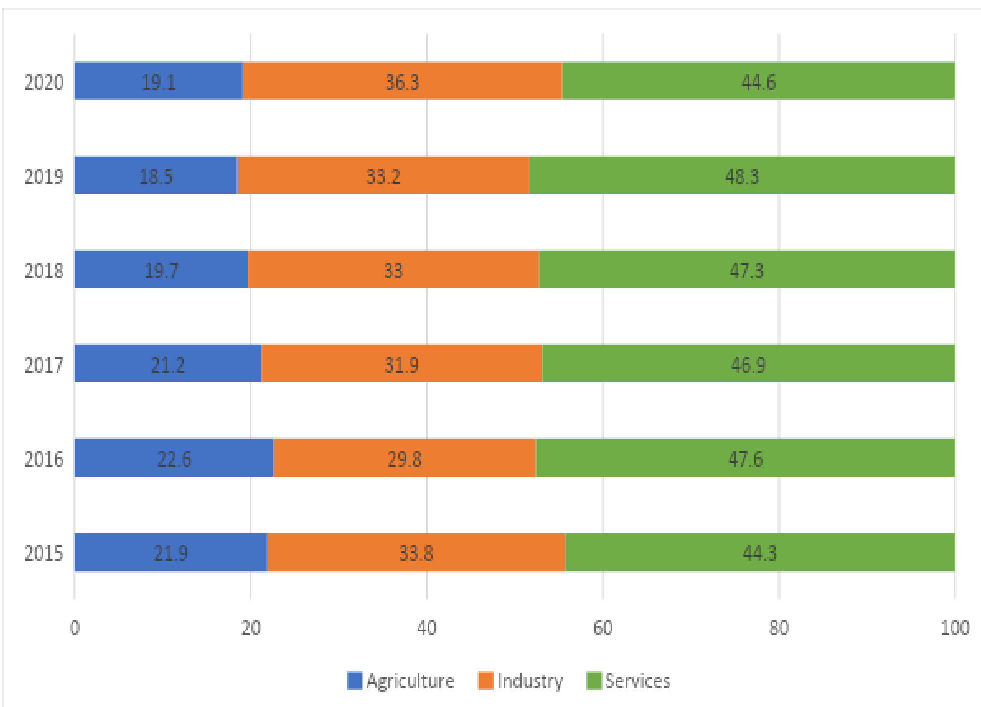


Note: 2020 figures are provisional *Source: Ghana Statistical Service (2021b)*

The effects of the pandemic may linger over a period, as the sector is expected to return to positive growth rates over 2021 to 2024 (GoG, 2021), although these rates will be lower than the 6.4% experienced in 2019 (Figure 6.1).

Industry accounts for about a third of the country's GDP and has for several years been second to the services sector in terms of contribution to GDP. This indicates that the outturn of industry is crucial for the performance of the entire economy. Figure 6.2 shows that the industrial sector accounted for 33% of GDP in 2018, and this increased to 36.3% in 2020. Comparatively, agriculture accounted for 19.1% in 2020, down from 19.7% in 2018 and services accounted for 44.6% in 2020 down from 47.3% in 2018. (Figure 6.2). Increasingly, however,

Figure 6.2: Distribution of GDP, by Economic Activity, 2015-2020 (%; at Basic Prices)



Note: 2020 figures are provisional

Source: Ghana Statistical Service (2021b) the services sector dominates both the industrial and agricultural sectors, underpinning the unconventional nature of structural change in Ghana, compared with the path of structural change observed in developed and other emerging economies around the world. The standard trajectory of structural change observed for most developed economies involves a continuous shift in both output and employment from agriculture to industry and then to services.

As noted earlier, industry consists of five main sub-sectors: mining and quarrying (which includes oil and gas activities); manufacturing; electricity; water and sewerage; and construction. The GDP shares and annual growth rates of these sub-sectors from 2014 to 2020 are provided in Table 6.1. In the last three years, 2018-2020, mining and quarrying has accounted for the largest contribution to GDP, followed by manufacturing and then the construction sub-sector. While the GDP share for mining and quarrying increased from 12.2% in 2019 to 18.2% in 2020, the contribution of manufacturing to GDP has stagnated at around 11% since 2017 while construction's share has been on a downward trend since 2017 (Table 6.1). The share of water and sewerage in GDP has been consistently lower than 1% while the share of the electricity sub-sector has also been declining since 2017 (Table 6.1). In summary, industry's performance over the last three years has been below its performance in 2014.

The growth rate of the mining and quarrying sub-sector was the highest among the sub-sectors of industry in 2017 and 2018. However, this growth began to wane in 2019 and in 2020 the sub-sector contracted. The decline of the sub-sector was largely driven by a decline in oil and gas activities with falling output levels reflected in the growth trends of non-oil industrial output and total industrial output (Figure 6.3).

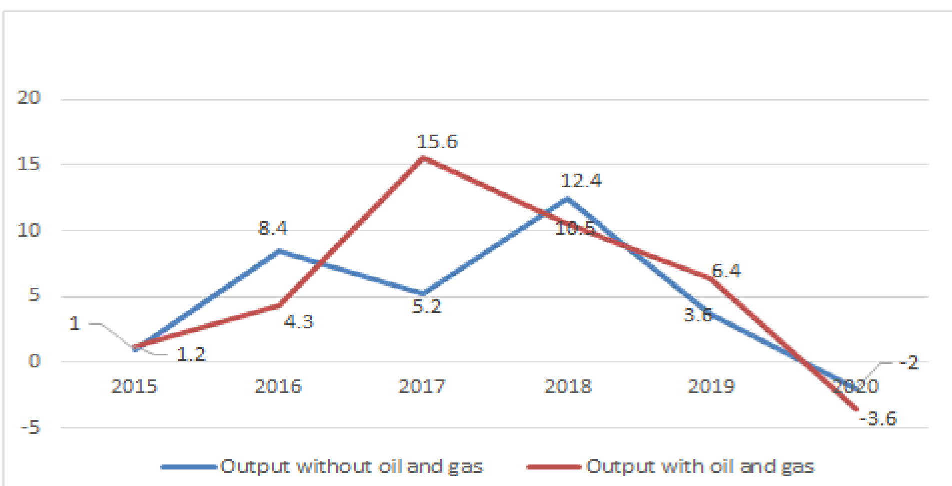
After a contraction of 4.4% in 2019, both the construction and the water and sewerage sub-sectors grew in 2020 (Table 6.1).

TABLE 6.1: GDP shares and annual growth rates for industry sub-sectors, 2014-2020

Description	*Sub-sectors*	*Years*						
		2014	***2015***	***2016***	***2017***	***2018***	***2019***	***2020***
Contribution (%) to GDP at basic prices	Mining and quarrying	14.9	10.0	8.1	10.4	13.0	14.2	18.2
	o.w. oil and gas	6.2	6.9	7.6	8.4	9.5	10.7	13.2
	Manufacturing	12.3	12.1	11.7	11.0	11.0	10.9	10.4
	Electricity	1.0	1.8	1.7	1.8	1.5	1.3	1.2
	Water and Sewerage	0.5	0.9	0.9	1.0	0.8	0.7	0.6
	Construction	8.4	9.0	7.3	7.8	6.8	6.2	5.9
Annual growth at 2013 constant prices (%)	Mining and quarrying	5.4	-8.3	-0.2	30.8	23.3	12.6	-11
	o.w. oil and gas	9.3	2.0	-15.6	80.3	3.6	17.2	-9
	Manufacturing	-2.6	3.7	7.9	9.5	4.1	6.3	1.4
	Electricity	1.3	17.7	-5.8	19.4	5.5	6	7.9
	Water and Sewerage	5.9	13.9	-11.8	6.1	-3.6	-4.4	2.2
	Construction	-0.4	9.5	8.4	5.1	1.1	-4.4	2.9

Note: 2020 figures are provisional
Source: Ghana Statistical Service (2021b)

Figure 6.3: Annual Growth of Industrial Output with and without Oil and Gas Production (%; at constant 2013 prices)



Source: Ghana Statistical Service (2021b)

For the electricity sub-sector, although the 2020 growth rate was lower than its 2017 level, it is much higher than that recorded in both 2019 and 2018. Since 2017 when the manufacturing sub-sector recorded a growth rate of 9.5%, growth in the sub-sector has been undulating. The sub-sector experienced a sharp decline to record a growth rate of 1.4% in 2020, perhaps reflecting the impact of COVID-19 (Table 6.1).

Mining and Quarrying

Mining and quarrying in the years prior to 2020 has been the highest growing sub-sector of industry and accounts for a growing share of industrial GDP. In 2020, it was the best performing industrial sub-sector in terms of its 18.2% contribution to GDP and the worst performing in terms of -11 % annual growth rate (Table 6.1). In the first quarter of 2020, the sub-sector recorded a growth rate of 0.3%, down from 1.6% in the fourth quarter of 2019 (GSS, 2020a). The decline in growth continued and deepened into the second and third quarters of 2020. In the second and third quarters of 2020, the sub-sector contracted by 1.4% and 4.5%, respectively (GSS, 2020c). Year-on-year growth rates show the sub-sector declining in the third and fourth quarters of 2020 by 16.9% and 10.9% respectively (GSS, 2020b; GSS, 2021a). The sub-section below explores developments in 2020 in the main activity areas of mining and quarrying, particularly oil and gas, and the production of four major minerals.

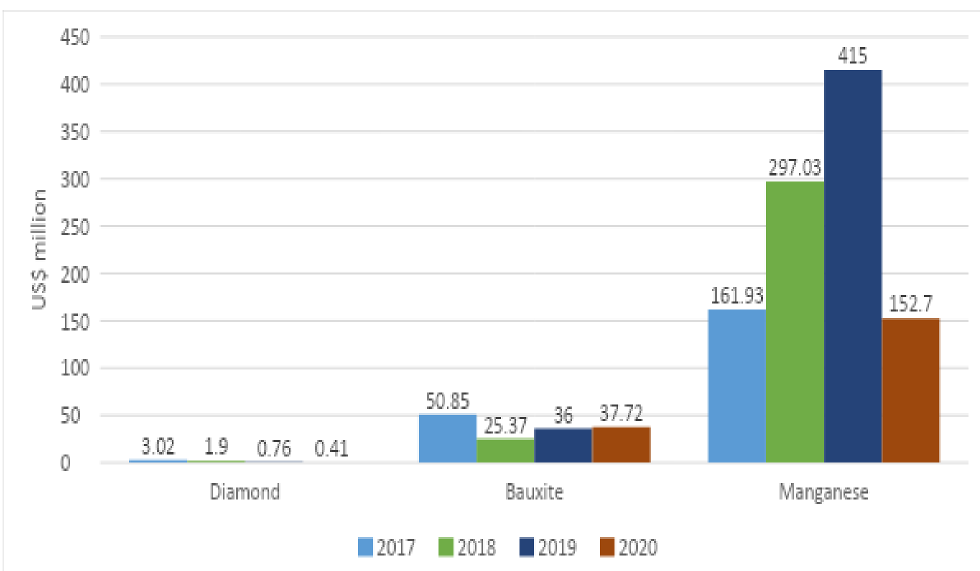
Core mining and quarrying

Although the entire mining and quarrying sub-sector contracted in 2020, the contribution of core mining and quarrying (i.e. without oil and gas) to the contraction was less than that of oil and gas. Ghana is Africa's largest producer and exporter of gold, one of the main minerals in the sub-sector which outperformed major assets at the global level in 2020. Gold is a store of wealth for which demand increases in times of economic slowdowns and downturns. As the global pandemic took hold, gold production declined but its price recorded a historic high of US$2,067.15/oz in August 2020, finally ending the year at US$1,877.60/oz (World Gold Council, 2021).

Figure 6.4: Gold Production and Export Earnings (2013-2020)

Source: Minerals Commission, May 2021

Figure 6.5: Export Earnings of Diamonds, Bauxite and Manganese, 2017-2020



Source: Minerals Commission, May 2021

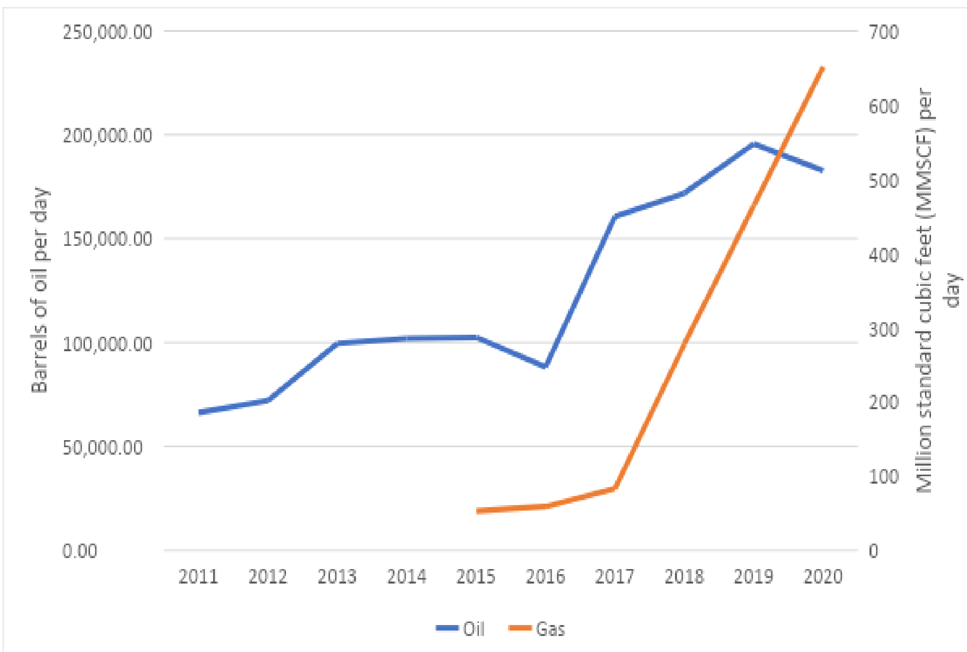
Ghana's 2020 gold production of 4,094,070 troy ounces was a decline of 12.4% from its 2019 figure (Figure 6.4). Gold still accounts for over 90% of Ghana's earnings from mineral exports. Earnings from gold amounted to US$6.9 billion in 2020, an increase of 13% over the 2019 figure (Figure 6.4). Figure 6.5 shows the export earnings of the other main minerals: diamonds, bauxite and manganese. In December 2020, the Legislative Instrument (L.I.2431) was passed for the Mineral and Mining (Local Content and Local Participation) Regulations, 2020. The aim is to deepen local participation in the mining value chain (GoG, 2021).

Oil and gas

Oil and gas is an important activity area in the mining and quarrying sub-sector. Supply-side challenges in 2016 saw oil and gas production contract by 15.6%. However, in 2017 it grew by 80.3% (Table 6.1). In 2020, oil and gas contracted by 9%, compared with growth of 17.2% in 2019. Crude oil production volume in 2020 of 66.91 million barrels represented a decrease of 6.7% over the 71.4 million barrels production volume in 2019 (Petroleum Commission, 2021). Of this amount, production from the Jubilee field accounted for 45%, Tweneboa-Enyenra-Ntomme field (TEN) accounted for 27% and Sankofa Gye-Nyame (SGN) 28% (Petroleum Commission, 2021). The decline in crude oil production was due to challenges presented by the COVID-19 pandemic. As economic activities declined globally, there was a significant decline in demand, and this was reflected in a 31% decrease in average crude oil price to US$43.4 in 2020 compared with the 2019 price of US$63.19 (MoF, 2021). Despite the contraction in 2020, oil and gas contributed 13.2% of the 18.2% the mining and quarrying sub-sector contributed to GDP.

Figure 6.6 presents the production levels of oil and gas from Ghana's three major fields – Jubilee, SGN and TEN. The total annualised average production of crude oil was 182,824 barrels per day (bopd), down from 195,722 bopd in 2019. Data from the Ministry of Finance (2021) show that annualised daily production declined, after consistent growth since 2016 (Figure 6.6). Oil production at the Jubilee fields was 30,424,539 barrels, 4.9% less than 2019 output (Ministry of Finance, 2021). The decrease in production was a result of the inability to complete and hook-up activities of one production well and workover of one water injection well (Ministry of Finance, 2021). These activities were deferred because the COVID-19 pandemic restricted the movement of personnel. Gas production at Jubilee fields was 64,462.41 million standard cubic feet (MMScf) at the end of 2020, of which 37% was reinjected to maintain reservoir pressure, 41% exported to the Atuabo Gas Processing Plant, 6% utilised for power production on the floating production storage and offloading (FSPO) vessels and 16% was flared (Ministry of Finance, 2021).

Figure 6.6: Annualised daily production of oil and gas, 2011-2020



Source: Ministry of Finance (2019, 2020, 2021)

Note: 2019 and 2020 figures were computed by authors from the production figures provided in appendix section of the 2020 and 2021 reports respectively.

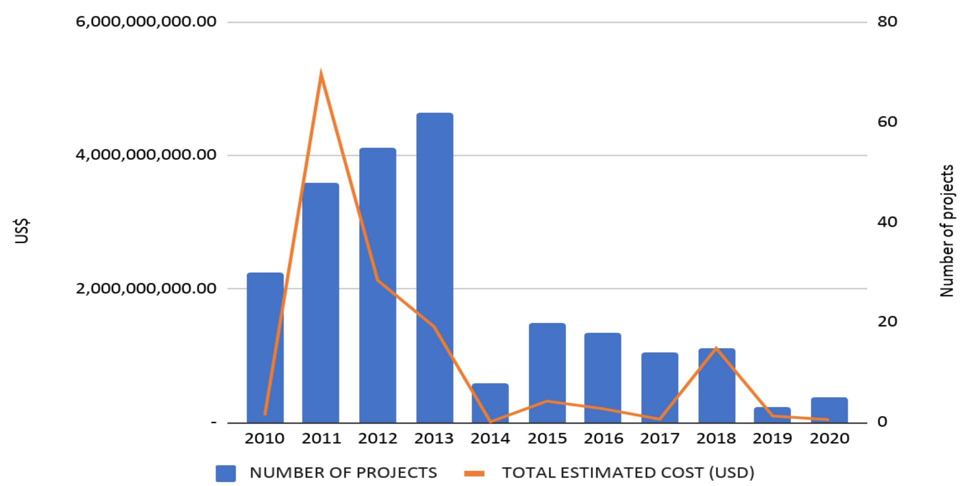
The average daily oil production of 48,641 barrels from the TEN field in 2020 was lower than the targeted daily average of 49,800 barrels and 26% below the 2019 daily average of 61,148 barrels (Ministry of Finance, 2020; Ministry of Finance, 2021). Drilling of four wells took place in 2020 and completion activities on one of the wells was halted because of challenges with fishermen leading to an increase in costs (Ministry of Finance, 2021). Gas produced from the TEN Field in 2020 was 58,674.67 MMScf, of which nearly 70% was reinjected. Although this is a decline from the amount of gas reinjected in 2019, it has a negative effect on TEN Field reserves in the long run (Ministry of Finance 2021). Usually, a lack of market accounts for the high level of gas reinjection but recently, a hydrate blockage on the export pipeline has contributed to the situation (Ministry of Finance, 2021).

For the SGN fields, average daily oil production was 51,045 barrels in 2020, an increase of 8.3% over the 47,135 barrels produced in 2019 (Ministry of Finance, 2020; Ministry of Finance, 2021). According to the Ministry of Finance (2021), the increase in production was because of the successful implementation of acid stimulation operations on six producing wells. The SGN produced a total of 70,351.24 MMScf of non-associated gas in 2020, up from 41,183.80 MMScf in 2019, of which 56,459.26 MMScf (80%) was delivered to the power producers and 13,891.98 MMScf injected into the reservoir (Ministry of Finance, 2021). Associated gas produced in 2020 was 44,502.75 MMScf of which 4,808.51 MMScf was used for power on the FPSO and 996.18 MMScf was flared and 51,390.44 MMScf was reinjected (Ministry of Finance 2021). Out of a total of 88,418.88 MMScf of gas produced by the three fields – Jubilee, TEN and SGN – 64% came from the SGN field.

Construction

The construction sub-sector is important for economic growth and development as it provides an economy with the infrastructure other sub-sectors need to make progress. For example, it is linked to the health, transport, manufacturing, and education sub-sectors. The construction sub-sector has been on the decline since 2015 with its output value contracting by 4.4% in 2019. In 2020, it grew by 3.9% (Table 6.1). The growth rate is possibly due to the construction of medical centres in 2020. Economic literature shows that the construction sub-sector moves in tandem with business cycles. Therefore, it is expected that in times when the economy is growing, so will the sub-sector. This expectation has been expressed for the 2021-2024 period (GoG, 2021).

Figure 6.7: Total FDI-related building and construction projects, 2010-2020



Source: Ghana Investment Promotion Centre, 2021

The sub-sector's contribution to GDP has generally seen a consistent decline from 9.0% in 2015 to 5.9% in 2020 (Table 6.1). This performance appears to align with the annual value and volume of new FDI-related construction projects recorded by the Ghana Investment Promotion Centre (GIPC). As shown in Figure 6.7, both the value and volume of new construction projects have followed a significant downward trend in the last decade (2011-2020). The highest number of projects, 62, was recorded in 2013 with 2019 recording the lowest figures for both the number and value of projects since 2010. In 2020, there was a very marginal increase in the number of projects with a corresponding value even less than the 2019 value.

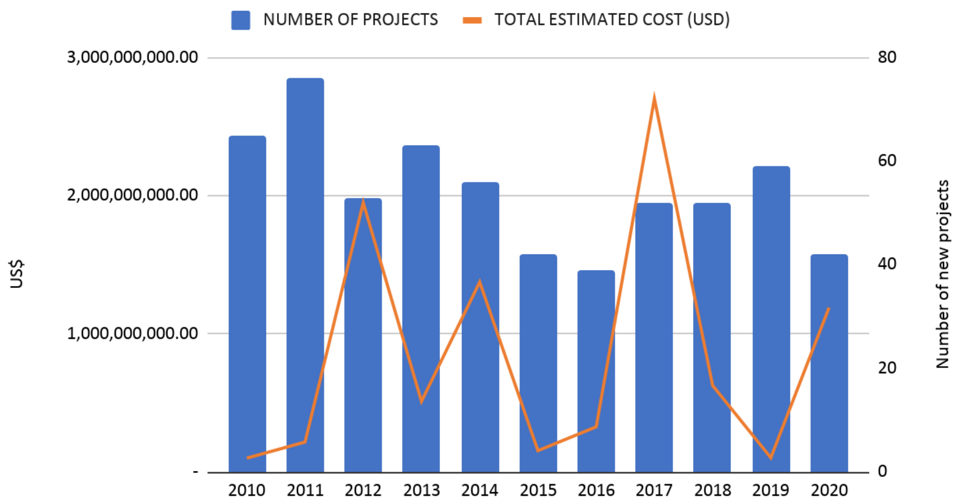
Manufacturing

The manufacturing sector recorded a growth rate of 1.4% in 2020 compared with 6.3% in 2019 (Table 6.1) while its contribution to GDP marginally declined from 10.9% in 2019 to 10.4% in 2020. As in 2019, the sub-sector was second to the mining and quarrying sub-sector in 2020 in terms of contribution to GDP, however, unlike the mining and quarrying sub-sector which shows an increase in its average contribution to GDP from 10.9% (2014-2017) to 15.1% (2018-2020), the contribution of manufacturing to GDP averaged 11.7% (2014-2017), decreasing to 10.8% (2018-2020).

At the height of the COVID-19 pandemic, the sub-sector contracted in both the second and third quarters of 2020. It contracted by 3.6% in the second quarter of 2020 and 1.8% in the third quarter (GSS, 2020b; GSS, 2021a). It recovered to grow by 2.9% in the fourth quarter of 2020 (GSS, 2021a). In a study by the Ghana Statistical Service (2020c), it was found that during the country's lockdown period, 39.8% of manufacturing firms surveyed in the Greater Accra Region and Kumasi closed down. After the lockdown, many of these firms experienced decreased demand with 92.7% of manufacturing firms surveyed reporting a decrease in April sales. Ghanaian firms are heavily reliant on imported inputs for production – 48% of manufacturing firms had difficulties with obtaining inputs and 78% had cashflow constraints (GSS, 2020c). It is thus not surprising that the manufacturing sub-sector recorded such a low growth rate in 2020.

GIPC registered 42 new FDI-related manufacturing projects in 2020, compared with 59 and 52 in 2019 and 2018, respectively (Figure 6.8). From 2017 to 2019, the total value of investments related to manufacturing plummeted (Figure 6.8). The 2020 value of about US$1.2 billion (over 1,000% increase over the 2019 figure) is a welcome development.

Figure 6.8: Total Projects in Manufacturing registered by GIPC, 2010-2020



Source: Ghana Investment Promotion Centre, 2021

Electricity

In 2019, the sub-sector's growth rate of 6% was the lowest since 2017; however, in 2020, it recorded a significant increase in growth to 14.3%. Despite the significant growth, its contribution to GDP increased only marginally from 1.3% in 2019 to 1.4% in 2020 (Table 6.1). The lockdown measures taken by the government to curb the spread of COVID-19 were expected to cause a decline in consumption by firms, nonetheless, work-from-home measures and government subsidies on electricity bills were expected to encourage consumption. In terms of contribution to GDP, electricity remains the second smallest sub-sector of industry after the water and sewerage sub-sector. In spite of this, its importance for Ghana's economy cannot be overemphasised. The sub-sections below provide a detailed analysis of the state of power installations, generation, consumption and trade of electricity in Ghana.

Installed capacity and production

The year 2020 saw no addition to Ghana's installed capacity for power generation. Thus, total installed capacity at the end of 2020 stood at the same level as the 2019 figure of 5,032.6 megawatts (MW). After high levels of investment in installed capacity to address long-standing power supply challenges, growth in installed capacity has declined consistently since 2017. This decline seems to reflect the fact that plant capacity is no longer a major challenge compared with the 2012-2016 period, where limited plant capacity significantly affected power production in Ghana.

However, other problems remain and are becoming more prominent. There are challenges relating to complementary infrastructure and other inputs, particularly frequent breakdown of transmission lines. This is largely evidenced by the fact that annual power generation growth in the last decade has not strictly followed the growth in installed capacity (Table 6.2). In 2015, for example, installed capacity grew by 24.8% while growth in power generation was negative 11.3%. In 2020 where there was no growth in installed capacity, power generation grew by 10.4%. The data therefore suggest a weak contemporaneous association between installed capacity and power generation, and this is indicative of the importance of other challenges to the provision of stable power supply for Ghana.

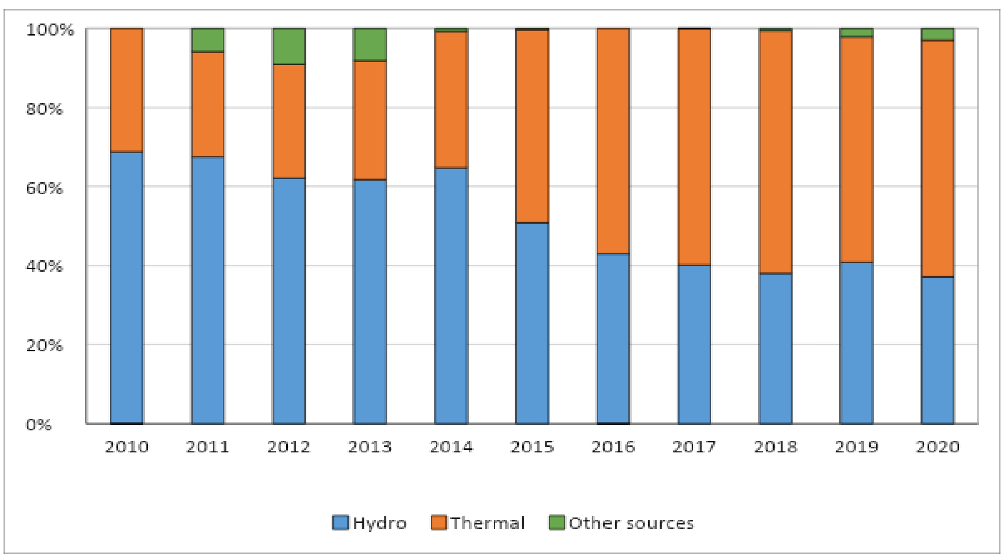
Until recently, Ghana depended largely on hydropower plants with capacity becoming limited relative to growing demand for electricity. Additionally, the increasingly unpredictable rainfall patterns negatively affected power generation from the hydro plants, causing them to operate below their full capacity at certain periods of the year. The attempt to resolve these problems in the last decade has resulted in significant investments in several thermal power plants as well as the opening up of the sector for participation by private sector actors referred to as independent power producers (IPPs). Currently, there are 12 IPPs operating in the power sector with off-taker agreements with the government of Ghana.

TABLE 6.2: Total installed capacity and power generation, 2010-2020

Year	*Total installed capacity (MW)*	*Annual growth in installed capacity (%)*	*Total power generation (GWh)*	*Annual growth in power generation (%)*
2010	1,920		10,167	
2011	2,170	13.0	11,201	10.2
2012	2,280	5.1	12,025	7.4
2013	2,830.5	24.1	12,870	7.0
2014	2,830.5	0.0	12,963	0.7
2015	3,533.5	24.8	11,493	-11.3
2016	3,533.6	0.0	12,967	12.8
2017	4,331.6	22.6	14,018	8.1
2018	4,822.6	11.3	15,855.3	13.1
2019	5,032.6	4.4	17,808.3	12.3
2020	5,032.6	0.00	19,658.3	10.4

Note: 2020 figures from GRIDCo
Source: Energy Commission, June 2020 and GRIDCo, April 2021

Figure 6.9: Power generation, by plant type, 2010-2020



Source: GRIDCo, April 2021

Two constraints emerged from the efforts to address the power generation capacity problems. First, thermal plants now constitute the largest share of Ghana's installed capacity (Table 6.3) as well as total power generation (Figure 6.9). The last 5-10 years have seen significant and consistent growth in the share of thermal plants in total power generation in Ghana. The share of thermal plants in power production actually grew from 35% in 2014 to 60% in 2020. The increased reliance on thermal plants, which run on hydrocarbon fuels, has exposed power production in Ghana to price instabilities in global oil market and has also made power production more expensive.

The second constraint emanates from the nature of power purchase agreements with the IPPs that are mainly using thermal plants. These agreements require the government as the off-taker to pay the provider even when the plants are not in use. Coupled with the fact that the Electricity Company of Ghana has long been contending with huge revenue losses due to its inability to collect tariffs from consumers, these off-taker agreements have led to massive debt across the power supply chain in Ghana. This debt could reach US$12.5 billion by the end of 2023, according to the sector minister, if no significant efforts are made to address the problem[1].

The government's effort to deal with the challenge of rising energy sector debt has involved instituting special taxes on the pump price of fuel. This is backed by the promulgation of the Energy Sector Levies Act, 2015 (Act 899), which has since been amended three times (in 2017, 2019 and 2021). The problem with this approach has been the high fuel prices, with widespread negative implications for livelihoods which raise questions about why the citizenry should directly bear the brunt of the failings of public management systems for power production.

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[1] https://www.myjoyonline.com/energy-sector-debt-to-hit-12-5bn-in-2023/

TABLE 6.3: Installed capacity of power plants, 2014-2020 (MW)

Generation Type	*Fuel Type*	*Installed Capacity (MW)*						
		2014	***2015***	***2016***	***2017***	***2018***	***2019***	***2020***
Hydropower Plants								
Akosombo	Hydro	1,020	1,020	1,020	1,020	1,020	1,020	1,020
Bui	Hydro	400	400	400	400	400	400	404
Kpong	Hydro	160	160	160	160	160	160	160
Sub-total		1,580	1,580	1,580	1,580	1,580	1,580	1,584
Thermal Power Plants								
Takoradi Power Company (TAPCO)	Oil/NG	330	330	330	330	330	330	330
Takoradi International Company (TICO)	Oil/NG	220	340	340	340	340	340	340
Sunon Asogli Power (SAPP)	NG	200	200	200	560	560	560	560
Tema Thermal Plant1 (TT1P)	Oil/NG	110	110	110	110	110	110	110
Tema Thermal Plant2 (TT2P)	Oil/NG	50	50	50	50	80	87	80
Mines Reserve Plant	Oil/NG	80	80	80	-	-	-	
Takoradi T3	NG	132	-	-	-	-	-	
CENIT Energy Ltd (CEL)	Oil/NG	126	126	126	110	110	110	126
KTPP#	Oil	-	220	220	220	220	220	220
AMERI	NG	-	250	250	250	250	250	250
Karpower (power rental)	HFO	-	225	225	470	470	470	475.8
AKSA	HFO	-	-	-	289	370	370	260
Cenpower	Oil/DFO	-	-	-	-	360	360	360
Amandi	Oil/NG	-	-	-	-	-	203	190
Bridge Power	LPG/NG	-	-	-	-	-	-	147
Sub-total		1,248	1,931	1,931	2,729	3,200	3,410	3228.8

TABLE 6.3 (Cont'd): Installed capacity of power plants, 2014-2020 (MW)

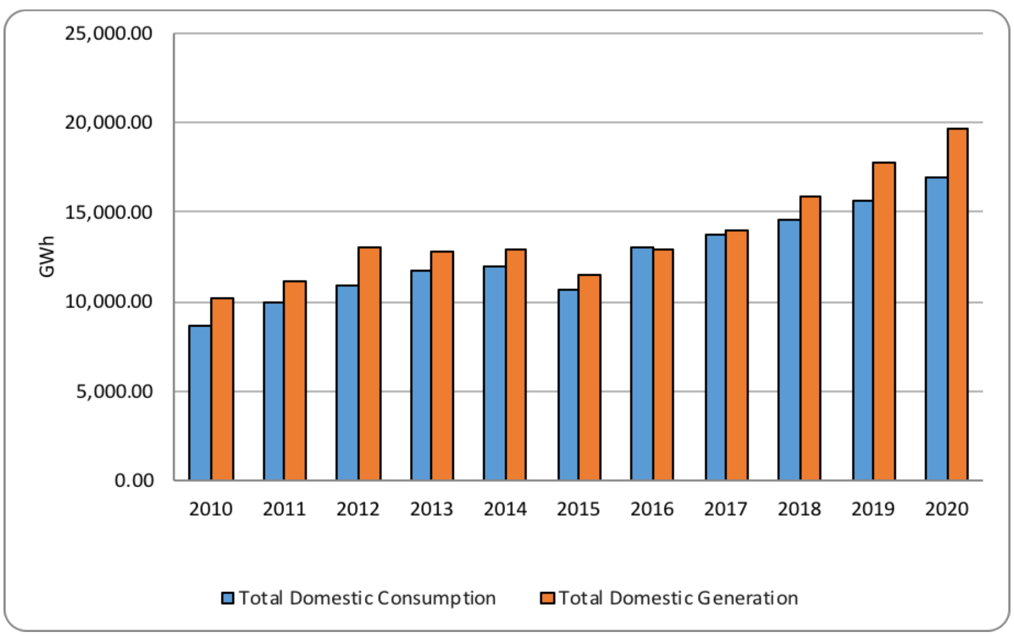
Generation Type	*Fuel Type*	*Installed Capacity (MW)*						
		2014	***2015***	***2016***	***2017***	***2018***	***2019***	***2020***
Renewables (excluding hydro)								
VRA	Solar	2.5	2.5	2.5	2.5	2.5	2.5	
Meinergy	Solar	-	-	-	-	20	20	
BXC Solar	Solar	-	20	20	20	20	20	
Safisana Biogas	Biogas	-	-	0.1	0.1	0.1	0.1	
Sub-total		2.5	22.5	22.6	22.6	42.6	42.6	
Total		**2830.5**	**3533.5**	**3533.6**	**4331.6**	**4822.6**	**5032.6**	**5032.8**

*2020 figures from GRIDCo
Source: Ghana Grid Company Ltd (GRIDCo), May 2019; Energy Commission, 2020

Consumption of electricity

Total domestic consumption of electricity in 2020 was 16.9 thousand gigawatt hours (GWh), up by 8.7% over consumption in 2019 (Figure 6.10). Between 2015 and 2020, electricity consumption took an upward trend, as did production. However, consumption was outstripped by production in all years except 2016 when consumption was slightly higher (Figure 6.10). The years after 2016, particularly 2020, saw the gap between consumption and production widening. ECG customers have always constituted the largest source of domestic demand for power in Ghana, as can be observed in Table 6.4. In 2020, power consumption by ECG customers accounted for about three-quarters of total domestic consumption. Thus, it is not surprising that ECG's failure to effectively mobilise tariff revenue, manage demand and expand power distribution could have far-reaching implications for the energy sector.

Figure 6.10: Total domestic generation and consumption of electricity, 2010-2020 (GWh)



Source: GRIDCo, April 2021

TABLE 6.4: Domestic consumption of electricity (% of total consumption), 2013-2020

Type of Customer	*Year*							
	2013	***2014***	***2015***	***2016***	***2017***	***2018***	***2019***	***2020***
ECG	72.5	70.2	70.5	70.8	72.5	74.9	73.6	74.5
Mines	12.5	13.0	11.5	9.6	8.4	7.5	8.4	8.8
NEDCo	8.0	8.3	9.5	8.7	9.0	9.1	9.0	9.3
Other Industries	7.0	8.0	8.2	10.9	10.0	8.4	8.9	7.3
System Usage (Generations)		0.4	0.3	N/A	N/A	N/A	N/A	N/A
System Usage (Transmission)		0.0	0.1	0.1	0.1	0.1	0.1	0.1
Total Domestic Consumption	100	100	100	100	100	100	100	100

Source: GRIDCo, April 2021

Import and export of electricity

Ghana was a net exporter of electricity in 2020, exporting a total of 1,855.12 GWh of power while importing 58.18 GWh (Table 6.5). Ghana's power exports have grown significantly since 2017 while imports have been declining. In 2020, exports grew by almost 30% but imports declined by 54%. This trend may be associated with the recent high investment in Ghana's generation capacity. The major export destinations for Ghana are Communauté Electrique du Benin (CEB; Togo/Benin) and Burkina Faso, while Côte d'Ivoire has been the main source of imports for Ghana (Table 6.5). Traditionally, Côte d'Ivoire is Ghana's largest export destination. In 2020, however, exports to Burkina Faso outstripped exports to Côte d'Ivoire. Indeed, exports to Burkina Faso has seen a consistent rise in recent years, from a low 53 GWh in 2014 to 990 GWh in 2020.

TABLE 6.5: Exports and imports of electricity, 2014-2020 (GWh)

	Year						
	2014	***2015***	***2016***	***2017***	***2018***	***2019***	***2020***
EXPORTS:	502.66	571.95	465.88	351.63	739.5	1,430.39	1,855.12
SONABEL (Burkina Faso) *	53.19	53.87	55.23	57.53	277.07	576.54	990.47
CEB (Togo)**	442.62	498.04	410.46	284.23	384.95	777.45	715.26
CIE (Côte d'Ivoire) ***	6.85	20.04	0.19	9.87	77.48	76.4	149.39
IMPORT- CIE (Côte d'Ivoire)	33.2	89.04	765.26	121.58	162.8	127.41	58.18

*Société Nationale d'Electricité du Burkina ** Communauté Electrique du Benin ***Compagnie Ivoirienne d'Electricité
All data from GRIDCo except 2020 import data

Source: GRIDCo April 2021, VRA April 2021

Water and Sewerage

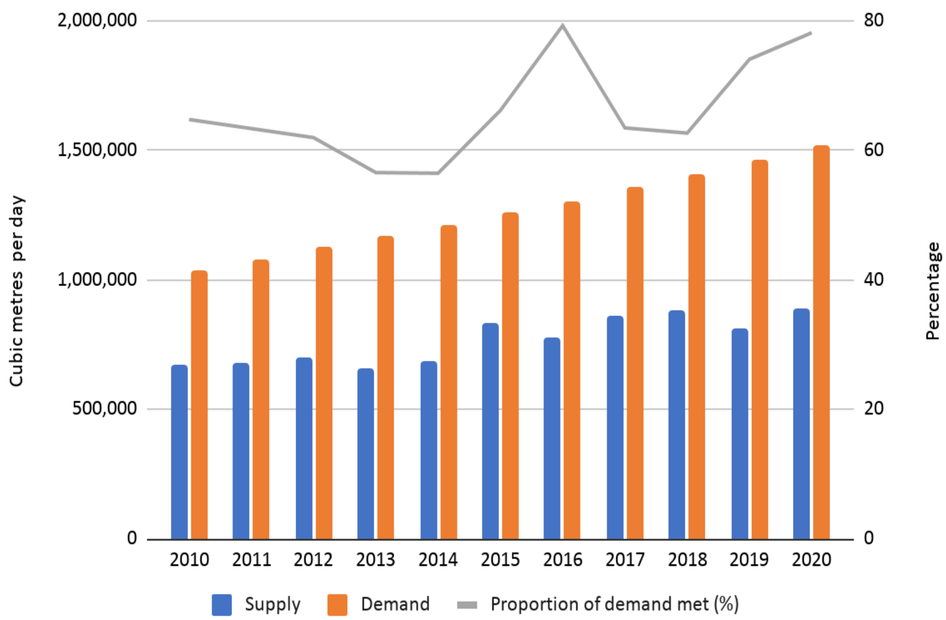
Water and sewerage is the smallest sub-sector of the industrial sector, as measured by GDP share. It accounted for 0.7% of GDP in 2020, confirming a downward trend that began in 2017 (Table 6.1). Having performed abysmally with negative growth rates in both 2018 and 2019, the sub-sector rebounded to positive growth of 2.2% in 2020. This rebound may be associated with the subsidised or free water supply programme which was part of the government's measures in 2020 to control the spread of COVID 19. While this intervention was generally welcome, its distributional impact in terms of welfare may have been arguably discriminatory against communities and households that were not covered by the existing water supply infrastructure.

The sub-sections below explore the structure of and the development trends in water supply infrastructure and production by region. There are the two public agencies responsible for water production and distribution to the public, namely: the Ghana Water Company Limited (GWCL) mainly for urban communities; and the Community Water and Sanitation Agency (CWSA) mainly for rural communities. The discussion below focuses on urban water systems managed by GWCL. The rural water system is not discussed below because 2020 data were unavailable at the time of writing this report.

Urban water system

Total production of water by GWCL in 2020 was 325.11 million cubic metres, compared to 296.41 million cubic metres in 2019 and 322.50 million cubic metres in 2018. Daily water supply by GWCL increased in 2020 after a decline in 2019 while demand has continuously risen (Figure 6.11). Indeed, demand has always outstripped supply, however the GWCL coverage rate (that is, the proportion of estimated demand met by supply) has increased from 62% in 2018 to more than 74% in both 2019 and 2020 (Figure 6.11).

Figure 6.11: GWCL water supply, demand and coverage, 2010-2020

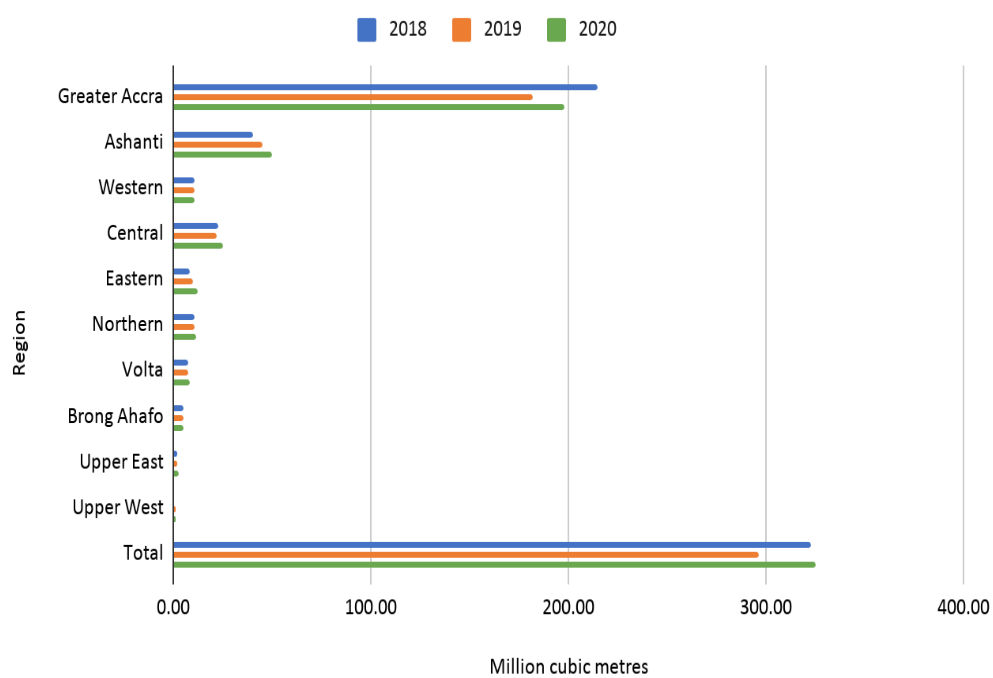


Source: Ghana Water Company Limited, April 2021

Figure 6.12 shows that the greatest part of water production in 2020 occurred in the Greater Accra Region, followed by Ashanti Region and Central Region as in previous years. Generally, regional distribution of water production has not seen much change. Except in Ashanti Region and Eastern Region where there was a continuous but relatively minimal rise in water production between 2017 and 2020, water production in the other regions does not seem to follow an upward trend (Figure 6.12).

Table 6.6 shows a huge disparity in GWCL's daily water supply, demand and coverage across the 10 regions. Of the average total daily supply of water in 2020, Greater Accra accounted for 61% and Ashanti Region 15% while the eight other regions together accounted for 24% of the supply. The Upper West Region had the lowest share of GWCL water supply in 2020, followed by Upper East and then Brong Ahafo and Volta regions. It appears GWCL installations in these regions are nearly non-existent, compared to other regions, particularly the Greater Accra Region. It also appears this distribution has persisted in time, as shown by the pattern of distribution in preceding years (2017, 2018 and 2019) in Table 6.6, and there is little or no sign of improvement over time.

Figure 6.12: GWCL annual water production, by region, 2018-2020 (million cubic metres)



Source: Ghana Water Company Limited, April 2021

Correspondingly, the coverage rate for regions where water supply has been limited has been very low (Table 6.6). These patterns and trends in regional water installations and coverage rates raise concerns regarding a potentially negative distributional impact of the government's free water supply programme in 2020. Generally, however, the coverage rate has risen annually in the last three years for all regions.

TABLE 6.6: Coverage and distribution of GWCL water supply and demand, by region, 2017-2020

Region	2017		2018		2019		2020	
	Supply, by region (%)	% of demand met	Supply, by region (%)	% of demand met	Supply, by region (%)	% of demand met	Supply, by region (%)	% of demand met
ATMA	68	94	67	80.9	61	88.4	61	92.3
Ashanti	14	64	13	51.7	15	74.5	15	78.8
Western	3	54	3	54.7	4	73.6	3	71.1
Central	6	58	7	62.3	7	78.7	8	86.2
Eastern	2	27	2	26.3	3	41	4	51.4
Northern	3	46	3	45.6	4	58.6	4	58
Volta	2	35	2	33	2	41.5	2	44.5
Brong Ahafo	1	20	2	20.5	2	25.8	2	26.6
Upper East	1	26	1	24.9	1	30.7	1	35.2
Upper West	0	13	0	11.8	0	18.9	0	35
Total	100	71	100	62.7	100	74.1	100	78.2

Source: Ghana Water Company Limited, April 2021

Outlook for Industry

Of the three major economic sectors in Ghana, industry was the hardest hit by the economic meltdown associated with the COVID-19 pandemic. Industry contracted 3.6% in 2020, after robust performance in 2017-2019. One good reason for the colossal impact of the pandemic on Ghana's industry is that growth in the sector in recent times has mainly been driven by the mining and quarrying sub-sector, particularly activities in oil and gas. While all other sub-sectors of industry (including manufacturing) recorded positive growth in 2020, the mining and quarrying sub-sector contracted (by 11%), with oil and gas activities shrinking by 9% in 2020. The electricity, and water and sewerage sub-sectors managed to stay afloat in 2020 and this may have been largely driven by government subsidies on electricity and water to cushion households and businesses from the effects of the pandemic. The outturn of industry in relation to the pandemic buttresses the need for strategies that will diversify the sources of growth away from the highly unstable mining and quarrying sub-sector in order to improve the medium- and long-term outlook of Ghana's industrial sector.

The industrial sector is projected to grow at an average of 5% for the 2021-2024 period with 4.8% and 5.3% growth rates in 2021 and 2022, respectively. The sub-sectoral projections for 2021-24 indicate that the industrial sector's growth will be largely dependent on new oil production, as well as the electricity, water and sewerage sub-sectors. The growth outlook for the sector appears a bit ambitious given that the free or subsidised supply of water and electricity by the government has ended and the power sector is still plagued by several challenges such as high debt, poor transmission infrastructure, and the growing dependence on the volatile oil market for fuel to power thermal plants.

Ghana's industrialization path (in the short to medium term) is hinged on light manufacturing (as outlined in the CARES programme). Key to the success of manufacturing is a stable electricity (energy) supply at a competitive tariff. This means that the government will have to address the inefficiencies in the supply and distribution of electricity. Although sources of supply have been diversified with the inclusion of thermal generation sources, with installed capacity being more than what is required, significant constraints such as poor tariff structure remain. The non-utilisation of capacity, which has to be paid for, has led to the imposition of taxes to defray debt associated with charges related to the excess capacity. The high cost of electricity, coupled with irregular supply will lead to high production cost, negatively affecting the competitiveness of Ghana's light manufacturing sector. Thus, the current power supply challenges need to be addressed immediately in order to shore up optimism regarding the outlook of the sector in the short to medium term as the country recovers from the ruins of COVID-19 pandemic.

The Ghana COVID-19 Alleviation and Revitalisation of Enterprises Support **(Ghana-**CARES) programme seems to offer some hope for industry as does the intention of the government in the 2021 Budget Statement to extend further support to One district, one factory (1D1F) projects through a collaboration with financial institutions. While these initiatives are laudable, it would be more helpful if the level of support given to specific sub-sectors and firms is based on the level of employment generation and local linkage development expected from them.

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Chapter 7
Services Sector

Introduction

Despite the growth of Africa's services sector in the last decade, it is still dominated by informality and high-cost, low-value services, hence the need for improving the sector's efficiency (Gayi and Banini, 2019). This has become more critical with the adverse impact of the coronavirus disease (COVID-19) pandemic on most economies. Services, alongside manufacturing, are vital in economic growth (Deloitte, 2018). The services sector performs a major role in any country's development and, consistent with the Sustainable Development Goals (SDGs), is associated with poverty reduction and increased access to basic services such as education, water and health. In addition to its contribution to sustained economic growth and transformation, the services sector is also critical to the promotion of intra-regional trade and global value chains (Gayi and Banini, 2019).

Services are a necessary input for any thriving domestic business environment. Examples include financial services, which facilitate transactions and provide access to finance for investment; health and education services that help produce healthy, well-trained human capital; and legal and accountancy services, which form the basis of a strong market economy. The services sector, therefore, has a wide impact on general business performance, the level and quantum of investment, and hence growth and productivity in the local economy as well as developmental linkages with international markets.

According to UNCTAD (2014), strengthening the services sector at the domestic level by multiplying its backward and forward linkages with the primary and secondary sectors, as well as its linkage with trade, can be an effective component of a holistic development strategy. Trade in services[1] across the world and in sub-Saharan Africa (SSA) in 2019 is estimated to be around 13.5% and 11.4% of total GDP respectively (World Bank, 2021). However, the services sector in sub-Saharan Africa (SSA) has seen a decline since 2016, from 53.03% to 48.8% of GDP in 2019 (World Bank, 2021).

Services Sector Performance

The services sector in Ghana comprises (i) trade; repair of vehicles; household goods; (ii) hotels and restaurants; (iii) transport and storage; (iv) information and communications; (v) financial and insurance activities; (vi) real estate; (vii) professional, administrative and support service activities; (viii) public administration and defence; social security; (ix) education; (x) health and social work; and (xi) other service activities.

The sector had an estimated nominal value of GH¢172,608 million in 2020, up from GH¢160,948 million in 2019 (Table 7.1). The distribution of the services sub-sectors' nominal output in 2020 showed moderate improvements in most categories over the previous year, largely due to the pandemic. Given the mandatory lockdowns and the dissuasion of in-person gatherings, the communications sector experienced an upsurge in data usage as a result of the increase in

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[1] Trade in services records transactions of payments and receipts for service-related activities such as financial services, transport services, law, accountancy, management consultancy, and tourism between residents and non-residents of an economy (OECD, 2020). It is computed as the sum of service exports and imports divided by the value of GDP, all in current US dollars (World Bank, 2021).

TABLE 7.1: Services Sector Contribution to GDP, 2015-2020 (Current Prices; GH¢ million (%))

Activity/Year	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*	*2020**
ALL SERVICES	**58,570**	**74,356**	**96,437**	**114,272**	**134,786**	**160,948**	**172,608**
Trade; Repair of Vehicles, Household Goods	16,842	21,645	29,505	35,315	44,713	53,766	55,766
	28.8	29.1	30.6	30.9	33.2	33.4	32.3
Hotels and Restaurants	4,584	5,905	7,417	9,453	10,807	12,473	8,974
	7.8	7.9	7.7	8.3	8.0	7.7	5.2
Transport and Storage	7,801	10,057	13,259	17,294	21,083	23,530	26,117
	13.3	13.5	13.7	15.1	15.6	14.6	15.1
Information and Communications	2,890	3,801	4,473	5,237	7,056	10,177	12,831
	4.9	5.1	4.6	4.6	5.2	6.3	7.4
Financial and Insurance Activities	7,110	9,437	13,359	11,876	11,613	12,637	14,022
	12.1	12.7	13.9	10.4	8.6	7.9	8.1
Real Estate	1,368	2,228	3,556	5,700	6,263	9,006	10,992
	2.3	3.0	3.7	5.0	4.6	5.6	6.4
Professional, Administrative and Support Service Activities	2,192	2,762	3,229	3,813	4,284	5,016	5,217
	3.7	3.7	3.3	3.3	3.2	3.1	3.0
Public Administration and Defence; Social Security	4,891	5,630	6,990	8,436	9,942	11,643	12,998
	8.4	7.6	7.2	7.4	7.4	7.2	7.5
Education	5,888	7,125	7,826	9,129	10,076	12,155	14,237
	10.1	9.6	8.1	8.0	7.5	7.6	8.2
Health and Social Work	3,214	3,555	4,112	5,101	5,999	7,234	7,998
	5.5	4.8	4.3	4.5	4.5	4.5	4.6
Other Service Activities	1,789	2,212	2,710	2,918	2,948	3,312	3,457
	3.1	3.0	2.8	2.6	2.2	2.1	2.0

**Provisional*
Source: Ghana Statistical Service (April, 2021)

virtual meetings. As a result, the information and communications sub-sector saw the largest growth rate – about 26.1% – from 2019 to 2020, with negative growth rates observed for the hotels and restaurants sub-sector. The negative growth rates were largely due to the partial lockdown and the temporary closure and restrictions of the air and sea borders of the country which slowed down tourist inflows and negatively impacted the global supply chain. In terms of the percentage distribution of the sub-sectors' nominal output to overall services sector performance, it is observed that, in 2020, trade; repair of vehicles, household goods recorded the highest sub-sectoral contribution (32.3%) to total services sector nominal output. This was followed by transport and storage with a share of 15.1%, while other service activities had the lowest share in 2020 at 2.0%. The other sub-sectoral contributions were as follows: hotels and restaurants (5.2%); financial and insurance activities (8.1%); information and communications (7.4%); real estate (6.4%); professional, administrative and support service activities (3.0%); public administration and defence, social security (7.5%); education (8.2%); health and social work (4.6%).

Real Growth Rates of Sub-Sectors

For the 2020 financial year, the real growth rate of the services sector was 1.5%, a significant decline from the 2019 growth rate of 7.6% (Table 7.2). In 2020, the information and communications sub-sector maintained the highest growth rate of 22.5%, while hotels and restaurants recorded a heavily negative growth rate of 34.8% (Table 7.2). The significant performance of the information and communications sub-sector may largely be due to the government's digitisation agenda in addition to the immediate surge in the use of digital and online services as a result of the COVID-19 pandemic. As indicated, the negative real growth rates of the trade, repair of vehicles, household goods as well as hotels and restaurants is mainly due to the border closure that hindered both human and goods and services supply among and within national economies. Tourists were unable to come in, leading to either low sales or closure of some hospitality centres, while efforts to slow the rapid spread of the novel coronavirus resulted in some restrictions on goods (imports and exports).

TABLE 7.2: Real Growth Rates of the Services Sector, 2015-2020 (%)

Activity/Year	2015*	2016*	2017*	2018*	2019*	2020**
ALL SERVICES	**2.9**	**2.8**	**3.4**	**2.8**	**7.6**	**1.5**
Trade, Repair of Vehicles, Household Goods	0.5	-0.4	8.2	2.8	3.7	-1.1
Hotels and Restaurants	4.1	2.3	7.6	3.2	6.0	-34.8
Transport and Storage	2.6	1.1	8.9	1.1	4.3	3.7
Information and Communications	11.9	5.6	4.2	13.1	46.5	22.5
Financial and Insurance Activities	12.9	8.0	-17.7	-8.2	1.6	5.5
Real Estate	3.1	3.2	3.8	-6.5	19.9	12.5
Professional, Administrative and Support Services	1.4	-4.2	2.9	0.3	5.1	-5.9
Public Administration and Defence, Social Security	-2.6	8.9	4.2	4.3	3.7	7.3
Education	-0.5	2.3	6.3	3.9	9.4	7.8
Health and Social Work	-4.4	4.0	14.1	22.6	10.4	8.2
Other Service Activities	2.7	-0.1	5.3	3.1	2.6	1.1

**Provisional*

Source: Ghana Statistical Service (April, 2021)

Growth in the health and social work sub-sector decreased moderately by 2.2 percentage points in 2020, far less than the decline of 12.2 percentage points in 2019. This may be partially attributable to increased demand for health services as a result of the pandemic. The education sub-sector's growth also declined marginally in 2020 after significant improvement in 2019. This may be due to the closure of schools and educational activities due to the pandemic. Additionally, the transport and storage growth rate declined from 4.3% in 2019 to 3.7% in 2020. This may be due to the limitations imposed on general economic activities which slowed transportation activities within the country. In particular, local mass transport services such as 'trotro' featured reductions in the permitted number of passengers, consistent with COVID-19 social distancing mandates. The lockdown also led to declines in passenger numbers as well as some decrease in overall vehicular movement.

Developments in the Services Sector

The sub-sectors that have been consistently critical to the services sector's output can broadly be classified as social (education and health) and economic (transport, information and communications technology, and tourism) services. Developments in these sub-categories are discussed in the next section.

Education

Evidence across the literature shows the direct and indirect effects of education on national output (Breton, 2013; Gyimah-Brempong, Paddison and Mitiku, 2006; Monteils, 2004). Educated workers help to improve national income directly because schooling increases their marginal productivity (Breton, 2013). They raise national income indirectly by increasing the marginal productivity of physical capital and of other workers. Moreover, growth, development, and poverty reduction depend on the knowledge and skills that the youth acquire, not just the number of years they sit in a classroom (World Bank, 2013). Education is, therefore, one of the key drivers in alleviating poverty and enhancing shared prosperity. However, guaranteeing the human right to a basic education is relatively meaningless unless schooling is directed at learning for all children and youth (UNESCO Institute for Statistics, 2019). This will help bridge the gap in addressing the challenges of achieving Sustainable Development Goal 4 (SDG 4) which calls for equitable access to quality education and lifelong learning opportunities for all by 2030.

In Ghana, the implementation of the free senior high school (SHS) policy has resulted in increased demand for secondary education. The expansion of free basic education in Ghana to include SHS was to further enhance access to education in every part of the country. The total number of beneficiaries for the 2019/2020 academic year was 1,200,580 students compared to the total of 813,448 recorded in 2016/2017 academic year. At junior high school (JHS) level, the government continued with the payment of Basic Education Certificate Examination (BECE) registration fees for all candidates in public schools. In 2020, the government absorbed the registration fees for 403,878 registered candidates from public JHS (Ministry of finance, 2021). Some of the key education sector outcomes are provided in the subsequent sections.

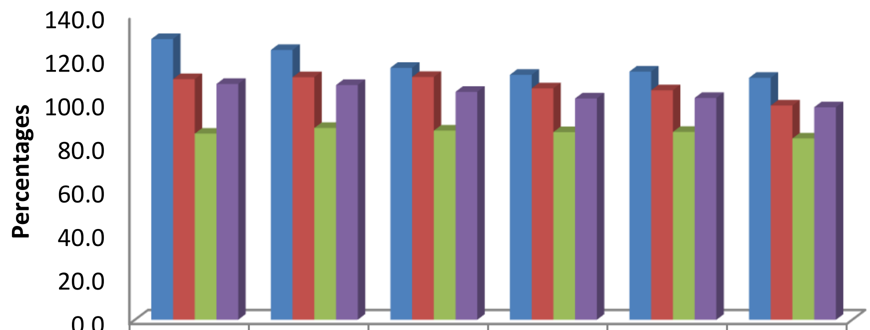
Gross and Net Enrolment Ratios

Although schooling has improved significantly in most low- and middle-income countries over the decades, many young people remain excluded from even primary education. Exclusionary factors include poverty, gender, ethnicity, disability, and geographic location (World Bank, 2017).

The gross enrolment ratio (GER) measures the number of children at a given school level (defined as 4-5 years old for kindergarten (KG), 6-11 years old for primary and 12-14 years for JHS) regardless of age, as a proportion of the population of the appropriate age. Ghana's average GER for all basic education level saw a marginal improvement in 2019 after continuous marginal declines since 2016.

However, in 2020, the GER of 97.5 showed a significant decline of about 4.2% from the 101.8 recorded in 2019. In particular, at the KG and primary levels, the GER decreased by 2.9 and 7 percentage points respectively, as well as by 4.3 percentage points at JHS level (Figure 7.1).

Figure 7.1: Gross Enrolment Ratios for Basic Education, 2015-2020 (%)



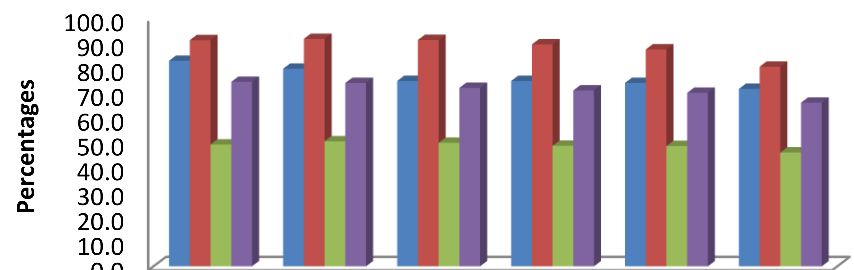
	2015	2016	2017	2018	2019	2020
KG	128.8	123.8	115.6	112.4	113.9	111.0
Primary	110.4	111.3	111.4	106.2	105.3	98.3
JHS	85.4	88.0	86.8	86.1	86.2	83.2
All Basic	108.2	107.7	104.6	101.6	101.8	97.5

Source: Ministry of Education, Education Management Information System (EMIS), 2020

The net enrolment ratio (NER) measures the number of appropriately aged children in school as a proportion of the total population of that age group (UNESCO, 2020). Hence, the NER for primary school represents the number of children of official primary school age who are enrolled in primary education as a percentage of all children of official primary school age. A high NER denotes a high degree of coverage of the official school-age population. The maximum value for the NER is 100% whereas the GER can be more than 100%. Similar to 2019, the NER in 2020 fell at all levels from the previous year's figures. This trend of decline has been observed since

2016. In 2020, there was a significant decline of 5.7% in 'All Basic' enrolment from the 2019 figure compared to the decline of 1.4% in 2019 (Figure 7.2). The NER at the KG, primary and JHS levels declined by 3.3%, 8.0% and 5.4%, respectively, from the 2019 figures.

Figure 7.2: Net Enrolment Ratios for Basic Education, 2015–2020 (%)



	2015	2016	2017	2018	2019	2020
KG	82.7	79.5	74.6	74.6	73.8	71.4
Primary	91.0	91.5	91.1	89.3	87.3	80.3
JHS	49.0	50.3	49.7	48.5	48.4	45.8
All Basic	74.2	73.8	71.8	70.8	69.8	65.8

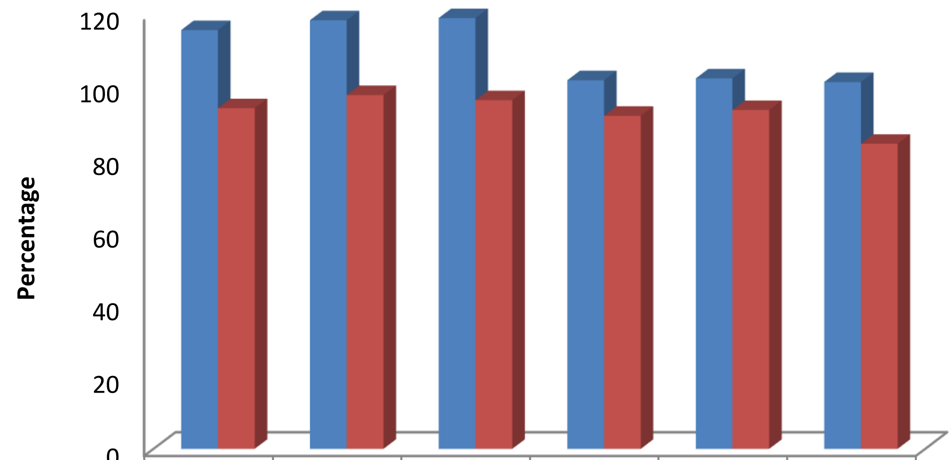
Source: Ministry of Education, Education Management Information System (EMIS), 2020

Gross and Net Admission Ratios

The gross admission ratio (GAR) measures the number of students enrolled in a given level of education, regardless of age, expressed as a percentage of the official school-age population corresponding to the same level of education (UNESCO, 2020). The official school-age adopted by Ghana for admission in Primary 1 is 6 years and 12 years for JHS 1. The GAR in 2020 showed a marginal decline for Primary 1 and a significant decline for JHS 1 pupils (Figure 7.3). The GAR at primary level for children at age 6 years fell by 1 percentage point from 102% in 2018/2019 to 101% in 2019/2020. Similarly, the

GAR at JHS level for children aged 12 decreased by 9.3 percentage points, from 93.3% in 2018/2019 to 84% in 2019/2020.

Figure 7.3: Gross Admission Ratios at Primary and JHS Levels, 2014/15-2019/20 (%)



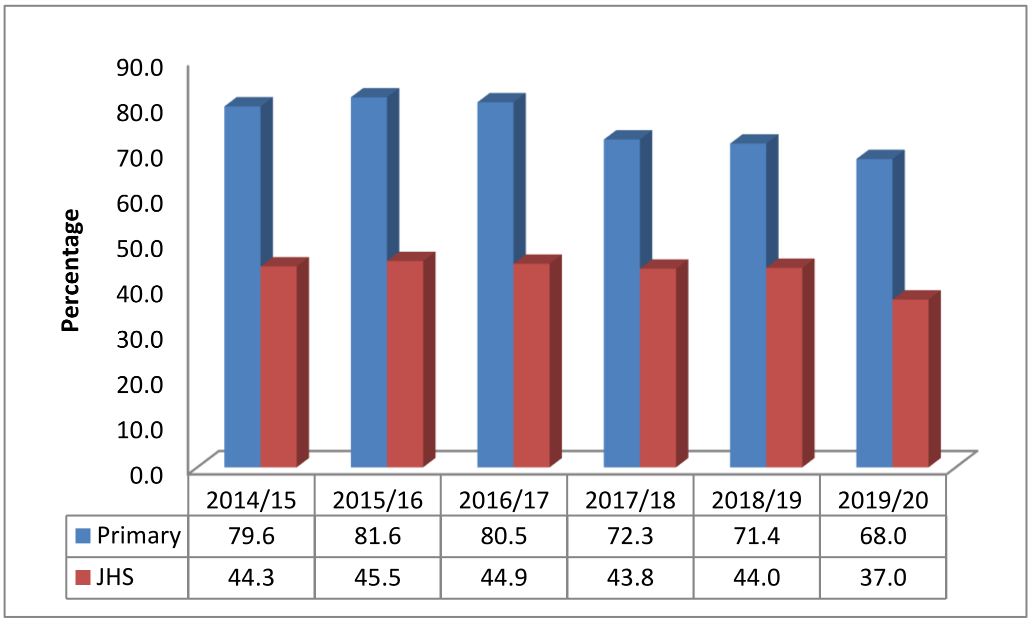
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Primary	115.3	118	118.6	101.5	102	101
JHS	93.8	97.4	96.0	91.7	93.3	84

Source: Ministry of Education, Education Management Information System (EMIS), 2020

The net admission ratio (NAR) measures the total number of students in the theoretical or official age group for a given level of education enrolled in that level, expressed as a percentage of the total population in that age group (UNESCO, 2020). The NAR accounts for the age of new entrants and is considered a better measure of admission coverage than the NER. The NAR at primary level has been declining since 2015/16 (Figure 7.4). Similar declines are observed for the JHS level until a marginal improvement in 2018/19 and then a further decline in 2019/20. For the year under review, whereas the NAR for the primary level declined by 4.8% to 68% in

2019/2020, the NAR at JHS level declined significantly by 15.9%, from 44.0% in 2018/19 to 37% in 2019/20.

Figure 7.4: Net Admission Ratios at Primary and JHS Levels, 2014/15-2019/20 (%)



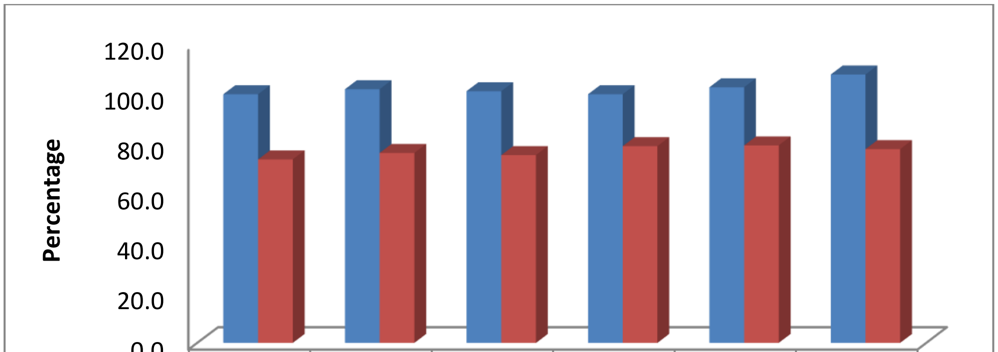
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Primary	79.6	81.6	80.5	72.3	71.4	68.0
JHS	44.3	45.5	44.9	43.8	44.0	37.0

Source: Ministry of Education, Education Management Information System (EMIS), 2020

Completion Ratio

The school completion ratio is the total number of students graduating in a given year to the total number of children of official graduation age in the population (UNESCO, 2020). Completion rates therefore measure the proportion of the population of appropriate age that is graduating in the final year of a grade level. For Ghana, the completion ratios for 2019/2020 improved at the primary level at a rate of about 5% but declined moderately by 1.9% at the JHS level (Figure 7.5).

Figure 7.5: Completion Ratios at Primary 6 and JHS 3, 2014/15 – 2019/20 (%)



	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Primary	99.6	101.6	100.8	99.6	102.4	107.5
JHS	73.5	76.1	75.2	78.8	79.1	77.6

Source: Ministry of Education, Education Management Information System (EMIS)*, 2020*

At primary school level, completion rates (i.e., the ratio of primary 6 enrolment as a proportion of the 11-year-old population) for both boys and girls increased from 102.4% in 2018/2019 to 107.5% in 2019/2020. For JHS, the completion rates (i.e., the ratio of JHS 3 enrolment to the 14-year-old population) for both sexes declined from 79.1% in 2018/2019 to 77.6% in 2019/2020. Table 7.3 provides further breakdown of completion ratios in terms of gender. For 2019/2020 academic year, unlike the primary, the completion ratio at the JHS level was higher for males than for females.

Total Number of Schools

In 2019/2020, the total number of schools in the country increased at all levels of education except for the number of public crèches/nurseries, which decreased by 21.1%; the number of private SHS showed no change within the period (Table 7.4). In total, compared with the other levels of education, the largest rate of increase in the number of schools was at the SHS level cumulatively for private and public schools, with the number increasing by 8.8% in

TABLE 7.3: Completion Ratios for Primary and JHS, by Gender, 2008-2020 (%)

Academic Year	*Gender*	*Primary*	*Junior High School*
2008/2009	Female	85.5	75.0
	Male	74.0	79.7
2009/2010	Female	84.3	61.8
	Male	89.7	70.1
2010/2011	Female	89.0	62.8
	Male	94.1	66.9
2011/2012	Female	91.9	63.0
	Male	95.4	70.4
2012/2013	Female	111.0	65.3
	Male	113.8	74.9
2013/2014	Female	95.9	65.8
	Male	99.0	72.0
2014/2015	Female	98.5	70.4
	Male	100.8	76.4
2015/2016	Female	100.7	73.5
	Male	102.3	78.6
2016/2017	Female	100.2	73.4
	Male	101.4	77.0
2017/2018	Female	100.1	77.4
	Male	99.2	80.1
2018/2019	Female	103.2	78.8
	Male	101.7	79.4
2019/2020	Female	105.6	78.0
	Male	109.4	77.1

Source: Ministry of Education, Education Management Information System (EMIS), 2020

2019/2020 from the previous year. The increase is driven by the significant 12.1% increase in the number of public SHS. This may be as a result of government's investment in infrastructure to accommodate the increase in demand and the need to slowly phase out the double-track system[2]. According to the 2021 budget, out of a total of

[2] The double-track system divides the total student population and staff into two separate tracks (Graphic Online, 2018). While one of the tracks attends school, the

1,119 senior high school infrastructure projects that were initiated since 2017, about 539 of them were completed. The government also completed a total of 28 Community Day Senior High Schools (E-Blocks) under the Secondary Education Improvement Programme (SEIP).

Overall, accounting for both the private and public sectors, the primary level continued to have the largest number of schools (26,274), increasing by 3.1% from 2018/2019. This was followed closely by the kindergarten level with 26,184 schools, while the SHS level recorded the smallest number, with 968 schools by 2019/2020 (Table 7.4).

TABLE 7.4: Number of Schools, by Level and Type, 2014/2015-2019/2020

Level	Type of School	2014/2015	2015/2016	2016/2017	2017/2018	*2018/2019*	*2019/2020*	*% Change 2018/2019-2019/2020*
Crèche/ Nursery	Public	319	342	398	416	355	280	-21.1
	Private	5,899	6,638	7,533	8,514	9,188	10,007	8.9
	Total	**6,218**	**6,980**	**7,931**	**8,930**	**9,543**	**10,287**	**7.8**
Kinder-garten	Public	13,828	14,145	14,432	14,649	14,821	14,956	0.9
	Private	7,132	7,905	8,807	9,769	10,452	11,228	7.4
	Total	**20,960**	**22,052**	**23,239**	**24,418**	**25,273**	**26,184**	**3.6**
Primary	Public	14,405	14,664	14,923	15,138	15,291	15,391	0.7
	Private	6,904	7,625	8,566	9,488	10,196	10,883	6.7
	Total	**21,309**	**22,289**	**23,489**	**24,626**	**25,487**	**26,274**	**3.1**
JHS	Public	9,445	9,905	10,382	10,784	11,131	11,383	2.3
	Private	4,395	4,862	5,422	6,066	6,491	6,952	7.1
	Total	**13,840**	**14,767**	**15,804**	**16,850**	**17,622**	**18,335**	**4.0**
SHS	Public	562	578	620	630	643	721	12.1
	Private	301	294	307	286	247	247	0.0
	Total	**863**	**872**	**927**	**916**	**890**	**968**	**8.8**

Source: Ministry of Education, Education Management Information System (EMIS), 2020

other is on vacation, and vice versa. The first track is called Green track while the second is called the Gold track.

From the 2021 budget statement, the following key projects have been earmarked for improving the quality of education in Ghana:

- The training of 11,997 teachers on the KG-P6 Standard-Based Curriculum and 95,000 teachers on the Common Core Programme (CCP) curriculum.
- The development and Cabinet approval of the National Pre-Tertiary Learning Assessment Framework (NPLAF) policy.
- The commencement of the Ghana Accountability for Learning Outcomes Project (GALOP). This is a five-year project to improve the quality and performance of 10,000 low-performing basic schools and 28 special schools for improved sector equity and accountability.
- On-going works towards the completion of nine model senior high schools across the country. This includes seven new SHS schools focusing on creative arts, technical and STEM education and two existing schools namely, Diaso Community SHS and Koase Senior High Technical School which are being upgraded into model schools.

Health Sector

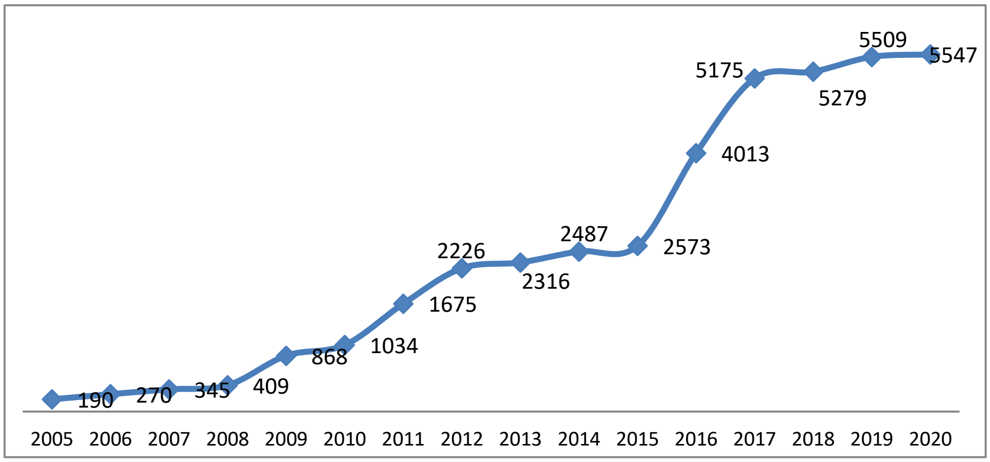
The COVID-19 pandemic has shown that strong health systems are required to fight natural disasters and other health threats (Sida, 2020). Over the past two decades, investments in new technologies, vaccines and other methods that improve the quality of life and cure diseases have stimulated major advances in public health. Despite this progress, a joint report from the World Bank and WHO revealed that at least half of the world lacks access to essential health services, with 100 million people being pushed into extreme poverty because of health expenses (World Bank and WHO, 2017). Additionally, whereas 1 in 4 health care facilities lack basic water services, it also reported that 1 in 3 people globally do not have access to safe drinking water (UNICEF and WHO, 2019b, 2019a), which is a prerequisite for preventing the spread of diseases.

The health sector's mandate to achieve Universal Health Coverage (UHC), is still in force. A good health system is associated with reductions in illness and diseases related with poverty and lack of education. At the same time, health systems should be equipped to deal with a growing population, health financing issues, and increased disease burdens as a result of the rising incidence of non-communicable diseases (NCDs) (Ministry of Health, 2019). Government policy aims at improving equitable access to essential health care services, with an emphasis on regenerative health and preventive care. Large variations in geographical access to quality health care exist throughout the country as a result of regional disparities, urban-rural differences and poor distribution of health facilities and health staff, with slum communities even worse off in terms of access to quality healthcare (Ghana Health Service, 2015). One of the primary efforts to bridge this gap was the institutionalisation of the Community-based Health Planning and Services (CHPS) policy.

CHPS is the Ghana Health Service's primary healthcare strategy where Community Health Officers (CHOs) are engaged to live in compounds provided by the community or the District Assembly. The primary function of CHOs is to deliver basic healthcare to the doorsteps of individuals within the selected communities, in addition to making prompt referrals when necessary. The number of functional[3] CHPS increased marginally by approximately 0.7% from 5,509 zones in 2019 to 5,547 zones in 2020 (Figure 7.6). The government aims to continue the provision and the maintenance of CHPS compounds, among other efforts, to bridge the infrastructure gap at community level and to improve the quality of life of the rural and peri-urban population.

[3] A functional CHPS zone is defined as "where all the milestones have not been completed but a community health officer has been assigned and provides a defined package of services to the catchment population, from house to house in the unit area." (Holistic Assessment of the Health Sector Programme of Work, 2014).

Figure 7.6: Number of Functional CHPS Zones, 2005-2020



Source: Ghana Health Service and Ministry of Health.

Table 7.5 presents selected indicators for assessing the overall strength of the health system in Ghana. First, the total health care package that a mother receives during pregnancy, at the time of delivery, and soon after delivery is critical for the survival and well-being of both the mother and the child (GDHS, 2014). Improving maternal healthcare and reducing maternal mortality remain top priorities. The institutional maternal mortality ratio (iMMR) – which is the number of women who die during pregnancy, childbirth or six weeks after delivery in health facilities per 100,000 live births – is a crucial indicator of the quality of health care across countries. Ghana's iMMR for 2020 was about 109 deaths per 100,000 live births, an improvement from the 118 deaths per 100,000 live births reported in 2019. The iMMR for 2020 shows further improvement since 2017. Also, the policy of having all pregnant women visit clinics for antenatal care (ANC) at least four times while pregnant is meant to track the development of the foetus and to monitor any other health conditions that the mother may have (Alkema et al., 2016). The objective is to identify and manage such conditions effectively and in a timely manner to ensure better health outcomes for both mother and baby.

Data released by the Ministry of Health suggests that ANC coverage is a little less than 80% (Table 7.5).

TABLE 7.5: Status of Selected Health Indicators, 2014-2020

Indicator	***2014***	***2015***	***2016***	***2017***	*2018*	*2019*	*2020**
Institutional Maternal Mortality Ratio (iMMR) (per 100,000 live births)	142	141.9	151	147.3	127.3	117.6	109.2
Antenatal Care (ANC) coverage (%)	86.7	84.3	84.1	81.3	78	74.2	79.2
Supervised Delivery (including Trained Traditional Birth Attendants - TBA) (%)	66.70	55.7	56.2	56.5	58.7	59.1	58.7
Postnatal Care (PNC) Coverage (%)	100.3	68.9	67.3	66.5	51.8	54.2	55.9
Family Planning Acceptor Rate (%)	29.1	28.4	33.5	36.6	30.6	39.8	29.6
Doctor-to-Population Ratio	1:9,043	1:8,934	1:8,301	1:8,481	1:7,192	1:6,897	1:6,355

*Provisional estimates
Source: Ghana Health Service/Ministry of Health (2021)

Maternal and reproductive health services are one of the essential indicators of an economy's human capital base and have important implications for its growth and development. It is expected that skilled birth attendance, combined with the prescribed antenatal care visits, will reduce maternal mortality, stillbirths, and neonatal and infant mortality rates. Despite an initial increase in the proportion of supervised deliveries between 2012 (58.02%) and 2013 (83.40%), the proportion declined to 59.1% by 2019 and further to 58.7% in 2020. Data released by Ghana's Ministry of Health showed that between 2019 and 2020, postnatal care (PNC) coverage and the family planning acceptor rate were 55.9% and 29.6% respectively (Table 7.5).

There is a strong positive correlation between health workforce density and service coverage and health outcomes (Pozo-Martin et al., 2017). According to the World Health Organisation (WHO; 2020), a "well-performing" health workforce is one that is available, competent, responsive and productive. In Ghana, the doctor-to-population ratio is far from the optimal 1:1,000 recommended by the WHO (2019). However, Ghana's 1:6,355 ratio in 2020 is an improvement over the 2019 ratio and the Ghana Shared Growth and Development Agenda (GSGDA II, 2014-2017) target of 1: 7,500 (see Table 7.5) and a further improvement over the 2018 figures.

The government's annual allocation to the health sector has consistently fluctuated and is still lower than the 2001 Abuja Declaration target of 15% (Table 7.6). Indicators such as the government's annual

TABLE 7.6: Government Annual Allocation to the Health Sector and Per Capita Expenditure in Health, 2010-2020.

	Government Annual Allocation to the Health Sector (% of total Budget)	*Per Capita Expenditure on Health (US$)*
2010	7.0	28.6
2011	9.3	35.0
2012	7.6	50.7
2013	9.9	41.2
2014	10.6	32.8
2015	9.8	37.6
2016	6.8	18.7
2017	6.5	33.1
2018	6.6	38.2
2019	8.1	23.0
2020	9.03	32.8

Source: Holistic Assessment Report, Ministry of Health (2021) discretionary budget for the sector and per capita expenditure on health (nominal US dollars) is a reflection of government financing policy on health. Table 7.6 shows that, in 2020, the allocation to the health sector increased by over 1 percentage point, with an associated improvement of about 43% in per capita health expenditure from the 2019 figures. However, this increase could largely be attributed to the emergency increase in healthcare expenditure as a result of the coronavirus pandemic. Hence, although, various sectors of the economy experienced relative declines, it was largely expected that healthcare expenditure would increase in 2020.

Economic Services

Transportation services

The development of an efficient transport system has both economic and social benefits. The government recognises investment in transportation infrastructure as an important support for economic growth and sustainable development. To this end, the Transport Ministry has worked towards an integrated, efficient, cost-effective and sustainable transportation system responsive to the needs of society (Ministry of Transport, 2018). In 2020, the transport and storage sub-sector recorded a real growth rate of 3.7%.

Road transportation is the most common means of moving goods and people in sub-Saharan Africa (Tchanche, 2019). In Ghana, the government's main aim in the sector is to build a more sustainable network. As one of the interventions, the government established the Metro Mass Transit (MMT) Limited in 2003 to provide safe, affordable, efficient and reliable movement of commuters within metropolitan and municipal areas (Ministry of Transport, 2020). For example, to address issues of cost inequality in transport fares, the MMT services provide relatively lower charges than the normal, private, commercial vehicles available. Since 2018, however, MMT has recorded a significant decrease in the number of passengers and of buses in operation resulting in declining revenue. This has been deepened by the preventive measures taken by government to slow down the spread of COVID-19, including reducing significantly the number of passengers in public transport to allow for social distancing.

Between 2019 and 2020, the number of passengers declined by 55.8% from 6.51 million to 2.88 million; the number of operational buses decreased by 8.1% from 185 to 170. The cumulative effect of the reduction in passengers and the number of buses resulted in a decline in total revenue by 28.8%, from GH¢104.6m in 2019 to GH¢74.5m in 2020 (Table 7.7). MMT services provide free rides to school children in uniform up to JHS level. Due to the pandemic, schools were temporarily closed down as a preventive measure to control the spread and as a result, most school children stayed home for almost the whole of 2020. In 2020, the number of school children that benefitted in the beginning of the year from MMT services before the school closures is estimated at around 336.

TABLE 7.7: Performance Indicators of Metro Mass Transit Limited, 2010-2020

Item/Year	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*	*2020*
Passengers (million)	37.98	32.22	26.05	16.72	11.28	11.83	8.88	6.51	2.88
% Change	4.1	–15.2	–19.2	-35.8	-32.5	4.9	-24.9	-26.7	-55.8
No. of Buses Operated	727	709	621	490	424	479	255	185	170
% Change	9.0	–2.5	–12.4	-21.1	-13.5	13.0	-46.8	-27.5	-8.11
Revenue (GH¢ million)	106.03	124.58	151.01	140.62	134.23	136.95	136.4	104.6	74.48
% Change	30.7	17.5	21.2	-6.9	-4.5	2.0	-0.4	-23.3	-28.8
School Children (million)	0.04	0.01	0.07	0.008	0.004	0.002	0.002	0.005	0.0003

Source: Metro Mass Transit Limited, 2020

In terms of the development and diversification of trade between countries worldwide, freight transport has a significant role to play.

Ghana’s two seaports are located in Tema and Takoradi. The government has made continued efforts to modernise these ports for greater operating efficiency. As a result, expansion works continue at these ports. This included the completion of the Tema roundabout interchange by Meridian Port Services (MPS) Ltd. In 2020, container traffic increased by 22.8%, confirming a rising trend since 2014, with a slight dip in 2019 (Table 7.8).

TABLE 7.8: Container Traffic at the Ports of Ghana (in TEUs*)

Traffic/Year	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*	*2020*
Total	793,737	840,595	942,463	1,009,755	1,056,785	1,048,377	1,287,083
% Change	24.05	5.90	12.12	7.14	4.66	-0.80	22.77

* TEUs = Twenty-foot equivalent units
Source: Ministry of Transport (2021)

Cargo traffic recorded a decline of about 4.8% in 2020 after consistent growth since 2015 that reached double-digit rates of increase from 2016 to 2018. The growth rate in 2020 shows that cargo traffic decreased by 1,314,420 tonnes (Table 7.9).

TABLE 7.9: Cargo Traffic at the Ports of Ghana (tonnes)

Traffic/Year	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*	*2020*
Total	15,876,268	16,844,662	19,459,834	22,086,626	25,512,289	27,700,343	26,385,923
% Change	–9.96	6.10	15.53	13.50	15.51	8.58	-4.75

Source: Ministry of Transport (2021)

The development of a modern railway system remains a primary target for efficient and effective movement of both passengers and cargo. Ghana's historical railway architecture consists of a triangle of about 947 km which links Kumasi in the heart of the country, Takoradi in the west and Accra-Tema in the east (ISSER, 2017). As a result, the government developed the 2020 Railway Master Plan to guide the systematic and sustainable development of the railway network. The Master Plan links all regional capitals, major economic and industrial zones such as the iron ore deposit at Sheini near Yendi, the bauxite deposit at Atiwa, as well as the Shama Freezone area.

Rehabilitation has become necessary since about 86% of railway lines – such as from Nsuta to Awaso and then to Kumasi, or from Nsawam to Kumasi and from Takoradi to Accra – are either dilapidated or destroyed (ISSER, 2016). In response, the government has completed the rehabilitation of the Accra-Tema and Achimota-Nsawam sections of the narrow-gauge Eastern Railway Line, and the Kojokrom-Tarkwa through Nsuta section of the narrow-gauge Western Railway Line. The rehabilitation of these old lines led to an improvement in mineral haulage on the Western Line, as well as the introduction of rail services (Ministry of finance, 2021).

Unfortunately, due to the COVID-19 pandemic and the social distancing measures, rail passenger services, which were oversubscribed at the initial stages of operation, were halted entirely. Table 7.11 shows that the number of railway traffic passengers declined by 49.3% to 87,950 in 2020. In 2020, railway traffic freight declined by about 17% to 470,050 tonnes from about 566,180 tonnes in 2019 (Table 7.10).

TABLE 7.10: Railway Traffic Freight (000 tonnes)

	2012	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*	*2020*
Total	617.21	650.04	542.83	495.04	585.65	630.37	708.28	566.18	470.05
% Change	5.50	5.52	–16.49	-9.36	18.30	7.64	12.36	-20.06	-16.98

Source: Ministry of Railway Development (2021)

TABLE 7.11: Railway Traffic Passengers, Luggage and Parcels

Passenger/Year	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*	*2020*
No. of passengers (000)	1,320	967	n.a.	1,092	681	399.82	261.08	77.42	173.59	87.95
% Change	-4.14	-26.74	-	-	-37.64	-41.29	-34.70	-70.35	124.22	-49.32
Passenger Kilometres (000,000)	26.00	17.00	19.47	n.a.	11.15	n.a.	5.10	0.53	1.31	n.a
% Change	-3.70	-34.62	14.53	-	-	-	-	-89.61	147.17	n.a
Luggage and Parcels (000 Tonnes)	9.42	11.76	n.a	n.a	50.53	n.a	39.71	n.a	n.a	n.a
% Change	-34.58	24.84	-	-	-	-	-	-	-	-

n.a. denotes not available.
Source: Ministry of Railway Development (2021)

In terms of aviation, due to the closure of air borders, international aircraft movement decreased by 16,673 points[4] to 13,824 points in 2020 at a rate of 54.7% from 2019 (Table 7.12). International air passenger movement in turn decreased by 66.7% from 2,110,593 points in 2019 to 702,651 points in 2020 (Table 7.13). Aircraft freight movement (international) decreased by 12.9% from 49,846 tonnes in 2019 to 43,430 tonnes in 2020 after improvements in 2017 and 2018 (Table 7.14).

TABLE 7.12: Aircraft Movement (International), 2012-2020

Aircraft Movement (Points)	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*	*2020*
Total	22,082	23,437	24,871	23,257	24,252	26,726	29,015	30,497	13,824
% Change	–0.91	6.14	6.12	-6.49	4.28	10.2	8.56	5.11	-54.67

Source: Ghana Civil Aviation Authority/Ministry of Aviation

TABLE 7.13: Aircraft Passenger Movement (International), 2014-2020

Passenger Movement (Points)	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*	*2020*
Total	1,650,520	1,667,675	1,741,386	1,811,428	1,975,803	2,110,593	702,651
% Change	–1.14	1.04	4.74	4.02	9.07	6.82	-66.71

Source: Ghana Civil Aviation Authority/Ministry of Aviation

TABLE 7.14: Aircraft Freight Movement (International), 2012-2020

Freight (Tonnes)	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*	*2020*
Total	46,577	43,688	54,390	51,325	47,677	50,360	52,390	49,846	43,430
% Change	–7.33	–6.20	24.50	-5.64	-7.11	5.63	4.03	-4.86	-12.87

Source: Ghana Civil Aviation Authority/Ministry of Aviation

[4] This is an international unit to explain the number of aircraft movements. An aircraft movement represents an aircraft take-off or landing at an airport.

Information and Communications Services

The government continues its digitalization agenda to transform the country into a technology-driven economy. As part of the digitalization process, 30.1 million records were digitized at ministries, departments and agencies (MDAs) such as the Births and Deaths Registry (12 million), Judicial Service of Ghana (5.5 million), Registrar-General's Department (6.4 million), and Ghana Immigration Service (6.2 million). This was to facilitate easy retrieval and proper storage of information. Other on-going initiatives include the e-Ministry of Communications (eMOC), eParliament, eJustice, eGovernment and eProcurement.

Information and communications technology (ICT) continues to transform economies and society worldwide (Joshi et al., 2013; UNICEF, 2017), with high growth rates in its usage in developed, as well as developing countries. Recent advances in technology, lower prices, greater availability of electronic networks and more user-friendly technology are strengthening the role of ICT in national development. With easy access to technological services, ICT usage increased substantially especially during the pandemic period.

The information and communications sub-sector recorded a growth rate of 22.5% in 2020, the largest among services sub-sectors. This was largely driven by the lockdown measures imposed by the government which encouraged greater use of digital services for remote work and recreation. The number of active mobile voice subscribers fell by 0.97% in 2020 after a 0.2% decline in 2019 and a 9.3% increase in 2018 (Table 7.15). Scancom Ltd. (MTN) retains the biggest share of the mobile subscriber base with 57.2% in 2020, representing a total of 23,144,040 voice subscribers and an improvement of 2.6% from 2019. After showing declines in 2018 and 2019, Glo Mobile increased its subscriber base by 7.6% from 725,773 in 2019 to 780,909 in 2020 (Table 7.15).

TABLE 7.15: Mobile Phone Subscriber Base and Market Share per Operator, 2015-2020

Operator	*2015*	*2016*	*2017*	*2018*	*2019*	*2020*
Expresso	125,263	93,599	23,264	-	-	-
% change	-7.6	-25.3	-75.2	-	-	-
Market Share (%)	0.4	0.2	0.1	-	-	-
MTN	16,254,984	19,296,157	17,817,273	20,092,798	22,555,848	23,144,040
% change	21.6	18.7	-7.66	12.8	12.3	2.6
Market Share (%)	46.4	50.4	47.6	49.1	55.2	57.2
Tigo	4,850,034	5,339,052	5,489,994	-	-	-
% change	19.6	10.1	2.8	-	-	-
Market Share (%)	13.9	13.9	14.7	-	-	-
Vodafone	7,612,059	8,289,913	9,079,502	9,813,234	9,122,403	8,399,830
% change	13.0	8.9	9.52	8.1	-7.0	-7.9
Market Share (%)	21.7	21.6	24.3	24.0	22.3	20.8
Airtel	4,796,645	4,591,051	4,253,993	-	-	-
% change	32.0	-4.3	-7.3	-	-	-
Market Share (%)	13.7	12.0	11.4	-	-	-
Glo	1,369,402	695,306	781,022	739,352	725,773	780,909
% change	-3.3	-49.2	12.3	-5.3	-1.8	7.6
Market Share (%)	3.9	1.8	2.1	1.8	1.8	1.9
AirtelTigo	-	-	-	10,289,491	8,453,053	8,136,830
% change	-	-	-		-17.9	-3.7
Market Share (%)	-	-	-	24.1	20.7	20.1
Total	**35,008,387**	**38,305,078**	**37,445,048**	**40,934,875**	**40,857,077**	**40,461,609**
% change	**19.3**	**9.4**	**-2.3**	**9.3**	**-0.2**	**-0.97**

Source: National Communications Authority database, 2021

In 2018, Expresso's operating license in Ghana was withdrawn. At the same time, the merger between Airtel and Tigo mobile companies brought a new brand – AirtelTigo. In 2020, AirtelTigo's market share dropped to 20.1% from 20.7% in 2019 compared with its 24.1% market share in 2018. This makes it the third largest mobile voice provider even after recording a loss of about 316,223 subscribers in

2019. Vodafone, the second largest voice subscriber base, recorded a market share of 20.8% representing 8,399,830 voice subscribers in 2020. Vodafone's market share shows a significant reduction of almost 8% in subscriber base.

The year 2020 saw the entry of MTN in the fixed telephone market. As a result, the cumulative subscriber base increased by 6.6% after a 3.7% increase in 2019. Vodafone continues to dominate the fixed telephone subscriber base with about 97.4% of total market share, up by 6.9% to 299,669 subscribers after experiencing a 3.2% improvement in 2019. For AirtelTigo, there was a 21.3% decrease in its fixed subscriber base from 8,210 subscribers in 2019 to 6,461 in 2020 (Table 7.16).

TABLE 7.16: Fixed Telephone Subscriber Base per Operator (2014-2020)

Operator/Year	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*	*2020*
Vodafone	256,373	267,161	244,297	279,681	271,732	280,321	299,669
% change	-1.8	4.2	-8.6	14.5	-2.8	3.2	6.9
Market Share (%)	96.8	97.0	97.1	97.6	97.6	97.2	97.4
AirtelTigo Fixed	8,399	8,409	7,191	6,812	6,647	8,210	6,461
% change	-9.3	0.1	-14.5	-5.27	-2.42	23.51	-21.3
Market Share (%)	3.2	3.1	2.9	2.4	2.4	2.9	2.1
MTN	--	--	--	--	--	--	1,538
% change							--
Market Share (%)							0.5
Total	**264,772**	**275,570**	**251,488**	**286,493**	**278,379**	**288,531**	**307,668**
% change	**-2.1**	**4.1**	**-8.7**	**13.9**	**-2.8**	**3.7**	**6.6**

Source: National Communications Authority database, 2021

Table 7.17 presents an overview of the ICT sub-sector. The total number of authorised television stations increased by 3.6% from 141 stations in 2019 to 146 in 2019. Similarly, the number of authorised radio stations in 2020 increased significantly by 22.8% to a total of 630 from 513 in 2019. With the amalgamation of Tigo and Airtel and withdrawal of the license of Expresso, the number of cellular phone operators still remains four, with three fixed-line service operators – Vodafone AirtelTigo and now MTN.

TABLE 7.17: Overview of the ICT Sub-Sector

Item/Year	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*	*2020*
Authorised Television Stations	55	30	29	63	93	120	136	141	146
Authorised Radio Stations	288	342	376	413	481	511	487	513	630
Internet Service Providers	129	25	27	--	52	60	34	--	49
Fixed Phone Operators	2	2	2	2	2	2	3	2	3
Cellular Phone Operators	6	6	6	6	6	6	4	4	4

Source: National Communications Authority database, 2020

Tourism

Beyond economic development, growth in the tourism sector can also lead to advances in the host country's political, cultural and social environment (Tabash, 2018). Tourism – in terms of its contribution to gross domestic product, employment and trade – is a significant sector in many African countries, and its progress is largely driven by tourists coming from within the continent. However, a number of African countries still face significant challenges and constraints in exploiting the potential of tourism in trade and economic development (UNCTAD, 2017). This has been worsened by the upsurge in coronavirus cases recorded daily across the globe, which has hampered travel and tourist activities significantly.

According to the World Tourism and Travel Council, travel and tourism supports one in 10 jobs (330 million) globally, generating 10.3% of global GDP (WTTC, 2020). As a cross-cutting sector, tourism has a direct influence in the following areas: job creation; foreign exchange earnings; service exports; inclusive growth; preservation of culture; and preservation of wildlife, biodiversity, natural resources and conservation of the environment (UNWTO, 2016).

In Ghana, the “Year of Return” in 2019 was a major milestone in the tourism industry which brought the global African family, at home and abroad, together to mark 400 years since the arrival of the first enslaved Africans in the United States. The “Year of Return” saw 126 African Diasporans granted citizenship, as well as an increase in average expenditure per tourist from $2,708 in 2018 to $2,931 in 2019. Due to the gains, the government subsequently introduced the “Beyond the Return” agenda in 2020 with the theme of “Decade of African Renaissance 2020-2030” to showcase Ghana’s tourism industry and consolidate its Diaspora engagement. However, this was significantly curtailed by the pandemic, hence, tourist visits and total tourism revenue declined significantly in 2020. An Inbound Tourism Report released by the Ghana Tourism Authority shows a reduction of about 62.8% in average expenditure per tourist in 2020 which was equivalent to about $1,090, a plunge from the 2019 figure of $2,931.

TABLE 7.18: Tourism Indicators, 2015-2020

Indicators	*2015*	*2016*	*2017*	*2018*	*2019*	*2020*
Arrivals	1,202,200	1,322,500	980,140	984,250	1,130,307	932,579
Receipts ($ million)	2,275.20	2,505.50	1,854.80	2,655.40	3,312.93	1,683.40
Employment (000)	392	438	487	543	n.a.	n.a
Number of Hotels	2724	2928	3246	3454	4131	n.a
Number of rooms	n.a.	47,331	50,696	53,102	n.a.	n.a.
Number of beds ('000)	n.a.	51,777	54,604	57,415	n.a.	n.a.

n.a. denotes not available
Source: Ghana Tourism Authority, 2021

Outlook

With increasing numbers of coronavirus cases across the globe, the services sector is less likely to return to its 2019 growth trajectory.

The development of the coronavirus vaccine is only expected to reduce the rate of economic deterioration of most economies. The services sector in Ghana has been significantly affected by the global pandemic in diverse ways. While some sub-sectors such as hotels and restaurants were adversely affected, others, such as information and communications, made net gains. As some economies continue to carefully relax the lockdown restrictions, it is expected that the services sector may experience some net gains in the supply of global trade and services. Patronization in the travel and tourism sub-sector is expected to be on limited basis, hence revenue generation is not expected to significantly increase in that sector.

The fight against COVID-19 is likely to have positive implications for health service strengthening. To curb the spread, the government finalized the National Vaccine Deployment Plan which was submitted to WHO. In February 24, 2021, Ghana received the first batch of 600,000 doses of the COVID-19 vaccine (Covishield), making Ghana the first country in the world to have received the vaccine through the COVAX facility. Since then, the government has received a donation of 15,000 Sputnik vaccines and 100,000 more Covishield vaccines. It was expected that an additional 17,600,000 vaccine doses would be delivered in June, with more to come in the course of the year to achieve the government's intended vaccination target of 20 million Ghanaians by the end of the year. In addition to this, the government intends to establish the Ghana Centre for Disease Control (CDC), facilitate the passage of a legislative instrument to strengthen the Emergency Response System and also continue with the implementation of the district hospital-building projects under Agenda 111.

Undoubtedly, the pandemic has revealed the frailties in Ghanaian health infrastructure and the need for increased investment in the sub-sector. The government therefore intends to introduce a COVID-19 Health Levy using a one percentage point increase in the National Health Insurance Levy and a one percentage point increase in the

VAT Flat Rate in order to sustain implementation of COVID-induced health expenditure. These include the establishment of medical waste treatment facilities, production of domestic personal protective equipment (PPEs), procurement of additional vaccines, fumigation and disinfection in addition to the Agenda 111 programme.

Despite the limits being placed in air transport, the government is expected to commence feasibility studies for an airport in Cape Coast. This is part of government's long-term policy to ensure that all regional capitals have at least an aerodome to improve connectivity and boost tourism.

According to the United Nations World Tourism Organisation (UNWTO, 2016), the tourism sector is increasingly affected by safety and security concerns and risks, while a growing number of tourist sites face the impact of natural and man-made crises which threaten the socio-economic contributions of the sub-sector. While the pandemic in 2020 adversely affected the global and local performance of travel and tourism, it may also present an opportunity for the tourism industry to develop long-term strategies for readiness and preparedness for crisis management and recovery.

In the education sector, the government aims to conduct the first National Standard Assessment Test (NSAT) at Primary 2 and 4 in 2021 which will be based on the National Pre-Tertiary Learning Assessment Framework (NPLAF) policy already approved by Cabinet. In 2021, the government, through the National Council for Curriculum and Assessment (NaCCA), will also train 11,997 teachers on the KG-P6 Standard-Based Curriculum and 95,000 teachers on the Common Core Programme (CCP) Curriculum. Additionally, the government is expected to establish nine technical and vocational education and training (TVET) centres under Phase I and 12 centres under Phase II as part of its long-term objective of establishing 32 state-of-the-art TVET Centres of Excellence across all the 16 regions in the country.

In terms of railway transportation, the government expects to receive 35 new standard-gauge passenger/cargo trains under a supplier's credit facility. The delivery of the trains will be in two phases with the first phase comprising a set of nine trains, and the remaining 26 in the second phase. The new trains will be deployed for freight and passenger operations on the new standard-gauge rail lines currently under construction on the Western and Eastern corridors. For the purposes of maintenance and sustainability of the railway system, the government is partnering with the refurbished Railway Training School at Sekondi – which is now called the University of Mines and Technology (UMaT) School of Railways and Infrastructure Development – in training the human resource that will be needed to undertake these activities.

Overall, the impact of the COVID-19 pandemic on the services sector has been mixed, with some sub-sectors gaining and others losing. With the introduction of COVID-19 vaccines, the sector is expected to see some growth as businesses begin to operate in a less restrictive environment. The pandemic presents an opportunity for the government to engage with key stakeholders to support the advancement of technology to boost the digital economy. Given that Ghana has shown leadership in curtailing the relative spread of the pandemic, with more prudent policies, the government can continue to protect some of the gains of the services sector and invest in creating a resilient environment for other businesses in the sector to thrive.

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Chapter 8

Covid-19 and Social Interventions in Ghana

Introduction

In December 2019, the news of a new severe acute respiratory syndrome (SARS) disease in the Wuhan Province of China caught the world unawares. From a local epidemic, the COVID-19 infection spread in alarming proportions and was declared a pandemic by the World Health Organisation (WHO) on March 11, 2020 (WHO, 2020a). Lacking any cure and no known vaccine until recently, the disease threw most countries into a frenzy and governments quickly made mostly non-pharmaceutical interventions (NPIs) that brought unprecedented socio-economic challenges worldwide (Owusu and Crentsil, forthcoming). The NPIs included wearing face masks, social distancing and restrictions of movement often involving lockdown measures. The social restrictions have had a huge impact, including unprecedented job restrictions and losses (International Labour Organisation [ILO], 2020), hunger, high mortality and morbidity, crumbling economies the world over, and social insecurity.

For Ghana and similar countries, the socio-economic effects of the COVID-19 pandemic came to worsen the plight of already vulnerable and marginal populations. Countries the world over have had to provide some social cushioning to protect the populace against the ravaging effects of the pandemic. In sub-Saharan Africa, where most citizens live precariously and are without safety nets to cushion themselves against shocks to their livelihoods, the impact of the pandemic was expected to be huge (International Monetary Fund [IMF], 2020; Owusu and Crentsil, forthcoming). Ghana's social interventions to counter the debilitating effects of the pandemic have received some international acclaim.

An intervention is generally defined as any intentional interference aimed at modifying a process or situation (Mullen, Sundell and Olsson, 2017). In relation to social work, Mullen et al. (2017) have defined interventions as "intentionally implemented change strategies which aim to impede or eradicate risk factors, activate and/or mobilize protective factors, reduce or eradicate harm, or introduce betterment beyond harm eradication." These encompass a range of programmes and activities that may be simple or complex, aim at eliciting change in individuals, groups or entire communities for their well-being, and require appropriate application. N. Pam (2013)[1] further defines social intervention as "…social action programmes that are designed to increase social goods and services." Without debate, social interventions are geared towards social protection. Social protection is a human right and has the basic goal of providing acceptable and secure life to citizens (Abebrese, n.d.; Owusu and Crentsil, forthcoming). Thus, social interventions and social protection principally tackle poverty and protect against negative shocks.

This chapter mostly reviews secondary literature and evaluates social intervention measures put in place by the government of Ghana (GoG) in response to the COVID-19 pandemic. The next sections detail how the COVID-19 pandemic unfolded in Ghana, and the restrictive measures taken by GoG to contain the spread of the virus. Then comes a discussion of the consequences of the unfolding pandemic and the social restrictions imposed. Next comes a presentation of some key COVID-19 social interventions, which are categorised under key thematic areas such as health, education, economic, social

[1] This publication exists electronically but it is difficult to determine the page number where the associated quotation is from.

services, psychological. This is followed by an evaluation of aspects of the social intervention packages rolled out in Ghana to cushion citizens. The chapter ends with lessons learned and policy recommendations.

COVID-19 Epidemic in Ghana

Ghana's first two confirmed COVID-19 cases were announced on 12 March 2020. Table 8.1 shows Ghana's infection rate and related outcomes as of 30 April 2021. A total of 1,108,763 tests have been carried out as of 30 April 2021, of which 92,740 (8.4%) tested positive, and 780 (0.84%) deaths have been recorded, with 1,584 active cases (Tables 8.1 and 8.2) (Ghana Health Service, 2021). After Ghana had gone through the first wave of the pandemic, it experienced a second, more potent wave from the beginning of 2021 up until the third week of March 2021.

TABLE 8.1: Confirmed cases of COVID-19 and Treatment Outcomes, Ghana as at 30th April, 2021

Category	*Number of Cases*	*Recovered/Discharged*	*Severe*	*Critical*	*Dead*	*Active*
Routine Surveillance	32,186	88,948	24	6	780	1,584
Enhanced Contact Tracing	58,913					
International travellers (KIA)	1,641	1,428				
Total	**92,740**	**90,376**	**24**	**6**	**780**	**1,584**

*Severe 24, Critical 6
Source: Ghana Health Service, 2021; https://www.ghanahealthservice.org/covid19/latest.php

A regional breakdown of infection rates shows that the hotspots are the Greater Accra Region, which has had more than 50.0% of all cases, followed by the Ashanti and Western regions (Table 8.3).

TABLE 8.2: Positivity rate by Surveillance type for samples tested in Ghana, March 2020 – April 2021

Surveillance Type	*Total no. Tested*	*Total no. positive*	*Positivity rate*
Routine Surveillance	330,297	32,186	9.7
Enhanced Contact Tracing	535,227	58,913	11.0
International travellers	243,239	1,641	0.7
Total	**1,108,763**	**92,740**	**8.4**

Source: Ghana Health Service, 2021; https://www.ghana-healthservice.org/covid19/latest.php

TABLE 8.3: Summary of Recoveries by Region, Mar. 2020 – April. 30, 2021

Region	*Cases*	*Recovered/Dis-charged*	*% Recovered/Dis-charged*	*Active Cases*
Ahafo	712	690	96.6	2
Ashanti	15,521	15,262	98.3	112
Bono	1,398	1,350	96.6	11
Bono East	1,430	1,400	97.9	6
Central	3,383	3,213	95.0	121
Eastern	4,177	4,095	98.0	10
Greater Accra	51,097	49,893	97.6	955
North East	228	214	93.9	5
Northern	1,654	1,590	96.1	35
Oti	422	402	95.3	14
Savannah	122	118	96.7	2
Upper East	1,318	1,268	96.2	7
Upper West	496	475	95.8	2
Volta	2,463	2,417	98.1	20
Western	5,806	5,726	98.6	40
Western North	872	835	95.8	29
International travel-lers (KIA)	1,641	1,428	87.0	213
Total	**92,740**	**90,376**	**97.5**	**1,584**

Source: Ghana Health Service, 2021; https://www.ghanahealthservice.org/covid19/latest.php

Forty-three hotspot municipalities and districts were identified. Principally, these are the Greater Accra Metropolitan Area (GAMA), including the city of Tema and its surrounding areas, the Greater Kumasi Metropolitan Area (GKMA), and the Awutu Senya East Municipality in the Central Region in the enclaves bordering Kasoa, which is a spillover geophysical area from GAMA.

Covid-19 Social Restriction Interventions

At the onset of the pandemic, the government of Ghana (GoG) took a number of restrictive measures to contain the spread to other parts of the country.

Lockdown measures and social restriction ns

By 16th March, all public gatherings including religious and sporting activities were banned, all schools were closed down, and Ghana's national boarders were closed down, except for international air and sea cargo (Ofori-Atta, 2020). Recreational and hospitality facilities such as night clubs, drinking spots, hotels and restaurants were either closed down or required to operate in very restricted circumstances. This had dire consequences for employment. The government also imposed partial lockdown measures and movement restrictions to prevent citizens in the most affected areas from spreading the disease.

For instance, intercity travel between the areas affected by the lockdown and the rest of the country was banned, except for the transportation of essential items and personnel. Intra-city travel in the lockdown areas was allowed for essential items only; travel by public transportation within these areas was allowed only for vehicles operating with half the number of usual passengers. Adherence to all social/physical distancing measures and related protocols was required. Going out for essentials such as medicines, healthcare, food, water and drinks, banking services and the use of public toilet facilities was allowed (Ofori-Atta, 2020). Dealers in these items and those in transportation were allowed to operate. State buses picked up healthcare workers from home to their places of work and back. Key government officials, including persons in the parliamentary corps, the judiciary, and security agencies were allowed to go to work as long as they carried official identity cards. The same applied to banking and media personnel. The lockdown was supported with the Imposition of Restrictions Act, 2020, (Act 1012) (Ofori-Atta, 2020). The restrictions on the loading capacity of public transport were ended with the President's 14th COVID-19 Update on 26th July 2020.

Border closures

President Akuffo-Addo ordered all of Ghana's air, sea and land borders closed to human traffic, effective 21st of March, 2020. The basis was that the first few cases of confirmed COVID-19 were imported into the country, and such closures were seen as international best practices in response to the pandemic. The President also ordered a 14-day mandatory testing and quarantine for all international travelers to the country, both Ghanaians and foreigners. This was applicable to countries with higher than 200 COVID 19 cases (Nkansah, 2020) . While international air travel resumed on 1st September 2020, all other international border routes remain closed. The security agencies work hard to prevent people using illegal entry and exit points through unapproved land and sea routes. Some of these illegal entrants were known to be infected with the virus when or soon after they entered.

School closures

Closure of all educational institutions at all levels in response to COVID-19 infection was another critical intervention to prevent the spread of infection. Basic (including nursery and kindergarten); senior high (SHS), and tertiary schools, both public and private, were closed down. The school closures commenced on 16th March 2020, with the closure for final year SHS and junior high school (JHS) students on 23rd March, 2020. In Ghana, an estimated 9.7 million students (Table 8.4) were affected by the school closures (UNESCO, 2020; Owusu, A.Y, Asante, E.A. and Owusu, G., forthcoming). Schools reopened in phases from 15th June 2020 for JHS, SHS and tertiary institutions for students to complete terminal examinations. Primary and pre-primary schools opened in January 2021 when the infection rates seemed lower and Ghanaians had become accustomed to the social distancing and protection measures.

TABLE 8.4: Number of learners in Ghana affected by school closures, by school type and sex, 2020

School type	*Females*	*Males*	*Total*
Pre-primary	913,460	938,568	1,852,028
Primary	2,243,694	2,306,181	4,549,875
Secondary	1,393,783	1,457,377	2,851,160
Tertiary	187,466	256,227	443,693
Total	**4,738,403**	**4,958,353**	**9,696,756**

Sources: Derived from UNESCO (2020). https://en.unesco.org/covid19/educationresponse; Owusu A. et al. (2021).

Mandatory use of personal protective equipment (PPEs)

Citizens who had critical need to go outside of their homes were instructed to wear face masks, and to apply the additional protocols of handwashing, social distancing and the use of the approved alcohol-based hand sanitizers or alcohol rub/spray. The use of the PPEs and their related protocols was backed by the Imposition of Restrictions Act, 2020 (Act 1012). During President Akuffo-Addo's 17th Update on COVID-19 broadcast on 18th September 2020, he extended the mandatory use of face masks outside the home until 14th December 2020. This was extended into mid-2021. The President's 25th Update on 16th May reaffirmed the continuation of social restrictions until the infection abates, and enough citizens have been immunised to provide herd immunity. This is particularly due to the introduction of the deadlier Delta (Indian) variant of COVID-19 into Ghana and most parts of the world.

Additional ongoing restrictions as of mid-2021 include closure of public places (pubs, night clubs, beaches, cinemas, etc.), and closure of land borders. Private burials should have not more than 25 people, and religious gatherings should not go beyond two hours while political gathering, excluding rallies, are limited to 100 people. Social distancing and use of PPEs, particularly face masks, are still required outside the home (Intelyse, 2020).

Some Key Effects of Covid-19 on Livelihoods in Ghana

These restrictions on movement and gatherings had a massive effect on employment and led to significant economic shocks in the country including business downsizing, salary cuts, job losses and reduced incomes of household and businesses (Ofori-Atta, 2020).

The partial lockdown in Accra, Kasoa, Tema and Kumasi took place between 30th March and 19th April 2020. The Ghana Statistical Service (GSS, 2020a) collaborated with the United Nations Development Programme (UNDP) and the World Bank to conduct a Business Tracker Survey—Wave 1, from 26th May to 17th June 2020 to assess the impact of the three-week lockdown on employment and the economy, covering 4,311 firms. The survey revealed crippling effects on the economy. In the main productive sectors of the economy, a significant proportion of firms were closed down, due to the partial lockdown (also see Owusu and Crentsil, forthcoming):

- 16.0% of financial services or real estate;
- 11.9% of information and communication services;
- 10.8% of accommodation;
- 7.4% in education; and
- 6.6% in agriculture/fishing or mining.

Additionally, the restrictive measures, coupled with the health impact of COVID-19 accounted for job losses for 42,000 people and wage reduction for 770,124 people (GSS, 2020a; The World Bank, 2020a). The Business Tracker Survey Wave 1 indicated that the 770,124 comprised 25.7% of Ghana's total workforce (GSS, 2020a; Nettey, 2020). The stringent effect of the restrictive measures was reflected worldwide, with a freeze on tourism and outdoor activities and an international travel ban for over 90% of persons in the world (Hall, Scott and Gössling, 2020; Owusu and Crentsil, forthcoming). Most affected by these economic and social insecurities were vulnerable groups such as persons with disabilities; women; people living with chronic health conditions; young people; and indigenous peoples (Innovations for Poverty Actions[2], 2020; UNICEF, 2020).

In Ghana, the lockdown and the pandemic generally have had direct and significant consequences for the well-being of over 61% of persons who earn their livelihoods in the services sector. Nearly 88% of these are urban dwellers (GSS, 2019; Owusu and Crentsil, forthcoming), for whom the effects of the pandemic were likely to be more pronounced because the infection has an urban concentration. The urban poor and women are particularly at risk in the economic downturn (Knotts, 2020; IPA, 2020). This is because most vulnerable people depend on the informal economy and have inadequate access to opportunities and social services to help them cope with the COVID-19 shocks on their livelihood and social life (UNICEF, 2020). Wave-2 of the Business Tracker Survey (GSS, 2020b) revealed similar shocks on the Ghanaian economy and populace, due to the COVID-19 infection. It found that an estimated 297,088 workers from about 28% of businesses had their wages reduced in August/September

[2] The Innovations for Poverty Actions (IPA) data were drawn from the Research for Effective COVID-19 Response (RECOVER)[2] study conducted over 6th -26th May 2020. The RECOVER survey, which is a panel survey, is being conducted in Ghana and eight other countries by IPA to shed more light on the effect of COVID-19 on livelihoods and to provide data for policy responses in these countries.

2020. This constituted an estimated 10% of their entire workforce. Furthermore, the Wave-2 report revealed that about 1% of the workforce of businesses, comprising about 11,986, were laid off in August/September, 2020.

Covid-19 Social Interventions in Ghana

Relief Interventions

The government, NGOs, civil society organisations (CSOs), political parties, churches (particularly the Church of Pentecost) and individuals have implemented social interventions which have supported the poor and vulnerable people in COVID-19 hot-spot regions and Ghana generally. The Star-Ghana Foundation also launched the Ghana Civil Society Organisations' COVID-19 Response Coordination Platform to promote synergy and ensure inclusivity in government responses to COVID-19 and its future impact on Ghanaians (Ghana News Agency, 2020).

The interventions have been in areas such as food security and nutrition, cash transfers, business support for poverty alleviation, health, communication, education, water, sanitation and housing This section details some of the key social interventions to support livelihoods and the general economy during the pandemic. They are grouped thematically.

Interventions in the Education Sector

Provision of free boarding and lodging facilities to SHS students
Depending on vacancies, SHS students who were day students prior to the pandemic were asked by the government to take up places in boarding schools. This was to provide additional protection to them through reduced contact with other persons since boarders were neither allowed to go out nor have visitors while on campus between June when their schools reopened to December 2020.

Digital Learning

Due to the need for social distancing to reduce the spread of COVID-19, the closure of educational institutions in Ghana commenced on 16th March 2020 (Ministry of Education, 2020; UNICEF, 2020). This necessitated finding innovative ways of occupying pupils who were at home, and keep them somewhat abreast with their studies. Radio, television and internet were adjudged the most effective media for such remote learning. The Ministry of Education (MoE) and Ghana Education Service (GES) launched distance and online learning platforms (Ministry of Education, 2020). The evolution of digital learning in Ghanaian schools, stemming from the school closures, particularly basic and secondary schools, included:

- *Use of radio broadcasts:* To support the learning process of students from kindergarten to the SHS, the GES and the MOE partnered with the Ghana Broadcasting Corporation (GBC) to broadcast content on all GBC Radio stations across the country (MOE, 2020). The remote radio medium for student learning during the school closures due to COVID-19 and the period afterwards is named Ghana Learning Radio. USAID supported this initiative. GES also partnered with Lively Minds, an NGO in early childhood education, to broadcast parenting and play content in 16 local languages in all the northern regions, Oti, Bono, and Bono East (Bugri, 2020) . This was to empower rural parents to support their children to study, practice hygiene, and promote nutritional support using available local resources (Bugri, 2020) .
- *Television:* GES worked with GBC to create an educational network called the Ghana Learning TV (GL-TV) which began running lessons for first- and second-cycle schools. This virtual learning platform serves as a classroom for pre-tertiary schools across Ghana, with the initial aim of keeping them abreast with their education during the period of school closures due to the pandemic. GES secured studio space at GBC

headquarters in Kanda for the exclusive production of educational content by GES. PLAN International, an organisation for children's rights and gender equality, supported this initiative. The lessons on GL-TV benefitted about 1.2 million SHS students and 8.2 million basic school students (Ministry of Education, 2020; UNICEF, 2020).

- *Online Provision:* According to the Ministry of Education (2020), the Centre for National Distance Learning and Open Schooling (CENDLOS) also partnered with GES to provide all SHS students access to educational content on the iBox and iCampus, which was very helpful to the SHS 3 students preparing for their final examinations. About 1.2 million SHS students were registered on the iCampus system. The iCampus system allows students to do online as well as self-guided learning. Additionally, the Ghana Library Authority worked with GES and other agencies to provide an online learning tool for all students at upper primary, JHS and SHS levels, as well as online content at the KG and Lower Primary levels (Ministry of Education, 2020).

Vulnerable children, including children with special needs, were provided with learning devices/equipment and connectivity where possible, accessibility of instructions/language of instructions (subtitles, sign language, recorded lessons, etc.) to ensure they are not left behind. The informal Complementary Basic Education Programme which usually targets out-of-school children, was to be employed as well. Caregivers/parents were also engaged in supporting the learning of their wards and assisted to plan the structure and routine for the learning. (Ministry of Education, 2020).

GES also launched a media campaign to sensitise the public on the value of girls, to educate parents to support girls' learning at home and not give them excessive care and household responsibilities that would hinder their learning at home, and/or marry them off. After the lockdown was lifted and the school closures ended, additional sensitisation measures such as back-to-school, hygiene, and social distancing campaigns, supported by UNICEF and USAID, were launched on all media platforms (UNICEF, 2020).

Most of the tertiary institutions also adopted distance and online learning platforms for continuous learning and assessment. Many universities use digital platforms like Zoom, Microsoft Teams, Sakai, WhatsApp, and Telegram to facilitate online education for their students. Even with schools in session, most universities in Ghana started off with mostly online teaching at the June 2020 reopening, and gradually moved into mixed approaches, with some face-to-face and mostly online lessons as necessary and for convenience.

Finally, 313,837 SHS 3 students had the full cost of their 2020 WASSCE examination fees (totaling GH¢75.4 million) paid by the GoG as of 30th June 2021 (Ofori-Atta, 2020).

Social Interventions

COVID-19 National Task Force

In collaboration with the Security Forces, a COVID-19 National Task Force coordinated safety and health measures, particularly enforcing social distancing protocols (Ofori-Atta 2020).

Distribution of PPEs

The GoG distributed COVID-19 PPEs to two main categories of citizens: healthcare workers and the general public, focusing on educational institutions (Ofori-Atta, 2020). PPEs distributed to the general public have typically been face masks, hand sanitizers/alcohol sprays, liquid soap, disposable hand towels, and Veronica buckets/barrels of water for handwashing. In line with international conventions, GoG-approved hand-sanitizers or alcohol sprays are at least 70% alcohol-based. PPEs for the general public have been typically distributed to final and second-year JHS and SHS students who had to resume classes in June 2020. Tertiary institutions which were allowed to re-open on 15th June to complete their 2019/2020 academic year were another focus of the distribution of PPEs, with staff of these institutions, both teaching and non-teaching, benefitting.

As primary schools reopened in January 2021, GoG distributed PPEs to pupils and both teaching and non-teaching staff as well. Each student and staff member of educational institutions, both private and public, was provided with three reusable face masks, and at least one 200 millilitre bottle of alcohol-based hand sanitizer for personal use. The distribution of these PPEs to pupils/students and staff of educational institutions served as a cushioning for more effective and safer learning and work.

Main public spaces such as markets, schools, courts, government offices, and lorry stations were provided with water, hand-sanitizers, liquid soap, and disposable hand towels. As part of COVID-19 PPE protocols, all public and private installations were required to place this set of PPEs at opportune entrances. The GoG distributed the under listed PPEs by the end of June 2020 (Ofori-Atta, 2020):

- 50,000 hospital scrubs, costing GH¢6.0 million;
- 90,000 medical caps and gowns, costing GH¢6.75 million, produced by local textile firms;
- 15 million face masks (10 million for schools; 5 million for frontline health workers), costing GH¢65.0 million.

Some PPEs were also distributed by the GoG to persons in low-income communities. Public institutions, organised groups, NGOs, and some individuals also distributed PPEs to targeted members of the public and institutions. Other vulnerable members of society, such as prison inmates, benefitted from the donation of such PPEs, immune boosters such as vitamin C tablets, and cash donations from these philanthropists. (Danso, 2020). Table 8.5 has information on PPEs distributed by GoG to educational institutions soon after schools reopened in Ghana.

TABLE 8.5: PPEs distributed by GoG to the education sector, 30th June 2020

Type of PPEs given	*Amount of PPEs given*	*Beneficiaries*
900	Thermometre guns	Final-year students and staff of tertiary institutions mandated to reopen on 15th June 2020
600,000	Reusable face masks	
1,700	Veronica buckets	
200,000	Litres of alcohol-based hand sanitizers	
3,400	Litres of liquid soap	
2.4 million	Reusable face masks	Final year SHSs and Gold track students who were to reopen on 22nd June; teaching and non-teaching staff, administrators and invigilators also benefited from these
1,167 SHSs	Disinfection and fumigation	All 1,167 SHSs nationally
18,000	Veronica buckets	Additional hygiene protocols disturbed to SHSs
36,000	Rolls of paper towels	
36,000	Gallons of liquid soap	
800,000	Bottles of 200-millilitre alcohol-based hand sanitizer	
7,200	Thermometre guns	
17,439 JHSs	Disinfection and fumigation	532,000 final-year JHSs students who returned to school on 29 June 2020 as well as the total of 218,000 teaching and non-teaching staff; all 17,439 JHSs nationally
2.2 million	Reusable face masks	
45,000	Veronica buckets	
90,000	Rolls of paper towels	
90,000	Gallons of liquid soap	
750,000	Bottles of 200-millilitre hand sanitizers	
40,000	Thermometre guns	

Source: Author, April 2021, based on Ofori-Atta, 2020

Distribution of food items for vulnerable citizens in lockdown areas

The 2020 Global Report on Food Crisis estimates that 73 million people on the African continent face acute food insecurity (World Food Programme, 2020). This is partly due to the fact that COVID-19 endangered 2.2 billion jobs, the equivalent of 68% of the international workforce (Ofori-Atta 2020). The food crisis will worsen due to the effects of COVID-19 (World Food Programme, 2020). About 51.1% of Ghanaian households reported a reduction in food consumption due to the impact of COVID-19 (GSS, 2020b). To cushion and support the poor and vulnerable, GoG, faith-based organisations, NGOs, political parties, and individuals provided them with food supplies. About two days into the partial lockdown at the epicentres of the COVID-19 infection in Ghana, it became evident that vulnerable citizens were food insecure (Ofori-Atta 2020). In Ghana, persons whom COVID-9 put under work-related threat, and became food insecure during the lockdown, were mostly those who subsist on daily wages (GSS, 2020a; Owusu and Crentsil, forthcoming).

The food relief items were distributed either cooked or uncooked. The uncooked food included items like rice, *gari* (grated, fermented and grilled cassava), cereals, vegetable oil, beans, tinned sardines, tomato paste, vegetable cooking oil, and eggs (Ministry of Finance, 2020a). The cooked food came in takeaway packs (mostly rice dishes, and some staples such as yam) served hot on the same day. Beneficiaries were inhabitants of inner cities with huge population densities and economically deprived areas in the lockdown enclaves (Ministry of Finance, 2020a). Other identifiable vulnerable populations such as *kayayei* (female head porters), and the aged, homeless, and mentally deranged person were supported with raw and cooked food items prior to and after the lockdown period, in collaboration with Help Age Ghana (Ofori-Atta, 2020). For instance, 140,000 packs of cooked meals were distributed to head porters and other vulnerable persons in Kumasi and Accra (Ofori-Atta, 2020).

To ensure that no one who felt vulnerable was left out of the food relief, the Ministry of Gender, Children and Social Protection (MoGCSP), set up toll-free hotlines (0800800800 and 0800900900) for anyone who needed food support to call for assistance (Ghana News Agency [GNA], 2020). The Finance Minister, Mr. Ken Ofori-Atta, revealed that a significant amount of the food relief was obtained from the Ghana Buffer Stock Company (GNA, 2020). GoG's food distribution started in Accra on 4th April (MoGCSP, 2020), and on 6th April in Kumasi (Ministry of Finance, 2020a). In his 2020 mid-year budget review, Mr. Ofori-Atta (2020), revealed that as of 30th June 2020, the GoG, working in conjunction with the National Disaster Management Organisation (NADMO) and MoGCSP:

- Distributed 917,142 and 1,827,581 cooked food packs in Kumasi and Accra, respectively;
- 470,000 families received raw food packs from the GoG, in collaboration with faith-based organisations (FBOs);
- The raw and cooked food packs cost the GoG about GH¢54.3 million ($9,383,487);
- An average pack of the cooked food provided by the GoG cost an estimated GH¢5.
- Additionally, under the Livelihood Empowerment against Poverty (LEAP) Programme,
- GH¢50.2 million was transferred to 400,000 most vulnerable beneficiaries.

NGOs such as the Rebecca Foundation of the First Lady, Mrs. Rebecca Akuffo-Addo, identifiable groups, and corporate bodies also provided food relief and other items such as sanitary pads to the poor and needy during the lockdown period. Political parties such as the New Patriotic Party (NPP) and National Democratic Congress (NDC) complemented the government's food distribution effort. However, in most instances, the parties used the food distribution exercise as a gimmick to draw political support from the people, given the then impending December 2020 Presidential and Parliamentary elections.

The distribution of food as a social intervention measure during the lockdown period had its avoidable down side. For instance, recipients of the food relief formed crowds that clamoured for such items without physical distancing. Second, some individuals reportedly collected more than one person's share and sold them to others. Consequently, others, such as some persons with disabilities complained that they did not benefit from the food distribution. This partly compromised the original goal of the food distribution exercise as a measure to relieve the vulnerable and poor populations of the country.

The supply of COVID-19 related food relief beyond the lockdown period included the introduction of a daily hot lunch for final- and second-year SHS and JHS students, both public and private, and their staff, since their schools reopened on 22nd and 29th June 2020, respectively, till the third week of December, 2020 when classes ended for the second-year JHS and SHS students. Moreover, to minimize possible COVID-19 infection, GoG had day SHS students go to boarding houses, based on vacancies. They were provided with the three daily meals by the government.

Distribution of food to families with children on the Ghana School Feeding Programme

The closure of schools in March 2020 meant an automatic suspension of the regular operations of the government's School Feeding Programme. This not only placed a financial burden on parents/ guardians of beneficiary children; it also took a toll on the daily nutritional needs of the beneficiary children, among other effects (Owusu, L.D. and Frimpong-Manso, 2020). To sustain the benefits of the programme, the Ghana School Feeding Programme, in conjunction with some development partners, provided raw food rations to beneficiary pupils in extremely poor districts in the period the schools were still closed (Ofori-Atta, 2020).

Rice millers, poultry farmers, the National Food Buffer Stock Company, and the Ghana Commodity Exchange were all given support to increase food stock levels against famine during the pandemic. Also, to ensure food security, the number of farmers engaged in the

Planting for Food and Jobs programme was increased from 1.2 million to 1.5 million (Republic of Ghana, 2020).

Decongestion of prisons

COVID-19 poses an extraordinary risk in prison and correctional facility settings (United Nations Ghana, 2020). The highly infectious and rapid spread of the coronavirus highlights the need to address the woeful overcrowding in Ghana's prisons, a situation that is worsening. The upsurge in crime and absence of alternative sentencing in Ghana contribute to prison overcrowding. For instance, the average official daily prison capacity in Ghana between 2010 and 2019 was 9,945. Yet, the average daily prison population over the same period was 14,240, constituting average daily occupancy levels of 143.2%. These crowded conditions challenge social distancing and hygiene protocols that are much needed during the pandemic (UN Ghana, 2020). Evidence of the consequences came with the 10 cases of COVID-19 recorded in the Amasaman police cells in mid-March 2020 (UN Ghana, 2020).

In several countries around the world, one of the necessary adjustments was to decongest prisons. In Ghana, the President granted a pardon to a total of 1,602 convicted prisoners (UN Ghana, 2020). These comprised an initial batch of 808 (UN Ghana, 2020) pardoned on 26th March 2020 (Nkansah, 2020) , and a second batch of 794 released on 2nd July 2020 (Abu-bashal, 2020). Beneficiaries were persons aged 70 years and above, first-time offenders, and those who were seriously ill (Abu-bashal, 2020).

Support with accommodation for the vulnerable

Housing is one of the basic needs of humankind. In response to poor housing conditions aggravated by the COVID-19 pandemic, the MoGCSP provided decent accommodation for about 15,000 head porters (*kayayei*) at undisclosed locations in Accra and Kumasi. In Accra, the Vice-President, Dr. Mahamudu Bawumia stated that the GoG was building an 800-room hostel for *kayayei* (Ghanaweb, 2020a).

During the lockdown period, the MoGCSP announced that a 500-capacity hostel for *kayayei* would be acquired to guarantee their safety. Beneficiaries were to be relocated into such premises from 6 April, 2020 (GNA, 2020).

Evacuation of Ghanaians stranded abroad due to the pandemic

The desire of an estimated 3,212 Ghanaians to return home from abroad was thwarted by the COVID-19 travel restrictions. The GoG rolled out an "Operation Return Home" Programme. According to Ofori-Atta (2020), as of the end of June 2020:

- 2,250 evacuees were returned to Ghana;
- The GoG fully bore the cost of flight and the 14-day mandatory quarantine at hotels for 1,116 of these evacuees, mostly students;
- The GoG partially supported the cost of the mandatory quarantine for 1,134 of the evacuees;
- Plans were on course to evacuate the remaining 962 to Ghana by July 2020.

On 22nd July, 2021, the Minister of Foreign Affairs, Shirley Ayokor Botchway updated Parliament on COVID-19-related international evacuation of Ghanaian emigrants, as follows (Parliament of Ghana, 2021):

- GoG successfully evacuated 10,025 Ghanaians internationally
- GoG bore the GH¢8,725,000 and US$1,866,934 respective costs of evacuating Ghanaians mainly in China and the United Arab Emirates as well as other stranded Ghanaians. These expenditures involved plane tickets and quarantine.
- An additional $475,895 was spent on repatriating Ghanaians from West and Central African countries.
- A further GH¢ 44,460,530 was expended on quarantining Ghanaian evacuees, using 85 hotels.

- Also used for COVID-19 related evacuation of Ghanaian migrants were cash contributions from individual Ghanaians such as Mr. Kennedy Agyapong and his associates and from the Sethi Brothers.
- A number of Ghanaians engaged as domestic workers in the Gulf region – 534 in Saudi Arabia, 230 in Kuwait and 233 in Qatar – were also repatriated and paid for by the GoG.
- These international evacuations did not discriminate between persons who were able to pay, government officials, state-sponsored students, and destitute/distressed persons who emigrated from Ghana before the advent of the pandemic, as well as Ghanaian deportees/returnees scheduled for removal.

Electricity, water and sanitation

Frequent hand washing and sanitizing has been one of the key ways to prevent the infection. Similarly, staying home more during the lockdown and working in shifts have increased energy and water consumption at home. These factors, coupled with the job losses and related economic hardships due to the COVID-19 shocks, informed GoG's decision to provide certain social interventions, and to make some regressive, favouring the poor the more. Thus, there was a period of free or subsidized utilities from GoG (The Presidency, 2021) to cushion vulnerable people against the impact of COVID-19. Households, services, enterprises, and industries received this relief, too. Lifeline electricity consumers enjoyed free electricity for nine months while medium and high consumers had a 50% subsidy over the same period, worth 1 billion, 28 million Ghana cedis (GH¢1.028 billion) **Invalid source specified.**. The free electricity consumption from March to December 2020 was extended to June 30th, 2021, when it ended for the lifeline consumers (Nyabor, 2021). Lifeline electricity consumers are usually the smallest consumers, usually the poor, and consume 0-50 kilowatt-hours (kWh) per month (Wolfram, 2020; Owusu, A.Y. and Crentsil, forthcoming). Higher consumption residential and commercial customers benefited from a 50% reduction of electricity bills from April to June 2020, with March 2020 consumption used as the benchmark.

The Finance Minister revealed in the July 2020 Mid-Year Budget Review that 4,086,286 households and 686,522 businesses benefited from the April-June 2020 electricity relief. This cost the GoG GH¢1.028 billion as of June 30, 2020, as stated above. Included in this was the free consumption of electricity for 1 million lifeline customers over the three month period (Ministry of Finance, 2020b: Owusu, A.Y. and Crentsil, forthcoming).

GoG announced free water relief for household consumers from April to December 2020. For lifeline consumers – households that consume up to 5 cubic metres per month (The Presidency, 2021)– the water relief has been ongoing since April 2020 to date (May 2021), and is subject to review by GoG. By the last quarter of 2020, clients of the Ghana Water Company Limited (GWCL) who were lifeline households numbered 1.5 million (Owusu, A.Y. and Crentsil, forthcoming). Owusu and Crentsil (forthcoming) detailed the following COVID-19-related social intervention arrangements by GoG as of June 2020:

- The Ministry of Sanitation and Water Resources supplied 3,447,612 cubic metres of additional water (representing a 37.0% increase above pre-COVID levels) to 522,864 domestic and 10,763 commercial customers of GWCL.
- The government also mounted 630 "Rambo" 10,000-litre polytanks across the country to supply free water to communities, aided by the deployment of 118 privately-owned and GWCL-owned water tankers to areas that needed such services.
- The stock of public standpipes managed by GWCL within communities increased by 531, reaching 11,038 by the end of June 2020.

- The Community Water and Sanitation Agency (CWSA) provided 174 piped-water systems to serve 268,861 persons between April and June 2020. CWSA distributed a total of 1,755,907.2 cubic metres of free water to beneficiaries of the relief programme.
- An estimated GH¢275.5 million was projected for the free water relief programme out of which GH¢199.3 million was paid as of the end of June 2020.

Additionally, to increase access to water, sanitation, and hygiene services during the lockdown and COVID-19 peak period in Ghana, the World Bank funded US$125 million to the Greater Accra Metropolitan Area Sanitation and Water Project (GAMA-SWP). The purpose of the project was to improve water supply and sanitation services to 500,000 people in low-income urban communities in GAMA and the Greater Kumasi Metropolitan Area (GKMA). The US$125 million funds about 120 km of new water pipes and 10,000 new household connections to improve services to 300,000 people in low-income communities. The project provided water and sanitation (WASH) facilities in 260 school compounds with separate toilet blocks for girls and boys. Each school was provided with water supply and handwashing facilities within the toilet blocks and the school compound for frequent handwashing. The project also supported behavioural change campaigns to promote good hygiene practices and strengthen Ghana's resilience against future pandemics and shocks (The World Bank, 2020b).

Public Information, Education and Communication Interventions and Support

Information dissemination to keep citizens abreast of pandemic-related developments and management is critical. The government has provided frequent updates since the early stages of the pandemic. From 5th March to 16th May 2021, President Akuffo-Addo delivered 25 Presidential updates on the pandemic in Ghana and GoG mamagement of it (UNICEF, 2021). Initially, these were on weekly or sometimes, bi-weekly basis. These updates aimed to build public confidence in the government's ability to meet the health needs of Ghanaians during the pandemic.

Additionally, a COVID-19 official website was launched by the Ghana Health Service three days after the first two cases were recorded to establish trusted communication channels for Ghanaians and the media and avoid misinformation and panic (UN, 2020). This website gives weekly updates on the state of the pandemic and related information. Also, the Ghana Health Service gives periodic media briefing to update citizens on the pandemic, and its related interventions. Furthermore, the Minister of Information had organised 31 media briefings by the end of June 2020. Billboards, posters, pocket cards, radio and TV documentaries and infomercials, community broadcasts using mobile vans, and other forms of public education campaigns on the pandemic have been undertaken across the length and breadth of the country. Furthermore, a National COVID-19 Information and Contact/Call Centre was set up, with the toll-free number 311. Forty people were trained to answer and manage calls (Ofori Atta 2020). The National Commission for Civic Education (NCCE) received GH¢2,500,000 of the COVID-19 National Trust Fund **(**CNTF) for public education and sensitisation, as of the end of June 2020 (Ofori Atta, 2020). The NCCE also received 50 pick-up vehicles (25 of which were returned after the education had reached appreciable levels) from GoG. This was augmented by the Church of Pentecost with temporary vehicular support and PPEs to enable the NCCE to sensitise hard-to-reach communities.

Given the social restrictions, challenges with stability of jobs and incomes, the need for people to be at home more due to school and job closures and rotations, domestic and intimate partner violence has been on the rise (Bogart, 2020; Meyersfeld, 2020). In response, the international community is supporting GoG to undertake public service announcements to alert women particularly on the need to protect themselves against domestic violence, to report and seek help if they suspect victimisation or are victimised. The public service announcement comes with a toll-free number to call and is supported by the MoGCSP in conjunction with the United Nations Population Fund (UNFPA).

Health Interventions

Testing, tracing and treatment

The National Emergency Preparedness and Response Plan (EPRP) worked with the 3Ts—testing, tracing and treatment. About 361,542 tests had been done as of 20th July 2020, and GoG had provided over 300,000 COVID-19 test kits (Ofori-Atta ,2020). By 30th April 2021, about 1,108,763 tests had been conducted, out of which 8.4% were positive (Table 8.2) (Ghana Health Service, 2021). These included 243,239 tests done for international travelers who arrived at Kotoka International Airport (KIA) in Accra. Testing and laboratory services for COVID-19 increased greatly from the initial two – Noguchi Memorial Centre for Medical Research, in Accra, and the Kumasi Centre for Collaborative Research in Tropical Medicine (KCCR) – to decentralised laboratory and testing services (Acheampong et al., 2021).

GoG and GHS were supported by some development partners to achieve the following:

- *Expansion of testing laboratories:* At the start of the pandemic, Ghana was using only two laboratories for COVID-19 tests. These were the Noguchi Memorial Institute for Medical Research (NMIMR) laboratory in Accra and the KCCR laboratory, in Kumasi (Acheampong et al., 2021). This number rose to 16, to ensure wider testing in Ghana's regions. These additional accredited testing centres are: National Public Health Reference Laboratory, Accra; Public Health Reference Laboratory, Sekondi-Takoradi; Public Health Reference Laboratory, Tamale; Veterinary Services Department, Accra; Veterinary Services Department, Takoradi; University of Health and Allied Sciences Laboratory, Ho; Nyaho Diagnostic Laboratory, Accra; MDS-Lancet, East Legon; Akai House Laboratory, Accra; Council for Scientific and Industrial Research, Accra; LEDing Medical Laboratory, Accra; The Trust Hospital, Accra; Synlab, Accra (Graphic Online, 2021); and Navrongo Health Research Centre, Navrongo.

- About 7,791 health facilities and 18 intensive care units (ICUs) have been used to respond to the pandemic. The World Bank also supported Ghana to reinforce its case management capacity with 21 treatment centres and 129 ICU beds in 10 of the 16 regions (The World Bank, 2021).
- Personnel undertaking contact tracing were given a daily allowance of GH¢150, equivalent to US$26 (Gentilini, Almenfi & Dale, 2020; Owusu and Crentsil, forthcoming).
- The World Bank helped strengthen contact tracing through employment and training of 1,340 surveillance officers to carry out contact tracing (International Development Association, 2021).
- Toll-free numbers were set up for assistance: 112, 0509497700, and 0558439868 (Ghana Health Service, 2020).
- COVID-19 testing in Ghana is free for Ghanaians. Anyone infected with COVID-19 in Ghana is also treated free of charge. About 832,459 free tests have been carried out in Ghana from March to 22nd April 2021 (UNICEF, 2021). As of 30th April 2021, some 90,376 persons had been treated and discharged (Table 8.1). However, international travelers who have to show their COVID-19 infection status as part of the current international travel protocol have to pay for the test.

Provision of free testing and contact tracing

Table 8.2 shows that as 30 April 2021, excluding testing of international arrivals since Kotoka International Airport reopened on 1 September 2020, about 63.52% of the COVID-19 surveillance conducted has been through enhanced contact tracing. As of the end of

October 2020, WHO and Norway were supporting GoG with expanded contact tracing, with a focus on the Greater Accra Region. WHO was providing technical expertise, while the Norwegian Institute of Public Health, through its Global Health Preparedness Programme, was providing funds (WHO, 2020b). Over 1,000 contact tracers were employed in addition to 400 case management teams nationally as of 30th June 2020 (Ofori-Atta, 2020).

Provision of free isolation facilities and healthcare for persons infected with COVID-19

As of January 7, 2021, the GoG had provided free care for the 56,230 persons who had tested positive in Ghana for the virus. These include non-Ghanaians, and the 846 international arrivals through the Kotoka International Airport (KIA) who tested positive. By 30th April 2021, GoG had provided free care for 92,740 positive cases, including 1,641 (1.77%) international arrivals through KIA (GHS, 2021; Table 8.1). These have included paying for hotel boarding and lodging, and direct medical care. Prior to the closure of KIA, international arrivals were made to observe a mandatory 14-day quarantine, initially at hotels, at the expense of GoG.

Fumigation and disinfection of specified vicinities

A number of public spaces – notably markets, lorry stations/parks, hospitals, landfills and rubbish dumps, banks and workplaces – were fumigated and/or disinfected. The reopening of schools from mid-June 2020 was preceded with fumigation and disinfection for all schools at all levels of the educational system (Figure 8.1). These exercises were undertaken in conjunction with Metropolitan, Municipal and District Assemblies (MMDAs) and the Ministry of Water Resources and Sanitation. GoG's expenditure for fumigation and management of landfill sites was GH¢122 million as of 30th June 2020. The cost to GoG of procurement of logistics and fumigation towards the reopening of schools was GH¢150 million by 30 June 2020 (Ofori-Atta, 2020).

Figure 8.1: Disinfection exercise--Workers disinfect schools[3]

Source: https://www.graphic.com.gh/news/general-news/ghana-news-3rd-phase-of-national-disinfection-exercise-in-shss-begins-2.html, 9th September 2020.

Incentive packages for healthcare workers

Across most countries, incentive packages have been given to select workers due to their essential nature and to reward their tenacity in coping with the challenge of working in the highly infectious environment of COVID-19 and the increased workload resulting from it. In Ghana, the President announced initial incentive packages of income tax relief on the gross income of all healthcare workers for an

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[3] This picture was originally captioned "Disinfection exercise: workers disinfect schools in the Central Region, Ghana". However, the picture was in fact taken in front of the administration block of Achimota Senior High School in Accra.

initial three months (April to June). Some 137,000 persons benefited from this (Ofori-Atta, 2020).

Additionally, a 50% additional gross income for "frontline" healthcare workers; and a GH¢350,000 (approximately US$60,345) assured sum insurance package each was announced for frontline healthcare workers. These incentives included overtime and risk allowance for frontline healthcare workers, and transportation for them during the lockdown period (Ofori-Atta 2020, p. 69-70). A GH¢150 (approximate US$26) daily allowance for contact tracers was also offered. These salary-based relief packages to healthcare workers (e.g., PPEs, tax waiver, allowances, transportation, and COVID insurance) cost GoG an additional GH¢323 million as of end of June 2020 (Ofori-Atta, 2020; Republic of Ghana, 2020, 2021a; Owusu, A.Y. and Crentsil, forthcoming). These incentives to healthcare workers were extended by the President for two successive three-month periods ending in December 2020. The insurance cover was later increased to GH¢10 million by July 2020 (Gentilini et al., 2020; Republic of Ghana, 2020, 2021a).

An unintended consequence of the incentives to healthcare workers, however, has been contention by several categories of workers regarding who qualifies as "frontline" health workers. Indeed, some disgruntled healthcare workers reportedly refused to attend to some patients based on their grievance with the definition of "frontline" health worker. GoG responded by clarifying the definition. According to Dr. Bernard Oko Boye, then Deputy Minister of Health, consultation with all stakeholders arrived at the following definition of a "frontline health worker: "… any health worker, who has been involved in the management of a confirmed case of COVID-19." (Petetsi, 2020). They numbered 10,000 as of the end of June 2020 (Ofori-Atta, 2020; Owusu, A.Y. and Crentsil, forthcoming).

National COVID-19 Isolation and Treatment Centre

In the heat of the pandemic, Ghana lacked a well-resourced isolation and treatment centre. This occasioned the erection and equipping in just 10 weeks of the country's first Infectious Disease Isolation and Treatment Centre situated in the Ga East Municipality, Accra. Commissioned on 24th July 2020 by Vice-President Mahamudu Bawumia, the world-class facility has 10 intensive-care units, and 100 beds. It was built with free labour and free technical expertise, provided by a team of 536 women and men, both civilians and Armed Forces personnel. In addition, the Electricity Company of Ghana provided a free 500 kv transformer valued at GH¢320,000. The transformer connects the Centre to the national grid (Ghanaweb, 2020b). The total cost of the Centre was US$7.5 million, with financing from Ghana's COVID-19 Private Sector Fund (Owusu, A.Y. and Crentsil, forthcoming).

Agenda 111

Additionally, to strengthen the health system, emergency preparedness and response plans I and II were launched. GoG also announced the construction programme of health infrastructure named Agenda 111. The aim is to increase the number of health facilities and improve the existing ones against future pandemics. Agenda 111 includes the construction of 101 new 100-bed district hospitals for MMDAs that are without a government hospital; seven new regional hospitals, and refurbishment of the Effia-Nkwanta Regional Hospital in Takoradi. Two psychiatric hospitals are to be constructed for the middle and northern belts which are without any (Republic of Ghana, 2020). The plans include constructing two more infectious diseases centres to join the already constructed one in Greater Accra for Ghana's three ecological zones (Republic of Ghana, 2020). GoG mentioned having procured land for the facilities. GoG initiated the actual commencement of the implementation of the Agenda 111 project on Tuesday, August 17, 2021, when President Akuffo Addo cut the sod for it. More than 1,000 isolation centres have also been set up across the country.

COVID-19 Vaccinations

Ghana became the first country in the world to receive 600,000 doses of AstraZeneca vaccines through the World Health Organisation's COVAX programme, with the support of UNICEF Ghana (Busari, and Cheung, 2021). Upon the arrival of the vaccines, a campaign was launched by GHS in the 43 COVID-19 hotspots in the Greater Accra, Ashanti and Central regions from 2nd to 9th March 2021. UNICEF deployed 30 of its staff to monitor the campaign and contribute to quality assurance (UNICEF, 2021). The vaccine rollout focused on these three regions and prioritised healthcare workers and frontline workers, adults over 60 years of age and persons with known underlying health conditions such as cancer, hypertension, diabetes, and kidney diseases, along with front-line security personnel. Others have included essential service providers and the general population (excluding children below 18 years and pregnant women, but including students). On 21st March 2021, the second phase of the first vaccination exercise targeted health workers all over the country, and as of 31st March 2021, some 555,259 vaccinations had been administered, the total rising to about 787,180 vaccines out of 815,000 received as of 21st April 2021 (South African Broadcasting Corporation News, 2021).

On 2nd May 2021, Ghana received an additional 350,000 doses of the AstraZeneca vaccine, under the COVAX facility, from the Democratic Republic of the Congo (Ghanaweb, 2021a). Due to its limited amount compared to the initial consignments, the 350,000 vaccines were administered between 19th and 26th May 2021 to persons who had their first shots of the AstraZeneca vaccine spanning 1st to 9th March, 2021. GoG's plans to procure additional COVID-19 vaccines in the shortest possible time, such as the plans for 1.3 million doses of Sputnik V vaccines from Russia, possibly in May 2021 (Ghanaweb, 2021b), have not smoothly materialised due to a stiff international COVID-19 vaccine lag and its associated politics, which have left African and other developing countries at the mercy of the international geopolitics. This has affected the GoG's COVID-19 calendar, although the government is optimistic of achieving its objective to vaccinate 20 million Ghanaian residents by the close of 2021, with the hope of achieving herd immunity against the virus (Rainbownradioonline, 2021).

Economic Interventions

Reduction in communication tax

Through the Coronavirus Alleviation Programme (CAP) discussed further below, the Communication Service Tax was reduced from 9% to 5% to reduce service cost for remote workers and poor households who needed to keep in touch with relatives during the lockdown period (Republic of Ghana, 2020). This was backed by the Amended Communication Service Act, Act, 2013 (Act 864), and took effect on 15th September 2020. Telephony companies also gave some relief to mobile money (MoMo) users for three months (April to June 2020) with zero charges for transactions up to GH¢100 and a 100%-300 % increase in MoMo daily transaction limits (Danquah and Schotte, 2020). The fee waiver on MoMo transactions was extended by Mobile Telephone Network (MTN) Ghana, for transactions of up to GH¢100 per day until 30th September 2020 (MTN, 2020).

International relief agencies also supported Ghana's COVID-19 communication and information dissemination efforts. For example, the World Bank supported a nationwide awareness campaign, with education and information dissemination in local and sign languages. Call centres and COVID-19 information centres were also established in all 16 regions of Ghana to provide reliable information about the virus, its symptoms and effects (Ministry of Health, 2020a; International Development Association, 2021). UNDP produced a

TV and radio documentary on hygiene and infection prevention and control, targeting vulnerable groups. Human rights and community engagement organisations provided training materials for the security services and public and healthcare workers to reduce stigma against COVID-19 patients (UNDP 2020). A survey conducted by the World Bank in December 2020 showed that the public information campaign about COVID-19 was successful as 97% of respondents were aware of COVID-19, among whom 70% knew the symptoms, and 83% believed they had appropriate and adequate information about the pandemic (UNICEF, 2021).

Ghana COVID-19 Alleviation and Revitalisation of Enterprises Support

The Ghana COVID-19 Alleviation and Revitalisation of Enterprises Support (CARES) has been nicknamed the Ghana CARES *Obaatanpa* (dutiful, responsible mother) Programme. It is the overarching programme meant to revitalise the economy of Ghana in the shortest possible time after the ravages of the pandemic. Ghana CARES is a two-phase programme that builds on the immediate actions taken by GoG under the Coronavirus Alleviation Programme. Phase one, dubbed "Stabilise the Economy", aims at continuing to relieve Ghanaians from hardships by reducing the cost of basic services, protecting businesses and workers, ensuring food security, and further strengthening the health system. Phase two, dubbed "Revitalise and Transform the Economy", aims at accelerating the Ghana Beyond Aid Agenda and other economic flagship programmes. GoG planned that Phase one would last between July and December 2020, and Phase two will be from 2021 to 2023 (Republic of Ghana, 2020, pp. iii, xvi, xviii). Several economic stabilisation and citizen support measures are spelt out in this programme, among which are the following:

Coronavirus Alleviation Programme

Parliament approved the GH¢1,204 billion Coronavirus Alleviation Programme (CAP) and as of 30th June 2020, about GH¢621 million of the amount had been paid to cushion micro, small, and medium-scale enterprises (MSMEs) under the CAP Business Support Scheme (CAP BuSS). The CAP BuSS in conjunction with the National Board for Small-Scale Industries (NBSSI), rural banks and other entities gave out soft loans as emergency relief funds for the MSMEs. This relief package, which included technical assistance, came with a one-year moratorium and a two-year repayment period (Ofori-Atta, 2020). Further details of the CAP BuSS are:

- Between the 20th May and 26th June 2020 registration window, 715,795 persons applied, comprising 64.2% females and 35.8% males;
- GH¢7.6 billion total assistance was requested;
- 95% (GH¢5.2 billion) of the loan requests were from micro-businesses;
- By 22nd July 2020, about GH¢57,121,441.50 had been disbursed to successful applicants (46,670 females, 17,526 males);
- On average, a beneficiary got GH¢889.80.

During his 2021 May Day address, the President Akuffo-Addo also hinted of the setting up of a Government Unemployment Insurance Scheme in Ghana by the end of 2021 (Republic of Ghana, 2020).

Some Financial Sector Social Intervention Measures

GoG introduced certain financial sector intervention mechanisms as well. These included several policy decisions by the Bank of Ghana, such as lowering the monetary policy rate; providing GH¢3.0 billion to support healthcare-related industries (particularly hospitals, pharmaceuticals, manufacturing and services); reducing interest rates; and supporting banks to be more liquid to support critical economic sectors.

Other interventions were:

- Tax relief for households and businesses. For instance, persons who so desired were allowed to credit COVID-19-related donations and contributions they made to their income tax;
- The tier-three pension scheme received income tax waivers;
- Donations for COVID-19-related alleviation received waivers from the otherwise statutory Value Added Tax, Ghana Education Trust Fund Levy, and National Insurance Levy; and
- All healthcare workers enjoyed income tax waivers between April and December 2020, and frontline healthcare workers received an additional 50% of their monthly income over the same period.

Ghana's COVID-19 Private Sector Fund

President Akuffo-Addo appealed to the general public to support national efforts to better manage the pandemic, to which there was massive response. Proposals for public-private partnerships (PPP) prompted the government to set up a national COVID-19 Private Sector Fund, with a group of eminent persons nominated to form a Board to supervise and account for the use of philanthropic donations. The Fund aims "to provide a prompt response to the hardship and suffering arising out of the COVID-19 pandemic" (COVID-19 Private Sector Fund, n.d.). The Fund initially provided *kayayei* in Accra and Kumasi with basic necessities during the lockdown period. (Wikipedia, 2021).

Donations came in kind and in cash from Ghanaians both home and abroad. The Fund distributed a total of 449,770 PPEs to COVID-19 treatment centres, daily meals to the Ga East Hospital in Accra, and 10,000 test kits to the Noguchi Memorial Institute for Medical Research. The Fund supported the construction of four 100-bed health centres, including 21-bed Intensive Care Units, staff block, and a biosafety level 2.5 laboratory in Accra, Kumasi, Takoradi and Tamale, among other reliefs (Ofori-Atta, 2020). A biosafety level 2.5 laboratory means an upgrading of the basic laboratories which usually exist in Ghana.[4] The eight-member Board of Trustees of the Fund is chaired by the immediate past Chief Justice of Ghana, Sophia Akuffo (Ministry of Health, 2020b). The Fund later directed its attention to building the National Infectious Disease and Isolation Centre mentioned earlier (Ghanaweb, 2020b) (Owusu, A.Y. and Crentsil, forthcoming).

Cash Transfers and Support

A survey by GSS (2020a) on the impact of COVID-19 on the Ghanaian economy showed that about 77.4% of Ghanaian households reported a reduction in income. Therefore, several cash transfers were carried out. The MoGCSP, under the Livelihood Empowerment against Poverty (LEAP) programme which is a GoG cash transfer for qualifying indigent households, transferred cash through mobile money to 629 people in so-called "witch camps" and over 10,000 vulnerable persons, including *kayayei*, the homeless, street mothers and children, persons with disabilities, and impoverished households (UN Ghana, 2020). Additionally, the Ghana National Household Registry has profiled 50,000 poor and vulnerable persons in COVID-19 hotspots to receive relief services. These

[4] Ghana usually has biosafety level 2.0 laboratories, with the exception of the laboratories at the Noguchi Memorial Institute for Medical Research and that of the KCCR, which are biosafety level 3.0 laboratories. Biosafefty level 3.0 laboratories are well suited for testing infectious pathogens such as COVID-19, Ebolavirus, Tuberculosis, and Yellow Fever (personal communication, Sarkodie Kodom, University of Ghana Hospital, Legon, Laboratory, on Sunday August 15, 2021. Mr. Kodom has authorised the association of his identity with this information).

areas include Kumasi Metropolitan, Asokore Mampong, Suame, Asokwa, Obuasi, and Obuasi East municipalities in the Ashanti Region. The World Food Programme (WFP) has in turn supported the government to give relief to 75,000 vulnerable people (60% female and 40% male) in the Greater Accra and Ashanti regions. The UK government has also supported GoG to provide cash transfers to over 330,000 of the poorest households in Ghana (Modern Ghana, 2020).

Support for businesses and workers

The *Nkosuo* (progress) programme, through the Mastercard Foundation, provided about GH¢90 million in grants and soft loans to support MSMEs (NBSSI/Mastercard Foundation, 2020). GoG committed GH¢600 million in soft loans with a one-year moratorium and two-year payment plan for MSMEs (NBSSI/Mastercard Foundation, 2020; Gentilini et al., 2020). The GoG gave businesses in the airlines and hospitality industry a six-month moratorium on principal payments to banks to help them adapt to the COVID-19 shocks (Gentilini et al., 2020; IMF, 2021). The government also procured goods and service –PPEs, pharmaceuticals, garments, uniforms, etc. – from local companies to support their survival and growth during the pandemic (UNICEF, 2020). A Seed-Fund Retraining Programme was set up to help laid-off workers acquire new skills or improve their skills to better their chances of finding new employment (Republic of Ghana, 2020).

Employment generation through COVID-19-related social interventions

Despite the job losses from the pandemic revealed by the Business Tracker Surveys (GSS, 2020a, 2020b), the COVID-19-related interventions generated new employment avenues and ideas for thousands of Ghanaians. In the period between March to end of June, 2020, financial clearance was granted for employing an additional 24,285 healthcare professionals (Ofori-Atta, 2020). GoG also made conscious efforts to tie its “Ghana Beyond Aid” vision to mobilising Ghanaian industries to produce adequate supplies of essential inputs and PPEs needed for combating the pandemic (Ofori-Atta, 2020) (Figure 8.2). As a result, in place of imports, local producers put millions of reusable face masks and protective clothing and hand sanitisers onto the market, along with different versions of Veronica buckets. Named for its inventor, Veronica buckets have taps and are linked to a bowl or sink and soap to provide sanitary hand-washing (Owusu, A.Y. and Crentsil, forthcoming). Road-side hawkers were soon doing a brisk trade in these items.

The increased importation as well as increased local manufacturing of immune-system boosting supplements such as Vitamin C, have all provided more and/or newer employment avenues. There has also been some increase in the production and sale of fruits and vegetables. This is attributed to the Presidential Updates on the pandemic and other civic announcements that have encouraged citizens to eat healthier, and consume immunity-boosting foods, particularly local vegetables like *kontomire, ayoyo, dawadawa, Kwahu nsusuwa* (Turkey berries), etc.

Thus, although COVID-19 has disrupted several jobs and livelihoods, it has also created avenues for new employment and generated new challenges for which novel ideas and innovations have evolved to meet the challenges (Figure 8.2).

COVID-19 National Trust Fund

In April 2020, the GoG set up a COVID-19 National Trust Fund (CNTF), supported by the COVID-19 National Trust Fund Act (CNTF), 2020 (Act 1013). It has a seven-member Board of Trustees. By the end of June 2020, the Fund had mobilised GH¢53,911,249.87, of which GH¢32,820,564.97 had been spent by June ending, 2020. The expenses included engaging the Institute of Statistical, Social and Economic Research (ISSER), University of Ghana, Legon, with GH¢297,920.00 to study the impact of the pandemic in order to inform scientific decision making. Eighty districts were studied nationally (Ofori-Atta, 2020).

Figure 8.2: Workers producing personal protective equipment for COVID-19 frontline health workers, in Accra; April 17, 2020

Source: Stacey Knott, 2020, VOANews

Psychological Support

The UK government funded the *Ghana Somubi Dwumadie* (Ghana Participation Programme) to award GH¢1.2 million to seven CSOs including the Christian Health Association of Ghana, Ghana Association of the Physically Disabled, Mental Health Society of Ghana, Human Rights Advocacy Centre, Hope for Future Generations/ Psyk Forum, Presbyterian Community-Based Rehabilitation Centre—Sandema, and Presbyterian Community Based Rehabilitation Centre—Garu. The funds enabled provision of psychological support to persons with disabilities, healthcare workers and persons who recovered from COVID-19 (Ayiku, 2020; Options, 2020). More than 20,000 people with a disability had received psychosocial support, wheelchairs, and protective equipment against the infection by December 2020 (International Development Association, 2021).

FBOs also increased their activities to support their members and communities psychosocially through heightened use of social media for religious outreach through SMS and WhatsApp messages, YouTube, and other platforms. Their use of traditional media – TV and radio broadcasts in local languages and English – also increased. About 1,056,124 people (including girls, boys, women and men) have benefited from community-based psychosocial support services through home visits, other face-to-face interaction, and community announcement systems (UNICEF, 2021). The Ghanaians against Child Abuse (GACA) campaign continues to reach out to people with information about COVID-19 and child protection and helplines, as well as better parenting messages. The GACA campaign reached 26,240 people through social media in January 2021 (UNICEF, 2021).

National day of prayer

President Akuffo-Addo declared a national day of prayer and fasting on 25th March 2020 for divine intervention and direction regarding the pandemic. The period 24-26 April 2020 was also used for three days of prayer and fasting against the pandemic, organised by all mainstream Christian bodies including the Christian Council of Ghana, the Pentecostal and Charismatic Council, and the Ghana Catholic Bishops' Conference (Avevor/Catholic News Service, 2020). Some individual Christian churches also declared days of prayer and fasting.

Additional Interventions by FBOs

During the distribution of food items during the lockdown, GoG and other donors formed partnerships with local FBOs due to the unique position of the FBOs. In times of humanitarian crisis, they are seen as non-partisan, a characteristic which promotes non-discriminatory distribution of social interventions. FBOs are also crucial because they already know those who are vulnerable. They have already demonstrated commitment to promote the wellbeing of such persons in several ways and already have mobilization and communication channels for reaching such persons. Using these micro-channels of distribution prevents crowds from forming and possibly spreading the virus (Ministry of Finance. (2020). Social equity is a key mandate of FBOs.

Public-Private Partnership Social Interventions

Several philanthropic individuals, groups, faith-based organisations, NGOs, CSOs, business entities, politicians, MMDAs, local and foreign associations, and international donors acted singularly and/or in concert with government agencies and traditional leaders to provide diverse social interventions to alleviate the hardships emanating from COVID-19. These were mostly in food relief and distribution of PPE to vulnerable groups, healthcare support, prayer and increased religious engagements, and psychological support to keep citizens calm and hopeful. In response to President Akuffo-Addo's appeal for institutional support, cash, food items, PPEs, and provision of facilities to serve as isolation centres were donated.

Philanthropic groups and NGOs such as the Rebecca Foundation donated packed uncooked food items, and other basic necessities including sanitary pads and PPEs. FBOs such as the Church of Pentecost, the Catholic Church, and the Presbyterian Church of Ghana also made donations. Among other donations, the Church of Pentecost offered its much acclaimed 250-acre, 1,200 bed ultra-modern Convention Centre (Ofori-Atta 2020) at Gomoa Fetteh in the Central

Region, as a COVID-19 isolation centre for infected persons. In addition to a cash donation of GH¢370,000 (about US$12,200) (Mayaki, 2020a). to the National COVID-19 Trust Fund, the Catholic Church in Ghana also allowed GoG to use 13 of their structures as treatment centres (Mayaki, 2020b). The combined bed capacity of the Pentecost Convention Centre and the Catholic Church's facilities is 1,950. The Ghanaman Soccer Centre located at Prampram, which is a property of the Ghana Football Association, also provided a 140-bed isolation centre (Ofori-Atta 2020). The Presbyterian Church of Ghana provided food, toiletries, medical supplies, and money to frontline health workers and government institutions at various administrative levels, including the Greater Accra Regional Hospital (Presbyterian Church of Ghana, 2020).

Others philanthropists such as MacDan Foundation (GraphicOnline, 2020), Asamoah Gyan (Akyereko, 2020), Kwadwo Asamoah (Akyereko, 2020b) and the Sethi Brothers (Parliament of Ghana, 2021) also made contributions. Some political parties and politicians also took advantage of the political climate before the 2020 Presidential and Parliamentary elections to donate relief items to their constituents. These include food items, PPEs, and some cash donations. Notably, Kennedy Agyapong, Member of Parliament for Assin Central, mobilised $428,000 from his associates, and added a personal donation of $200,000 for the evacuation of over 700 Ghanaians who were stranded in Lebanon (Parliament of Ghana, 2021) during the period Ghana's airspace was closed to travel due to the pandemic. The Sethi Brothers also contributed GH¢200,000 specifically for evacuating Ghanaians stranded in the United Kingdom (Parliament of Ghana, 2021). Other individuals supplemented government's efforts to feed the vulnerable. About 20,000 people and 10,000 households in deprived communities in the Greater Accra Region, Tema, and Kasoa were provided with food items by former President John Mahama and his brother, Ibrahim Mahama, respectively. Ibrahim Mahama also donated undisclosed cash amounts to some households. The MP, Lydia Seyram Alhassan, also donated 3,000 (5 kg) bags of rice and 500 crates of eggs to FBOs in her Ayawaso West Wuogon Constituency (Yen Ghana, 2020). Similar interventions were undertaken by John Dumelo of the National Democratic Congress, who was Ms. Alhassan's main political rival who contested the seat in 2020 (Ghanaweb, 2020c). Banks and alumni of some schools engaged in similar philanthropic ventures.

Support from the International Community

The international community also donated generously. These included the Jack Ma Foundation and the Chinese government, who donated medical supplies to Ghana (Ministry of Health, 2021), and also, to other African countries. The US government and US Armed Forces (US Embassy in Ghana, 2020) also donated medical supplies for COVID-19 relief in Ghana. Furthermore, the World Bank assisted Ghana with $100 million for COVID-19 relief. This amount comprised of an initial $35 million emergency support towards the Ghana Emergency Preparedness and Response Project. The Project concentrated on strengthening laboratory, surveillance, early detection, and reporting systems during the initial days of the COVID-19 infection. The remaining amount was earmarked for medical and laboratory supplies and equipment, including PPEs and test kits (The World Bank, 2020c). The World Food Programme partnered the government of Ghana to provide cash transfers to 75,000 vulnerable persons and households in the Greater Accra, Ashanti, and Western Regions. 65,000 of the beneficiaries were daily wage earners in the Greater Accra Region, and the rest were smallholder farmers in Ashanti and Western Regions. The objective was to cushion their food insecurity and nutrition needs resulting from the adverse effects of the pandemic on their livelihoods (Gentilini et al., 2020; World Food Programme, 2020; Owusu, A.Y. and Crentsil, forthcoming). The number of eligible household members determined how much was paid. The minimum monthly stipend paid was GH¢ 53. The transfers were done through mobile money and it was to last for five months (Gentilini et al., 2020).

After assessing the impact of the COVID-19 on food in Ghana, UNICEF produced a food and nutrition monitoring bulletin in collaboration with GHS and the Ministry of Food and Agriculture using routine nutrition and food data from the fourth quarter of 2020. The impact research found that there has been an increase in the prices of cereals and other staple foods consumed by households. In response, UNICEF and GHS conducted training on complementary feeding and micronutrient powders (MNPs) for 84 health workers across 33 districts. GHS received 60,300 boxes of MNPs from UNICEF for distribution to children aged 6-23 months in low-income communities across the Greater Accra Region to support their nutritional needs (UNICEF, 2021). Additionally, UNICEF conducted training in the Eastern Region on the continuity of essential health and nutrition services in the context of COVID-19. The training included orientation of health workers on the guidelines for maternal and newborn child care and nutrition, adolescent health, infant and young child feeding, and use of micronutrient powders to improve the quality of complementary foods in the Eastern Region. UNICEF also supported GHS in the Upper West Region to train 240 health staff on how to provide quality nutrition counseling to caregivers in the context of COVID-19. UNICEF further supported six regions (North East, Upper West, Savannah, Volta, Oti, and Bono East) to review the implementation of nutrition interventions and identify areas for strengthening the provision of essential services (UNICEF, 2021).

On 11th March 2021, UNFPA partnered MoGCSP and the Domestic Violence and Victim Support Unit (DOVVSU) of the Ghana Police Service to open a domestic violence support centre in Accra. The first of its kind, the Centre is known as the Orange Support Centre. It provides both walk-in and call-in support services for victims of domestic violence. These include psychosocial support, legal assistance, and counselling services. In addition, the *Boame* (help me) mobile application was also launched. The Centre can be reached through a toll-free number: 0800111222, or through the *Boame* mobile app (Philanthropy Space/Aistiphi Gazette, 2021).

Reflections on Covid-19 Social Interventions in Ghana

This section comprises reflections on a) social intervention systems in Ghana; b) gainful effects or otherwise of COVID-19 social interventions for people in Ghana, particularly the vulnerable groups; and c) lessons learned from the COVID-19 social interventions.

Existing Social Interventions Systems and Need for Expansion

This sub-section discusses existing social interventions and how they can be expanded to incorporate COVID-19 interventions and stronger safety nets for vulnerable populations in the future. Social intervention programmes that existed prior to the outbreak of COVID-19 include the LEAP, the National Health Insurance Scheme, the School Feeding Programme in deprived public schools, the District Assemblies Common Fund (DACF) (Owusu, L.D. and Frimpong-Manso, 2020; Abebrese, n.d.), and the Labour-Intensive Public Works Programme (Dadzie and Raju, 2020). The DACF provides some funds to persons with disabilities. Others include the Social Security and National Insurance Trust, the Ghana Growth and Poverty Reduction Strategy I and II (Abebrese, n.d.), and the free school tuition programme in basic and second cycle schools.

Although as intimated earlier in this chapter, safety net programmes in Ghana did not cease operating during the COVID-19 pandemic; some of them such as the LEAP actually increased disbursements in response to the harsh conditions of the pandemic (Dadzie and Raju, 2020). Other authors note the increased vulnerability of segments of the population, especially children in vulnerable families, due to the pandemic. Owusu, L.D. and Frimpong-Manso (2020), for instance, note that school closures among other measures to contain the pandemic potentially worsened social inequality, hunger, streetism, child labour and child trafficking, and the associated risks of contracting the virus, among the poorest of poor children in Ghana, as well as increased teenage pregnancy, and domestic abuse.

Against this background, researchers noted that management information systems in Ghana are poorly resourced, poorly integrated, weak and not proactive, leading to inadequate and cumbersome family welfare systems (Krueger et al., 2013, in Owusu, L.D. and Frimpong-Manso, 2020; Owusu et al., 2020). This calls for better resourced, well-coordinated, timely, fair, more proactive and expanded approaches to improving Ghana's social intervention apparatus. In fact, Ghana's social interventions architecture needs to expand both vertically and horizontally, to be able to absorb new beneficiaries affected by emerging shocks such as COVID-19. This will provide stronger safety nets for vulnerable populations in the future. Increased community radio distribution is another way to help children from deprived areas and families stay abreast with needed information and take better advantage of current electronic media-based school learning programmes (Owusu, L.D. and Frimpong-Manso, 2020). Fortunately, under the MoGCSP, GoG established a National Household Registry, which needs to be updated (Owusu, L.D. and Frimpong-Manso, 2020), and a Social Welfare Information Management System to facilitate integrated distribution of social services to children and households (Otieno et al., 2020; Owusu, L.D. and Frimpong-Manso, 2020).

Reflections on some COVID-19 social intervention measures provided

Relating the basic services provided and the social intervention measures to the primary data, it is clear that most individuals, MSMEs, both private and public, critically needed these interventions from GoG and other donors (Dadzie and Raju, 2020; Smiley et al., 2020). There is evidence that the social interventions in response to the diverse impact of the pandemic have been helpful to most beneficiaries. For instance, given that over 40% of households interviewed by the RECOVER study mentioned being food insecure in the week prior to the interview which occurred on 6th-26th May, 2020 (Amoatey et al., 2020), the food and financial interventions would go a long way to cushion such beneficiaries. Further, 90.0% of respondents of the RECOVER study reported more frequent handwashing since the outbreak of the pandemic (Amoatey et al., 2020). It is without doubt that respondents were aided by the free water package to be able to wash their hands more frequently and not worry about the cost involved. The Ghana Water Company reported 80.0% increased water production over the period of the free water subsidy (Ghana Broadcasting Corporation [GBC] Radio News/ Unique FM, 2021).

Additionally, 90% of respondents reported using face masks, and over 20.0% of them indicated their school-age children were benefiting from the GoG and USAID sponsored Ghana Learning TV (Amoatey et al., 2020). Without this social cushioning, and given the dire impact of the pandemic on the Ghanaian economy (Dadzie and Raju, 2020; Musah, 2020), the pandemic could have spread more, malnutrition could have increased, and famine-related deaths could have occurred (Asante, L.A. and Mills, 2020). Furthermore, crime and other social vices could have increased as desperate families tried to survive at all cost, and the poorest echelon of the population could have been without water, electricity and other basic necessities of life (GSS, 2020b).

What is doubtful, however, is GoG's ability to accommodate such social cushioning for a longer period, particularly with reference to the immediate financial burden imposed on the economy from March to June 2020, not to mention the period beyond. This is evidenced in the President's 21st Update on the pandemic on 3rd January 2021, which announced a reduction in the incentive packages and their restriction to only the most vulnerable. Undoubtedly, some recipients of the business alleviation packages may not dutifully refund the goodwill extended to them on the agreed terms. This will burden the already thinly stretched Ghanaian economy, particularly given the economic downturn influenced by the pandemic; increase the national debt, leading to deficit spending that could trigger a budget deficit (Musah, 2020). Ghana is certainly not in a position to easily recover from this additional financial burden (Dadzie and Raju, 2020; Musah, 2020). For instance, Sanitation and Water for All (2020, in Smiley et al., 2020) estimate the cost of Ghana's free water supply to domestic consumers for the first three months at US$40 million.

The implications of this for the post-COVID-19 economy of Ghana could be dire. According to Plecher (2020), Ghana's national debt as a ratio of GDP for 2018 was 59.13%; 62.76% in 2019, 76.67% in 2020, and is estimated at 74.65% for both 2021 and 2022, before it will fall slightly to 72.39% in 2023. However, it will stay above 71.0% until 2025. In May 2021, however, the Finance Minister, Ken Ofori-Attah announced that Ghana's 2020 debt is 76.1% of GDP (3news.com/ Ghanaweb, 2021). This has the potential for other macro shocks, domestic crises, and/or international trade difficulties (Dadzie and Raju, 2020; Musah, 2020). The current tax hikes on petroleum products and the after-effects, including the #FixGhanaNow social media campaign, and declaration of strike based on request for increase in the salary of some labour groups, are testament to the possible shocks the COVID-19 pandemic has imprinted on the Ghanaian economy and Ghanaians.

Furthermore, as noted by previous authors (for instance, Amoatey et al., 2020; Smiley et al., 2020; Owusu, A.Y. and Crentsil, forthcoming; Owusu A. et al., forthcoming) there have been difficulties with the more vulnerable members of the society getting the benefits intended for them. The RECOVER study (Amoatey et al., 2020) shows that a paltry 2.8% of the respondents mentioned having received food or other aid, and 14.0% reported having benefited from either the free electricity or water subsidies. While the RECOVER study may have been conducted too early vis-à-vis the nine-month duration of the water subsidy for the general population and the current one-year and over duration for lifeline consumers, realities on the ground could continue to prevent the most vulnerable from benefiting from the safety nets provided. With specific reference to the directive on free water to non-commercial consumers to help contain COVID-19, Smiley et al. (2020) note that despite 89% of Ghana's population having access to improved water sources, only 19% have direct piped connections—the most secured way of ensuring access to improved water and benefitting from the free water. Smiley et al. (2020) note that private water entrepreneurs mostly refused to provide water free to customers. Thus, "the complex geography of domestic water provision in Ghana" implies the free water directive will have unequal impact on the population, with vulnerable households being the most water insecure despite this social intervention (Smiley et al., 2020).

Alternatively, there is the possibility that some intended beneficiaries were unaware of such social cushioning schemes (Amoatey et al., 2020), at least during the initial stages of such provision when the RECOVER study was conducted. This calls for increased public education on COVID-19-related social safety measures (Musah, 2020). It is, however, important to note that while the economic shocks occasioned by COVID-19 are widespread in Ghana (Dadzie and Raju, 2020; Musah, 2020), not every person or household would be poor enough to need the free water and partly subsidised electricity cushioning. The same applies to some businesses, with respect to the electricity subsidies. There is even the complex housing arrangements in most Ghanaian homes, highlighted below, which provide impediments to the most vulnerable residents benefiting adequately from such schemes.

The need for credible data (Musah, 2020) to respond effectively to the genuine social interventions occasioned by the pandemic is thus critically important. This need is partly being met through representative studies like the Business Tracker Surveys (GSS, 2020a, 2020b), the ISSER study on the impact of the pandemic mentioned earlier, and UNICEF's monitoring of 330,000 LEAP beneficiary households (Musah, 2020). Moreover, there is a need to enhance intersectoral coordination among the agencies at the forefront of social safety net management (Musah, 2020). These include the ministries of Health; Finance; Employment; Agriculture; Education; Gender, Children and Social Protection; Housing; Water and Sanitation, and others such as the NCCE, NADMO and the security agencies.

Nevertheless, the COVID-19-related social interventions have had some positive effects on the people of Ghana. Among others, there was support for patronage of Ghanaian businesses and manufacturers as well as expenditures which brought monetary value to the populace. There was a strong do-it-yourself attitude shown in the private sector support, including the building of the first Isolation and Infectious Disease Centre, and commercial production of some PPEs such as hand sanitisers, overalls/coveralls, and face masks, along with increased volunteerism as a basic social intervention. There was also a massive increase in the use of ICT. With a primary focus on the vulnerable in society, the COVID-19-related social interventions have had the objective of being regressive. As with the distribution of PPEs, the distribution of hot meals to pupils and staff of educational institutions at the JHS and SHS levels encouraged a safer learning environment and more effective work. International donations also enriched the country. Nevertheless, Ghana's COVID-19 social interventions need to be even more shock responsive, particularly for vulnerable segments of the population. In relation to this, there is need for better targeting of the vulnerable populations in Ghana, in order to provide a more effective cushioning for them, and to better protect the public purse by avoiding dishing out relief packages to wealthy persons and businesses who are capable of providing for themselves.

Challenges discovered and lessons learned

There are some clear lessons from the social interventions carried out in Ghana to mitigate the onslaught of the pandemic. These include:

- The distribution of food to the vulnerable and needy people had challenges. Not all of them benefitted due to the lack of data on the vulnerable and disadvantaged people in Ghana. Following on from the ISSER study, there is a need for robust biometric data to clearly document who the vulnerable in Ghana are, to better guide future social interventions during emergencies. The manner of food distribution with disorderly queues did not promote the observation of social distancing and other anti-COVID protocols (Owusu, A.Y. and Crentsil, forthcoming). Furthermore, some persons collected more than their one-pack share of food and sold them for GH¢5 a pack. Others such as persons with disabilities complained of not receiving food relief which they very much needed, and had to call for help from the government.
- In January 2021, a brief paper produced by UNICEF and the Social Policy Research Institute, in collaboration with the National Development Planning Commission, with financial support from UK Aid, found that despite the food and nutrition interventions in Ghana, women and children experienced reduced access to essential goods and services, increased poverty and food insecurity and greater exposure to violence, abuse, and exploitation, as well as some decline in physical and mental health (UNICEF, Social Policy Research Institute, and National Development Planning Commission, 2021). These conditions will intensify adverse effects on children's health, nutrition and learning outcomes, psychosocial well-being, and household ability to recover in the long-term (UNICEF, Social Policy Research Institute, and National Development Planning Commission, 2021).
- In the education sector, although e-learning platforms were useful in providing learning opportunities at home, many students and pupils did not have access due to poverty and

limited connectivity. Students in deprived areas and vulnerable homes have no access to TV and computers and could not participate in the TV lessons. Some may not have access to radios, too. This is despite the Ghana ICT policy which advocated one laptop per child from 2009 to 2012 (Asante, E. and Owusu-Ansa, 2015). It also highlights the socio-economic divide in Ghana in terms of inequalities which are known to be widening (Osei-Assibey, 2014). Among the inequities, about 16% percent of communities in Ghana are currently without electricity (Energy Commission, 2020; Owusu, A.Y. and Crentsil, forthcoming). Persons in these communities are automatically cut off from these e-learning programmes. It is, therefore, welcome news that the government has promised to connect all communities in Ghana to the national grid by the end of the current administration (Republic of Ghana, 2021b). Nevertheless, there is still the problem of unstable electricity supply in Ghana, and unstable telephony and internet connectivity, all of which will negatively affect remote learning programmes.

- Various online learning platforms had limited or no support system for students with visual and hearing impairment. Digital platforms including Zoom, WhatsApp, Microsoft Teams, and Telegram are not designed for the visually and hearing impaired. Therefore, such students were left out in the learning process. Similarly, outside the education sector, people with disabilities were not proactively factored into the COVID-19 pandemic response plan, regarding food distribution for instance. Hence, there is the need for a robust and integrated education system which can support both face-to-face and online learning needs in the country irrespective of beneficiaries' financial status, disability or location.
- The payment relief from water and electricity bills, although well intended, particularly with respect to the vulnerable, may have been short-circuited by distributional and structural difficulties. Nevertheless, this constitutes a great attempt

to lighten the burden of vulnerable people, particularly during the social restrictions occasioned by the COVID-19 pandemic. This is because a third of all electricity consumers in southern Ghana are lifeline customers, and they are particularly concentrated in rural areas (Wolfram, 2020; Owusu, A.Y. and Crentsil, forthcoming).

- Furthermore, residents of the roughly16% of communities which are not linked to the national grid (Energy Commission, 2020; Owusu and Crentsil, forthcoming) did not benefit from the electricity relief. The Energy Commission (2020) notes 70.5% rural access to electricity in Ghana, vis-à-vis 100% access in urban communities (also see Owusu, A.Y. and Crentsil, forthcoming).
- Additionally, distributional and structural bottlenecks may have robbed lifeline consumers from benefitting from the intended water and electricity reliefs for them. With respect to electricity, billing is done per unit consumed contingent upon the total kWh consumed per month per metre. The reality on the ground is that many a vulnerable person in Ghana lives in compound or family homes with multiple residents, who typically use one electricity billing metre. Such housing arrangements are what Oppong (2020) describes as "high population density dwelling[s]". Electricity metre distribution in Ghana is itself bedeviled with a host of bottlenecks. Poor residents of such high-density dwellings may, therefore, have no option but to be subjected to the 50% electricity subsidy. This is because such homes typically get the progressively billed electricity wattage described above, and break them up to pay using an agreed upon quotient, leaving everyone with a higher amount to pay (Owusu, A.Y. and Crentsil, forthcoming). This means the amount of electricity consumed per such high population density homes becomes rather high as the total consumption is captured by only one metre. In Ghana, essential services such as water and electricity cost are increased per unit consumed after some basic

threshold of consumption is exceeded. This increases the cost of electricity (and also water) for such high population density dwellings which use only one metre per service.

- On the positive side, Owusu, A.Y. and Crentsil (forthcoming) note that the government's social intervention regarding water and electricity subsidies also helped indirectly to contain the pandemic. They note that by policy, most electricity metres in Ghana are now pre-paid, requiring consumers to go out to payment points to purchase their electricity. Through the subsidy, some consumers avoided the in-person contact and thereby reduced somewhat their chances of catching and/or spreading the virus in the process. Similarly, without the regular need to deliver water and electricity bills (at least for lifeline consumers of both services, and the few current post-paid consumers of electricity), staff of the electricity and water companies also avoided possibly catching and spreading the virus through their work. Furthermore, lifeline consumers who use pre-paid metres saved on the cost of going out to buy electricity (Owusu, A.Y. and Crentsil, forthcoming).
- Regarding the water relief packages, distributional inequities between rural and urban areas in Ghana reduced the optimum availability and benefit of the relief, to consumers in the rural areas particularly. Researchers (Duti, 2020; Resource Centre Network [RCN] Ghana, 2020; Owusu, A.Y. and Crentsil, forthcoming) note that while the managent of urban water is solely under the Ghana Water Company Limited (GWCL), that of the rural areas is under multiple managerial arrangements: Community Water and Sanitation Agency (CWSA) of the Ministry of Sanitation and Water Resources; the Ministry of Local Government and Rural Development; and also certain private businesses (Duti, 2020; Owusu, A.Y. and Crentsil, forthcoming). In rural areas and high population density urban areas where such private operators did not operate to implement the GoG relief package, residents did not

benefit from it. Furthermore, the GSS survey (2020b) conducted on 10th-25th June 2020 using 3,265 households revealed that 21.1% of the responding household mentioned that they were without regular access to water during the study period (also see Owusu, A.Y. and Crentsil, forthcoming). Additionally, there were indications that some of the private water sellers in the urban areas who were asked by GoG to provide water free of charge to their customers for GoG reimbursement either did not trust that they would be paid or did not want deferred payment and thus sold the water to their customers (Smiley et al., 2020; Owusu, A.Y. and Crentsil, forthcoming).

- The COVID-19 pandemic exposed the insecurities of, and worsened the plight of about 35% of about 30 million Ghanaians who lack decent housing (GSS, 2013). The population health model posits that housing affects human health (Dunn, 2002; Owusu, 2020; Owusu A., Teye-Kau and Tenkorang, 2020; Tenkorang et al., 2017, 2019). Ghana's last census (2010) showed that about 45% of households lived in compound houses shared by multiple families and households (GSS, 2013; Owusu, A. et al., 2020), while the national average household size was 5.1, with much higher household sizes in some regions and districts (Owusu, A. et al., 2020). The 2010 Population and Housing Census further showed a worsening housing situation, compared with the results of the 2000 census (GSS, 2013). Nevertheless, Ghana's COVID-19 response paid limited attention to the housing sector and while it indirectly highlighted the need for a social housing scheme for the disadvantaged as a long-term policy to alleviate the housing situation, nothing urgent has been done on housing (Ghanaweb, 2020a). According to the Minister of Housing, housing projects are capital intensive and therefore require long-term planning. Therefore, Ghana cannot prioritize housing due to the slowdown of the economy and the reduction in international funds for developing economies (Andoh, 2020).

- Apart from the above-mentioned Orange Support Centre and public service announcements regarding gender-based and domestic violence generally, there was limited attention paid, despite the known high incidence of domestic violence in the country (Tenkorang, Sedziafa, and Owusu, 2016; Tenkorang and Owusu, 2018), and particularly, the observed increase in domestic and gender-based violence due to the conditions imposed by the pandemic in Ghana (Philanthropy Space/Aistiphi Gazette, 2021). Domestic and intimate partner violence has also reportedly increased internationally due to the COVID-19 pandemic (Bogart, 2020; Meyersfeld, 2020).

Policy Recommendations

This chapter reviewed COVID-19 social interventions in Ghana, focusing on the key ones. It concludes that poor citizens may not have benefited adequately from the GoG relief packages and essential services intended for them. This is due mainly to the structural and distributional bottlenecks, and a lack of a well-coordinated, well-resourced and data-driven social intervention system and plan in Ghana, particularly emergency preparedness. There has also been inadequate coordination between the social intervention systems. GoG has responded vigorously to fight and mitigate the ravages of COVID-19, and has received international praise (Antwi-Boasiako, Abbey, Ogbey and Ofori, 2021). However, Ghana has limited resources and the damaging socio-economic effects of the pandemic at both domestic and international levels will understandably continue into the medium and long term. From the foregoing, the following policy recommendations may be considered:

- GoG should implement carefully its short-, medium- and long-term plans to overcome the impact of COVID-19 on the lives of residents of Ghana, particularly the vulnerable.
- GoG should carefully implement its Agenda 111 to further improve access to healthcare, particularly for specialised

disciplines like psychiatry, and treatment and isolation of infectious diseases.

- The lessons learned from the distributional inefficiencies of basic services like water and electricity during the beginning of the pandemic should encourage policy makers to improve water distribution in inner cities and rural areas (Owusu, A.Y. and Crentsil, forthcoming). Efficient and equitable water, electricity, and sanitation services require a lot of investment. GoG and related stakeholders should make efforts to develop long-term plans to achieve that. GoG also needs to take advantage of the opportunity COVID-19 has presented to reduce human contact and to intensify public education on electronic payment for both services. The water and electricity companies should ensure that their newly introduced electronic payment apps are robust enough for efficient use (Owusu, A.Y. and Crentsil, forthcoming). There should be a national policy to provide electricity and water metres for individual households living in shared housing facilities.
- Ghana needs to develop an up-to-date and reliable, biometric database for managing emergencies, and an improved addressing system to ensure interventions reach intended beneficiaries. In the interim, up-to-date information should be kept on the poor and vulnerable groups in the country, including persons with disabilities. Efforts should be made to provide them with support to pursue education and careers without any structural limitations. MoGCSP should lead other stakeholders such as NADMO in having more proactive plans for persons with disabilities during national emergencies like the COVID-19 pandemic and its related social interventions.
- GoG should implement its national electrification agenda. President Akuffo-Addo is strongly encouraged to fulfil his promise to hook up the remaining 15-16% of communities who are without electricity to the national grid during his tenure of office.

- As a medium-to-long term measure, the GoG should ardently work on reducing socio-economic inequalities in the nation (Osei-Assibey, 2014). The free senior high school education is one positive step in this direction. Other measures to resolve this social canker should be given a national priority and discussed at a national forum with all major stakeholders.
- Curbing gender-based domestic violence and misdemeanours and improving support for victims should be an integral part of GoG response plans to emergencies and pandemics, as such violence may kill more vulnerable members of society such as women and girls than pandemics would.
- With the onslaught of COVID-19, a revolution in the use of electronic and social media was unleashed in Ghana. This was evident mostly in the educational sector, formal employment settings and with religious bodies in their outreach to their adherents. E-learning and ICT as part of regular learning at various levels of education in Ghana has come to stay. Stakeholders like the GoG, GES/MOE, MoGCSP, religious bodies, private schools, and CSOs/NGOs should gradually step up investment in ICT education and related infrastructure. GoG should also work on fulfilling its promise of providing laptops to pupils and students as soon as possible.
- The yawning housing deficit in Ghana should be gradually resolved as an important social intervention in the medium to long term. This will generally improve the health of the populace and facilitate protection against spreading infectious diseases during any such outbreaks. Although housing projects are capital intensive and given the impact of COVID-19, GoG cannot rapidly ease the accommodation lag, each successive government needs to complete housing schemes left unfinished by previous administrations without resorting to beginning new ones just to score political points. Examples include the abandoned low-cost housing projects at places like the Asokore Mampong municipality in Kumasi started by

President Kufuor, and the Saglemi housing project started by President Mahama.

- GoG has made laudable efforts to procure COVID-19 vaccines for Ghanaians despite the international vaccine lag. Amid the international vaccine politics, GoG should make additional strides to implement its plans to vaccinate all the adult population in the country by the close of 2021.

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