UNIVERSITY OF GHANA

ISSER Knowledge for Development

2024 BUDGET STATEMENT REVIEW

CONCLUSIONS & RECOMMENDATIONS

3% economic growth

Ghana's economy has shown signs of recovery and is likely to grow at about 3% by end of 2023.

50% plus multidimensional poverty in 23 districts

Multidimensional poverty is very high (currently above 50% in 23 districts especially in northern Ghana). There is a **need to grow at 8 -10% per annum to reduce poverty and deprivation in poor districts and households.**

domestic revenue and expenditure

Interest payments likely to increase in 2024 (by 60.3% compared to 2023). This implies that for every GHS 1.00 raised in domestic revenue in 2024, GHS 0.32 will go to interest payments, GHS 0.37 to compensations and GHS 0.21 to statutory payments. That is, a total of GHS 0.90, **thus leaving very little room for CAPEX, goods and services, and deficit financing.**

missed revenue targets

Revenue targets for 2023 are being missed leading to conservative revenue GDP targets for 2024. There is a **need to broaden the tax base to rope in the informal sector (60-70% of Ghana's economy).**

31% government expenditure increase

Government expenditure is projected to increase by 31.0%. There is a **need to rationalize spending** and ensure value for money. Regular procurement audits will save the taxpayer billions of Ghana Cedis.

monitor tax reliefs

The proposed tax reliefs (on sanitary pads, agricultural inputs, medical consumables etc.) is a good signal. **This should be monitored to prevent abuse and justify the rationale for the reliefs.**

Conclusions from the presentation by Director, Professor Peter Quartey, which he presented on behalf of the Economics Division of ISSER, during the 2024 Budget Statement Review. Thursday, 23rd November 2023, ISSER Conference Center, University of Ghana

2024 BUDGET STATEMENT REVIEW

CONCLUSIONS & RECOMMENDATIONS

boost intra-African trade & create awareness to reverse overdependence on imports

There is a need to **boost intra-African trade and curb excessive imports.** The Bank of Ghana (BoG)'s foreign exchange supply to the market should be prioritized.

There is a **need for increased awareness among Ghanaians, overdependence on imports means creating jobs for the countries of origin.** Also, Ghana remains **vulnerable to shocks** emanating from these countries.

Planting for Food and Jobs (PFJ) 2.0 should be aimed at helping reverse the dependence on food imports.

increase tourism sector investment

There is a need to continue investing in the tourism sector to attract more revenue. Tourist expenditure per 10 -14 days averaged $2700 in 2022.

review free SHS

A review of some aspects of the free SHS programme is critical.

tackle stalled infrastructure projects

Infrastructure projects that have stalled due to funding challenges should be tackled especially if the IMF Board approves the Second Tranche in the 1st week of December 2023.

provide additional incentives for industry

The 2024 budget provides some critical policies and programmes to accelerate growth. However, additional incentives for industry especially tax reductions (even if marginal) for food and beverage producers will be a welcome idea.

break the political business cycle

Budget deficits and inflation have always been in excess of targets during election years. **There is a need to break the infamous political business cycle.** The year 2024 is a test case considering the painful effects of the debt exchange. Prudent financial management will build on the relative stability recorded in 2023. On the contrary, excessive spending will bring dire consequences to the economy.

Conclusions from the presentation by Director, Professor Peter Quartey, which he presented on behalf of the Economics Division of ISSER, during the 22024 Budget Statement Review.
Thursday, 23rd November 2023, ISSER Conference Center, University of Ghana