



MINISTRY OF FINANCE

P.O.Box MB 40, Ministries, Accra
Digital Address : GA-144-2024

Kindly quote this number and date on all correspondence

My Ref. No. MOF/GA/D4/4

Your Ref. No. _____

Date. 18TH NOVEMBER, 2021

PRESS RELEASE

FOR: IMMEDIATE RELEASE

Ghana's Fiscal Deficit as presented in the 2022 Budget

Accra, 18th November, 2021 - On 17th November 2021, the Hon. Minister for Finance presented the 2022 Budget Statement and Economic Policy of Government to the Parliament of Ghana.

2. The Statement highlighted the positive developments Government had achieved despite the challenges arising from the COVID-19 pandemic, global inflation and general financing conditions.

3. As part of the feedback from the presentation, the Ministry has noted with concern that the overall fiscal balance (the budget deficit) as a percentage of GDP is being misrepresented. Some section of the public are alleging that the projected budget deficit for 2021 has increased from 9.4% of GDP to 12.1% in the 2022 Budget. To set the records straight, this is inaccurate. The fiscal deficit of 9.4% of GDP **EXCLUDES** finsec clean-up costs and energy sector IPP payments while the 12.1% refers to the fiscal deficit **INCLUDING** the finsec clean-up costs and energy sector IPP payments.

4. It is insightful to note that since 2017, the fiscal operations of Ghana have been presented with financial clean-up costs as a memo item and energy sector IPP payments as part of amortisation as these items were regarded as one-off obligations. Thus, the overall fiscal balance reported from 2017 to 2021 excluded the finsec clean-up costs and the energy sector IPP payments. Given that the finsec payments are almost complete and the energy IPP payments are still being honoured, the Ministry of Finance decided to report both payments "above the line" from the 2022 financial years. The 2022 Budget, therefore, shows the overall fiscal balance including finsec and IPP payments as well as the overall fiscal balance excluding finsec and payments to foster comparison. Same treatment is done for the primary balance.

5. The 2022 Budget (Page 220) therefore makes reference to a projected overall fiscal balance on cash basis (excluding finsec and IPP payments) of -9.4% of GDP for 2021. For the period Jan-Sept 2021, the overall fiscal balance on cash basis (excluding finsec and IPP payments) was 7.7% against a target of -7.4%.

6. The 2022 Budget (Page 220) also reports the overall fiscal balance on cash basis (including finsec and IPP payments). The projected outturn for the overall fiscal balance increases to 12.1% of GDP when the finsec clean-up costs and energy sector IPP payments are included. For the period Jan-Sept 2021, the overall fiscal balance is -9.3% of GDP against a target of -9.9%.

7. We call on the public to seek clarifications on the Budget from the Ministry of Finance when the need arises rather than misinterpreting information from the Budget.**END**

A handwritten signature in blue ink, appearing to be 'J. A. Agyemang', is centered on the page.

**ISSUED BY THE PUBLIC RELATIONS UNIT
MINISTRY OF FINANCE**

THE NEWS EDITOR