

**2023**

**MID-YEAR FISCAL AND  
MONETARY POLICY REVIEW**

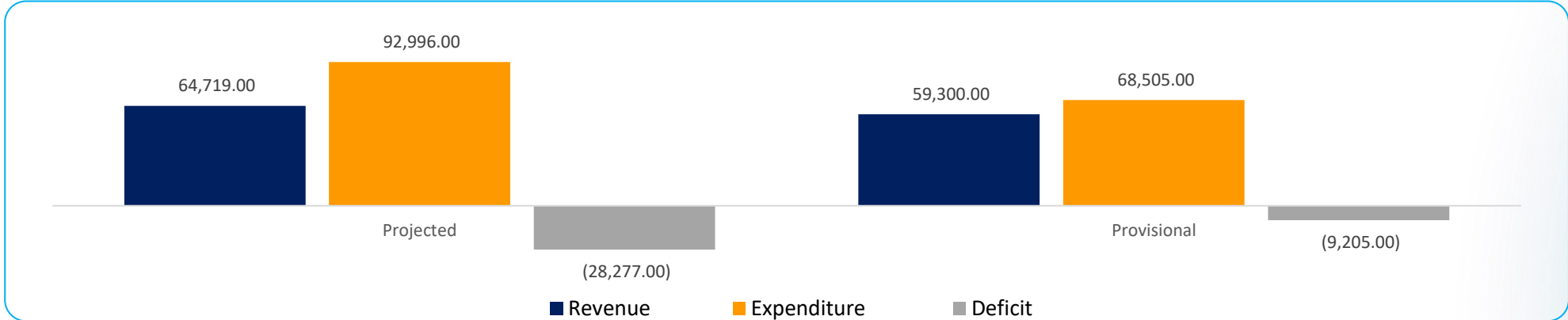
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# 2023 MID-YEAR FISCAL AND MONETARY POLICY REVIEW

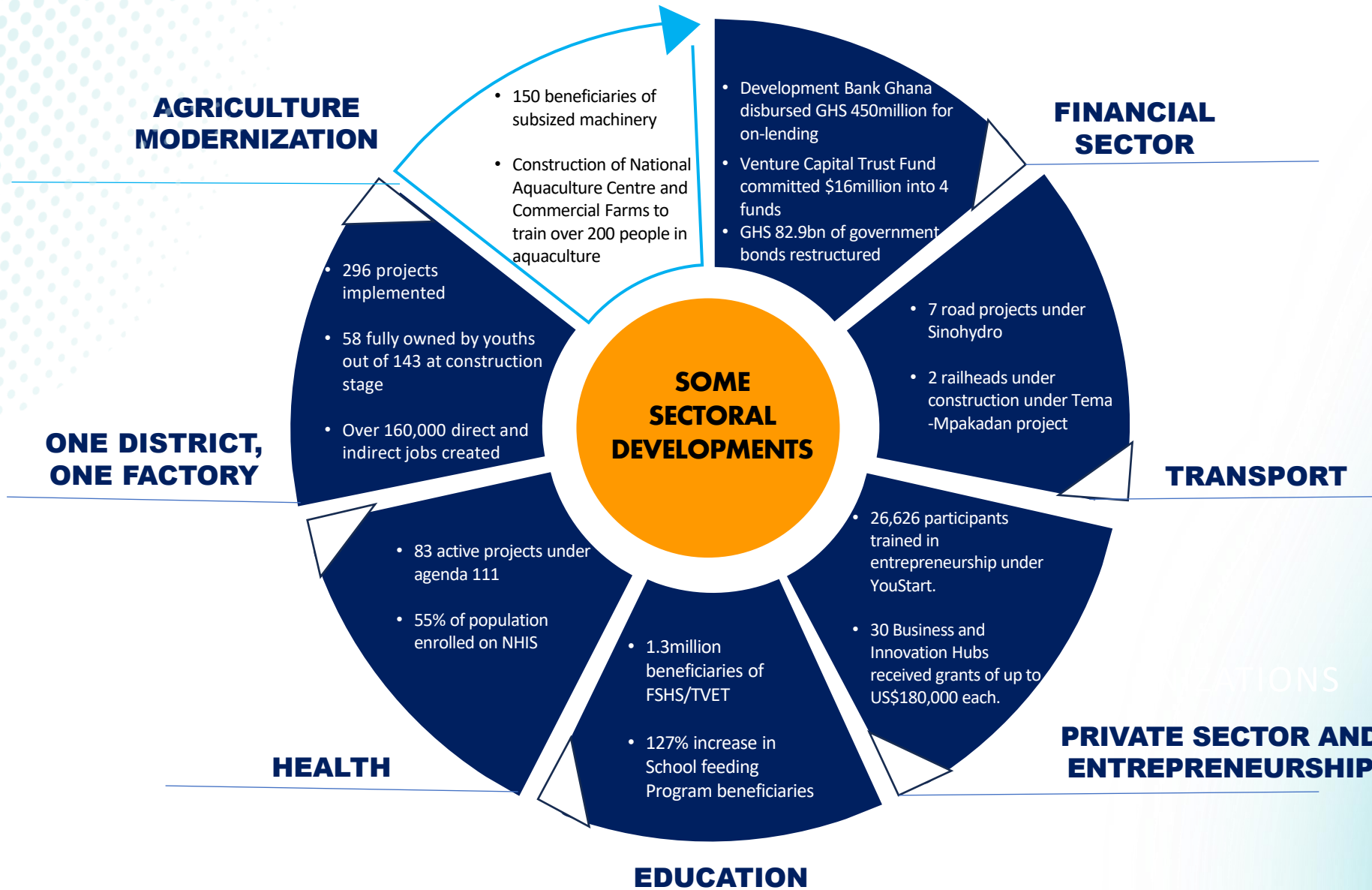
## FINANCIAL PERFORMANCE

GDP	INFLATION	EXCHANGE RATE	BALANCE OF PAYMENTS	INTEREST RATES	GROSS INTERNATIONAL RESERVES
<p>4.2% GDP growth in Q1 2023</p>	<p>Declined to 42.5% in Q2 2023. Supported by monetary policy tightening, relative stability in the exchange rate and stable ex-pump petroleum prices.</p>	<p>24% average depreciation of Cedi against its major trading currencies in Q2 of 2023</p>	<p>Deficit of USD 107.81 million recorded in H1 2023</p>	<p>Trended upwards across the spectrum of the yield curve</p>	<p>To cover at least 2.7 months of imports of goods and services</p>

## FINANCIAL POSITION JAN - JUN 2023



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### IMF-SUPPORTED POST COVID-19 PROGRAM FOR ECONOMIC GROWTH

#### TARGETED INTERVENTIONS



- Cumulative fiscal adjustment of 5.1% in 3 years.
- Protect the vulnerable by enhancing existing social protection Programs-(LEAP, NHIS etc.)
- Structural reforms in tax policy, revenue administration, public financial management and financial sector.
- Bring inflation under control through prudent monetary policy and eliminating monetary financing of the budget.
- Focus on preserving financial stability after the Domestic Debt Exchange Program (DDEP).
- Reforms to encourage private investment, strengthen growth, and create more jobs.

#### IMPLEMENTATION STRATEGY



- Intensive sensitization/outreach program for stakeholders on the International Monetary Fund (IMF).
- Monthly monitoring of the Program by Cabinet, the Economic Management Team (EMT), and the Economic Policy Coordination Committee (EPCC).
- Weekly monitoring of the Program through Thematic Working Groups (TWGs).
- Implementation of a strategy to support effective communication of the program.

#### STATUS OF PROGRESS TOWARDS TARGETS



- Build-up of US\$1,029.1 million of Net International Reserves (NIR).
- Bank of Ghana claims on the Central Government and public entities now zero.
- Primary fiscal balance, amounted to a surplus of GH¢8.8 billion (1.1% of GDP) against the end-June program target of a deficit of GH¢4.0 billion.
- Non-accumulation of external debt payments arrears by Government and the Bank of Ghana.
- June headline inflation of 42.5%, within The Monetary Policy Consultation Clause (MPCC) end-June 2023 target of 42.1%± 3.
- Non-Oil revenue of GH¢50.1 billion.
- Social spending on LEAP, NHIS etc. amounted to GH¢1.7 billion.
- Net change in payables of the Central Government to IPPs, stood at about GH¢3,500 million.



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## KEY STRUCTURAL REFORMS UPDATE

### Energy Sector Recovery Plan

- IPP Power Purchase Agreement (PPA) renegotiations
- IPP Debt restructuring
- Implementation of quarterly tariff adjustments to reflect exchange rate, inflation and fuel price changes
- Publishing of new policy directive on procurement of new IPPs by end-2023
- Establishment of framework to improve operational efficiency of ECG/PSP and NEDCo
- Development and operationalizing of framework to guide the granting of energy sector subsidies.
- Completion of categorization of MDAs and installation of pre-paid meters to non-strategic MDAs.
- Implementation of a mechanism to enforce the Cash Waterfall Mechanism (CWM) guideline
- Improvement of collection efficiency and reduce losses through private participation in the retail end of ECG's business (billing, collection, among others)
- Energy Sector Legacy Debt Validation Exercise

### COCOBOD Turn-Around Strategy

- Change in the Producer Pricing formula, from Net FoB to Gross FoB
- Reduction of the operational cost share of the gross FoB from 58.2% to 35%.
- Phasing out quasi-fiscal expenditures- Cocoa Road Projects to be phased out in subsequent years.
- COCOBOD debt exchange as part of cost rationalization

### Arrears Clearance and Prevention Strategy

- Alignment of the quarterly budget allotments with cash
- MDAs to revise their cash plans on a quarterly basis to reflect the allotments received
- All MDAs required to use the Ghana Electronic Procurement Systems (GHANEPS) for all procurement activities to enhance transparency and efficiency
- Establishment of an office responsible for compliance to monitor and report on commitments and arrears accumulation.

### Public-Sector State-Owned Enterprise (SOE) Reforms

- Improvement in the performance and competitiveness through the Code of Corporate Governance for specified entities and public service organizations
- Sale of assets of 17 defunct/ inactive wholly owned State entities with market value of about GH¢1.10 billion

### Ghana Financial Sector Strengthening Strategy

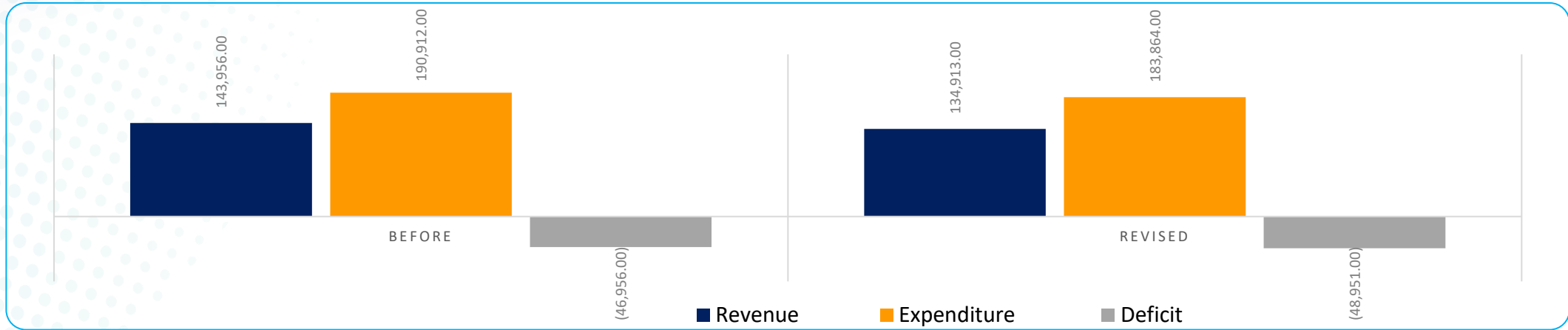
- 5% of GDP (over GH¢22.5 billion) spent to protect depositors and investors, and to preserve the stability of the entire financial system.
- Domestic Debt Exchange Program (DDEP) to restore macroeconomic stability and debt sustainability
- Phase 2 of the DDEP comprising GH¢8.1 Billion of Cocoa Bills, US\$ 808.99 Million of domestically issued US\$-denominated bonds and GH¢29.2 billion of Pension funds
- Deployment of GH¢28.8 billion resource envelope under the Ghana Financial Stability Fund (GFSF)

### Revenue Policy and Administration Reforms

- Development of a Ghana National Revenue Policy (GNRP) to underpin government's policy direction and strategies on revenue in the short to medium term.
- Review and update of Ghana's policy on Tax Treaty Negotiation to conform with international standards.
- Collation of new fees and charges by Ministries, Departments and Agencies (MDAs)

# 2023 MID-YEAR FISCAL AND MONETARY POLICY REVIEW

## REVISED 2023 BUDGET



## 2023 REVISED MACROECONOMIC TARGETS

Icon	Target
	<b>OVERALL GDP</b> 1.5%
	<b>NON-OIL GDP</b> 1.5%
	<b>INFLATION</b> End Period Inflation 31.3%
	<b>PRIMARY BALANCE</b> -0.5% of GDP
	<b>GROSS INTERNATIONAL RESERVES</b> Coverage of at least 0.8 months of imports of goods and services



## **Tesah Capital Limited**

**Address:** 8th Floor, SSNIT Emporium, Liberation Road, Airport City, Accra.

**Telephone:** +233 (0) 302 977 813 / 471 or 0501 571467.

**Email:** [Info@tesahcapital.com](mailto:Info@tesahcapital.com)

[www.tesahcapital.com](http://www.tesahcapital.com)