



GHANA ECONOMIC REVIEW AND OUTLOOK, 2012

PRESENTATION

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Introduction and Background

Next year Ghana would hold the fifth presidential and parliamentary elections of the Fourth Republic. The experience in election years, thus far, has raised legitimate concerns at home and abroad about the strong likelihood of excessive overspending, with a resultant loss of hard-won macroeconomic stability we are currently enjoying — single digit inflation, stable exchange rates, high but declining bank lending rates, and a decent stock of gross international reserves (GIR).

Among the factors responsible for this phenomenon, two stand out:

- Successive governments have been able to spend with impunity and without the authority and approval of Parliament, which the Constitution does not permit;
- Partisan party political interests — of capturing and keeping political power — have been substituted for the national interest. Thus governments have claimed that their winning power to govern from the electorate gives them the mandate to implement the vision in their manifestos. In CEPA's view, there is a misconception here.

Ghana has two major political parties and while they are both more or less centrist in terms of political philosophy, they are not identical. Consequently, they cannot each claim to be capturing the national interest in their different manifestos. In essence, the suggestion here is that the national interest — the promotion and sustainable improvements in the wellbeing of the people of Ghana — must be kept separate, with manifestos showing how in their different ways this national interest would be achieved in the fastest and most equitable way and at least cost to current and future generations.

On each occasion, the macroeconomic outcomes in the aftermath of the 2000 and 2008 elections made it necessary for Ghana to sign up to a stabilization programme with the IMF. The essence of a macroeconomic stabilization programme is to reduce aggregate demand pressure — the excess of which over and above the production/supply capacity of the economy is the proximate cause of the loss of macroeconomic stability — and to bring it in line with the supply potential of the economy. Consequently, at least in the short-run, there is an inherent trade-off between the quest to stabilize the economy, on the one hand, and promoting growth and job creation on the other.

In the one-year period from mid-2008 to mid-2009, year-on-year inflation rose steadily from an annual rate of 18.4 percent to an annual rate of 20.7 percent. The Ghana cedi depreciated sharply in the foreign exchange market — losing 45 percent of its value against the US dollar despite intervention by the Bank of Ghana (BoG) — both by raising interest rates and intervening in the foreign exchange market in an effort to prop up the Ghana cedi. In the process the stock of gross international reserves (GIR) fell considerably.

So it is that in July 2009, the new Administration of President Mills signed a three-year stabilization programme with the IMF under the Fund's Extended Credit Facility (ECF). The programme aimed at eliminating Ghana's large fiscal imbalances by mid-year 2012 and strengthening the institutions for public financial management (PFM).

The record of performance over the first 18 months ending December 2010 was largely unsatisfactory. The shortcomings in implementation have been blamed on the following:

- Inadequate commitment to fiscal discipline. Even as the stock of past payment arrears was being cleared, larger amounts of new arrears were being accumulated. These were:
 - i). To Contractors and suppliers of goods and services to government;
 - ii). In respect of transfers, prescribed by law, to statutory funds including the DACF, GETFund, NHF, and SSNIT; and
 - iii). Subsidies forced on TOR and the public Utilities — VRA, ECG, GWCL. Price setting by the regulatory bodies — the National Petroleum Authority (NPA) and the Public Utilities Regulatory Commission (PURC) forced these SOEs to grant subsidies to consumers of their products. Provisions for reimbursement, however, were not made in the budget. This left the SOEs with huge bad debts to the books of their bankers — typically the dominant Ghana Commercial Bank (GCB) — which has contributed to the high lending rates charged by the banking system.

- Some of the targets set in the stabilization programme for cutbacks in spending proved to be unrealistic and overly ambitious. Inadequate provisions were made particularly in respect of the domestically-financed development budget arguably in an effort to make expenditure savings. But the fact is that the projects involved had already been given out on contract. Therefore,

inadequate provisioning did not result in expenditure savings. It only led to the accumulation of new arrears since work on these projects did not stop; and

- There was no contingency plan in place to respond to unforeseen budgetary pressures. Given the difficulties posed by the short-term downward inflexibility in expenditure discussed above, however, the real point is how quickly domestic tax revenue could be increased. The rebased national accounts had pointed to the self-employed and enterprises in the Services sector of the economy as potentially the most fruitful source of additional tax revenue. Achieving this objective, however, would require an improved and effective tax administration; new tax handles that can reach the self-employed professionals, consultants, providers of IT and business advisory services; and finally to get the necessary legislation approved and passed into law by Parliament. All this was bound to take time.

The performance outcome for last year 2010 was particularly bad because of:

- The rapid accumulation of new arrears in excess of arrears cleared resulting in a rise in the net stock of the informal debt of payment arrears by a sizeable amount; and
- As much as GH¢410 million of payment vouchers issued by the CAGD, the encashment of which did not take place before the end of 2010.

As a result, an advisor at the IMF was reported to have said that:

A government can make its budget look balanced and good by being crafty in how it records its revenues and payments. Because the IMF typically relies on data provided by the government for its analysis and prescriptions it is able, at one time, to say that the government is performing excellently and next time, when contractors and other off budget expenditure holders begin to present their certificates for payment, it turns around to report that things weren't that good after all.

Moreover, using the same unsatisfactory 2010 outcome, one of the three topmost internationally acclaimed ratings agencies, Standard and Poor's (S&P) produced its latest unfavourable rating for Ghana:

The Republic of Ghana benefits from strong GDP growth strengthening oil production volumes, and a track record of political stability.

However, it continues to suffer from weak fiscal management highlighted by a widening of the fiscal deficit in 2010 and increased supplier arrears.

We are therefore affirming our 'B/B' foreign and local sovereign credit rating on the Republic of Ghana (emphasis added).

Performance in 2011

The year 2011 marks the first full year of the oil era. Expectations have been high on the part of Ghanaians that oil revenue would more than make up for the projected reduction in aid flows from traditional development partners, as Ghana became classified as low middle-income country (LMIC).

In the Budget Statement for the 2011 Financial Year, the Minister for Finance and Economic Planning cautioned:

... although the nation will begin to reap the benefits of the oil find in ... 2011, I wish to draw attention to the fact that the flow of revenue from oil in these early years will be in small portions. ... We expect all Ghanaians to be moderate in their expectations from the oil. We must continue to focus our attention on the non-oil sector which hitherto has been the backbone of the economy (paragraph 936, emphasis added).

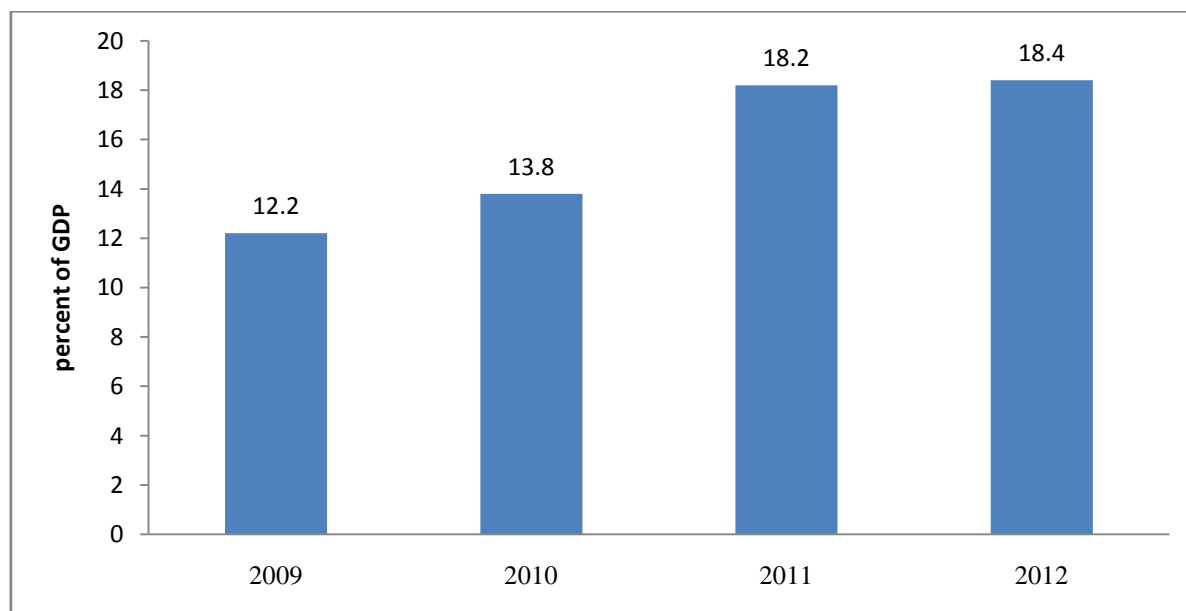
Original projections of expected oil revenue for 2011 amounted to GH¢1,251 million, equivalent to 2.4 percent of non-oil GDP. Information in the 2012 budget reveals that this target could not be reached. But even if it had been reached it would have been insufficient to fill the financing gap and thus to assure the achievement of the deficit target agreed with the IMF without the accumulation of new payment arrears. To achieve that goal, literally some critical large projects would have had to be suspended if not abandoned. This is because no provision had been made in the 2011 programme. This course of action was socio-politically not feasible. Furthermore, the Single Spine Salary Scheme (SSSS), for the same reason of inadequate provision in the budget, would also have had to be suspended which could bring unrest on the labour front even as Ghana prepared for election year 2012.

It is in this context that the tremendous achievement of the Ghana Revenue Authority (GRA) must be considered.

Non-Oil Tax Revenue

The GRA was launched in January 2010 following the promulgation of Act 791. It became operational, however, only in 2011. The three pre-existing revenue agencies — the Internal Revenue Service (IRS), the Customs Excise and Preventive Service (CEPS) and the value-added Tax Secretariat (VATS) — were brought under common management headed by the Commissioner General.

Chart 1: Tax Revenue- to-GDP Ratio (%)



Data sources: Government of Ghana Budget Statement for 2012 and CEPA staff estimates

The target set for non-oil tax revenue for 2011 was the equivalent of 14.9 percent of GDP. This was a little over 1 percentage point of GDP above the 13.8 percent of GDP recorded for the preceding year 2010. It is worth recalling that prior to the rebasing of the national accounts Ghana had collected as government revenue about 20 percent of national income. With the larger rebased national income the tax revenue share fell to about 13 percent in 2006 before climbing up to the 13.8 percent recorded in 2010 — an average increment of 0.2 percentage points of GDP per year. The one full percentage point of GDP increase in one year was therefore deemed sufficiently

ambitious. It was to be achieved with new tax measures announced in the Supplementary Budget of 2011 together with a much strengthened GRA.

Overall tax revenue in 2011 is estimated by CEPA at about 50 percent higher than the total for 2010. As against the target of a one percentage point of GDP increase, the estimate by CEPA is an increase of 4.4 percentage points of GDP — from 13.8 percent of GDP in 2010 to 18.2 percentage points of GDP in 2011. Moreover, with the tax initiatives and simplifications (Proposed Tax Policy Measures for 2012; paragraph 178-203 of Budget Statement 2012) in the Budget Statement (2012) the 20 percent share of GDP, which is the median for LMICs, could be exceeded in 2012.

Oil Tax Revenue

In terms of revenue for the government, performance in the oil sector has been disappointing. Actual oil revenue accruing to the government in 2011 — from royalty and carried and participating interest — is estimated at GH¢506 million equivalent to only 40.4 percent of the original projection. No corporate taxes are expected to be paid in 2011.

Under Ghana's current petroleum laws, all outlays — exploration, plant and equipment, field development comprising building of facilities for extraction of oil and gas such as drilling wells (including the cost of drilling dry holes) and the laying of the supporting infrastructure for production, interest expense, and general and administrative expenses — are to be amortized over a period of five years commencing from the first year of commercial operations, 2010.

For the Jubilee Field, development costs also include a daily charter rate of US\$293,000 for the floating production, storage and offloading vessel, FPSO Kwame Nkrumah, MV21.

According to our sources total expenditure by the Production Partners — Tallow Oil Plc, Ghana Limited, Kosmos Energy, Anadarko Petroleum Corporation (APC), and Ghana National Petroleum Corporation (GNPC) — as of the end of 2010, amounted to a little over US\$4 billion.

Commercial production commenced on 28th November 2010. And under the Petroleum Income Tax Law (PNDCL 188), 'year of assessment' is defined to mean:

In relation to petroleum, the year of assessment in which the Contractor first produces petroleum under a programme of continuous production for sale.

The first recovery of 20 percent of the pre-production investments was therefore chargeable to the 2010 financial year accounts.

Lifting for sale — and hence generation of revenue — commenced, however, on January 5, 2011 so there was no income in 2010, only huge losses. The 2011 financial year therefore has had to contend with the losses carried over from 2010 together with the sound capital allowance of 20 percent chargeable to the 2011 accounts.

The situation is compounded by the apparent production standstill at 85,000 barrels per day (bpd) first recorded in September 2011 — some 35,000 barrels per day short of the plateau of 120,000 bpd originally projected to be reached by 2011. The 2012 budget also projects that production would rise only marginally to 90,000 bpd in 2012. The technical problems in the Jubilee Field apparently would not be resolved quickly.

Thus, in spite of the sterling performance of the GRA, the oil revenue shortfall would mean that the target set for the deficit — with no new payment arrears — would not be realizable. That target envisaged a reduction of the deficit by 5 percentage points of GDP from the 8.4 percent of GDP realized in 2010 to 3.4 percent of GDP in 2011 [see Appendix Tables].

CEPA forecast is that including the successful completion of the migration to the SSSS, together with the commencement of significant clearance of the back pay — which CEPA strongly urges — the deficit for this year, on commitments basis, would be 4.5 percent of GDP. This is above the target of 3.4 percent of GDP by 1.1 percentage points of GDP. It must, however, be borne in mind that the shortfall in oil revenue is estimated at 1.4 percentage points of GDP. In other words, had the oil revenue shortfall not occurred, (as in the CEPA projections used in its Flagship being launched today) the targeted deficit ceiling would have been more than achieved, putting Ghana firmly on the fiscal and debt sustainability path envisioned for the medium to long-term.

Outlook for 2012

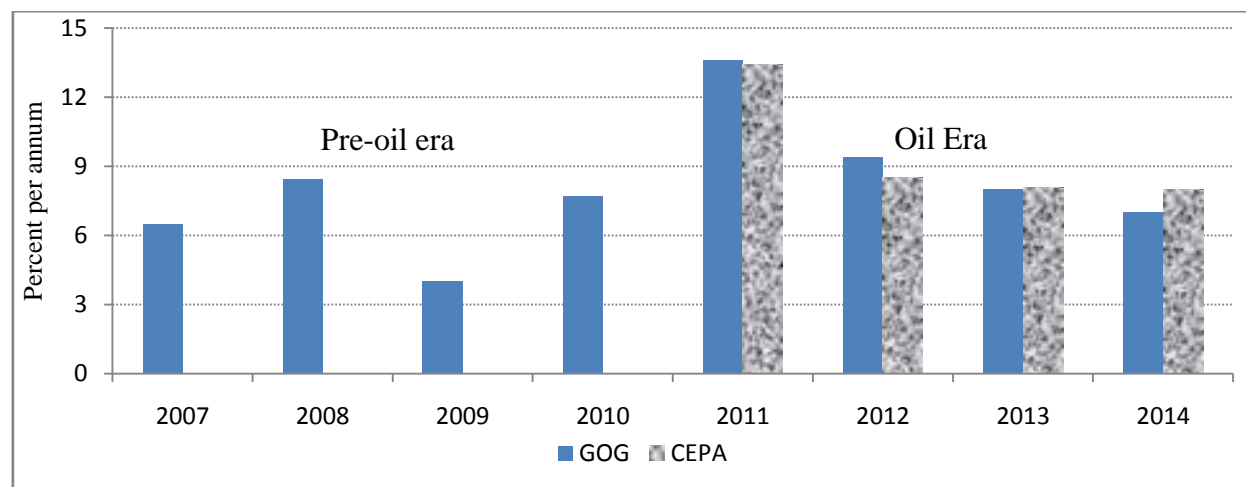
Consolidating and building on the performance in 2011 is clearly the way forward into election year 2012 and beyond. This is a key and necessary condition to ensure that the discovery of oil in commercial quantities would prove to be a blessing and not a curse for the people of Ghana. In CEPA's view, this is what the 2012 budget seeks to do and this is why the view is held even by critics that the budget paints a rosy picture of the state of the economy — perhaps too good to be true and meant for election year politics.

Overall Growth Rate of the Economy

According to the Budget Statement, the macroeconomic targets for 2012 are as follows:

Real non-oil GDP growth of 7.6 percent. This appears to be a realistic target. After sharply decelerating from the annual rate of 8.4 percent achieved in 2008 to 4.0 percent in 2009 in the first year of the stabilization programme with the IMF, there was a strong recovery to 7.7 percent in 2010. Furthermore, the preliminary estimate is for the growth rate to quicken to 8 percent this year. It must be noted, however, that both of these growth rates — for 2010 and 2011 — have yet to be confirmed by the Ghana Statistical Service and therefore are subject to revision. This could go upward or downward directions. On the basis of recent experience, however, the bet would appear more likely to be downward. CEPA assesses the sustainable trend growth rate at between 7.0 and 7.5 percent a year.

Chart 2: Government and CEPA Forecast of Real GDP Growth Rates, 2012-2014



Data sources: Government of Ghana Budget Statement, 2012 and CEPA staff estimates

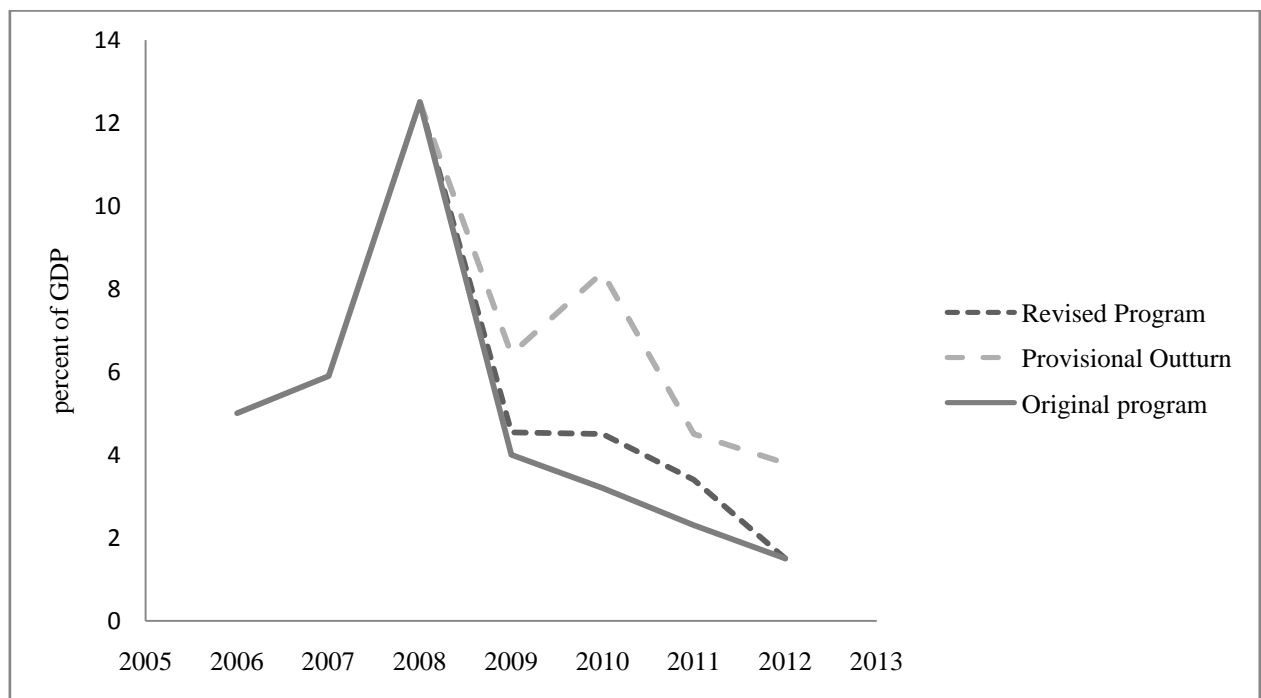
No surprise, therefore, that the 8.4 percent growth rate achieved in 2008 led to serious overheating of the economy resulting in the loss of macroeconomic stability as discussed above.

In our medium-term projections, we prefer the slightly lower and safer annual growth rate of 7.5 percent. Factoring in the current and projected slowdown in the oil sector, we produce in Chart 2 the medium-term outlook for overall (oil included) growth of the economy and compare it with the projections in the 2012 Budget Statement.

Fiscal Consolidation

The stabilization programme with the IMF together with the strong performance of 2011 has resulted in the restoration of fiscal consolidation and macroeconomic stability [see Chart 3]. In turn, the macroeconomic stability has provided the appropriate platform for sustainable accelerated growth with job creation. The priority over the medium-term is to find a solution to the infrastructural deficiencies and institutional weaknesses that have hampered growth and development.

Chart 3: Fiscal Consolidation Paths (commitment-based deficit)



Data sources: CEPA staff estimates

Infrastructural Development and Accelerated Growth and Job Creation

The 2012 budget has been dubbed “**Infrastructural Development for Accelerated Growth and Job Creation**”.

Infrastructure has been described as constituting the arteries and veins of an economy. The key infrastructural projects identified for implementation in 2012 and succeeding years by the Government are principally in the following areas:

- Electricity, Oil, and Gas;
- Water and Sanitation;
- Railways, Roads, and Ports (including the eastern and Western Corridors); and
- Health, Education, and Agriculture.

These are seen by the government as the key provisions that would enable Ghanaians, goods, commodities, water, energy and information to move about efficiently. Investment in such infrastructure can be expected to yield high returns — a crucial source of economic competitiveness for Ghana. This is because the provision of improved infrastructure could increase the choices available to the people as to:

- where to live and work;
- what to consume;
- what sort of economic activities to carry out; and
- which other people to communicate with.

There are several good reasons why a government would take responsibility for the provision of infrastructure, including the following:

- Some infrastructure, for example, water pipelines, could be a natural monopoly;
- Others, such as roads, railways and traffic lights, may be what economists call public goods. An important characteristic of public goods is that users could enjoy the benefits without paying for their provision — they cannot be excluded except at prohibitive cost. The consequence is that of such infrastructure may not be able to recover the costs incurred. Thus without public funding, left purely to the private sector, on account of unprofitability the provision of such infrastructure would, almost certainly, be inadequate.

The problem with the provision of efficient infrastructure is therefore not so much to do with its usefulness and desirability and why governments should accept responsibility for its provision. It is more to do with the cost of such provisioning — the value-for-money question. The usual concerns with public provisions are:

- bad planning;
- inefficient delivery; and
- corruption and cronyism, especially in the award of contracts.

The IMF staff have indicated that the green light for the continuation next year of the three-year programme with Ghana could be given before the end of this year. Discussions are ongoing, however, on a few issues to do with the 2012 budget. Indications are that these discussions revolve around the costs of infrastructural projects. Some of these have been assessed to be self-financing even when financed with non-concessional loans such as from the Chinese Development Bank (CDB).

According to the 2012 Budget Statement to sustain the medium-term growth targets will require a significant scaling up of investment spending, the greater part of which is foreign-financed capital investment [paragraph 1203].

Hopes had been high that the fledgling oil and gas sector would provide the needed additional revenues to finance the critical infrastructure:

“these revenues are no where near the financing requirements needed to remove the existing bottlenecks in economic and social infrastructure. In the immediate to medium-term, therefore, external resources (loans and grants) will continue to be an important complement to the country’s own resources”. [Budget Statement, 2012; paragraph 1204, page 273].

Stabilization programmes do not come cheaply and the three-year programme under the ECF of the IMF is no exception. Economic growth slowed down sharply from 8.4 percent in 2008 to 4.0 percent in 2009 — by more than half. This sharp slowdown, by all accounts, resulted in reduced job creation and consequent rising unemployment and under-employment especially of the youth. Growth did resume in 2010, accelerating to 7.7 percent in 2010. Preliminary data from the Ghana

Statistical Service (GSS) suggest that there may well be a further rise to 8.0 percent this year. It must be stressed that both of these growth rates are yet to be confirmed. Even if this happens, however, the characterization as “jobless growth” appears apt — Mining (oil and gold) and Quarrying, Construction, Cocoa, Electricity Generation are capital-intensive, or as in Cocoa, technology-driven.

The 2012 budget observes in paragraphs 1217 and 1218:

Ghana’s population is growing fast, increasing the pressure the country faces with job creation, particularly for the youth (a) large majority of whom lives in the rural areas. Because of a lack of opportunities in these areas, the youth are flocking into the (urban areas and) cities looking for work alongside (their counterparts) in urban areas, including recent graduates. youth unemployment is a major source of public unrest, increasing crime rates, and other socio-economic problems.

The US\$3.0 billion non-concessional loan facility from the China Development Bank (CDB) is planned to be utilized to reduce the infrastructural deficit of the country by undertaking infrastructural projects in the oil and gas, road, rail, health, education, water and other sectors. These projects, according to the 2012 Budget Statement, have the potential to significantly transform Ghana’s economy.

Government will ensure that each project is supported by robust feasibility and financial viability studies. The disbursement of funds for these projects will be scheduled for consistency with the agreed programme targets with the IMF and the World Bank and the medium-term fiscal sustainability plan [2012 Budget Statement, paragraph 1210, page 275; emphasis added].

In CEPA’s view, this commitment to fiscal and debt sustainability is what is needed for the IMF to give the green light and assure continued investor confidence in the economy of Ghana. Developments in the euro-zone show that financial markets would impose high borrowing costs on countries with heightened risks of sovereign debt default. In the present situation, Portugal, Ireland, Italy, Greece and Spain — the so-called PIIGS — all face grim prospects of having to borrow at

higher rates than Ghana — the yield on the ten-year Eurobond is lower than what financial markets are demanding from these countries.

The near to medium-term national interest is clear — the generation of productive jobs particularly for the youth as a critical plank for sustainable poverty eradication. The IMF and development partners — both traditional and non-traditional — have a role to play in safeguarding this national interest. That is why the commitment in the 2012 budget to remain consistent with agreed targets set in the fiscal and debt sustainability programme is reassuring. Our development partners, however, are not the ultimate guardians of Ghana's national interest. That responsibility lies squarely on us Ghanaians.

The point to be emphasized is the importance of not confusing partisan interests for the national. Current developments in the United States involving:

- The capping of the public debt ceilings;
- inflexibility over raising the effective tax rate; and
- insistence that funding the infrastructural projects for job creation and economic recovery be obtained from cutbacks in social programmes provide a fascinating example of partisanship and brinkmanship in the management of the economy. As the current issue of *The Economist* magazine puts it “*by failing to agree on measures to limit the deficit, America's politicians have failed their country ... It would probably take a genuine, terrifying American bond crisis to force the politicians to act.*” A low middle income country like Ghana with so much poverty and misery can ill-afford such luxury.

The lessons from the euro-zone must be clearly brought home to Ghana's political elite. Unable to overcome their partisan politics, the political elite has been pushed to the backseat to give way to technocrats in Greece and Italy. It is not clear whether these technopols — technocrats turned politicians — without the political base, will be able to impose the austerity being demanded by the IMF and the other euro-zone leaders as the quid pro quo for the promised financial bailout. Be that as it may, the intriguing question is whether in the event of their success in restoring these economies, the political elite could expect to be invited back into office to resume their bickering and mismanagement of the economy which has created the present crisis — an important question for the Ghanaian political elite to ponder over as we head for election year 2012.

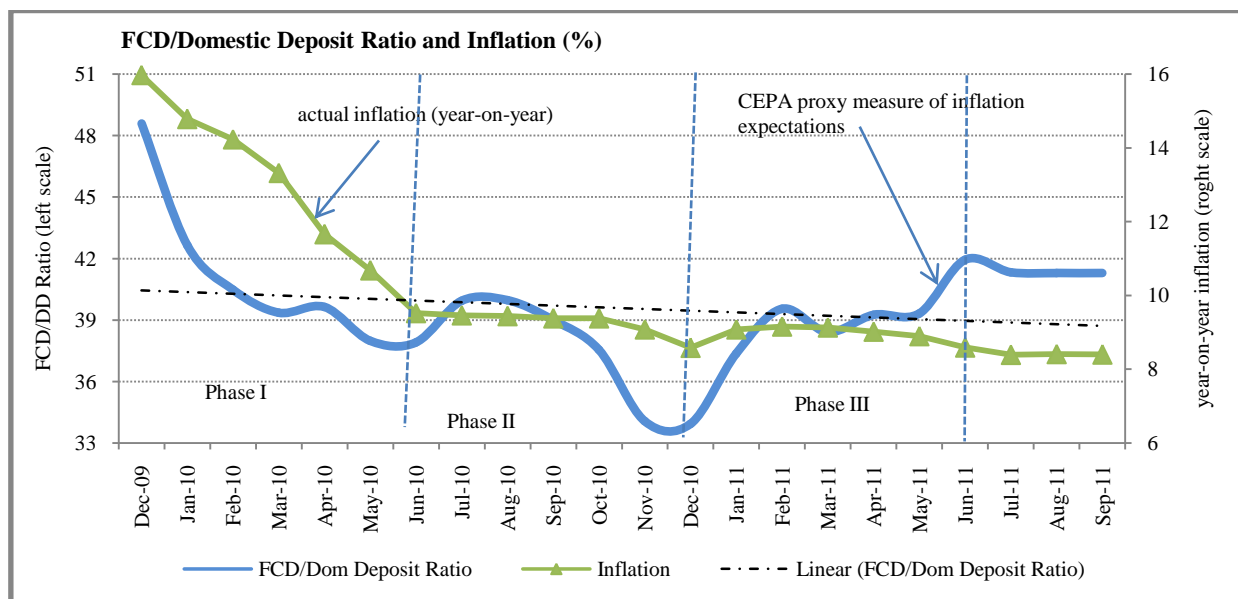
Inflation Expectations, Inflation and Monetary Policy

The commitment to austerity measures by the incoming Mills Administration implied in the signing of the three-year stabilization programme — macroeconomic policies were tightened by a combination of tough fiscal discipline and restraint on credit to both the government and private sectors, the provision of additional resources by the IMF, World Bank and other traditional development partners, and most importantly the seal of Good Housekeeping of the IMF together — helped to restore confidence in the economy.

Thus, from July 2009 — the month of agreement and signature — the economy began to experience a turnaround in fortune:

- Inflation commenced what was to be 24 months of steady decline;
- The exchange rate stabilized; and
- Within six months, nominal interest rates also showed a declining tendency.

Chart 4: Measures of Inflation Expectations and Inflation (%)



Data sources: Bank of Ghana Statistical Bulletin (various editions) and Ghana Statistical Service for inflation rates

Chart 4 shows a reasonable correlation between inflation expectations and year-on-year inflation over the December 2009 to September 2011 period. As shown in Chart 4 — the measure of inflation expectation used by CEPA — the ratio of foreign currency deposits (FCD) in the banking

system to total cedi-based domestic deposits (DD) declined steadily before stabilizing in the current period.

Inflation expectations can thus be characterized as having been well-anchored. As evident from the Chart, the path charted by realized inflation has reflected the trend in inflation expectation. The inflation outcomes to date have been the result of the restoration of investor confidence with the signing of the stabilization programme, the accumulation of additional resources in support by the IMF and the World Bank, and complementary fiscal and monetary policies.

There has been a heavy price paid by Ghanaians, in terms of economic growth and joblessness, for the inflation outcomes achieved over the two and half years. Indeed, as CEPA pointed out in early-2009, the analytical evidence suggested that the sacrifice ratio — economic growth and jobs sacrificed for every unit of reduction in inflation — could be high. Specifically, CEPA contended that it would be one-for-one — for every unit of reduction in the inflation rate, the economy would have to slow down by one unit in 2009.

The Challenge of Monetary Policy

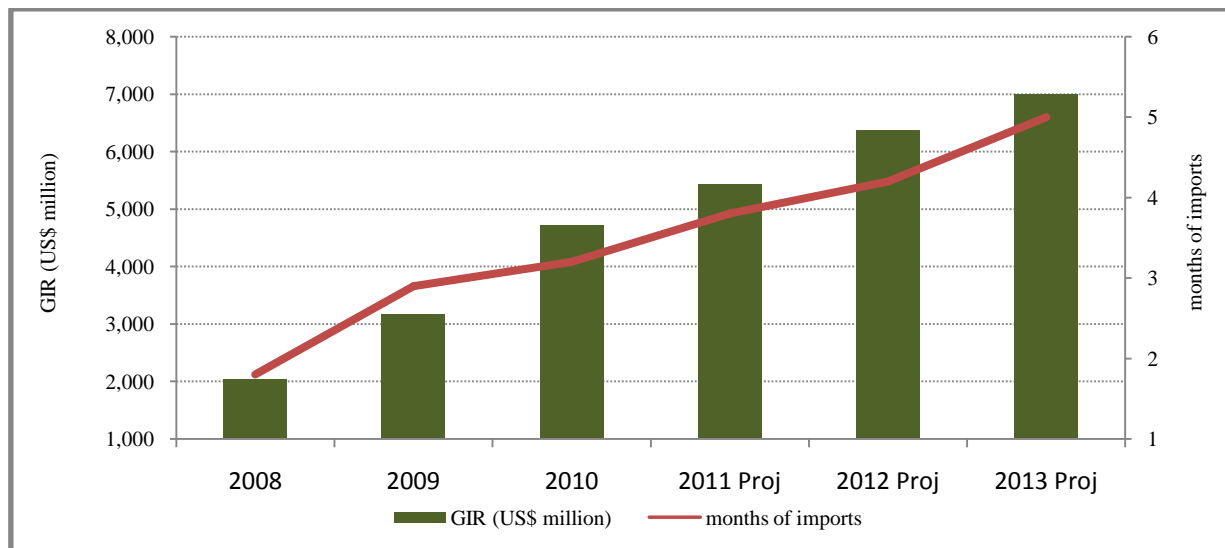
The challenge for monetary policy in the oil era is to strike a sustainable balance between the objectives of accelerated growth with jobs and that of gradually bringing down the inflation rate from the upper end of the single-digit rate to the middle.

Additional net foreign exchange earnings from oil exports could contribute to a loss of cost-competitiveness for goods produced in Ghana in international trade. Export niches could be lost and cheap imports could out-compete domestically produced goods even on the home front. Meanwhile, the stock of gross international reserves (GIR) could remain at the current level of just about 3 months of import cover. These would signal the early stages of the Dutch Disease, which, in full bloom, could destroy the non-oil sector.

At the same time, as the current situation which has recorded a decent effort at foreign exchange reserves build-up would suggest, a worryingly large amount of liquidity has been left in the system — the money supply rose by over 40 percent at end-year in 2010 and is projected to happen again in 2011. Such large injections of liquidity no doubt supported the high growth rates recorded for the

non-oil sector. The problem, however, is that it could also provide the fuel that could ignite the fires of inflation if aggregate demand pressures are not effectively restrained.

Chart 5: Gross International Reserves Position, 2008-2013



Data sources: Bank of Ghana, IMF and CEPA staff estimates

Job Creation in the Near Term

Job creation in the near term would have to confront the difficulties faced by the all-important small and medium scale enterprises (SMEs) in respect of both access to credit and cost of credit. Increases in credit availability to the private sector have largely been for the large enterprises. Ceilings on loan size have been more relaxed. This has not been the case in respect of the SMEs — if anything, the contrary has often been observed.

Moreover, the SMEs are regarded as riskier clients of the banking system. As a result, while large enterprises have been able to borrow below the base rate, SMEs have had to contend with the very high lending rates. The historical and current evidence strongly point to the importance of putting the balance sheet of the Ghana Commercial Bank (GCB) — the dominant commercial bank — on a stronger footing than it has been in order to bring lending rates down. The current situation of wide spreads in the banking system, bloated profits for several banks, and poorly performing labour-intensive sectors like manufacturing cannot be said to be conducive to the sustainable accelerated growth with jobs and macroeconomic stability agenda we have set for ourselves in the oil era.

APPENDIX TABLES

Table 1A: Deficit and Financing (millions of GH¢)		
	2011 CEPA*	2012 GOG
Total revenue and grants	11,534.3	13,760.8
Total expenditures	(13,802.8)	(15,991.4)
Tax refund	(53.7)	(77.1)
OBB (commitments basis)	(2,322.2)	(2,307.7)
Arrears cleared	(1,675.0)	(1,391.0)
Road	(311.8)	(250.0)
Non-road	(1,363.2)	(1,141.0)
OBB (payments basis)	(3,997.2)	(3,698.7)
Discrepancy	489.0	0.0
OBB (cash basis)	(4,486.2)	(3,698.7)
Financing	4,486.2	3,698.7
Divestiture	(572.0)	0.0
Financing (including divestiture)	5,058.2	3,698.7
Foreign (net)	828.2	1,572.3
Traditional borrowing	1,456.5	1,323.1
Project loans	1,029.7	1,139.3
Programme loans	426.8	183.8
Non-traditional borrowing	0.0	1,201.8
Amortization	(628.3)	(952.6)
Exceptional financing	123.2	130.6
Domestic (net)	4,106.8	1,995.8
Banking	(344.5)	(263.4)
BOG	(200.3)	0.0
Transfer to petroleum funds	(128.2)	(263.4)
Stabilization fund	(99.3)	(184.4)
Heritage fund	(28.9)	(79.0)
Commercial banks	(16.0)	0.0
Non-bank	4,451.3	2,259.2
Nominal GDP (non-oil)	51,567.0	59,993.0

Table 1B: Deficit and Financing (percent of GDP)		
	2011 CEPA*	2012 GOG
Total revenue and grants	22.4	22.9
Total expenditures	(26.8)	(26.7)
Tax refund	(0.1)	(0.1)
OBB (commitments basis)	(4.5)	(3.8)
Arrears cleared	(3.2)	(2.3)
Road	(0.6)	(0.4)
Non-road	(2.6)	(1.9)
OBB (payments basis)	(7.8)	(6.2)
Discrepancy	0.9	0.0
OBB (cash basis)	(8.7)	(6.2)
Financing	8.7	6.2
Divestiture	(1.1)	0.0
Financing (including divestiture)	9.8	6.2
Foreign (net)	1.6	2.6
Traditional borrowing	2.8	2.2
Project loans	2.0	1.9
Programme loans	0.8	0.3
Non-traditional borrowing	0.0	2.0
Amortization	(1.2)	(1.6)
Exceptional financing	0.2	0.2
Domestic (net)	8.0	3.3
Banking	(0.7)	(0.4)
BOG	(0.4)	0.0
Transfer to petroleum funds	(0.2)	(0.4)
Stabilization fund	(0.2)	(0.3)
Heritage fund	(0.1)	(0.1)
Commercial banks	(0.0)	0.0
Non-bank	8.6	3.8
Nominal GDP (non-oil)	51,567.0	59,993.0

Table 2A: Revenue (millions of GH¢)		
	2011 CEPA*	2012 GOG
Total revenue and grants	11,534.3	13,760.8
Total revenue	10,544.9	12,604.8
Oil (GOG)	506.0	1,239.9
Non-oil	10,038.9	11,364.9
Tax	9,380.1	11,032.5
Non-tax	658.8	332.4
Grants (GOG)	989.4	1,156.0
Nominal GDP (non-oil)	51,567.0	59,993.0

Table 2B: Revenue (percent of GDP)		
	2011 CEPA*	2012 GOG
Total revenue and grants	22.4	22.9
Total revenue	20.4	21.0
Oil (GOG)	1.0	2.1
Non-oil	19.5	18.9
Tax	18.2	18.4
Non-tax	1.3	0.6
Grants (GOG)	1.9	1.9

Table 3A: Expenditures (millions of GH¢)		
	2011 CEPA*	2012 GOG
Total expenditure	13,802.8	15,991.4
Recurrent	9,826.0	10,293.5
Interest	1,696.9	1,883.7
Domestic	1,372.2	1,387.4
Foreign	324.7	496.4
Non-interest	8,129.1	8,409.8
Wage bill	5,454.5	5,050.0
Other	2,674.6	3,359.8
Capital	3,976.8	5,697.9
Foreign	1,479.7	3,031.7
Traditional	1,479.7	1,829.9
Non-traditional (CDB)		1,201.8
Domestic	2,497.1	2,666.2
Nominal GDP (non-oil)	51,567.0	59,993.0

Table 3B: Expenditures (percent of GDP)		
	2011 CEPA*	2012 GOG
Total expenditure	26.8	26.7
Recurrent	19.1	17.2
Interest	3.3	3.1
Domestic	2.7	2.3
Foreign	0.6	0.8
Non-interest	15.8	14.0
Wage bill	10.6	8.4
Other	5.2	5.6
Capital	7.7	9.5
Foreign	2.9	5.1
Traditional	2.9	3.1
Non-traditional (CDB)	0.0	2.0
Domestic	4.8	4.4