
June 2022

Ghana: Budget Credibility and the Sustainable Development Goals

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1. Purpose and main findings

Ghana's efforts to achieve the Sustainable Development Goals (SDGs) by 2030 face major challenges, with rapid progress still needed in sectors related to the goals on hunger, gender equity and health. To accelerate progress toward development goals, Ghana needs to effectively mobilize domestic and international financing for programs that can address these challenges. National budgets are central to this effort; however, many governments deviate from planned budgets during implementation, a challenge known as budget credibility, which can result in shortchanging or deprioritizing spending in social sectors.¹ The SDGs recognize this challenge with tracking indicator 16.6.1, which looks at government expenditures as compared to the approved budget, however, in many countries, including Ghana, public discussion around funding on the SDGs focuses more on allocations than implementation.²

The government has shown its commitment to tracking investments toward the SDGs by publishing a budget report that shows allocations according to the SDGs. However, data has not been released about expenditure according to those allocation targets. This brief therefore looks at budget credibility patterns from 2018 to 2020 in seven key sectors that relate to 10 SDG goals, using available budget data from ministries as a proxy for SDG spending in the absence of more formal tracking systems for budget execution information on SDG spending. This analysis aims to show how Ghana's current performance on budget credibility can potentially impact wider efforts to achieve the SDGs, and provides recommendations for how the government, development partners and civil society can expand awareness and action about budget credibility in SDG and development goal discussions.

Budget credibility challenges in Ghana have become a topic of discussion among organizations engaging on public finance issues but are not yet a topic of broader discussion around the SDG agenda. Public discourse around the low credibility and unreliability of government budget in Ghana was reignited in 2021 during a civil society event to review Ghana's Public Expenditure and Financial Accountability (PEFA) Assessment Reports (2006-2018) to draw lessons for strategic allocation of resources and efficient service delivery.³ Participants noted that aggregate expenditures of government seem to be executed as planned, however a breakdown of the expenditures across sectors and spending types reveal serious disparities between planned and actual spending. Similar concerns were raised with the credibility of public revenues.⁴

When looking at budget allocation and execution data for 2018, 2019 and 2020 (*see annex 1*) for Ghana's total government budget, aggregate budget execution looks impressive, reflecting low credibility concerns across the entire budget of underspending of an average of two percent across the three years. However, deviations within sectors, as measured by deviations within key ministries, are larger.

- Water Resources and Sanitation (SDG 6) recorded the highest underspending by 35 percent on average for the period 2018-2020. Other sectors that were underspent include Food and Agriculture (SDG 2) and Gender and Social Protection (SDG 1, 5 & 10) by 28 percent and 19 percent, respectively.
- Government spending on Education (SDG 4) exceeded the approved budget by 10 percent over the same period.

¹ de Renzio, P., J. Lakin, and C. Cho. 2019. "Budget Credibility Across Countries: How Deviations are Affecting Spending on Social Priorities." International Budget Partnership Research Paper: <https://www.internationalbudget.org/publications/budget-credibility-across-countries/>

² Metadata for SDG indicator 16.6.1 can be found here: <https://unstats.un.org/sdgs/metadata/files/Metadata-16-06-01.pdf>

³ [Low credibility and unreliability of budget hampering economic growth – Dr Fiador \(ghanaweb.com\)](#)

⁴ [Gov't charged to prepare realistic budget to avoid credibility issues: SEND GHANA | News Ghana](#)

- The onset of COVID-19 impacted budget execution in 2020. Spending on Health (SDG 3) was cut by nearly GH¢ 4 billion (underspending of 48 percent) in contrast to 8 percent overspending on Education (SDG 4) by GH¢1 billion. Water and Sanitation (SDG 6) was underspent by 76 percent in 2020 (GH¢ 486 million).

The research recommends the following:

- First, while the publication of the Annual SDG Budget Report that shows appropriations against the SDG goals is commendable, regular publication of SDG budget execution data is crucial in assessing progress towards these spending targets by central and local governments.
- Second, there appear to be potential benefits from budget credibility or execution rates in spending on key sectors related to SDG targets, and the SDG index trends and performance. Government efforts to improve budget credibility in these sectors, and delivery of promised funds, could help accelerate progress.
- Third, public discourse and advocacy around the SDGs should not only focus on budgetary allocations and SDG financing, but also analyze and track disbursements of funds to the SDGs.

2. Overview of government commitment to the SDGs in setting national priorities

Ghana has been implementing the 2030 Agenda for Sustainable Development since its adoption in September 2015. The government established an institutional coordinating arrangement, assisting the Office of the President to implement the SDGs by mobilizing financing, raising awareness and leveraging stakeholder networks, among other things.⁵ The High-Level Ministerial Committee—with the Minister for Planning serving as chair (until 2020), the President’s Special Advisor on SDGs serving as secretary and 15 ministers sitting on the committee—provides strategic focus on SDG implementation. The United Nations Country Team (UNCT) and the Civil Society Organizations (CSOs) Platform on SDGs serve as observers. The SDGs Advisory Unit provides technical, policy and strategic support to the president by directing efforts on driving awareness of and interest in the SDGs. The SDGs Implementation Coordinating Committee streamlines and consolidates cross-sectoral coordination and alliances in implementation, monitoring, evaluation and reporting of SDGs. The UNCT acts as an observer, and the National Development Planning Commission is the Secretariat. The SDGs Technical Committee comprises key representatives from government ministries, departments and agencies (MDAs), CSOs, the private sector and academia, as well as other stakeholders to ensure integration of the SDGs into development plans, implementation, monitoring, evaluation and reporting on the SDGs in their respective sectors.

Ghana has integrated the SDGs into its national development plans. The government’s Coordinated Program of Economic and Social Development Policies 2017-2024 has four main sections aligned with the economic, social, environmental (and institutional) pillars of sustainable development: creating opportunities for all Ghanaians; safeguarding the natural environment and ensuring a resilient built environment; maintaining a stable, united and safe country; and building a prosperous nation.⁶ In addition, the Ghana Beyond Aid Charter and Strategy Document (2019) outlines a vision of a transformed, prosperous country in charge of its economic destiny that engages competitively with the rest of the world through trade and investment.⁷ The Charter calls for a “W.I.S.E.R (wealthy, inclusive, sustainable, empowered and resilient) Ghana”.

The Ghanaian government has also incorporated SDG budgeting and financing into its national budgeting processes and taken a bottom-up approach, in which the central government and local authorities can actively participate to help track budget allocations to each goal. Since 2018, the Ministry of Finance has published the SDGs Budget Report detailing central and local governments’ annual budgetary allocation to each SDG.⁸ According to the 2019 Voluntary National Review, although the government had the systems to track budget allocations and spending against the SDG targets, no report on actual spending has been published as of the start of 2022.⁹

⁵ [Country Financing Roadmap for the SDGs: Ghana - June 2021](#)

⁶ [Coordinated-Programme-Of-Economic-And-Social-Development-Policies.pdf \(mop.gov.gh\)](#)

⁷ [Ghana Beyond Aid Charter.pdf](#)

⁸ Ghana’s 2018 SDGs Budget Baseline Report; [Ghana’s 2019 SDGs Budget Report](#); [Ghana’s 2020 SDGs Budget Report](#)

⁹ [Ghana’s 2019 VNR Report. See page 29](#)

The government is the largest source of SDG financing in Ghana. Its \$9.3 billion SDG budget as well as other public domestic sources (statutory funds, internally generated funds and other funds as classified by the Ministry of Finance in the SDG Budget Reports) represented nearly 92% of total SDG funding in 2019. The remaining 8% of funding was provided mainly by development partners.¹⁰ Nonetheless, there is a major disparity between what is needed to achieve the SDGs and the financing and investment that is currently available. To fully achieve the country's SDG targets by 2030, the estimated cost is \$522.3 billion or \$52.2 billion per year from 2021 to 2030. Yet, aligning the budget figure for the SDGs with the estimated cost yields a huge funding gap of \$43 billion for 2021 alone and cumulatively at \$431.6 billion by 2030.¹¹

Access to reliable and timely data at the appropriate levels of disaggregation is a major concern across sectors and at all levels. An online interactive dashboard—the National Reporting Platform (NRP)—has been launched by the Ghana Statistical Service to enable monitoring of the SDGs by citizens and policy makers to assess progress towards the goals.¹² The NRP acts as a one-stop shop for publications and sources, as it provides links to relevant reports and national strategies pertinent to reporting on the SDGs in Ghana.

In June 2019, the Government of Ghana presented its first Voluntary National Review (VNR) and although there is a complete section regarding the advances towards SDG 16 (Peace, Justice and Strong Institutions), the information provided does not capture the concept of “budget credibility” relating to SDG 16.6.1.¹³ The government's second VNR is currently under way.¹⁴

¹⁰ Country Financing Roadmap for the SDGs: Ghana - June 2021

¹¹ Country Financing Roadmap for the SDGs: Ghana - June 2021

¹² Ghana Indicators For The Sustainable Development Goals (sustainabledevelopment-ghana.github.io)

¹³ Ghana's 2019 VNR Report

¹⁴ <https://sustainabledevelopment.un.org/index.php?page=view&type=30022&nr=3065&menu=3170>

3. Budget credibility in Ghana

Budget credibility describes the ability of governments to meet their expenditure and revenue targets accurately and consistently (IBP, 2018).¹⁵ It is measured by SDG indicator 16.6.1, which refers to “primary government expenditures as a proportion of original approved budget, by sector or by budget codes or similar”.¹⁶

In Ghana, the Executive is required by law to obtain approval from the Legislature prior to reducing spending below enacted levels and shifting funds between administrative units. Section 35 of the Public Financial Management Act, 2016 (Act 921) stipulates that in a financial year, if it is found that the amount appropriated by the Appropriation Act is insufficient, or that a need has arisen for expenditure for a purpose for which no amount has been appropriated by the Appropriation Act, the Minister of Finance should put before Parliament for approval a supplementary estimate in the form of a Supplementary Appropriation Bill indicative of the amount required and how it will be financed.¹⁷

On the re-allocation of funds, Section 29 (1) and (2) of Act 921 provide that subject to any limitation that Parliament may impose, the Minister of Finance may re-allocate funds that have been allocated to a covered entity to another covered entity specified in the annual budget if the functions of that covered entity are transferred to another covered entity. The Minister of Finance should report to Parliament in the next reporting period on the re-allocated funds.

Also, Section 30(3) and (4) of the Public Financial Management Act mandate quarterly reporting of budget implementation by MDAs. A Principal Spending Officer is required to submit a report to the Minister of Finance on the activities and budget implementation of the covered entity for the preceding quarter, including the actual and forecast commitments and cash positions of the respective covered entity not later than the first day of the ensuing quarter of each year. The Minister of Finance is expected to submit to Parliament a consolidated expenditure commitment report not later than the end of the third week after the end of a quarter.

In compliance with Section 27 of the public finance management legislation (Act 921), the Ministry of Finance publishes the annual budget performance report (ABPR) on budget implementation for the preceding fiscal year.¹⁸ The ABPR discusses the government’s fiscal performance by providing reasons/justifications for underspending or overspending the appropriated budget, with emphasis on aggregate revenues (tax revenues, non-tax revenues and grants) as well as total government outlays (workers compensation, goods and services, capital expenditure and interest payments). For instance, the 2018 ABPR indicates that total expenditures for 2018 were broadly contained within budgetary provisions, amounting to GH¢59.3 billion (19.7 percent of GDP) against a target of GH¢60 billion (20.1 percent of GDP). The out-turn was 1.2 percent lower than the budgetary appropriation for the year. Expenditure on Wages and Salaries amounted to GH¢17.2 billion, about 1 percent higher than the target of GH¢17 billion. The main reason for the deviation was higher-than-programmed wage-related allowances and about GH¢47.2 million was used to clear wage arrears from previous years. The government provides similar expenditure and revenue updates in its July mid-year

¹⁵ Making and Keeping Promises: Why Budget Credibility Matter. IBP (2018). Available at: <https://internationalbudget.org/2018/07/why-budget-credibility-matters/>

¹⁶ US National Statistics for the UN Sustainable Development. Indicator 16.6.1. Available at: <https://sdg.data.gov/16-6-1/>

¹⁷ Ghana's Public Financial Management legislation (Act 921)

¹⁸ For instance, see pages 13-14 2019 Annual Budget Performance Report

review spanning January to June and in the next annual budget statement presented in November, which provides budget performance information covering January to September of the current fiscal year.^{19, 20} However, the ABPR does not provide justifications for deviations in spending across sectors.

Over the three years of 2018-2020, the central government recorded an average budget execution rate of 98 percent (representing budget underspend of 2 percent). However, 2018 witnessed the highest underspending (8 percent) whereas aggregate spending in 2020 exceeded the revised appropriated budget by 2 percent attributable to COVID-19 spending. Nonetheless, budget deviations are higher for spending on individual sectors, as measured by allocations and expenditures in the largest ministries relating to each sector. These trends will be discussed further in the ensuing sessions.

¹⁹ For instance, see pages 20-21 Mid-year budget review

²⁰ For instance, see pages 39-42 of 2019 Budget Statement and Economic Policy of Government

4. Data sources for classification of the budget per sector related to SDGs and country progress in achieving targets

This brief relied on approved budget and actual expenditures data in budget execution reports published on the website of the Ministry of Finance for the financial years 2018-2020.²¹ This compares the final approved budget, which represents the revised budget when there was a supplemental budget approved, as compared to actual expenditures.

At the aggregate level, the budget was underspent in 2018 and 2019 by 1 percent and 8 percent, respectively and overspent in 2020 by 2 percent. This rate of budget execution would generally imply relatively good budget credibility; however, budget credibility issues emerge when looking at spending by sectors, estimated in this brief by looking at spending in key ministries that correspond to key sectors related to the SDGs (see Annex), as budget execution information was not available for the SDG budget or a functional classification of expenditures.

Data on SDG trends is pulled from Ghana's SDG Index results in 2021, which reports SDG achievement indicators related to each goal based on a performance scale from whether 'major' challenges remain, up until SDG achievement, as well as trends in each SDG.²² This data shows that major challenges remain in achieving many of the SDGs, such as those related to hunger (SDG 2), health (SDG 3), gender equity (SDG 5) and water and sanitation (SDG 6). Critically, the trend for SDG 2 on hunger also shows stagnation rather than improvement. Spending from the central government on the related sectors does not seem to prioritize the most underachieving sectors either. For example, only 1 percent of expenditures from 2018 and 2020 went toward agriculture, which is a sector critical for reducing hunger. Health expenditures account for only 6 percent of total expenditures. On the other hand, spending on education—a sector that shows relatively better performance even though significant challenges remain—accounted for 16 percent of total expenditures.

²¹ [Budget execution reports](#)

²² [Ghana SDG Index dashboard](#)

Budget Credibility Trends and SDG Performance and Trends, Three-Year Average, 2018-2020

<u>Sector</u>	<u>Related SDG Goal(s)</u>	<u>SDG Index Performance</u>	<u>SDG Index Trend</u>	<u>Share of Total Spending (Average)</u>	<u>Budget Deviation (Average)</u>
Food and Agriculture	Goal 2: Zero Hunger	Major challenges remain	Stagnating	1%	-28%
Education	Goal 4: Quality Education	Significant challenges remain	Moderately improving	16%	10%
Environment	Goal 13: Climate Action	SDG achieved	On track or maintaining SDG achievement	0%	-10%
	Goal 14: Life Below Water	Major challenges remain	Moderately improving		
	Goal 15: Life on Land	Significant challenges remain	Stagnating		
Health	Goal 3: Good Health and Wellbeing	Major challenges remain	Moderately improving	6%	-11%
Gender and Social Protection	Goal 1: No Poverty	Major challenges remain	Moderately improving	0%	-19%
	Goal 10: Reduced Inequalities	Major challenges remain	Trend information unavailable		
	Goal 5: Gender Equity	Major challenges remain	Moderately improving		
Water and Sanitation	Goal 6: Clean Water and Sanitation	Major challenges remain	Moderately improving	0%	-35%
Total Central Government Budget					-2%

Sources: Details on budget allocations and spending for each year from 2018 to 2020 and data sources are provided in the Annex.

While budget credibility is far from the sole driver of achievement on SDG goals and trends in each sector, comparing data from budget execution reports to SDG performance and trends shows that underspending against the allocated budget may be undermining efforts to achieve the SDG targets in key sectors. Ghana's central government executes 110 percent of budgeted resources allocated to education; however, budget reports show underspending on health and agriculture. Only 89 percent of the health budget is spent, and 72 percent of the food and agriculture budget for 2018-2020.

Budget credibility trends in these sectors may be related to challenges that are seen in key programs that aim to promote development. For SDG 2 on hunger, the index trend could reflect the underinvestment and inefficiencies in the government's flagship "Planting for Food and Jobs" intervention. For instance, the government's inability to pay importers of subsidized fertilizer on time, check diversion and smuggling of subsidized fertilizer have adversely affected the supply of fertilizer to smallholder farmers over the past few years and poses a serious risk to food security in Ghana going forward. Underspending of the agriculture budget also has been a persistent challenge; however, budget reports do not explain whether the underspending is driven by the fertilizer subsidy program or other budgets. The Food and Agriculture Ministry budget was heavily underspent by 27 percent in 2018, 18 percent in 2019 and 38 percent in 2020. On the other hand, overspending in the education sector could reflect the full implementation of the government's flagship free senior high education policy, which accounted for excess expenditure of 22 percent of the ministry's budget in 2018. Spending in the Education Ministry was closer to the approved budget at 1 percent in 2019 before increasing again to 8 percent above the budget in 2020.

Underspending is also a challenge in two other sectors that are assessed as having major challenges remaining in achieving SDG targets: Water and Sanitation (SDG 6) and Gender and Social Protection (SDG 5). Spending by the Ministry of Water Resources and Sanitation showed the highest deviations of any sector reviewed in this brief, by 35 percent on average from 2018 to 2020. In 2018, only 39 percent of the ministry's approved budget was expended before overspending the budget by 34 percent the following year. Surprisingly, only a quarter of the Water and Sanitation budget (24 percent) was spent during the onset of COVID in 2020. Spending on gender also shows worrying underspending trends: gender equity is one of the key responsibilities of the Ministry of Gender, Children and Social Protection. This critical ministry's budget was underspent on average by 19 percent from 2018 to 2020. Underspending was profound in 2019 for the Gender and Social Protection budget (42 percent), even as it was significantly lower in the year prior (10 percent) and 6 percent in the ensuing year.

Ghana has mixed performance when it comes to the environment sector (related to SDG 13, 14 and 15), which recorded an average budget underspend of 10 percent. The country's progress on SDG 13, on Climate Action, is one of the few SDGs that Ghana has already achieved. However, other aspects of environmental protection, including Life Below Water and Life on Land (SDG 14 and 15), still show challenges. In terms of the budget, underspending in the Ministry of Environment Science, Technology and Innovation has seen a steady decline from 18 percent in 2018 to 9 percent in 2019 to 3 percent in 2020.

Spending in the Ministry of Health is one area of Ghana's budget that is not chronically underspent. Despite major challenges remaining on SDG 3 on health, underspending in the ministry averaged 11 percent from 2018 to 2020. The sector spent more than its budget by 8 percent and 6 percent in 2018 and 2019, respectively. In 2020, the health sector budget was shockingly underspent by (48 percent), despite the higher need for health services at the time of the pandemic.

5. How COVID-19 impacted spending patterns in 2020

Budget credibility trends in 2020 changed due to the impact of COVID, including large revisions to the original budget to reallocate funds but also account for reduced revenues because of the economic impact of the pandemic. The 2021 budget statement reports that total revenues and grants were revised downwards by GH¢13.4 billion to reflect the impact of the COVID-19 pandemic on revenues, while total expenditures were revised upwards by GH¢11.8 billion to accommodate COVID-related expenditures, resulting in a revised budget deficit of 11.4 percent of GDP for 2020.²³ The impact of COVID-19 led to the suspension of the 5 percent fiscal deficit rule for the 2020 fiscal year in line with section 3 (1) of the Fiscal Responsibility Act, 2018 (Act 982).

To mitigate the effect of COVID on households and businesses, the government revised its budget estimates across sectors and spending types for 2020 even though the execution rates for some of the SDG focus sectors were quite low. The health budget was revised upwards by 30 percent to GH¢8.1 billion though actual spending stood at GH¢4.3 billion (underspend of 48 percent) at the end of 2020 on account of possible over anticipated COVID-related spending. Similar upward revisions in sector budgets and underspending were observed for the food and agriculture budget by 43 percent to GH¢1.4 billion, while actual spending was GH¢ 857million (underspend of 38 percent). The water and sanitation budget recorded the highest upward revision of 87 percent from an initial appropriation of GH¢ 341 million to GH¢ 636 million. Yet only 24 percent of the revised budget was executed (GH¢ 150 million).

Although upward revisions to these sectors could lead to better outcomes, underspending of the budget is a concern. Perhaps it means that the government must consider how much ministries can spend when increasing budgets, and incremental increases may be important going forward.

²³ 2021 Budget and Economic Policy Statement of the Government of Ghana

6. Gender spending in the public budget

In government efforts to achieve improvements on gender equity, even as this brief tracked spending in the Ministry of Gender, Children and Social Protection, nearly all government spending can potentially impact gender equity, even when it is not specifically targeted towards programs that benefit the targets. Recognizing that achieving gender equity goals requires a greater understanding of how government spending benefits different genders, the government of Ghana approved a proposal from the Ministry of Finance and Economic Planning and the Ministry of Women and Children to commence Gender Responsive Budgeting (GRB) in 2008. Three ministries (Food and Agriculture, Health, and Education) were requested to pilot gender responsive budgeting on the basis that they have been implementing some form of the GRB through their various interventions such as women in agriculture and girl child education. The 2008-2010 budget guidelines from the Ministry of Finance requested all ministries to gather sex-disaggregated data in preparation for the roll-out of GRB in subsequent years.²⁴ The GRB process follows a five-step approach: 1. situational analysis of women, men, boys and girls at the sector level; 2. gender analysis to assess the gender responsiveness of policies; 3. allocation of budget that aligns gender-sensitive policies to resources; 4. monitoring of spending and service delivery to determine whether MDAs are spending their money on approved programs and activities; and 5. assessment of outcomes to determine whether gender-equality commitments have been met.²⁵

Ghana launched the National Gender Policy in May 2015 to improve women's economic opportunities, including engendering macro-economic and trade policies so that the basic and strategic needs of both men and women are addressed.²⁶ In pursuance of this objective, "Gender Responsive Budgeting, trade, tax literacy, access to credit and encouragement of a savings-culture among women will be enforced". Notwithstanding the initial efforts to roll out GRB in Ghana, progress on actual implementation has stalled due to a lack of political will by successive governments, capacity constraints, non-availability of sex-disaggregated data, and ownership concerns, among other problems.²⁷

To revive and fully actualize GRB in Ghana, GRB tools and analysis should be further integrated into budget planning and preparation (by national and sub-national governments, to include needs assessments, sex-disaggregated beneficiary assessments, gender-disaggregated public expenditure analysis and gender-disaggregated analysis of the impact of the budget in compliance with the National Gender Policy.²⁸

From the budget allocation and execution data for 2018-2020 (see Annex 1), the Ministry of Gender Children and Social Protection budget has on average been consistently underspent by 19 percent over the period. While budget execution improved during the pandemic year (94 percent), the years prior had lower rates of execution. In 2019, out of the allocations to the gender ministry only 58 percent was disbursed while a 90 percent execution rate was observed for 2018. Continued underfunding of the ministry will undermine efforts

²⁴ E. E. Mends and F. P. Hayford. (2009). "Gender Responsive Budgeting: The Case of Ghana." Presented at the OECD DAC 7th Meeting of GENDERNET, Paris, June 10-11. <http://www.oecd.org/social/gender-development/43332630.pdf>

²⁵ Ministry of Finance. (n.d.). Ghana Budget Operations Manual for the Development of the National Budget. Accra, Ghana, 23-34. <https://www.mofep.gov.gh/sites/default/files/basic-page/Budget-Operations-Manual.pdf>

²⁶ [National Gender Policy document](#)

²⁷ E. E. Mends and F. P. Hayford. (2009). "Gender Responsive Budgeting: The Case of Ghana." Presented at the OECD DAC 7th Meeting of GENDERNET, Paris, June 10-11. <http://www.oecd.org/social/gender-development/43332630.pdf>

²⁸ Akalbila, Ibrahim; Ayifah, Emmanuel; Hilt, Lisa; Muntaka, Hafiz; Rewald, Rebecca, "Gender-Responsive Budgeting in Ghana: An analysis of GRB implementation and its existing and potential impacts on women small-scale farmers," Oxfam Research Backgrounder series (2020): <https://www.oxfamamerica.org/explore/research-publications/gender-responsivebudgeting-ghana-analysis>.

to promote the survival and development of children and achieve gender equality and equity, and the empowerment of women and girls. It is crucial to ensure that social protection interventions properly target those who are vulnerable, excluded or with disabilities to fulfil their rights and ensure their full participation in national development.

7. Limitations of the budget data used

The data used for this research is constrained in several ways. As indicated above, since 2018 Ghana has published annual SDG budget reports to track allocations to each SDG by the central and local governments. However, the Ministry of Finance has not reported or published the corresponding budget execution report for 2018-2020. The researcher believes that using the SDG specific budget execution data for the research would have been most ideal to provide an accurate picture of government commitments to the SDGs, which cuts across sectors at different strata of government. This contrasts the main MDA(s) allocation and execution data for each SDG used in the research, which may well over- or under-state government's fiscal commitments to the SDGs, or not capture spending on the SDGs that is implemented by different MDAs or at subnational levels of government. Despite requests made to the Ministry of Finance, at the time of writing no budget execution information was made available according to the SDG budget; however, the ministry did respond to a request made through the Right to Information Act, 2019 (Act 989) and committed to releasing SDG budget execution data for fiscal years 2019 and 2020 by 30 June 2022, and acknowledged that 2018 data is not available due to limitations in the tracking framework for SDG reporting. See Annex 2 for the response from the ministry.

In addition, the 2019 actual spending data for the education and health sectors were not available in the 2019 Annual Budget Performance Report, so the researcher relied on data from the 2019 Annual Reports of the Controller and Accountant General's Department.²⁹

The figures for central government spending used in this brief, following the methodology for SDG 16.6.1, cover most, but not all, of government spending toward the SDGs. The 2019 SDG Budget Report indicates that 20 percent of SDG programs and activities per the allocations is implemented by the sub-national government, while 80 percent is implemented by the central government.

In terms of budget transparency and reporting on budget credibility issues, the budget reports published by the government provide some explanation of aggregate budget credibility trends; however, information about the budget performance in each sector is not available. As this brief shows, budget implementation rates show large variations between sectors. Without explanations provided in budget reports, it is impossible to understand why sectors have different budget execution rates and whether any budget underspending will result in lower service delivery in those sectors.

²⁹ 2019 Actual spending data on Education and health spending from Annual Reports – Controller & Accountant General's Department (cagd.gov.gh), pages 107 & 109

8. Conclusion and recommendations

The government of Ghana has shown clear commitment towards achieving the SDGs by integrating them into national development plans as well national budgeting processes. This research has underscored the need for better execution of the public budget to achieve the SDGs. For our seven focus sectors on the SDGs spanning 2018-2020, Water and Sanitation (SDG 6), Food and Agriculture as well as Gender and Social Protection (SDG 1, 5 and 10) experienced the highest underspending of their budgets by 35 percent, 28 percent and 19 percent, respectively. Government spending on Education (SDG 4), however, exceeded the appropriated budget by 10 percent. Indeed, COVID-19 impacted budget implementation in 2020 even as budget revisions reduced the funding available to key sectors. Budget execution worsened significantly for Water and Sanitation (underspend of 76 percent) and Health (underspend of 48 percent), while contributing to the 8 percent over expenditure on Education.

The study offers the following recommendations to improve credibility of the SDG budget:

- First, while the publication of the Annual SDG Budget Report that shows appropriations against the SDGs is a step towards transparency and encouraging prioritization of spending to achieve the goals, regular publication of SDG budget execution data is crucial in assessing progress towards these spending targets by the central and local governments. The Ministry of Finance should incorporate the publication of execution data into their SDG reporting framework like the Annual SDG Budget Report. In addition, improving credibility and accountability of the SDG budget could strengthen the government's fundraising drive to address the SDG financing gap.
- Second, there appear to be potential benefits to improving budget credibility or execution rates in spending on key sectors related to SDG targets, index trends and performance. For instance, Food and Agriculture was underspent by 28% while the sector is stagnating on the SDG index trend. Hence, underspending the Food and Agriculture budget may be depriving programs of necessary resources and undermining efforts to achieve the SDG targets. Government efforts to improve budget credibility in these sectors and deliver promised funds could help accelerate progress.
- Third, public discourse around the SDGs should focus on the three key issues of budgetary allocations, SDG financing and the tracking of disbursements of SDG-related funds. Regular monitoring of SDG budget performance by all stakeholders (Ministry of Finance, Parliament, CSOs, development partners) is key to securing much-needed funds for achieving Agenda 2030.

9. Annexes

Annex 1: Budget allocation and execution data for 2018-2020

Sector	Related SDG Goal(s)	Administrative Classification	Approved Budget (GHC million)			Actual Spending (GHC million)			Deviation (GHC million)			Deviation by Sector (%)			Sector Share of Total Spending (%)			Average Deviation by Sector %
			2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	
Food and Agriculture	Goal 2	Ministry of Food and Agriculture	470	1,187	1,379	343	973	857	(127)	(214)	(522)	-27%	-18%	-38%	1%	1%	1%	-28%
Education	Goal 4	Ministry of Education	7,305	12,878	13,289	8,911	12,959	14,305	1,606	81	1,016	22%	1%	8%	15%	19%	14%	10%
Environment	Goal 13,14,15	Ministry of Environment	220	418	505	181	379	488	(40)	(39)	(18)	-18%	-9%	-3%	0%	1%	0%	-10%
Health	Goal 3	Ministry of Health	2,663	6,038	8,142	2,875	6,384	4,265	212	347	(3,877)	8%	6%	-48%	5%	9%	4%	-11%
Gender and Social Protection	Goal 1, 5, 10	Ministry of Gender, Children and Social Protection	39	63	801	35	37	756	(4)	(26)	(45)	-10%	-42%	-6%	0%	0%	1%	-19%
Water and Sanitation	Goal 6	Ministry of Water Resources and Sanitation	71	16	636	28	21	150	(43)	5	(486)	-61%	34%	-76%	0%	0%	0%	-35%
Total Budget			60,030	74,612	97,740	59,310	68,271	100,026	(720)	(6,341)	2,286	-1%	-8%	2%				-2%

Data sources:

[Ministry of Finance, End Year Report on the Budget Statement and Economic Policy of the Republic of Ghana for the 2018 Financial Year, pages 289-294](#)

[Ministry of Finance, End Year Report on the Budget Statement and Economic Policy of the Republic of Ghana for the 2019 Financial Year, pages 220-228](#)

[Ministry of Finance, End Year Report on the Budget Statement and Economic Policy of the Republic of Ghana for the 2020 Financial Year, pages 270-283](#)

[Controller and Accountant General's Department, 2019 Annual Reports for Actual Spending data on Education and Health Sectors, pages 107 & 109](#)

Annex 2: Response from Ministry of Finance



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.: MOP/GART/025
Your Ref. No.:
Date: 17 FEBRUARY, 2022.

RE: REQUEST FOR BUDGET EXECUTION DATA

In response to your request for information under the Right to Information Act, 2019, (Act 989), the Ministry of Finance wishes to indicate as follows:

- i. Access to Budget Execution Data on SDGs for the fiscal years 2019 and 2020 is deferred to **30th June, 2022** in accordance with **Section 22 (1) (a)** of the **RTI Act**. This deferment would enable us to prepare and publish these reports by **June, 2022**. We recognise that the **ninety-(90)-day** deferment period as stipulated in the Act will be exceeded by **nineteen (19) days**. However, this is necessary to enable the Ministry complete work on the Consolidated Annual Accounts in fulfilment of **Section 81** of the Public Financial Management (PFM) Act 921, 2016. We are mindful that the exceeded deferment timeframe is permitted under **Section 25 (1a-c)** of the RTI Act.
 - ii. That all the available Budget information on SDG for 2018, excluding budget execution data, was published in the SDG Baseline Report (See <https://mofep.gov.gh/sites/default/files/news/Ghana's-SDG-Budget-Baseline-Report-Aug-09-18.pdf>). The absence of the execution data was due to the limitations in the tracking framework for SDG reporting, which has since been addressed with the use of an updated Chart of Accounts for the 2019 and 2020 SDG Reports. Thus, our search reveals that Budget Execution data for 2018 is non-existent. This position is in line with **Section 24 of the RTI Act**.
 - iii. That Budget Execution Data for the Ministry of Health and the Ministry of Education for the 2019 fiscal year is already published and can be retrieved from the annual accounts published by the CAGD on this link: <https://www.cagd.gov.gh/reports/annual-reports/>. This redirection is in accordance with **Section 21 of the RTI Act**.
2. Please accept the compliments of the Ministry.
 3. Thank you.

MR. GODSON KORBLA ALORYITO
INTERNATIONAL BUDGET PARTNERSHIP
ACCRA-GHANA


PATRICK NOMO
CHIEF DIRECTOR
For: Minister

cc: Hon. Minister, MoF
Hon Minister of State, MOF
Hon. Deputy Ministers, MoF
Chief Director, MoF
Coordinating Director, MoF
Director, HC&GA, MoF
Head, PR Unit, MoF

Ghana: Budget Credibility and the Sustainable Development Goals