



SUMMARY BUDGET BRIEF



Children are the future of every country. It is therefore in the best interests of every country that governments invest in services to develop and protect children. To this end, UNICEF Ghana has produced a series of five Budget Briefs that set out key budget asks for social services that address the most critical needs of children in Ghana, especially those that are most vulnerable. This document provides an overview of some of the broader challenges and opportunities the Government of Ghana faces when it comes to budgeting for children. These include:

1. The need to increase spending on social services for children
2. The need to increase tax revenue so as to achieve the above
3. Specifically, growing the allocations to MDAs delivering social services,
4. Getting a consolidated picture of all funding allocations on key services, and
5. Releasing funds according to the Approved Budget to ensure effective implementation.

It also provides a summary of the key budget asks that are set out in more detail in the separate sector Budget Briefs.

1

Increasing spending on social services for children



In the Ghana Beyond Aid Charter and Strategy Document (2019), the President of the Republic of Ghana, Honourable Nana Akufo-Addo, states:

We can, and should build a country where everyone has opportunities to develop to their fullest God-given potential; a Ghana where everyone has access to education, training, and productive employment; a Ghana where no one goes hungry and everyone has access to the necessities of life including good health care, water, sanitation, and decent housing in line with the Sustainable Development Goals (SDGs).

To achieve this vision will require significant additional spending on a range of social interventions. The current Government has committed itself to delivering on the social programmes to the right in the 2019–2020 period.

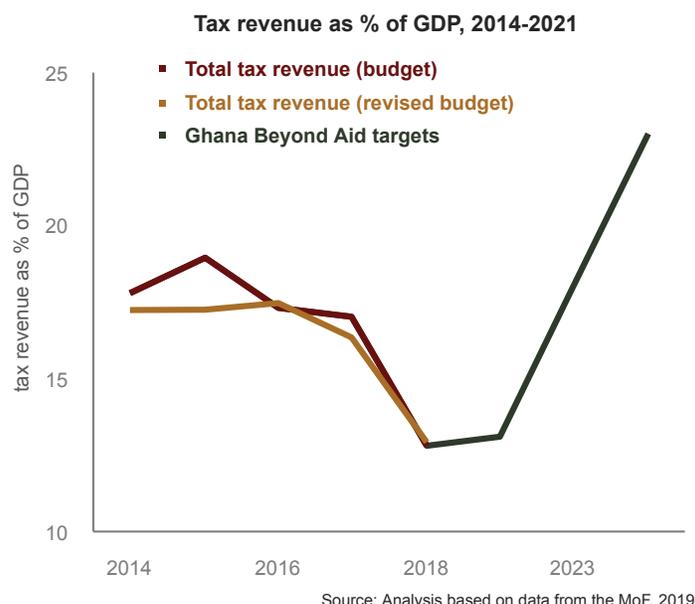
Objectives	Programmes
Elevate education and literacy levels	Free Senior High School & TVET education
Empower and train unemployed graduates	Nation Builders Corp
Improve level infrastructure & eradicate poverty	Infrastructure for Poverty Eradication Programme (IPEP)
Inner city development for equitable prosperity	Zongo Development Fund
Encourage and retain more professionals in healthcare	Nursing and Teacher Training Allowances
Support school high enrollment levels in poor areas	National School Feeding Programme
Main social safety net for the vulnerable	Livelihood Empowerment Against Poverty
Universal health access and reduced mortality rates	National Health Insurance Scheme

Source: Ghana Beyond Aid, 2019



2

The importance of increasing tax revenues



To be able to increase spending on these and other important social interventions, the Government needs to strengthen its ability to mobilise tax revenues. In 2014, the revised budgeted total tax revenue was GH¢ 19.9 billion, or 17.2% of GDP. In 2018, total revenue had increased to GH¢ 38.6 billion. This gives a nominal average annual growth of almost 18% over the period. However, taking into account the impact of inflation, the real average annual growth in tax revenue was only 3.3% over the period. Most notable is that, in 2018, tax revenue declined to 12.6% of GDP.

Between 2014 and 2018, Ghana's GDP grew from GH¢ 114 billion to GH¢ 298 billion in nominal terms, which gives an average annual growth rate of 27%. However, tax revenue only grew by 18% in nominal terms. If tax revenues had grown at the same pace as GDP, then, in 2018, tax revenues would have been GH¢ 51 billion or almost GH¢ 13 billion more than actual tax revenues recorded in 2018. This represents an enormous lost opportunity: in 2018, total spending on social services was GH¢ 12 billion, which means that total spending on social services could have been more than doubled.

In the Ghana Beyond Aid strategy document, the Government commits to modernising and strengthening tax policy and administration so as to increase revenue from taxes from 12.6% of GDP to about 23% by 2028. This is a necessary condition for increasing spending on social services for children, especially those that are most vulnerable.

3

Growing allocations to MDAs delivering social services

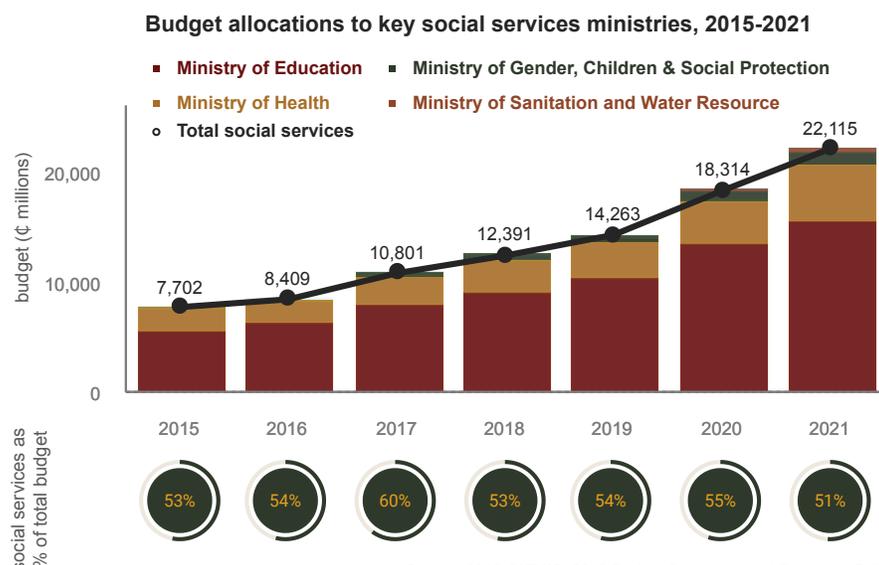


The Government has committed to increasing funding for social services, particularly those for children. The following table sets out the actual expenditure from 2015 to 2018, the 2019 budget, and the MTEF allocations for the Ministries of Education, Health, Gender and Sanitation and Water Resources.

The above table shows consistent growth in spending on social services. However, it also shows that the Government is not prioritising social services to the same extent as other areas of spending:

- In 2014 the Government spent 53% of the GoG budget on social services. This increased to 60% in 2017, but fell back to 54% in 2019, and is planned to decline further to 51% in 2021. Every one percent of the GoG budget in 2021 equals GH¢ 435 million; so if the 60% share achieved in 2017 had been maintained through to 2021, spending on social services would have been GH¢ 3.9 billion, or 17% higher than planned, in 2021.
- From 2015 to 2019, spending on social services grew at an average annual rate of 17% compared to 16% growth in the Total GoG budget. Over the 2019 to 2021 MTEF, allocations for social services are planned to grow at an average annual rate of 25% compared to 28% for the Total GoG budget.

There are many studies that indicate that investments in human capital through early childhood development, nutrition, basic health, social protection and WASH programmes offer higher social returns than nearly all other investment options. This suggests that serious consideration should be given to reprioritising future budget allocations more strongly towards those MDAs delivering social services. Note that the allocations for Ministry of Gender, Children and Social Protection and the Ministry of Sanitation and Water Resources are set to grow at an average annual rate of 55% and 99% respectively over the 2019 to 2021 MTEF. However, in both instances these Ministries' budgets are growing from a very low base in 2019 and, given the service backlogs in both areas, even higher levels of growth are called for. Indeed, there needs to be step change upwards in the budget allocations to these Ministries.





4

Getting a consolidated picture of all funding allocations



In 2018, the Ministry of Finance, working with the National Development Planning Commission and Ghana Statistical Service, produced a seminal study: Ghana's SDG Budget Baseline Report, which links the allocation of funds to the different SDG goals. In the introduction to the document, the Minister of Finance, the Honourable Ken Ofori-Atta, commits to "an annual series of SDG budget reports" as a key to ensuring the budget becomes "a critical instrument to institutionalise on the SDGs, as a core anchor to achieving [the] Presidents transformation vision of Ghana Beyond Aid". It is very important that the Transformation Unit within the Ministry of Finance carries through on this commitment to improve the quality of information linking the budget to SDGs.

However, there is a need to take the work one step further. Many activities and services that relate to children are not contained within a single MDA, but are delivered by a number of them. For instance, "child protection" involves the Ministry of Gender, Children and Social Protection, the Ministry of Interior (Police), Ministry of Justice, Ministry of Health, Ministry of Education, Ministry of Employment and Labour Relations, etc. This makes tracking and co-ordinating spending across MDAs and levels of government difficult. Therefore, it is proposed that the Ministry of Finance needs to explore ways of using the Standard Chart of Accounts, and therefore the GIFMIS system, to track budget allocations and expenditures that relate to, say, child protection, early childhood development, nutrition, school infrastructure etc. so as to create a consolidated picture of spending on these critical policy areas.

Also, MDAs get their funding from a variety of sources, including the GoG budget, the Annual Budget Funding Amount (ABFA), internally-generated funds (IGF) and funds from development partners. The effective rollout of GIFMIS is exceptionally important to ensuring there is consolidated information on the funds available within each MDA for the delivery of services.

5

Releasing funds according to the Approved Budget



The budget sets out the Government's spending plans for the year. If the Approved Budget is not accurate it compromises the effective delivery of social services because line ministries and MMDAs cannot plan their spending in advance. The good practice benchmark for budget accuracy indicates that the absolute variance between the Approved Budget and Paid Actuals should not exceed 10%. Figure 2 shows that Ghana's Approved Budgets do not lay a sound foundation for service delivery because both releases and actual spending deviate significantly from the Approved Budgets.

The following figure shows that in 2018, only seven of the 47 MDAs that are allocated GoG budgets had Paid Actuals that were within 10% of their Approved Budgets. For all other MDAs their Paid Actuals fell outside of the good practice benchmark for budget accuracy – with 25 of them spending less than they were allocated in the Approved Budget. Not shown, is that the Ministry of Gender, Children and Social Protection spent 1089% more than its 2018 Approved Budget, which confirms the view noted above that this Ministry's budget baseline needs to be adjusted substantially upwards.

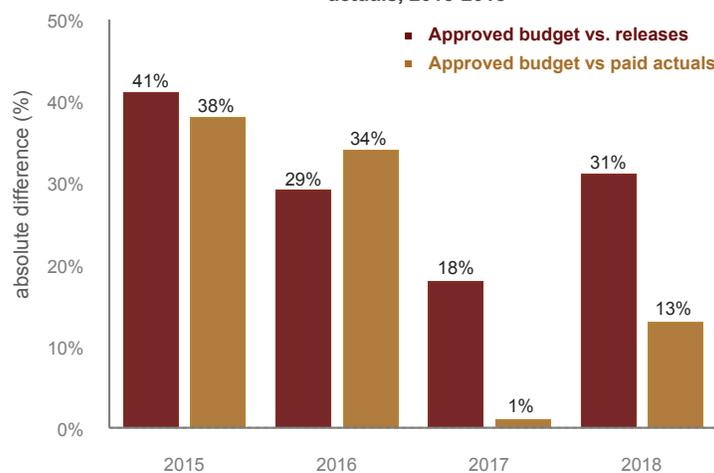
To improve the quality of spending on particularly social services, the Government needs to work towards improving the accuracy of the Approved Budget by ensuring: accurate forecasts of expected revenues when setting the overall budget envelope at the beginning of the budget process; basing budget on detailed analyses of historical and planned programme spending trends; and ensuring the release for funds in line with the Approved Budget.

Ideally, for each and every MDA the following should be true:

Approved Budgets = Releases = Paid Actuals

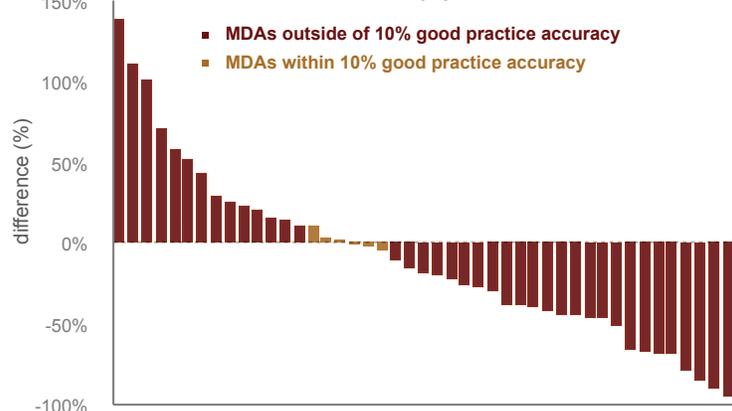
If this can be achieved, the Approved Budget would become the effective instrument for planning service delivery that it needs to become to support the ambitious objectives set out in the Ghana Beyond Aid Strategy (2019).

Absolute difference between approved budget, releases and paid actuals, 2015-2018



Source: 2019 GIFMIS

% difference between MDAs' approved budget and paid actual, 2018



Source: 2019 GIFMIS



6

Summary of priority budget asks for services for children



In this section, we present the priority budget asks for services for children within each of the key sectors: child protection, education, health, social protection and WASH. Note that more details on each of these budget asks are provided in the respective sector Budget Briefs.



Child Protection

- 1 Establish mechanisms and capacity to co-ordinate and track budgets for child protection
- 2 Allocate adequate budgets to implement the policies to prevent and respond sexual and gender-based violence against children
- 3 Allocate GH¢ 7 million for the coordination and implementation of the National Strategic Framework on Ending Child Marriage (2017–2026)
- 4 Allocate GH¢ 257 million for the implementation of the Ghana Family Planning Costing Implementation Plan 2016 – 2020 and the Five-Year Strategic Plan (2018–2022) for addressing adolescent pregnancies in Ghana
- 5 Allocate GH¢ 15 million to ensure the automated birth registration service is rolled out to all communities



Education

- 1 The Government needs to develop a single, annual document that consolidates information on all funding and expenditure for the education sector
- 2 Improving school readiness through kindergartens requires a combination of expanding access and improving the quality of instruction
- 3 To improve quality, the Government needs to invest substantial resources in modernising how basic education is taught, including changing its approach to teacher training
- 4 To improve equity, the Government needs to address the backlogs in classrooms and eradicate collapsing school structures
- 5 Substantial investments are required to improve access to drinking water, sanitation and hygiene facilities at schools



Health

- 1 Allocate at least GHS 39 million for goods and services for Community-Based Health Planning and Services (CHPS) to improve the quality of these services
- 2 To cover both its backlog and 2020 co-financing obligations, the Government needs to budget for at least US\$13.8 million (or GHS 74.6 million) for GAVI co-financing of routine immunisations
- 3 Provide adequate budgets for the prevention and control of communicable diseases, particularly PMTCT and paediatric HIV
- 4 Increase budgets for improving coverage for nutrition interventions, and specifically provide GHS 6.4 million for RUTF in 2020
- 5 Ensure adequate budgets for services aimed at reducing neonatal deaths



Social Protection

- 1 The budget allocation for LEAP will need to increase to GH¢ 270 million to achieve the goal of covering 450 000 households
- 2 Revenues generated for the NHIS through the 2.5% levy on transactions, as well as earmarked SSNIT contributions, should be fully allocated to the NHIS
- 3 Accelerate expansion of NHIS coverage to the 1.1 million remaining uninsured LEAP households exempt from premiums under the indigent category
- 4 Social Protection and related expenditures should be clearly visible and tracked in the national budget across the various ministries and decentralised branches of Government



WASH

- 1 Conduct a comprehensive review of Government's funding arrangements for the infrastructure and provision of water and sanitation services
- 2 Conduct a detailed assessment of wastewater and faecal sludge treatment nationwide, provide appropriate solutions where there are no facilities, and provide a sustainable operation and maintenance regime for all existing treatment facilities
- 3 Develop a realistic plan to roll out safe water and improved sanitation to all schools and health facilities and commit to allocating the required funds in the budget
- 4 The budget must provide funds to significantly scale-up existing programmes to promote handwashing, basic hygiene and household water treatment and safe storage