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DRAFT STATEMENT:
Media Briefing by Minister for Finance

May 9, 2021

Statement

Welcome Media

1. Ladies and Gentlemen, Good Afternoon and welcome to the Ministry of Finance.
2. Today marks the 20th Anniversary of the 9th May Accra sports stadium disaster. So shall we observe a minute silence. May the souls of the departed rest in perfect peace. And may the families left behind remain comforted in the Lord. Thank you for welcoming us to your homes this Sunday and, the motherly day of all days, to discuss building our Nation.
3. Today is the first of many updates and dialogues on progress on key government programs and bread and butter concerns of Ghanaians. I am grateful for the opportunity to engage with you personally.

Acknowledgement of #Fixtheeconomy Concerns

4. Over the past few weeks, I have been following the healthy conversation that started following the #FixTheCountry, a social media campaign primarily initiated by the Youth. I have met the representatives of the conveners to understand and explore collective solutions over what the conveners describe as "a failure on the part of successive governments to improve the lives of the citizenry".

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5. I acknowledge that these are challenging times for many of us, and we, like almost all the countries in the world, are living through rough weather. A time that has put a burden on the necessities of lives and livelihoods never like before in recent history. Unfortunately, these external shocks have heightened Ghana's perennial problems, which we are committed to address.

6. In extraordinary times, you should expect exceptional leadership from your Government. I truly believe we cannot ensure exceptional leadership without a collective effort. So, I commend the Youth for calling on Government and leaders to be at their best. This shows the patriotism of the Ghanaian Youth, echoing the President's call to Be a Citizen, Not a Spectator. You have elected us to solve the problems that face this country. We will continue to work with you and other stakeholders to do just that.

Achievements on the economy in the first term.

7. Until we were hit by the Covid-19 pandemic in March 2020, we were on course to achieving the objective to stabilise and grow the economy, create jobs especially for the Youth, modernise, digitise and formalise the economy, provide social protection for the vulnerable

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and create a safe and secure environment for citizens and businesses to thrive.

8. As Government, we took the following measures, among others, to address the structural challenges of the economy:

a) **We implemented flagship initiatives such as 1 District 1 Factory, 1 Village 1 Dam, Planting for Food & Jobs, and IPEP in the Real Sector to accelerate economic activities and help create jobs;**

b) We introduced, restored, or enhanced social protection policies to support the vulnerable and address the pertinent issue of joblessness. These interventions include the Free Senior High School Programme with over 1.2 million enrolments, the Zongo Development Fund Programme, School Feeding Programme with over 3.4 million beneficiaries, LEAP Programme with over 334,084 Households, Nations Builders Corps (NABCO) with 100,000 beneficiaries, allowances for Teacher Trainees for some 47,135 beneficiaries, and allowances for Nursing Trainees with some 50,825 beneficiaries. Fortunately, we have been able to preserve jobs in the public sector inspite of the Covid-19 pandemic. We acknowledge, that as a Nation we need to do more to ensure decent incomes for all Ghanaians. However,

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even at these levels, compensation of public sector employees represents 52.4 percent of domestic revenue.

- c) We implemented several digitalisation programmes to transform the economy, formalise the informal sector, and increase efficiency in public service delivery. These initiatives include the issuance of over 15 million National ID Cards, the digital addressing system for over 7 million homes, mobile money payment interoperability system, the introduction of the paperless port system, automation of driver's license and vehicle registration, renewal of NHIS registration, land records digitisation with block-chain technology, and automation of passport application;
- d) For the first time in Ghana's history, we established two Social Partnership Programmes—one with Organised Labour and the Ghana Employers Association; the other with Faith-based Organisations (FBOs)—to provide a platform for a cohesive and trustful relationship between the partners on issues of national development;
- e) We took a financial sector on the brink of collapse, cleaned it to build a more robust financial ecosystem that is well capitalised,

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liquid, and solvent to fund our development. By this initiative, we saved the hard earned savings of 4.6 million depositors, 81,700 investors and protected 3,000 direct jobs;

- f) We won the bid to host the Secretariat of the African Continental Free Trade Area (AfCFTA), positioning Ghana and Ghanaian businesses as the gateway partner and spearhead Ghana as a hub for the Africa region. In addition to Google setting up its regional Artificial Intelligence centre in Accra, Twitter recently announced that it would put its Africa headquarters in Accra. In addition, GIPC is working assiduously to attract the likes of Amazon to Ghana to deepen the tech entrepreneurial ecosystem for Ghanaian entrepreneurs.
9. After four years of implementing these prudent measures, the Ghanaian economy witnessed a turnaround. Between 2017-2019, the economy grew by 7% on average in response to Government's prudent management of the economy and implementation of government flagship programmes, being one of the highest and sustained growth periods. As a result, you saw single-digit inflation of 7.9 percent, reduced fiscal deficits with three consecutive years of

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primary surpluses, relatively stable exchange rate, significant improvement in the current account with three successive years of trade surpluses, strong foreign exchange reserve buffers covering 4 months of import cover, and relatively low and sustained interest rates of about 13 percent (Benchmark 91-Day Treasury Bill). As a result of the prudent policies, the economy continued to remain resilient in 2020, even at the height of the Covid-19 pandemic.

Impact of Covid-19 on Lives and livelihoods in Ghana and around the world

10. Ladies and gentlemen, for the first time in our 64 years of nationhood, a Ghanaian Government had to tackle a severe health crisis and its attendant economic crisis. The outbreak and the ensuing partial lockdown to contain the spread of the virus and protect lives brought socio-economic activities to a virtual halt, with the resultant loss of jobs, incomes, the collapse of businesses and loss of Government revenues.
11. The decisive and unparalleled measures we took to protect Ghanaians have come at a cost, as seen in the sudden relapse in the debt situation from 62.4% (2019) - 76.1% (2020). However, taking a look

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as similar sudden rises in debt burdens of countries around the world over the same period may be indicative of the time we live in and where we are coming from (see below)

- South Africa 62.2% (2019) to 82.6% (2020),
- Rwanda 50,7% (2019) to 61.6% (2020),
- Zambia 91.9% (2019) to 119.97(2020).
- The United Kingdom UK 85.4% (2019) - 100.9% (2020)

- **Government response to Covid-19 and its economic impact**

12. From the onset of the COVID-19 pandemic in March 2020, President Akufo-Addo laid out the five (5) key objectives Government sought to achieve – (1) limit and stop the importation of the virus; (2) contain its spread; (3) provide adequate care for the sick; (4) limit the impact of the virus on social and economic life; (5) inspire the expansion of our domestic capability and deepen our self-reliance. The President made it an utmost priority to protect Ghanaian lives above all else. This is captured in his now world-famous quotation - “We know what to do to bring our economy back to life. What we do not know how to do is to bring people back to life”.

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13. On the fiscal front, the impact of the pandemic led to a downward revision of revenues by Ghs13.4 billion (3.5% of GDP) and expenditures by an additional Ghs11.8 billion (3.1% of GDP) with a combined fiscal impact of Ghs25.2 billion (6.5% of GDP).

14. As a result of the President's quick and decisive leadership, the Government came through for its citizens, responded swiftly and strongly even as tax collections were drying up. As a result, the Government spent about GHS8,134 million (about 8.1% of Expenditures and 15.1% of Domestic Revenues) to preserve livelihoods.
 - a. The Government provided 1,827,581 and 917,142 cooked food packs to vulnerable and underprivileged persons within Accra and Kumasi. In addition, in partnership with Faith-Based Organisations, Government also distributed dry food packages to about 470,000 families during the period of the partial lockdown in Greater Accra and Greater Kumasi.

 - b. The government fully covered the consumption of electricity for the over 1 million lifeline customers and subsidised 50 percent of the consumption of all other customers for the period.

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- c. Over 10 million fellow Ghanaians benefited from free water supplied by Ghana Water Company Limited between April to December, 2020. As a result, the average monthly water supply of 9.24 million cubic metres increased by 43.21% to reach 13.23 million cubic metres. Furthermore, 474 small towns and 1,143 rural communities benefited from the Community Water and Sanitation Agency (CWSA).
- d. Under the 'Operation Return Home' Programme, the Government-assisted 10,025 Ghanaians whose circumstances had been worsened by the COVID-19 pandemic to return home.
- e. The government launched and operationalised the GH¢750 million Coronavirus Alleviation Programme - Business Support Scheme (CAP-BuSS) which mitigated the impact of the pandemic on several Micro, Small and Medium-Sized Enterprises (MSMEs). At the end of April 2021, about GH¢412.88 million had been disbursed to support 277,511 businesses; 69% being female-owned. The scheme has saved over 650,000 MSME jobs.
- f. The BoG also supported with a reduction in monetary policy rate by 150 basis points, reduction of capital adequacy ratio by 150

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basis points, and reduction of primary reserve requirements by 200 basis points, among others

15. In doing so, Government ensured that the worst possible impact of the pandemic was averted. However, let me stress that to ensure a complete recovery, we need to invest more in the organisational capital of Ghanaian businesses.

16. Ladies and Gentlemen, we are also fixing this rising debt burden on Ghana!. The debt stock as of end-December 2020 stood at a nominal figure of GH¢291,614 million, representing 76.1 percent of GDP compared to GH¢217,991 million, equivalent to 62.4 percent of GDP in 2019. The total public debt has increased from GH¢122 billion (56.9% of GDP) in 2016 to GH¢ 291.6 billion (76.1% of GDP) at the end of December 2020. Included in the debt stock and the debt/GDP ratio at the end of 2020 are the following non-recurrent burdens that we had to deal with as a matter of urgency:
 - a. Fiscal Impact of COVID-19 – GH¢ 25.2 billion;
 - b. Cost of Financial Sector Clean up – GH¢ 21 billion;

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- c. Cost of Excess Capacity Charges paid to IPPs – GH¢ 12 billion;
 - d. The impact of the reduction in growth from an average of 7% (2017-2019) to 0.4% in 2020.
17. If these expenditures are excluded, and the drop in GDP growth in 2020 primarily attributable to the COVID-19 pandemic is taken into account, the total stock of debt for 2020 would have been approximately GH¢ 238.9 billion, implying a debt to GDP ratio of 58.7%, which is below the ECOWAS threshold of 70%. To put things into perspective:
- a. Between 2004 and 2008, Ghana’s debt stock increased by 30%.
 - b. Between 2008 and 2012, the debt stock increased by 269%.
 - c. Between 2012 and 2016, the increase in the debt stock was 243%.
 - d. Between 2016 and 2020, the increase in Ghana’s debt stock was 137% (This includes the cost of the banking sector clean-up, excess capacity charges and the impact of the COVID-19 pandemic).
18. We have financed the construction seven (7) on going interchanges across the country, including those at Takoradi, Tamale, Tema,

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Obetsebi Lamptey and Pokuase to ease the traffic and enhance productivity.

19. Despite the impact of the pandemic, the rate of growth of the public debt has been lower under our Government than under previous administrations. The rate of debt growth was lower despite massive investments in our flagship programmes such as free SHS, Planting for Food and Jobs (PFJ), NABCO, One District One Factory (1D1F), One Constituency One Ambulance, One Village One Dam (1V1D), restoration of teacher and nursing training allowances amongst others while maintaining relative macroeconomic and exchange rate stability.
20. Notwithstanding, as President Akufo-Addo said on February 21st, 2017 and I quote, "I was not elected by the overwhelming majority of the Ghanaian people to complain or "compare". I was elected to get things done; I was elected to fix what is broken and my Government and I are determined to do just that". We commit to working with fellow Ghanaians to do just that!

Interventions to #Fixtheeconomy Concerns

21. Ladies and Gentlemen, In the coming days, we will move swiftly to address some of the issues that the #Fixtheeconomy have raised.

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22. First, I am working with the Minister for Water and Sanitation to immediately ensure potable water to areas with felt need, especially in the most urban areas.
23. Second, I am working with the Ministers of Roads and Highways, Transport and Interior to address congestion along the major highways.
24. Third, we are fast-tracking the implementation of the US\$200million Jobs and Skills Programme to enhance job creation significantly. This intervention is designed to facilitate new and expanded private sector businesses to employ a lot more people. This we believe is a more sustainable way to rebuild this economy instead of expanding Government employment schemes.
25. Fourth, starting this month, we are rolling over 8 additional interventions under the GhanaCARES "Obataanpa" programme. These will be in the Health, Agriculture, Tourism, Trade, Digitization, Science and technology, Housing and financial services.
26. Fifth, by the end of July, we will have a new Development Bank that will provide long-term wholesale financing to the private sector through Commercial banks.

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Conclusion

27. The good people of Ghana have given us a mandate to get things done. For us as a Government, this is a clarion call for a national conversation on the shared burden to renew the social contract of our democracy. At its minimum, we should ensure social justice and social mobility for most Ghanaians. At our best, we should open for all Ghanaians, an economic system under which each citizen shall be guaranteed the opportunity to show the best in him or her. As I always have, I will commit to working to fix those structures that will set Ghana on this path.
28. Ladies and Gentlemen, before I end, permit me to take this opportunity to wish our mothers, wives, and sisters a Happy Mother's Day. Out of their daily toils, we can face each day to fix our challenges in building this Nation. God Bless them abundantly.
29. So let us Rise Up and Build Together (Nehemia 2:18)
#Letsfixthistogether
30. Thank You, and God Bless us all.