



REPUBLIC OF GHANA



# *Ghana Covid-19 Alleviation and Revitalization of Enterprises Support*





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# Abbreviations and Acronyms

<b>1D1F</b>	1 District 1 Factory
<b>ADB</b>	Agriculture Development Bank
<b>AfCFTA</b>	Africa Continental Free Trade Area
<b>AFD</b>	Agence Française de Développement / French Development Agency
<b>AfDB</b>	African Development Bank
<b>ALSF</b>	African Legal Support Facility
<b>API</b>	Active Pharmaceutical Ingredients (API)
<b>ATL</b>	Akosombo Textile Limited
<b>BoG</b>	Bank of Ghana
<b>BPO</b>	Business Process Outsourcing
<b>BRR</b>	Business Regulatory Reform
<b>CAP</b>	Coronavirus Alleviation Programme
<b>CAP-BuSS</b>	Coronavirus Alleviation Programme - Business Support Scheme
<b>CARES</b>	COVID-19 Alleviation and Revitalization of Enterprises Support
<b>CEO</b>	Chief Executive Officer
<b>COVID</b>	Corona Virus Disease
<b>CPESDP</b>	Coordinated Programme of Economic and Social Development Policies
<b>CSIR</b>	Centre for Scientific and Industrial Research
<b>CST</b>	Communications Service Tax
<b>CWM</b>	Cash Waterfall Mechanism
<b>DACF</b>	District Assembly Common Fund
<b>DBG</b>	Development Bank, Ghana
<b>DFI</b>	Development Finance Institutions
<b>DfID</b>	Department for International Development
<b>DPO</b>	Development Policy Operation
<b>ECG</b>	Electricity Company of Ghana
<b>EHP</b>	Emergency Health Programme
<b>EIB</b>	European Investment Bank
<b>EPRP</b>	COVID-19 Emergency Preparedness and Response Plan



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## Abbreviations and Acronyms

<b>ERC</b>	COVID-19 Economic Recovery Committee
<b>ESRP</b>	Energy Sector Recovery Programme
<b>FBOs</b>	Faith-Based Organizations
<b>FDA</b>	Food and Drugs Authority
<b>FDI</b>	Foreign Direct Investment
<b>FHs</b>	Finance Houses
<b>FINTECH</b>	Financial Technology
<b>GACC</b>	Ghana American Chamber of Commerce
<b>GBA</b>	Ghana Bankers' Association
<b>GBAA</b>	Ghana Beyond Aid Agenda
<b>GBAC</b>	Ghana Beyond Aid Charter
<b>GCAP</b>	Ghana Commercial Agriculture Project
<b>GCC</b>	Ghana Chamber of Commerce
<b>GCF</b>	Ghana Century Fund
<b>GCX</b>	Ghana Commodity Exchange
<b>GDP</b>	Gross Domestic Product
<b>GEA</b>	Ghana Employers Association
<b>G-EBO</b>	Ghana-European Business Organization
<b>GETP</b>	Ghana Economic Transformation Project
<b>GFL</b>	Ghana Federation of Labour
<b>GFZA</b>	Ghana Free Zones Authority
<b>GHF</b>	Ghana Healthcare Foundation
<b>GhLIB</b>	Ghana Land Information Bank
<b>GHS</b>	Ghana Cedi
<b>GIADEC</b>	Ghana Integrated Aluminium Development Corporation
<b>GIC/TEMASEK</b>	Government of Singapore Investment Corporation
<b>GIIF</b>	Ghana Infrastructure Investment Fund
<b>GIISDEC</b>	Ghana Integrated Iron and Steel Development Corporation
<b>GIPC</b>	Ghana Investment Promotion Centre
<b>GIRSAL</b>	Ghana Incentive-Based Risk-Sharing System for Agricultural Lending Project
<b>GJSP</b>	Ghana Jobs and Skills Project
<b>GRA</b>	Ghana Revenue Authority



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## Abbreviations and Acronyms

<b>GRATIS</b>	Ghana Regional Appropriate Technology Industrial Service
<b>GSA</b>	Ghana Standards Authority
<b>GSs</b>	Gas Suppliers
<b>GTP</b>	Ghana Textile Printing
<b>HQCF</b>	High Quality Cassava Flour
<b>HSTP</b>	Hsinchu Science and Technology Park
<b>ICT</b>	Information Communication Technology
<b>IFSC</b>	International Financial Services Centre
<b>IMC</b>	Implementation Monitoring Council
<b>IMF</b>	International Monetary Fund
<b>IPPs</b>	Independent Power Producers
<b>ITRI</b>	Industrial Technology Research Institute
<b>KfW</b>	Kreditanstalt Fuer Wiederaufbau / German Development Cooperation
<b>KIST</b>	Korean Institute of Science and Technology
<b>KPIs</b>	Key Performance Indicators
<b>KSFL</b>	Komenda Sugar Factory Limited
<b>MDAs</b>	Ministries, Departments and Agencies
<b>MELR</b>	Ministry of Employment and Labour Relations
<b>MESTI</b>	Ministry of Environment, Science Technology and Innovation
<b>MLFNR</b>	Ministry of Lands, Forestry and Natural Resources
<b>MoF</b>	Ministry of Finance
<b>MoFA</b>	Ministry of Food and Agriculture
<b>MoH</b>	Ministry of Health
<b>MoTI</b>	Ministry of Trade & Industry
<b>MSMEs</b>	Micro, Small and Medium Enterprises
<b>NAFCO</b>	National Food Buffer Stock Company
<b>NBSSI</b>	National Board for Small Scale Industries
<b>NHIA</b>	National Health Insurance Authority
<b>NHIS</b>	National Health Insurance Scheme
<b>NITA</b>	National information Technology Agency
<b>NMIMR</b>	Noguchi Memorial Institute for Medical Research



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## Abbreviations and Acronyms

<b>OLEM</b>	Other Loans Especially Mentioned
<b>PDS</b>	Power Distribution Service
<b>PEF</b>	Private Enterprise Foundation
<b>PFJ</b>	Planting for Food and Jobs
<b>PFMA</b>	Public Financial Management Act
<b>PhPI</b>	Petroleum hub and Petrochemical Industry
<b>PPE</b>	Personal Protective Equipment
<b>PPP</b>	Public Private Partnership
<b>QIA</b>	Qatar Investment Authority
<b>RCBs</b>	Rural & Community Banks
<b>RCF</b>	Rapid Credit Facility
<b>RFJ</b>	Rearing for Food and Jobs Programme
<b>S &amp; I</b>	Savings and Loans Companies
<b>SHS</b>	Senior High School
<b>SMEs</b>	Small and Medium Enterprises
<b>SOEs</b>	State-Owned Enterprises
<b>SRID</b>	Statistics, Research and Information Directorate
<b>TTF</b>	Techiman Tomato Factory
<b>TUC</b>	Trades Union Congress
<b>TVET</b>	Technical Vocational Education and Training
<b>USD</b>	United States Dollars
<b>VAT</b>	Value-Added Tax
<b>VCTF</b>	Venture Capital Trust Fund
<b>VST</b>	Volta Star Textiles
<b>WAPSCON19</b>	Ghana West Africa Private Sector Coronavirus Platform
<b>WBG</b>	World Bank Group
<b>WISER</b>	Wealthy, Inclusive, Sustainable, Empowered and Resilient
<b>ZDAs</b>	Zonal Development Authorities







**Nana Addo Dankwa Akufo-Addo**  
*President of the Republic of Ghana*



# Foreword

Fellow Ghanaians, I pledged to build a Ghana that works and gives each and every one of us, the opportunity to improve our lives. Over the last 3 years and 10 months, my Government has done exactly that. We have stabilized the economy in order to create the enabling environment for businesses to grow and thrive; we have prudently managed public resources to enable us implement a raft of life-changing policies that guarantees social mobility for every Ghanaian; we have implemented social policies which have positively impacted and transformed the lives of many and we have ensured inclusive development in all parts of the country. We created six new regions and have established three Development Authorities to supervise the roll out of our development plans. We have indeed, brought development to the doorstep of every Ghanaian!

However, the outbreak of the Covid-19 pandemic earlier this year ravaged every nation on this planet. What started as a health crisis, rapidly degenerated into global security, developmental and economic crisis. The pandemic has resulted in the largest global economic contraction witnessed in the last eight decades, accompanied by a spiraling death toll and strained healthcare systems. It has also disrupted productivity and global value chains, increased job losses and reduced family incomes, and threatens global food security particularly for the most vulnerable.

Governments around the globe continue to struggle to contain its spread, with countries witnessing a resurgence in Covid-19 cases, and potentially a

second wave. In Ghana, our priority has been to act swiftly and decisively to preserve lives and protect livelihoods. The well-being of the Ghanaian has been central to every decision taken, as evidenced in the 19 addresses I have given so far on measures to combat the coronavirus pandemic.

We have saved lives, preserved livelihoods, expanded our health infrastructure, increased our testing facilities from 2 to 16, expanded our domestic manufacturing capacity and deepened our self-reliance. My Government has achieved all this in spite of a significant drop in revenues.

However, I believe this is not enough to safeguard the future of our youth and for posterity. Over the last few years we have been charting a path to a Ghana Beyond Aid. This pandemic creates an opportunity for us to remodel and build the Wealthy, Inclusive, Sustainable, Empowered, and Resilient Ghana (a W.I.S.E.R Ghana), which is the objective of Ghana Beyond Aid. A Ghana that is prosperous and stands on its own feet; a Ghana that is beyond dependence on others; a Ghana that is industrialized and established as a Regional Hub for goods and services. The Covid-19 pandemic has sharply reminded us of the wisdom of our Ghana Beyond Aid vision.

This audacious three-and-a-half year, two-phased Gh¢100 billion Ghana CARES “Obaatan Pa” Programme is Ghana Beyond Aid in action!





***Alhaji Dr. Mahamudu Bawumia***  
*Vice President of the Republic of Ghana*





**GHANA  
COVID-19  
ALLEVIATION AND  
REVITALIZATION OF  
ENTERPRISES  
SUPPORT (CARES)  
OBAATANPA  
PROGRAMME**



# Message from the Minister for Finance



**Ken Ofori-Atta**  
*Minister for Finance*

It is with much joy and honour that I welcome you all to the launch of the GhanaCARES “Obaatanpa” Programme. I believe today’s launch marks a seminal moment in our country’s economic development. Aside the audacity of the quantum of funds to be invested, the timing of the programme during the COVID-19 pandemic is evidence of our “can do spirit” under the visionary, courageous and decisive leadership of H.E. the President.

The GH¢100 billion Ghana CARES “Obaatanpa” Programme is a three-and-a-half-year comprehensive programme to mitigate the impact of the COVID-19 pandemic, return the country to a sustained path of robust growth and to create a stronger, more resilient and transformed economy.

Since 2017, under the leadership of H.E. Nana Akufo-Addo, we have charted a new way forward for our country. A Ghana Beyond Aid that has renewed the hope for Ghana’s transformation into an optimistic, self-confident and prosperous nation where opportunities exist for all. Indeed 2020 began on an incredible note. The global markets had given their resounding endorsement to our 2020 US\$3 billion Eurobond issuance with an oversubscription of over 300%. Our deficit was below 5% and the

banking sector clean-up was yielding positive results. Our destiny was truly in our hands again.

However, the outbreak of the COVID-19 pandemic early this year brought all growth prospects to a screeching halt. The pandemic is a crisis like no other. It has taken lives and significantly disrupted livelihoods in every corner of the globe. The stakes remain high as most African countries face an imminent economic contraction, potentially losing up to 15% of GDP and Ghana is no exception.

Government’s response to the pandemic was immediate and decisive to save lives and livelihoods.

Fueled by visionary foresight and the need to craft a more transformative and sustainable response, H.E. the President charged the Ministry of Finance in April this year to craft a new programme to revitalize our economy and accelerate our transformation towards a Ghana Beyond Aid. A response that allows us to do things differently and to respond effectively to the needs of our people through this pandemic and beyond. After extensive stakeholder consultations, we have designed the GhanaCARES “Obaatanpa” Programme which will serve as the blueprint for our post Covid-19 economic recovery and structural economic transformation.

Our emphasis is to build stronger institutions to deliver efficient services, provide the necessary infrastructure to support business and improve access to long term finance, build skills to deepen the quality and impact of services and maintain financial sustainability. Now more than ever, we will expand our financial partnerships, investment partnerships and knowledge centers of excellence. We will build on the great successes we have had in agriculture, by scaling up technologies to reach millions of farmers. We will add value to what we produce, and provide creative and high-tech opportunities for massive youth engagement in agriculture and agribusiness. Our priority is for workers and businesses to use their skills innovatively in a commercial environment that is regionally integrated.





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## Message from the Minister for Finance

The work will be monumental and we are not naïve of the effort required. However, like Nehemiah, we continue to remain resolute in the face of sceptics who are baffled by the sheer audacity of the programme. The amount of financing GH¢100 billion (GH¢30 billion from the State and GH¢70 billion from the private sector) and the timing of implementation during a pandemic continue to amaze them. However, we know our Lord will give us success as He did in the times of Nehemiah and has done for us since we came into Government in 2017.

To fully implement this programme, we will also need the solidarity as well as support of our private sector partners (international and domestic). We have already signaled that 70% of the financing will be sought from the private sector.

We must, as a nation, mobilise our heads, hands and hearts to respond to the call to participate in this shared burden. We cannot continue with the slow pace of development, urgent transformation is required to provide opportunities for our teeming youth who remain the hope for our future.

I have often spoken of the need for a tectonic shift in the global financial architecture. It is going to take strong and courageous leadership as well as compassion to redesign a new Bretton Woods. A new ecosystem that enables cheaper access to global capital for Emerging Markets and Developing Countries. A fair and equal chance for all. Africans

can and must contribute to the global economy in a significant and meaningful way without the drudgery of high risk premium and illicit financial flows. The GhanaCARES “Obaatanpa” programme provides a mechanism to consolidate private sector investment into productive sectors of the economy to create a dynamic regional economy for Ghana.

A new era of profound urgency for Nation building is unfolding. The blessing to shape the destiny of a country is given to very few people in a generation. We must therefore seize the opportunity. Obaatanpa moves us from thought to action and its audacity jettisons a period of poverty of aspiration in recent times.

So we look forward to a national enterprise culture of economic mutuality; an open economy with flexibility of labour, capital and product markets. An economy characterised by efficiency, social justice, social mobility and property for all; the preferred internal market place on a beautiful continent. We must therefore fully implement this transformative programme, to restore and reposition Ghana and its people to our rightful place.

I am reminded of the exhortation in Nehemiah 2:17-18 “So they said, “Let us rise up and build. Then they set their hands to this good work.” I believe in this good work we have embarked on and pray fervently to God for His strength and His wisdom to help us on this journey.



# Executive Summary

## Background

The COVID-19 pandemic continues to claim lives, wreak havoc to economies and disrupt livelihoods around the world. Here, in Ghana, we have not been spared. To date (11th November, 2020), 50,123 people have tested positive for the virus, 48,328 have recovered, 1,473 are active cases, and 322 have tragically lost their lives.

But along with these challenges, COVID-19 has also revealed opportunities that we can seize to move forward as a nation. This document sets out Government's approach to mitigating the health and economic challenges created by COVID. It also presents concrete steps we will take over the medium term to revitalize our economy and accelerate our national transformation toward Ghana Beyond Aid.

The pandemic has extensive economic impacts. GDP growth is sharply down. Instead of the 6.8 percent originally projected, we are now looking at 1.9 percent GDP growth for 2020. Across the private sector, informal businesses, micro, small and medium enterprises (MSMEs), as well as large businesses are all under strain – especially in the hospitality, education, manufacturing and agricultural sectors. For the public sector, the Government's public finances are also under strain, with a projected deficit of 11.4 percent for 2020, compared with 4.7 percent of GDP originally programmed.

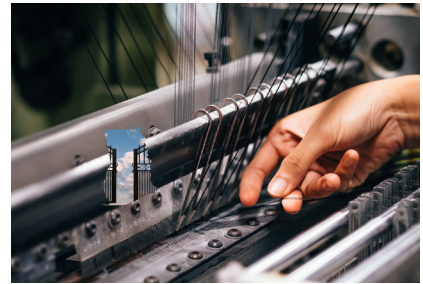
## Immediate Government Response to COVID-19.

In April 2020, at the onset of the pandemic, the Government announced a package of economic stimulus measures called the Coronavirus Alleviation Programme (CAP). Key initiatives under the CAP include: GH¢579.5 million for COVID-19 Emergency Preparedness and Response Plan (EPRP); GH¢200 million relief for provision of water and sanitation for households for three months; GH¢1,028 million as three-month subsidy for electricity use in households

and businesses; GH¢54 million for distribution of hot meals and food packages; GH¢ 323 million as relief (e.g. PPEs, tax waiver, allowances, transportation and COVID insurance) for frontline health workers; GH¢600 million for Micro, Small and Medium-Sized Enterprises (MSMEs) via the Coronavirus Alleviation Programme - Business Support Scheme (CAP-BuSS), which is expected to be supplemented by up to GH¢400 million in bank lending; and the announcement to build 101 new hospitals in districts that lack such facilities, 7 regional hospitals for the newly created regions, rehabilitation of the Effia-Nkwanta Regional Hospital, and 2 psychiatric hospitals (Agenda 111). In addition, 3 infectious diseases centres will be constructed in each of the 3 ecological zones of the country.

In May 2020, the President challenged Ministers to take a hard look at their programmes in light of the COVID-19 pandemic. He noted that: COVID-19 had given us an opportunity to recreate our country; an opportunity to do something meaningful; this is a challenge we must seize. He charged the Minister for Finance to lead the preparation of a Government economic stabilization and recovery programme to mitigate the impact of the pandemic on the lives and livelihoods of Ghanaians and to ensure that we quickly emerge from the pandemic with a stronger and more resilient economy.





Subsequently, the Ministry of Finance held extensive consultations with stakeholders including: an Inter-Ministerial Group headed by Ministers and supported by a Technical Group comprising senior officials; a COVID Economic Recovery Committee with representatives from among others, the Bank of Ghana, the Trades Union Congress, the Ghana Employers Association, the Association of Ghana Industries, the Ghana Chamber of Commerce, private entrepreneurs, scholars and leading professionals, the Ghana Bankers Association, Ghanaian professionals in the Diaspora, and the West African Private Sector Coronavirus Platform (including the Private Enterprise Foundation, the Ghana Healthcare Foundation, the Noguchi Memorial Institute for Medical Research, the Ghana-American Chamber of Commerce, and the Ghana-European Business Organization). The result of these consultations is the Ghana COVID-19 Alleviation and Revitalization of Enterprises Support (Ghana CARES) Obaatanpa Programme.

## Highlights of Ghana CARES Obaatanpa Programme

Ghana CARES is a two-phase programme that builds on the immediate actions already taken by Government under the Coronavirus Alleviation Programme (CAP).

### Phase 1:

#### *Stabilize the Economy (July – December 2020).*

This phase of the programme is aimed at continuing to relieve hardships on Ghanaians by reducing

the cost of basic services; ensuring food security; protecting businesses and workers; and further strengthening the health system. Specific measures to be undertaken by Government are described below:

#### **A. Temporary Reduction in the Cost of Basic Services**

- i. Extend provision of free water for additional 3 months;
- ii. Extend free electricity for customers on the lifeline tariff for additional 6 months; and
- iii. Reduce the Communications Service Tax (CST) from 9% to 5% to reduce the cost of communication services to the consumer as a lot more people work remotely and utilize online services.

#### **B. Ensure Food Security**

- i. Expand support from 1.2 million to 1.5 million farmers (fertilizer, seeds, extension services etc.) under the Planting for Food and Jobs Programme (PFJ);
- ii. Support farmers through the Rearing for Food and Jobs Programme (RFJ);
- iii. Arrange financing facilities for rice millers and poultry farmers;
- iv. Provide financial support for the National Food Buffer Stock Company and the Ghana Commodity Exchange to increase food stock levels; and
- v. Establish a National Food Security Committee.





### C. Support Businesses and Workers

- i. Ease the liquidity challenges of businesses: Government will clear outstanding payments with businesses and ensure prompt payment of current obligations.
- ii. Increase local content in Government procurement: Government will build on recent procurement programmes for the pharmaceuticals as well as textile & garment sectors to increase local content in its procurement of goods and services as much as practicable (e.g. for PPEs, pharmaceuticals, garments, uniforms for security services etc.).
- iii. Increase the allocation for the CAP-BuSS Programme to expand the support being given to MSMEs, and also to support the creative arts industry, media, and private universities.
- iv. Establish a Guarantee Fund of GH¢ 2 billion to assist large businesses to borrow at lower interest rates and at longer tenor in order to adjust to the challenges of COVID and to sustain employment. This fund will also enable businesses to take advantage of opportunities created by COVID-19 (e.g. in the pharmaceuticals, textiles and garments sectors).
- v. Ensure availability of credit from the domestic banking sector: Bank of Ghana has introduced measures to create lending headroom for the banks, such as reducing primary reserve requirements, reducing capital conservation buffers, and relaxing prudential guidelines. As a result, domestic banks have provided about GH¢ 7 billion of support to borrowers (between March and June 2020), through loan restructurings, moratorium on repayments, interest rate reductions, and granting of new facilities.
- vi. Establish a Seed-Fund for a Retraining Programme to help workers who are laid off to either upgrade their skills or acquire new skills to improve their chances of finding new employment.
- vii. Establish a National Unemployment Insurance Scheme for workers in consultation with Trade Unions Congress and Ghana Employers Association and the Social Security and



National Investment Trust (SSNIT). This will provide temporary income support and re-training opportunities for laid-off workers while they search for other employment. Work on the design of the scheme and necessary legislation will be done in 2020 to facilitate its in 2021.

### D. Strengthen the health system

- i. Launch Emergency Preparedness and Response Plan I.
- ii. Emergency Preparedness and Response Plan II to build on the work done under Emergency Preparedness and Response Plan I.
- iii. Commence Agenda 111 to construct 101 new 100-bed district hospitals, 7 new regional hospitals, rehabilitation of Effia-Nkwanta regional hospital (Takoradi) and 2 new Psychiatric hospitals. In addition, 3 infectious diseases centres will be built in each of the 3 ecological zones of the country.

### E. Pass Urgent Legislation

Pass legislation to facilitate quick economic recovery, including Bills on:

- i. Tax exemptions;
- ii. Public-Private Partnerships (PPPs);
- iii. Ghana Investment Promotion Centre (GIPC);
- iv. Development Finance Institutions;
- v. ENTERPRISE GHANA (to improve SME support); and
- vi. Home Ownership Financing.





## **Phase 2:**

### ***Revitalize and Transform the Economy (2021 - 2023).***

We will accelerate implementation of the Ghana Beyond Aid agenda; in particular, by providing support to the private sector in targeted sectors in order to accelerate competitive import substitution and export expansion in light manufacturing; and by optimizing implementation of Government economic flagships and key programmes for greater results and financial sustainability. Government will pursue the following initiatives:

#### ***A. Support Commercial Farming and Attract Educated youth into Agriculture***

Complement the Planting for Food and Jobs and Rearing for Food and Jobs (PFJ/RFJ) initiatives with a targeted programme to support commercial farming and to attract educated youth into farming. This will improve our food security, attract younger generation into agriculture to replace aging farmers, and also improve the scale, quality and reliability of feedstock for our agro-processing industry.

#### ***B. Build Ghana's Light Manufacturing Sector***

targeting agro-processing and food import-substitution (specifically, in rice, poultry, cassava, sugar and tomatoes), pharmaceuticals, and textiles & garments.

#### ***C. Develop Engineering/machine tools and ICT/digital Economy Industries.***

Build capabilities to manufacture machine tools to support our industrialization (e.g. agricultural tools, food processing equipment, auto spare parts, building construction equipment etc.) and advance Ghana's overall technological capability in engineering. In addition, support entrepreneurs in ICT/digital economy businesses such as tech start-ups, fintechs, apps for agriculture, Business Process Outsourcing (BPOs) etc.

#### ***D. Fast Track Digitization:***

Expedite implementation of Government digital initiatives (e.g. the National ID, digital address systems, land records digitization, Ghana.Gov, etc.); digitize fiscal revenue collection; expand the fibre network backbone; and increase digital literacy and online education.

#### ***E. Develop Ghana's Housing and Construction Industry:***

Leverage the construction of hospitals under Agenda 111 to strengthen the capacity of the construction industry; strengthening the housing mortgage and construction finance scheme initiated by Government and selected banks last year; and taking measures to facilitate access to land with secure titles by real estate developers.



## ***F. Establish Ghana as a Regional Hub:***

This will be done by leveraging the African Continental Free Trade Area (AfCFTA). The specific goals are to make Ghana a regional financial hub by establishing: International Financial Services Centre (IFSC); a regional manufacturing hub for the West Africa region; and a ports and logistics hub. This will be done by strengthening the capacities of the Ghana Investment Promotion Centre (GIPC) and the Ghana Free Zones Authority (GFZA), and by overhauling the legal, policy and institutional framework for investment promotion.

## ***G. Review and optimize Implementation of Government Flagships and Key Programmes.***

Programmes (such as 1D1F, PFJ/RFJ, Free SHS, water and sanitation programmes, etc.) that depend primarily on Government budget finance will be further optimized for greater results, value-for-money, and fiscal sustainability. For execution of selected major infrastructure projects, Government will pursue public-private partnerships (PPPs) or concession arrangements and task the Ghana Infrastructure Investment Fund (GIIF) to oversee implementation on behalf of the Government. In the heavy industries and natural resource sectors (e.g. aluminium, iron and steel, petrochemicals etc.), Government will actively pursue joint ventures or concessions with proven international operators who will provide needed technology and skills transfer as well as managerial expertise and access to global value chains.

***Strengthen the enablers of growth and transformation.*** Government will take strong measures to improve the business environment for the private sector. Specific measures to be implemented include business and regulatory reforms (BRR), digitization to improve the quality and transparency of public service delivery, expansion of access to finance for Ghanaian businesses, skills training and retraining, support to SMEs, and energy sector reform.

***Financing CARES.*** We are targeting about GH¢100 billion of spending and investment inflows from 2021 to 2023 to finance the targeted initiatives





and programmes under Ghana CARES Obaatanpa Programme. The bulk of this—at least GH¢ 70 billion—is expected to come from the private sector, both domestic and external. Government will therefore be proactive in making Ghana an attractive place for private investments. Government will also do its part in financing CARES. We will therefore implement radical reforms to increase public revenues and to increase the efficiency of public expenditures.

**Implementation of CARES.** Execution, execution, execution, will be our watchwords. The Ghana CARES Revitalization & Transformation agenda is about national survival and security just like our response to the COVID-19 pandemic itself. Therefore, we need to approach it the same way we have approached COVID-19—with a resolute focus on implementation and monitoring. There will be a Results Framework and an Implementation Monitoring Council (IMC) chaired by the President that will meet monthly to review progress and remove bottlenecks. The IMC will include relevant Ministers and private sector representatives from targeted sectors. Government will ensure greater inter-ministerial coordination, and will work more closely with the private sector. There will be CARES Results Clusters—each with a Cluster Champion (a Minister) to be responsible for results. Accountability for results will be enforced with rewards for successes and consequences for lack of performance.

## Ghana CARES and Jobs

### *Ghana CARES will create jobs and in particular help us address our youth unemployment problem.*

Over the past decade, an average of about 220,000 youth have graduated from our secondary and tertiary institutions and entered the job market each year. However, less than 20,000 or 10 percent have found jobs in the formal sector to which their training has led them to aspire. With increased access made possible by the Free Senior High School (Free SHS) programme, in the future even more secondary and tertiary level graduates will be entering the job market each year. These graduates are an enormous potential asset for our economic transformation and national prosperity if we provide them with productive employment opportunities. But they

could also pose a serious challenge to social and political stability if we fail to do so.

We will address this jobs challenge head on. We will make the necessary public investments and provide support to the private sector to drive economic growth and create productive jobs so we can reap our demographic dividend.

A key focus of the Ghana CARES Programme is therefore to support the private sector to become a powerful engine for job creation in Ghana. By stimulating the economy and supporting Ghanaian businesses and entrepreneurs, and also through aggressive pursuit of FDI, Ghana CARES will frontally confront the jobs challenge. We are targeting the creation of 420,000 productive and decent employment in the formal sector from 2021 to 2023—an average of 140,000 new formal sector jobs each year. Over 85 percent of the jobs or around 360,000 are projected to be in the private sector, and we expect about 60 percent of these jobs to go to women. We anticipate that, by 2023 about a third of secondary school (including TVET) and university graduates who enter the job market will be able to find decent jobs in the formal sector, instead of the situation today where less than 10 percent do.

Most of the formal sector employment expansion will be in manufacturing, construction, and modern services including the digital economy (e.g. fintech, tech start-ups, business process outsourcing, etc.). We also aim to attract and facilitate the entry of at least 3,000 educated youth into commercial agriculture over the three-year period from 2021 to 2023. With each commercial farmer projected to employ about 5 full-time workers, this will translate into additional 15,000 jobs. In addition, we project that each commercial farmer will also engage around 10 out-growers, thereby raising the incomes of 30,000 smallholders. And, of course through the Planting for Food and Jobs and Rearing for Food and Jobs programmes, the incomes and livelihoods of at least 2 million smallholders will be improved each year.

Government will ensure that job creation and other benefits of Ghana CARES are inclusive, in particular, by supporting women-owned businesses and ensuring that there is gender equality in access to employment.



# Ghana CARES OBAATAN PA Programme and Ghana Beyond Aid Agenda

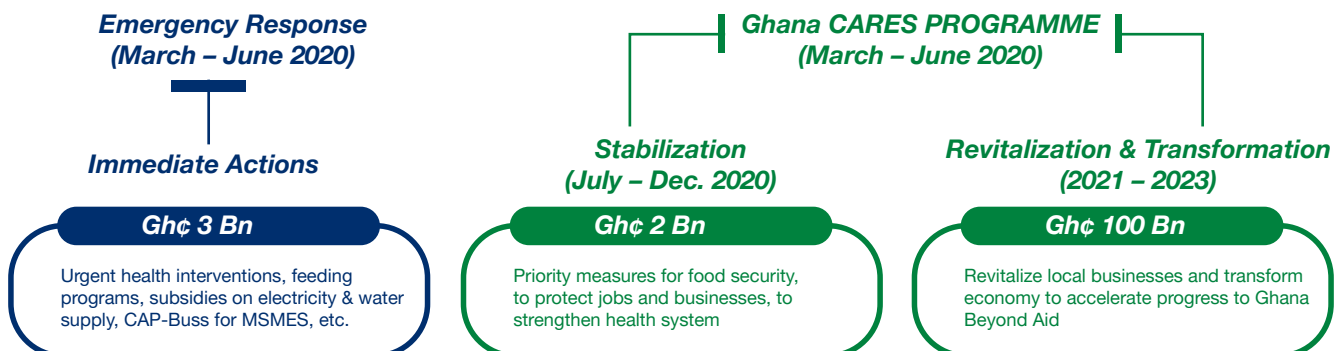


COVID-19 has clearly shown that our heavy dependence on food and manufacturing imports makes us vulnerable as a nation. It has also revealed opportunities in light manufacturing and other sectors of our economy. We must therefore respond quickly to radically reduce our vulnerabilities and to seize our opportunities. COVID-19 has indeed underscored the salience of our Ghana Beyond Aid

agenda and injected more urgency into achieving its goals of a: Wealthy, Inclusive, Sustainable, Empowered, and Resilient (W.I.S.E.R.) Ghana. Hence, Ghana CARES Obaatanpa is Ghana Beyond Aid in action over the next three years.

***We will Stabilize, Revitalize and Transform Ghana's economy***

Fig 1: Overview of Ghana's Response to COVID-19 pandemic



1

# Context



# 1 | Context

## Introduction

1. The COVID-19 pandemic continues to claim lives, wreak havoc to economies and disrupt livelihoods around the world.

Here in Ghana, we have not been spared. This document sets out the Ghana Government's approach to mitigating the economic challenges created by COVID, as well as steps we can take as a nation to drive our national economic transformation.

2. So far the health impacts of the pandemic, have been managed well.

To date (11th November, 2020), 50,123 people have tested positive for the virus, 48,328 have recovered, 1,473 are active cases, and 322 have tragically lost their lives. Responsive testing, contact tracing, and treatment across the country have helped to slow down the spread of the disease.

3. On the economic impacts of the pandemic, the situation looks more challenging.

Overall GDP growth is projected to decline sharply to about 1.9 percent this year, compared to the 6.8 percent expected prior to the pandemic. Both the private sector and the public sector have been severely affected.

4. Across the private sector, informal businesses, micro, small and medium enterprises (MSMEs), as well as large businesses are under strain. For example:

- a. In the hospitality sector, occupancy rates are below 5 percent, with many hotels closed.
- b. In the education sector, institutions are mostly closed with incomes of teachers in private educational institutions severely reduced or threatened. In addition, suppliers of food and other items to these institutions are also struggling.
- c. In the manufacturing sector, productivity in factories is down due to mandatory social distancing requirements, which mean only a

fraction of employees can be engaged at any time.

- d. In the agriculture sector there are labour supply problems as both internal movement of farm labour and labour coming in from neighbouring countries have been curtailed. It is also becoming difficult for extension officers to visit farmers due to the fear of the virus. Lastly, agribusiness exporters have been hit with loss of markets, and with some firms throwing away perishable products.
  - e. In the informal sector, which supports the livelihoods of many citizens, many MSMEs are reporting loss of revenues as across the board, aggregate demand has dropped significantly.
5. The Government's public finances are also under severe strain.

Government revenues are down sharply while expenditures have risen significantly resulting in a much larger fiscal deficit than originally programmed for 2020.

- i. Government revenues are projected to fall by GH¢ 13.4 billion (3.5 percent of GDP) compared to what was originally projected for 2020.
- ii. Government expenditures are projected to rise by GH¢ 11.8 billion (3.1 percent of GDP) compared to what was originally projected for 2020.
- iii. Overall, the projected deficit for 2020 has therefore increased to 11.4 percent, compared to the 4.7 percent of GDP originally programmed, and an additional financing gap of GH¢ 25.2 billion has been created.

## Immediate Government Response to COVID-19

6. At the onset of COVID-19 in Ghana, Government responded with a series of bold measures which were broadly grouped under the Coronavirus Alleviation Program (CAP).



Some of these measures were announced by the President during periodic addresses to the nation, while others were announced by the Minister for Finance in his submission to Parliament on Wednesday, 8th April, 2020.

7. Highlights of measures announced under the CAP include:
  - a. GH¢579.5 million for COVID-19 Emergency Preparedness and Response Plan (EPRP);
  - b. GH¢ 200 million relief for provision of water and sanitation for households;
  - c. GH¢ 1,028 million as three-month subsidy for electricity use by households and businesses (100 percent subsidy for lifeline customers; 50 percent for all others);
  - d. GH¢ 54 million for distribution of hot meals and food packages;
  - e. GH¢ 323 million for protection and as incentives for frontline health workers (e.g. PPEs, tax waivers, allowances, transportation, COVID insurance, etc.);
  - f. GH¢600 million Coronavirus Alleviation Programme—Business Support Scheme (CAP-BuSS) for Micro, Small and Medium Enterprises (supplemented by expected GH¢400 million in bank lending);
  - g. Agenda 111 to construct 101 new 100-bed district hospitals, 7 new regional hospitals, Rehabilitation of Effia-Nkwanta Regional Hospital (Takoradi) and 2 new Psychiatric hospitals. In addition, 3 infectious diseases Centres will be built in each of the 3 ecological zones; and
  - h. Other Government response measures include: fumigation of all markets across the country, fumigation of all pre-tertiary schools, provision of hand washing facilities in all basic and secondary schools, provision of PPEs to both teaching and non-teaching staff, training of educational workers on COVID-19 prevention, and development of content for online classes while students are at home.
8. Government’s interventions have brought some relief; but more needs to be done.

For example, we must continue health sector spending. We must also address the threat of

food insecurity – because major imports such as rice and poultry may not be readily available due to disruptions in global supply chains; and local food production may be disrupted due to labor shortages. We also need to address the needs of large-scale businesses and their workers especially in the hospitality, manufacturing, aviation, transportation and private tertiary education sectors. These sectors have been severely impacted by the social distancing, closures, and sharp falls in demand due to the pandemic. Many businesses in these sectors including state-owned enterprises face the threat of job losses and in some cases permanent closure.

## Consultations for the Ghana CARES Obaatanpa Programme

9. In May 2020, the President challenged Ministers to take a hard look at their programmes in light of the COVID-19 pandemic.

He noted that COVID-19 had given us an opportunity to recreate our country; an opportunity to do something meaningful; this is a challenge we must seize. He tasked the Minister for Finance to lead in the development of a comprehensive Government economic programme that addresses immediate economic concerns as well as economic revitalization over the medium term. The response to this task is the **Ghana COVID-19 Alleviation and Revitalization of Enterprise Support Programme (i.e. Ghana CARES) Obaatanpa Programme**

10. To prepare the Ghana CARES Obaatanpa Programme, the Ministry of Finance held extensive consultations with various stakeholders, including:
  - a. An Inter-Ministerial Group headed by Ministers and supported by a Technical Group comprising senior officials from the Ministry of Finance, the Ministry of Trade & Industry, the Ministry of Food and Agriculture, the Ministry of Planning, the Ministry of Environment, Science, Technology and Innovation, as well as the Ghana Investment Promotion Council, and the Council for Scientific and Industrial Research (CSIR).





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## Context

Inputs were also received from the National Information Technology Agency (NITA).

- b. A broad Economic Recovery Committee convened by the Minister for Finance with representation from, among others, the Bank of Ghana, the Trades Union Congress, Ghana Employers Association, the Association of Ghana Industries, the Ghana Chamber of Commerce, private entrepreneurs, scholars and leading professionals.
  - c. Social Partners including the T.U.C. and the Ghana Federation of Labour representing labour; the Ghana Employers Association representing employers; and with the Minister for Finance and Minister for Employment and Labour Relations representing the Government.
  - d. Other Stakeholders such as the Ghana Bankers' Association, Ghanaian professionals in the Diaspora and the Ghana West Africa Private Sector Coronavirus Platform (WAPSCON19) comprising the Private Enterprise Federation, the Ghana Healthcare Foundation, the Noguchi Memorial Institute for Medical Research, the Ghana American Chamber of Commerce, and the Ghana European Business Organization.
  - e. Written submissions received from some faculty members and researchers from universities in Ghana.
11. The outcome of the discussions within Government and consultations with stakeholders is the Ghana COVID-19 Alleviation and Revitalization of Enterprises Support (Ghana CARES) Obaatanpa Programme.
  12. The remainder of this document provides details of each of these sections of the Ghana CARES Programme: Stabilization, Revitalization and Transformation, Financing, and Implementation.



2

# Stabilizing the Economy



## 2 | Stabilizing the Economy

### Objectives

13. The Stabilization component of the CARES Programme is envisaged to last for six months, from July to December 2020. Its goals are continued easing of the hardships on people and stabilization of the economy. It will focus on five areas, namely:
  - a. Temporary reduction in the cost of basic services;
  - b. Ensuring food security;
  - c. Supporting businesses and workers ;
  - d. Strengthening the health system ; ad
  - e. Passing a number of pending legislations to lay the groundwork for economic revitalization.

### Temporary reduction in the cost of basic services

14. In order to further alleviate the hardships on Ghanaians, particularly the poor, Government will extend for an additional 3 months free water supply for all, and for an additional 6 months, free electricity supply for those on the lifeline tariff. In addition, we will reduce the Communications Service Tax (CST) from 9% to 5% so as to reduce the cost of communication services to the consumer as a lot more people work remotely and utilize online services. We will count on the telecommunications companies to match this reduction in the CST by reducing their tariffs. This is important for our youth, entrepreneurs and the burgeoning fintech industry.

### Ensuring Food Security

15. For the next six months, Government has instituted measures to ensure food security in the wake of the COVID-19 pandemic. These measures include a mix of direct and indirect interventions, and involve working in tandem with the private sector as follows:



16. Expand support to 1.5 million farmers under the Planting for Food and Jobs Programme (PFJ). Government is increasing the number of beneficiary farmers accessing fertilizer and seeds from 1.2 million in 2019 to 1.5 million in 2020 and increasing access to agricultural extension workers. This will increase production of rice, maize, sorghum, cowpea, cassava, soya and vegetables.
17. Support farmers through the Rearing for Food and Jobs Programme. Government, through the Rearing for Food and Jobs programme, will support the production of chicken (broilers and layers) and guinea fowls. Over 5,000 MT of chicken are expected to be produced by the end of the year. Furthermore, the Agricultural Development Bank (ADB), working with Government, has developed a poultry value chain financing model which is currently being piloted, and is expected to produce approximately 7,500 MT of chicken annually.
18. Arrange financing facilities for rice millers and poultry farmers. MOFA has developed a rice value chain financing model and is currently working with a number of financial institutions to provide capex and working capital to private milling companies located in production areas to procure paddy rice. Government is making similar arrangements for soybean production to support poultry farmers.

19. Provide financial support for the National Food Buffer Stock Company and the Ghana Commodity Exchange to increase food stock levels. The National Food Buffer Stock Company will be funded to procure and stock two-month cover of maize, rice and gari. These would be released in the event of shortages and price increases to help in particular vulnerable members of the society. In addition, the Ghana Commodity Exchange will also be funded to strengthen its operations.
20. Establish a National Food Security Committee. Government, through the Ministry of Food and Agriculture (MOFA) as lead agency, is establishing a Food Security Monitoring and Coordinating Committee to effectively monitor and report on food prices, supply and distribution systems in order to enable Government to take timely action when warranted. Members of the Committee include representatives of MOFA, Ministry of Local Government and Rural Development, Ministry of Finance, Market Queens, Food Haulers, National Food Buffer Stock Company, and Ghana Commodity Exchange. The Committee will work closely with the Statistics, Research and Information Directorate (SRID) of MOFA, which has monitored weekly prices of 20 key commodities nationwide since the onset of COVID-19. This serves as an early warning system to trigger market interventions through the release of stocks in the event of sharp upward trending of prices.



(permanently) lost in the second half of the year unless urgent action is taken.

22. To this end, the Ghana CARES Obaatanpa programme aims to provide some relief to businesses and workers as follows:

Clear outstanding payments and promptly settle current obligations falling due: Government will settle GH¢ 1,150 million of outstanding payments of MDAs and GH¢ 1,502 million of outstanding claims to the Statutory Funds (which include DACF and NHIS) to enable them pay their suppliers and contractors. In addition, Government will also ensure prompt payments of current obligations. These actions will increase liquidity in the economy and ease the difficulties that businesses are facing.

Expand local content in procurement: Government has been encouraged by the effective and quick supply response of our pharmaceutical, textile and garments industries during the pandemic. Government will continue with procurement from these sectors and look for opportunities to expand local content in its procurement as far as practicable. Government is developing a Policy Paper to direct the implementation of this objective.

Increase the allocation for the CAP-BuSS Programme to benefit more MSMEs, and also to cover the creative arts industry, media, and private universities. Establish a Guarantee Fund of GH¢ 2 billion to enable large businesses to borrow from banks at lower interest rates and for longer tenors. This will help these businesses to adjust to the challenges of COVID-19 and be in a better position to sustain employment. It will also support businesses in sectors where

## Support Businesses and Workers

21. From discussions with trade unions, employers, and entrepreneurs, many businesses are facing severe cash-flow difficulties as demand for their products and services have plummeted. As a result, several businesses have been unable to meet payroll commitments to workers. Many of the affected businesses have sent their workers home, and those that have kept their workers are struggling to pay them. Many businesses are also unable to repay loans owed to financial institutions further creating risks for the financial sector in the form a surge in number of non-performing loans. Many jobs are likely to be

COVID-19 has revealed opportunities (e.g. food import-substitution, pharmaceuticals, textiles and garments, etc) to take advantage to expand production, increase exports, and create jobs. The Guarantee Fund will complement the CAP-BuSS Fund, which has already been established to help MSMEs.

Ensure availability of bank credit to businesses. Since the crisis started, the Bank of Ghana (BOG) has announced a number of measures that together create room for around GH¢ 5 billion in additional lending by the financial sector. The BOG measures include: reduction in the primary reserve requirement by 2 percentage points; halving of the Capital Conservation Buffer from 3 to 1.5 percent; and reduction in the provisioning requirement in the “Other Loans Especially Mentioned” (OLEM) category. In response to BOG’s measures, banks have provided about GH¢ 7 billion of support to borrowers (between March and June 2020), via loan restructurings, interest rate reductions, moratorium on debt repayments, increased draw down of existing facilities, and granting of new facilities. The leaders of the banking institutions have assured Government that they stand ready to continue working with borrowers to provide additional help in the second half of the year (between July and December 2020) as warranted.

Establish a Seed-Fund for a Retraining Programme to help workers who are laid off to either upgrade their skills or acquire new skills to improve their chances of finding new employment. Government will design and implement the programme in collaboration with Social Partners (i.e. labour and employers) and also faith-based organizations (FBO) who are active in the provision of skills in the country.

Establish a national Unemployment Insurance Scheme for workers. Government, under the leadership of the Ministry of Employment and Labour Relations (MELR) will work with the Social Partners (labour and employers) to establish a National Unemployment Insurance Scheme. Work on the design and necessary legislation will start immediately. The scheme

will provide temporary income support to workers that are laid off and also provide them access to retraining programmes to help them take advantage of employment opportunities in new fields. The scheme will not only enable us to help our compatriots who lose their jobs because of COVID, it will become an important pillar of resilience in our labour market going forward.

## Strengthening the Health System

23. Government will implement the Emergency Health Preparedness and Response Plan Phase II to help strengthen our national medical response to the pandemic, building on the results achieved under Phase I.



24. Government will commence implementation of Agenda 111. Government is determined that health care will be within easy and affordable reach of every Ghanaian. To this end, in addition to the efforts we have already made to revive the National Health Insurance Scheme, Government will ensure that each district in the nation has a state-of-the art district hospital. Government is therefore launching a programme to construct 101 new 100-bed district hospitals, 7 new regional hospitals, Rehabilitation of Effia-Nkwanta regional hospital (Takoradi) and 2 new psychiatric hospitals in addition, 3 infectious diseases Centres in each of the 3 ecological zones. The importance of pursuing this goal has been reinforced by the lessons from COVID-19 from around the world.





## Passing Urgent Legislation to Lay the Groundwork for Financing Revitalization and Transformation

25. To provide the legal framework for raising additional financial resources and for implementing some of the programmes necessary for the revitalization and transformation phase of the Ghana CARES programme, Government will work with Parliament to urgently pass a number of key legislations in 2020, namely:

a. Development Finance Institutions (DFI) Bill – to enable licensing of the national development

bank;

b. Ghana Investment Promotion Centre (GIPC) Bill – to provide a framework for significant increase in FDI;

c. Public Private Partnerships (PPP) Bill – to provide a more enabling framework for increased PPP investments, particularly for

d. Tax Exemptions Bill – to reduce losses in customs and external VAT collections;

e. ENTERPRISE GHANA Bill – to consolidate and strengthen government programmes which provide business development support for SMEs; and

f. Home Ownership Financing – to support growth of the domestic mortgage finance market



3

# Revitalization and Transformation



## 3 | Revitalization and transformation

### Objectives

26. The Revitalization and Transformation part of Ghana CARES Obaatanpa has two goals.

A first goal is to turbocharge productive sectors of the economy via competitive import substitution, export promotion, economic diversification, and leveraging of digitization. Success on this goal will further improve food security, accelerate industrialization, create jobs, strengthen our foreign exchange reserves, and stabilize the exchange rate.

A second goal is to optimize the implementation of Government's current growth and transformation flagships – such as the One District, One Factory, Planting for Food & Jobs, etc. – for greater results, value-for-money, and financial sustainability.

The CARES programme is therefore Ghana Beyond Aid in Action over the three-year period, 2021-2023.

### Ghana CARES and Jobs

27. CARES will create jobs and in particular help us address our youth unemployment problem. Over the past decade, an average of about 220,000 youth have graduated from our secondary and tertiary institutions and entered the job market each year. However, less than 10 percent find jobs in the formal sector to which their training has led them to aspire. With increased access made possible by the Free SHS programme, in the future even more secondary and tertiary level graduates will be entering the job market each year. These graduates are an enormous asset for our economic transformation and national prosperity if we provide them with productive employment opportunities. But they pose a serious challenge to social and political stability if we fail to do so.

28. We will address this challenge head on. We will make the necessary public investments and also strongly support the private sector to drive economic growth and create productive jobs so we can reap our demographic dividend.

29. A key focus of the Ghana CARES Programme is therefore to support the private sector to become a powerful engine for job creation in Ghana. By stimulating the economy, supporting Ghanaian industrialists, enterprises, and entrepreneurs, and through aggressive pursuit of FDI, Ghana CARES will frontally confront the jobs challenge.

30. We are targeting the creation of 420,000 productive and decent employment in the formal sector from 2021 to 2023—an average of 140,000 new formal sector jobs each year. Over 85 percent of the jobs or around 360,000 are projected to be in the private sector, and we expect about 60 percent of these jobs to go to women. We anticipate that, by 2023, about a third of secondary school (including TVET) and university graduates who enter the job market will be able to find decent jobs in the formal sector, instead of the situation today where less than 10 percent are able to find such jobs.

31. Most of the formal sector employment expansion will be in manufacturing, construction, and modern services including digital economy (e.g. fintech, tech start-ups, business process outsourcing, etc.). We also aim to attract and facilitate the entry of at least 3,000 educated youth into commercial agriculture over the three-year period from 2021 to 2023. With each commercial farmer projected to employ about 5 full-time workers, this will translate into additional 15,000 jobs. In addition, we project that each commercial farmer will also engage around 10 out-growers thereby raising the incomes of 30,000 smallholders. And, of course through the Planting for Food and Jobs and Rearing for Food and Jobs programmes, the incomes and livelihoods of at least 2 million smallholders will be improved each year.

32. Government will ensure that job creation and other benefits of CARES are inclusive. In particular, Government will emphasize support to women-owned businesses and access to employment by women.





## Areas of Focus

33. Areas of focus for the revitalization and transformation programme include:
  - a. Supporting commercial farming and attracting educated youth into agriculture;
  - b. Building Ghana's light manufacturing targeting agro-processing and food import-substitution
  - c. (specifically, rice, poultry, cassava, sugar and tomatoes), pharmaceuticals, and textiles & garments sector;
  - d. Developing the machine tools industry;
  - e. Developing the ICT/digital economy;
  - f. Developing the Housing and Construction industry;
  - g. Promoting Ghana as a Regional Hub – for financial services, for manufacturing, and for ports and logistics; and
  - h. Optimizing Government's flagships and programmes for greater results, value-for-money, and financial sustainability.

## Supporting commercial Farming and Attracting Educated Youth into Agriculture

34. The PFJ/RFJ programmes, linked with the 1D1F programme provide a good foundation for agro-processing. The former help ensure food supplies at scale and the latter facilitates the establishment of processing factories. In fact, to date the majority of investments financed under 1D1F has been in agro-processing. Going forward, Government will build on this foundation by:
  - a. Implementing a programme to support commercial farming, including support to the educated youth to become commercial farmers.
  - b. Rehabilitating and modernizing irrigation facilities to support commercial agriculture under the Ghana Commercial Agriculture Project (GCAP).
  - c. Reforming the fertiliser subsidy program to improve distribution to minimise smuggling to neighbouring countries and carrying out robust



testing of fertilisers to ensure value for money, and optimal yields.

- d. Creating a Ghana Land Information Bank (GhLIB) to provide a reliable and easily accessible land-based information platform to improve access to land. The platform will help landowners and community members to make their lands visible for potential investors/stake holders. This will facilitate access to land for commercial farming.

## Building Ghana's Light Manufacturing Industry

### Agro-processing and food import substitution (rice, poultry, cassava, sugar, tomatoes)

35. Taken together, Ghana spends about US\$2 billion each year on food imports – about the same as we earn on cocoa exports. About US\$1 billion of this amount is spent on importing rice, poultry, wheat, sugar, and related products. Yet, these are staples which could be produced in



Ghana, or for which substitutes could be found locally. Building on the Planting for Food and Jobs (PFJ) and Rearing for Food and Jobs (RFJ) programmes, the CARES Programme will aim to support local businesses to improve our competitiveness in producing and processing these products and thus reduce our dependence on imports.

36. **Rice.** Ghana currently imports over 700,000 MT tons of rice at an estimated cost of US\$ 400 million, representing about 60% of rice consumption in country. Growing urbanization and consumption changes are fueling increased demand for long-grain rice. The CARES Programme aims for Ghana to become self-sufficient in rice by 2023. The private sector has already invested in rice mills (in the Northern and Volta Regions) that can process paddy rice and compete with imported rice. In the short-term, government is facilitating access to finance for private millers and improving access to quality paddy rice under the Planting for Food & Jobs (PFJ) Programme. In the medium-term, Government will continue to support farmers to increase production and to link them to rice millers. In addition, we are identifying potential investors under a PPP model to invest in specialized rice silos in production areas in order to maintain the quality of paddy rice in storage.
37. **Poultry.** Ghana imports over US\$100 million of poultry products a year. The major challenges faced by the domestic poultry industry include: the high cost of feed, access to day-old chicks and chemicals, lack of processing facilities and inefficiencies across the value chain. Currently, a technical team has been constituted to address the structural issues with poultry production in the country, especially with regards to high cost of poultry feed. In addition, a new financing model for the poultry value chain has been developed by ADB and adopted by Government to enable greater efficiencies across the value chain.
38. **Cassava.** In 2019, Ghana imported US\$178 million of wheat. This can be reduced with partial substitution (20%) of wheat flour with High Quality Cassava Flour (HQCF) to produce composite flour. This will reduce the dependency on wheat imports and increase livelihoods of local farmers who produce cassava. The 20% cassava-substitution policy will save the country a minimum of US\$ 35 million annually and create about 20,000 direct jobs in rural areas. In addition, cassava can be processed into several industrial products such as ethanol and starch for the pharmaceutical and brewery industries with an annual value of over US\$50 million. Government is currently working on the policy and appropriate legislation for composite flour.
39. **Sugar.** Ghana currently imports all of its refined sugar needs, costing about US\$160 million in 2019. Annual consumption is projected to rise from 250,000 MT in 2019 to 550,000 MT by 2030. Yet, Ghana has the potential, given its suitable climate and availability of land and water, to produce sugarcane. Government will support the private sector to establish and operate sugar plantations and factories to ensure self-sufficiency in sugar by 2030. To this end, we have adopted a policy framework for creating a conducive environment for a vibrant and viable sugar industry. Government has also finalized an agreement with a private sector entity to manage and operationalize the Komenda Sugar Factory Limited, and a private sector sugar project in the Northern Region is also under consideration.
40. **Tomatoes.** Ghana is a net importer of both fresh and processed tomatoes when as a country, we can be a competitive producer, processor and exporter. We currently import about US\$140 million fresh and processed tomato-related products. Ghana has a number of processing facilities which were previously state-owned and which have been divested. Unfortunately, they have not been active for a long period due to a myriad of challenges. Government has prioritized the tomato value chain and is engaging management of existing facilities and investors who have expressed interest in developing new production and processing facilities such as a 200-acre private tomato farm in Akomodan, which would provide feedstock to the Techiman tomato factory.



## Pharmaceuticals

41. Ghana's pharmaceutical industry comprises about 40 manufacturers, with only about 20 being active. Out of about 3,000 drugs registered by Ghana's Food and Drugs Board (FDB), less than a third are produced locally. COVID-19 has exposed the vulnerability of the country to shortages of essential drugs in case of disruptions in global supply chains. On the other hand, the response of local companies in ramping up supplies of hand-sanitizers and other pharmaceuticals demonstrates that there is a national potential that we can build on.



42. The industry has identified several challenges, such as: access to finance, high water and electricity costs, delayed NHIA payments, and lack of skilled personnel. As already noted, Government is not only clearing its outstanding payments to domestic suppliers, it will also ensure that henceforth payments on its current obligations are made on a timely basis. As we show below under "Enablers", Government has in place strong programmes to address the other difficulties facing the pharmaceutical industry. Beyond this, Government (through the Ministry of Health) will expand its domestic procurement of pharmaceuticals and also work with the industry to facilitate domestic production of Active Pharmaceutical Ingredients (API), which is required for the manufacture of all drugs and which is currently all imported.

## Textile & Garments

43. Ghana's textiles and garments industry has the potential to create decent manufacturing jobs. However, underinvestment in capital

machinery, smuggling and influx of cheap imported products have posed challenges for the industry. At present, the industry comprises 4 large textile mills (GTP, ATL, Printex and Volta Star Textiles) which produce fabric; and several garment manufacturers. Ghana has strong comparative advantage to grow a local textile and garments sector, such as: proximity to the US and European export markets, an educated labour force, relatively low wages, and an abundance of raw cotton in the West Africa region.

44. Today, the textiles and garments sector in Ghana employs only about 7,500 workers and generates approximately US\$50 million in total exports. However, in Asia, many countries have harnessed their textile and garment sectors significantly. For example, in Bangladesh, the sector accounts for US\$5 billion in annual exports, and supports nearly 4 million jobs. The Ministry of Trade and Industry (MOTI) has set a target of generating US\$1 billion in total exports and creating at least 200,000 jobs in the sector over the next 10 years. Under the Ghana CARES Obaatanpa Programme (2021-2023), we aspire to generate US\$200 million in exports and create 50,000 jobs in textiles and garments.
45. Following the COVID-19 pandemic, the local garment sector has been harnessed to provide fabric face masks, medical scrubs and other apparel needed by frontline workers. The Ghana CARES programme will provide additional support for the industry, specifically to upgrade machinery and training of workers.





## Technology and Digital Economy (Machine Tools, ICT/Fintech/BPO)

46. The fundamental difference between a developed and a developing country is technological capability. We cannot hope to transform into a developed country if every piece of machinery and equipment has to be imported. Therefore, as we develop our agro-industry sector we must also develop our capability to produce farm implements and food processing machinery. We should also be able to produce automobile spare-parts and develop sub-contracting capability to service the budding automobile assembly industry in the country.



47. We will start with agricultural equipment. Government under the leadership the Ministry of Environment, Science, Technology and Innovation (MESTI) and its agencies (e.g. the Council for Scientific and Industrial Research—CSIR) and also the GRATIS Foundation (under the Ministry of Trade and Industry) and the Ministry of Food and Agriculture (MOFA) will therefore contract the private sector to manufacture various tools, some of which have been successfully prototyped by CSIR and GRATIS.

48. In addition, Government will ensure the completion and operationalization of the foundry being developed under MESTI, and which is to be operated on a public-private partnership basis. The foundry will provide the foundation for local fabrication of machinery and spare parts. The medium-term goal is to

build on this effort to strengthen our national capability in engineering and machine tools by creating an applied research and development institution along the lines of the Korean Institute of Science and Technology (KIST) or the Industrial Technology Research Institute (ITRI) in the Hsinchu Science and Technology Park in Taiwan—two institutions that have been critical in driving those countries’ global competitiveness in engineering and digital technologies.

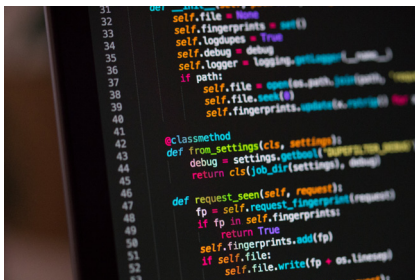
49. Government will support entrepreneurs in ICT/digital economy businesses such as tech start-ups, fintechs, developers of apps for agriculture, Business Process Outsourcing (BPOs), etc. To this end, Government will work with the private sector to develop and operate technology hubs in each region, in order to make it easier for young Ghanaian tech entrepreneurs to start up and build their businesses.

## Fast Tracking Digitization

50. COVID-19 has revealed the importance of building efficient and robust digital platforms to support businesses and the delivery of government services. Government has worked over the past 3 years to build important national digital platforms, and we will accelerate their full deployment in light of COVID. Government will also introduce new platforms. In particular, Government will:

- a. Expedite implementation of Government digital initiatives such as the National ID, digital address systems, land records digitization, Ghana. Gov etc. and consolidate them for synergistic improvements in economic productivity and service delivery;
- b. Introduce initiatives to digitize fiscal revenue collection, to support a cashless society, online education delivery, etc.;
- c. Invest, consolidate, strengthen and expand the national fiber network backbone in order to expand and improve internet connectivity;
- d. Promote increased digital literacy; and
- e. Support Ghanaian technology entrepreneurs to build tech hubs and to export IT-enabled services such as business process outsourcing (BPO), etc.





51. Working with the private tech sector and other stakeholders, Government will develop a comprehensive National Digital Economy Policy and Strategy by end-2020. This will guide our efforts to position Ghana as an important player in the global digital economy sector and will also prepare our workforce for the “Fourth Industrial Revolution”.

## Housing and Construction

52. A vibrant housing industry can help us address the serious housing deficit in the country, particularly in our cities, and also create jobs – for masons, carpenters, electricians, plumbers, gardeners, food vendors etc. As part of the hospital construction programme under the Agenda 111, Government will help Ghanaian building construction companies strengthen their capacity, which can then be deployed to building houses.

Government will complement this by strengthening and expanding the housing mortgage and construction finance programme started this year with some domestic banks, and also by introducing a programme to facilitate access to land by housing estate developers. Passage of the Home Ownership Financing Bill will be one of the pillars in driving the housing agenda.

## Ghana as a Regional Hub

53. The global economic landscape post-COVID will be different and Ghana must move quickly to take advantage. Ghana has a number of positive attributes it can and must leverage quickly to become a regional commercial and financial hub and a gateway into Africa in the post-COVID world. For example, we are a stable

and peaceful democracy with considerable international good will; a country of laws with a free judicial system; English-speaking; a country with a relatively well-educated labour force, compared to our neighbours; and we are situated in a good geographical location and time zone with respect to European and U.S. firms accessing Africa. Added to this is the choice of Ghana to host the Secretariat of the AfCFTA. In addition, prior to the COVID-19 pandemic, Ghana had 70 flights daily connecting Accra to major cities across Europe, America and Asia as well as regional and domestic flights.

54. **Ghana as a financial hub:** Ghana’s International Financial Services Center (IFSC) initiative presents many potential benefits to the economy and the region at large. Geographically positioned between the capital cities of the largest economies in West Africa (Lagos and Abidjan), we are the prime locale for the establishment of a financial hub for the West African markets. Being a financial hub provides a conduit for foreign direct investments into Ghana and also grants easy access to capital at low cost.

55. In order to make this vision a reality, Government has partnered with the African Legal Support Facility (ALSF) to present an advisory report to support Ghana’s regulatory foundation for an IFSC. Government is also in negotiations with the African Development Bank to sponsor the preliminary phase of the IFSC project.

56. **Ghana as a manufacturing hub:** This will be built mainly around attracting FDI into manufacturing and agribusiness. Our target is FDI inflows of US\$3 billion every year from 2021 to 2023, with the bulk of it targeting manufacturing and agribusiness sectors. Vigorous implementation of our business regulatory reforms (BRR) programme and



the capacity strengthening of the GIPC and Free-Zones Board will help in this regard. As additional measures towards our objective, the Ghana Investment Promotion Centre (GIPC) Bill is being amended to align it with international best practice. We have so far attracted investments and commercial interest from global automotive companies, including Toyota, Volkswagen, Nissan, Renault, Hyundai, Sinotruck, and Suzuki. The Volkswagen plant became operational in the first half of 2020, and by end-2021 we expect the assembly plants of Toyota, Nissan and Suzuki to be also operational.

57. In view of our focus on employment creation, our FDI promotion efforts will especially target Component Assembly. In addition to automobile assembly, this will include, for example, electronics and household appliances such as fans, air-conditioners, refrigerators, etc. which are very labour-intensive. Furthermore, our goal in attracting FDI factories is not only to produce for the Ghanaian market, but also to produce at scale for exports, in particular taking advantage of AfCFTA, so as to increase foreign exchange as well as employment.
58. **Ghana as a port and logistics hub:** Working with the private sector, Government will develop a port and logistics hub around the Tema Port. The hub would comprise a logistics park with transportation links to landlocked neighbours such as Burkina Faso, Niger and Mali. The zone-port interaction would also permit warehousing, cargo handling and transport linkages directly with the Tema Port.

## Growth-Promoting Government Flagships and Key Programmes

59. Review and optimise implementation of Government's flagships and key programmes to accelerate results.
  - a. Existing programmes that are primarily financed from the Budget (such as 1D1F, PFJ/RFJ, Free SHS, water and sanitation programmes, etc.) will be reviewed and further optimized for greater results, value-for-money, and fiscal sustainability.
  - b. For the execution of selected major infrastructure projects, Government will pursue public-private partnerships (PPPs) or concession arrangements, and it will task GIIF to lead implementation on behalf of the Government.
  - c. In heavy industry and resource-based industrial projects (e.g. aluminium, iron and steel, petrochemicals etc.), Government will actively pursue joint ventures and concessions with proven international operators who will provide needed technology and skills transfer as well as managerial expertise and easier access to global supply chains.



4

# Enablers of Transformation





## 4 | Enablers of transformation

60. The main enablers to be urgently tackled are:

- a. Improving access to finance;
- b. Improving the business environment for all businesses;
- c. Supporting SMEs;
- d. Investing in skills for jobs; and
- e. Completing energy sector reforms.

### Access to Finance

61. Access to finance on affordable terms is a major challenge faced by Ghanaian businesses. This is particularly so for those in the productive sectors requiring medium- to long-term finance. Over the past 3 years, the Bank of Ghana has taken decisive measures that have resulted in a stronger financial sector with institutions that are better capitalized and better positioned to lend to businesses. However, more needs to be done if we are to deliver on the goals of the Ghana CARES Programme. As such, we will tackle challenges as follows:

- a. Consolidate Bank of Ghana's recent reforms to build a robust financial sector that supports businesses.
- b. Launch Development Bank, Ghana (DBG) by end-2020. With a planned capitalization by Government of US\$250 million, DBG will be a wholesale bank that will provide lines of credit to qualifying financial institutions (PFIs) to lend to their clients, particularly SMEs, with the banks bearing the credit risk. DBG funds will be long-term (up to 15 years) and will be priced at reasonable rates to support Ghanaian businesses, particularly in agro-industry, manufacturing and modern services, including ICT/digital economy etc. DBG will therefore be complementing and supporting existing banks and other financial institutions (PFIs) with long-term funds, rather than competing with them. International institutions that have indicated

interest in providing long-term finance to DBG include: World Bank, the European Investment Bank, KfW of Germany, AFD of France, and the AfDB, with the first three well advanced in preparing their support projects which are expected to be ready by end-2020 or early 2021. The plan is to set up and run DBG in such a way that within a few years, it will obtain a strong international credit rating, and thus raise funds on local and international capital markets based on its own balance sheet and reputation of independence and professional excellence. So, in the medium-term, DBG will not be dependent on Government funding.

- c. Strengthen the Venture Capital Trust Fund with an additional US\$45 million capital injection from the World Bank-supported Ghana Economic Transformation Project (GETP).
- d. Expand the operations of the Ghana Commodity Exchange, particularly regarding warehouse receipts, which will facilitate access to liquidity by commodity sellers.
- e. Strengthen and expand the operations of GIRSAL and EXIM





## Improving the Business Environment and Supporting SMEs

62. Government aims to make Ghana a very attractive place for doing business and, in particular, the number-one destination for foreign businesses locating in Africa. This will also enable us to leverage our privileged position as hosts of the secretariat of the Africa Continental Free Trade Area (AfCFTA). As part of Ghana CARES, we will aim to raise Ghana's "Doing Business" global ranking from 118 in 2019 to be in top-100 by 2023; to be among the top-5 in Africa; and the number 1 in ECOWAS. The Ghana Economic Transformation Project (GETP), supported by the World Bank with a US\$200 million credit, as well as joint programmes with other partners such as U.K. (DfID), contain specific interventions for pursuing our objectives. These include:
- Accelerating business regulatory reforms (BRR) led by the Ministry for Trade and Industry (MOTI) and also including digitization of operations at the Registrar General Department, and of licensing processes at the GIPC, Ghana Free Zones Authority, Ghana Standards Authority, etc.
  - Rationalizing the several government institutions and programmes that support SMEs under a single strong umbrella institution (i.e. NBSSI) to be called ENTERPRISE GHANA. The Bill pursuant to this will be presented to Parliament in 2020.
  - Building domestic regional industrial parks linked to our technical universities.
  - Implementing institutional reforms and capacity strengthening at the GIPC and GFZA.



## Skills for Jobs

63. As we push forward with our industrialization and upgrading of our manufacturing sector, we need to complement our efforts in our formal educational systems with a strong focus on upgrading the skills of our workers. We also need to provide access to re-training programmes for workers that lose their jobs, particularly due to COVID-19. We will focus on technical and vocational skills – especially for our priority sectors (light manufacturing, housing and construction, digital economy, food technology, and commercial farming). We will also ensure greater collaboration between our technical universities and industry associations (e.g. AGI, Ghana Employers Association) on the relevant skills needed by the private sector. Government will finance the skills agenda using a new US\$200 million Ghana Jobs and Skills Project (GJSP) from the World Bank and also support from other partners such as Germany (on TVET). We will also establish a National Unemployment Insurance Scheme to provide temporary income support to workers who lose their jobs and facilitate their access to re-training and skill upgrading programmes



## Energy Sector Reforms

- 64 The energy sector is fundamental to revitalizing the economy, creating jobs, and bringing prosperity to Ghanaians. So, we have prioritized the recovery of the sector. Historically, a fragmented and uncoordinated approach across Government ministries, departments and agencies ("MDAs") in procuring generating capacity, without fully taking into account



planned but uninstalled capacity, has led to an excessive financial burden in the energy sector.

65. At the end of 2019, power sector arrears due to both state-owned entities (“SOEs”) and independent power producers (“IPPs”) were estimated at GH¢ 5.78 billion (approximately US\$ 1.03 billion), which include payments for both consumed and excess capacity. Although some actions have been taken in the initial phase of Government’s Energy Sector Recovery Programme (“ESRP”) that have reduced the estimated energy sector financial shortfall to some extent, if no further actions are taken, energy sector financial shortfalls could grow to more than US\$8 billion by 2023. In addition, Ghana’s cost of electricity to businesses is estimated to be the second highest in the region. Our industrialization and growth aspirations will be very difficult to realize if we do not take action to reduce costs in the electricity sector and thus attain reasonable pricing for businesses.
66. Government will take urgent action to implement key energy sector reforms to enhance Ghana’s reputation as an attractive investment destination for private investors. We will pursue a focused, disciplined and coordinated approach to resolve the substantial challenges in the energy sector by diligently implementing the ESRP. Government has already been working on rationalizing commercial agreements in the energy sector with a view to overcoming the unsustainable excess supply situation that continues to pose a grave risk to the country’s fiscal health.
- 67 Government will also implement the following, in line with the ESRP, in order to establish a robust and sustainable energy sector sufficiently equipped to meet the current and future needs of households and the economy:

- a. Establish effective and efficient governance and coordination between all relevant MDAs to implement energy sector reforms;
- b. Improve financial and operational transparency and accountability and strengthen sector governance and technical capacity;
- c. Implement the Cash Waterfall Mechanism and fund the annual sector shortfall through a “Delta Fund” to prevent further accumulation of arrears;
- d. Rationalize commercial agreements with IPPs and gas suppliers (“GSs”) to establish a managed transition towards a balanced energy sector;
- e. Create a standardized, sustainable framework for energy sector contracting with transparent and competitive procurement procedures;
- f. Enhance the operational, technical, commercial and financial competency of the Electricity Company of Ghana (“ECG”); Shift the energy mix to gas and renewables; and Increase power exports.



5

# Financing



# 5 | Financing

## Objectives

68. We are targeting around GH¢100 billion of spending and investment inflows from 2021 to 2023 to finance the priority initiatives and programmes under Ghana CARES Obaatanpa. The bulk of this—at least GH¢ 70 billion – is expected to come from the private sector, both domestic and external. Government will therefore be proactive in making Ghana an attractive place for private investments. Furthermore, Government will also do its part in financing CARES. We will, therefore implement radical reforms to increase public revenues and to increase the efficiency of public expenditure management.

## Current Realities

69. Ghana's public finances will be constrained over the next 3 years. There is a high projected 2020 fiscal deficit, due to COVID-19. Revenue projections are down sharply. At the same time, public expenditures are up sharply, forced by the need for a timely response to COVID-19. From the 4.7 percent of GDP projected in the 2020 budget, the actual budget deficit is estimated to be 11.4 percent of GDP. The pressures created by COVID-19 are likely to remain in 2021 and 2022.

70. Domestic and external financing were mobilized at the onset of COVID, but these funds are unlikely to meet the financing gap in 2020 created by COVID-19. The funds secured to date include a draw-down from the Stabilization Fund (GH¢ 1,204 million), IMF Rapid Credit Facility (GH¢ 5,776 million) and Africa Development Bank (GH¢ 429 million). In addition, the Bank of Ghana has extended a GH¢ 10 billion facility to Government, of which the first tranche of GH¢ 5.5 billion has been drawn. Financing the increased deficit will result in a sharp rise in the debt-to-GDP ratio.

72. As a result, we face harsh realities that we must confront as a nation:

- a. The need for a serious fiscal consolidation in order to return as soon as possible to a fiscal deficit not exceeding 5% of GDP as required by law (i.e. Fiscal Rule). This means there will be limited fiscal space for new discretionary major expenditures and flagships;
  - b. The need to bring the debt-to-GDP ratio back down in a reasonably quick time to around 60% in order to maintain access to capital markets at affordable terms; and
  - c. Consequently, the limited room for net borrowing for the budget and very limited scope for Government to provide guarantees or to cover the debts of State-Owned Enterprises (SOEs), particularly those in the energy sector.
73. Given the limited fiscal space of the Government, how then is the GH¢ 100 billion required by Ghana CARES over FY21-23 to be financed? We anticipate a mix of public and private sector financing sources, with the bulk coming from the private sector as discussed below.

## Public Sector Financing of Ghana CARES

74. Public sector financing is expected to cover GH¢30 billion of Ghana CARES funding. It will be obtained primarily by improving tax revenue collection, narrowing the scope of tax exemptions, creating fiscal space by cleaning up the Budget, tight fiscal discipline, increased efficiency in public investment and procurement, and prioritizing external grant and concessional financing.

- i. Improve tax revenue collections: Ghana's tax-to-GDP ratio of 13% is below the average of our low middle-income peers, which is around 20%. Government will work hard to change this. To this end, Government has agreed with the Ghana Revenue Authority (GRA) on an ambitious programme that aims to raise the tax-to-GDP ratio to 20 percent by 2023, focusing mainly on narrowing the scope of



tax exemptions, base-broadening, and higher efficiency in tax administration rather than tax increases. Elements of the programme include the following:

- ii. Radical narrowing of the coverage of tax exemptions;
- iii. Base-broadening: Widen and deepen existing revenue sources; harness untapped revenue sources; and minimise revenue leakages;
- iv. Improve customs operations and collection;
- v. Improve domestic tax compliance: Increase taxpayer education; make it easier for taxpayers to file and pay; and strengthen enforcement, including investigation, intelligence, and prosecutions;
- vi. Leverage Technology: Automate and digitize processes for an end-to-end integrated tax system; and
- vii. Enhanced administrative efficiency: Develop and build a performance-driven and motivated professional staff.
- h. Property taxes and rates. Government, working with selected metropolitan authorities will start implementation of property taxes in 2021, building on the pilots in 3 districts in the Northern Region (Tamale, Sagnarigu, and Buipe), conducted with the support of Surbana Jurong of Singapore.
- i. Strict commitment control in budget implementation. We will enforce strict commitment control. No expenditures outside the budget approved by Parliament will be allowed, and those that go against this rule will be sanctioned in accordance with the Public Financial Management Act, 2016 (ACT 921).
- j. Introduce a rigorous and transparent public investment system, under which no unsolicited projects will be allowed, and procurement will be made more transparent to ensure value-for-money.
- k. Create fiscal space for growth by cleaning up the Budget. We are re-prioritizing expenditures in the 2020 budget. In 2021, a thorough review of our budget structure will be conducted with the view to dropping “dead/over-aged/no-longer relevant” projects in order to “cut our losses” and free up fiscal space for financing

growth-promoting and transformational investments.

- I. Beyond government revenues, the preferred option for financing economic revitalization and transformation will be private finance that does not increase the public debt stock or contingent liabilities (as discussed below). And consistent with our Ghana Beyond Aid agenda, we will also welcome grants from development partners that finance projects and programmes that are well aligned to our own priorities. For new net Government borrowing, the order of priority will be: long-term external concessional financing; bilateral export credit guarantees (with transparent terms); Green bonds; and as a last resort, commercial borrowing such as Eurobonds, which will be earmarked for identified growth-promoting projects.

## Private Sector Financing of CARES

75. FDI: We are targeting US\$3 billion a year in FDI, of which about half would be in manufacturing and agribusiness projects. To this end, institutional reforms, and capacity strengthening will be made in GIPC and the Free-Zones Board, and they will be given clear targets, which will be monitored.
76. PPPs: With the benefit of the new PPP Law, we will target a minimum of US\$3 billion in PPP investments, mainly in infrastructure, from 2021 to 2023. The Ghana Infrastructure Investment Fund (GIIF) will be mandated to spearhead the effort and lead, on behalf of Government, in executing selected strategic projects.
77. Venture Capital and Private Equity Fund: Government will work with a strategic partner to seed a venture and private equity fund—Ghana Century Fund—to support Ghanaian businesses. The initial target size is US\$500 million – potentially to be denominated in local currency. Government and the strategic partner will each contribute seed capital of about US\$50 million, with additional financing to be raised from sovereign wealth funds, other institutional investors, the Ghanaian diaspora, high-net-worth individuals, etc. This fund will provide medium to long term financing to support SMEs and large businesses which are poised to grow





and generate jobs for Ghanaian youth.

78. Strategic partnerships: Government will forge strategic long-term development relationships with carefully selected partners that either provide investment directly, help raise private investment or provide expertise and share

experience. The targeted partnerships will include: multilateral development finance institutions, bilateral partners, sovereign wealth funds, foundations, and high-net-worth individuals.



6

# Implementation



## 6 | Implementation

### A New Way of Doing Business

79. There are two clear paths ahead of us: a Pre-COVID path (business-as-usual) and a Post-COVID path (the reformed way).
  - a. Pre-COVID path implies business as usual. It will imply a slow recovery, fiscal vulnerability and lack of sufficient progress towards Ghana Beyond Aid. Poverty, unemployment and frustration, particularly among our rising population of educated youth, will grow posing grave threats to our stability as a nation.
  - b. Post-COVID path implies: A commitment to reforms and a new way of doing business, which will accelerate our progress towards prosperity, economic resilience and Ghana Beyond Aid. It will require attitudinal change (as spelt out in the Ghana Beyond Aid Charter) and a focus on disciplined implementation of our plans and programmes.

### Focus on Execution

80. To succeed in delivering the Ghana CARES Programme, we will require a relentless focus on implementation and monitoring of the plans we make. This will be done through a Results Framework with key performance indicators (KPIs). The KPIs will be systematically monitored through regular activity reports as well as annual progress reports, which will be accessible to stakeholders via a common dashboard. In short, execution, execution, and execution – will be the watchwords.
81. Achievement of many of the Ghana CARES Obaatanpa programme results, for example in industrialization, will require that the relevant

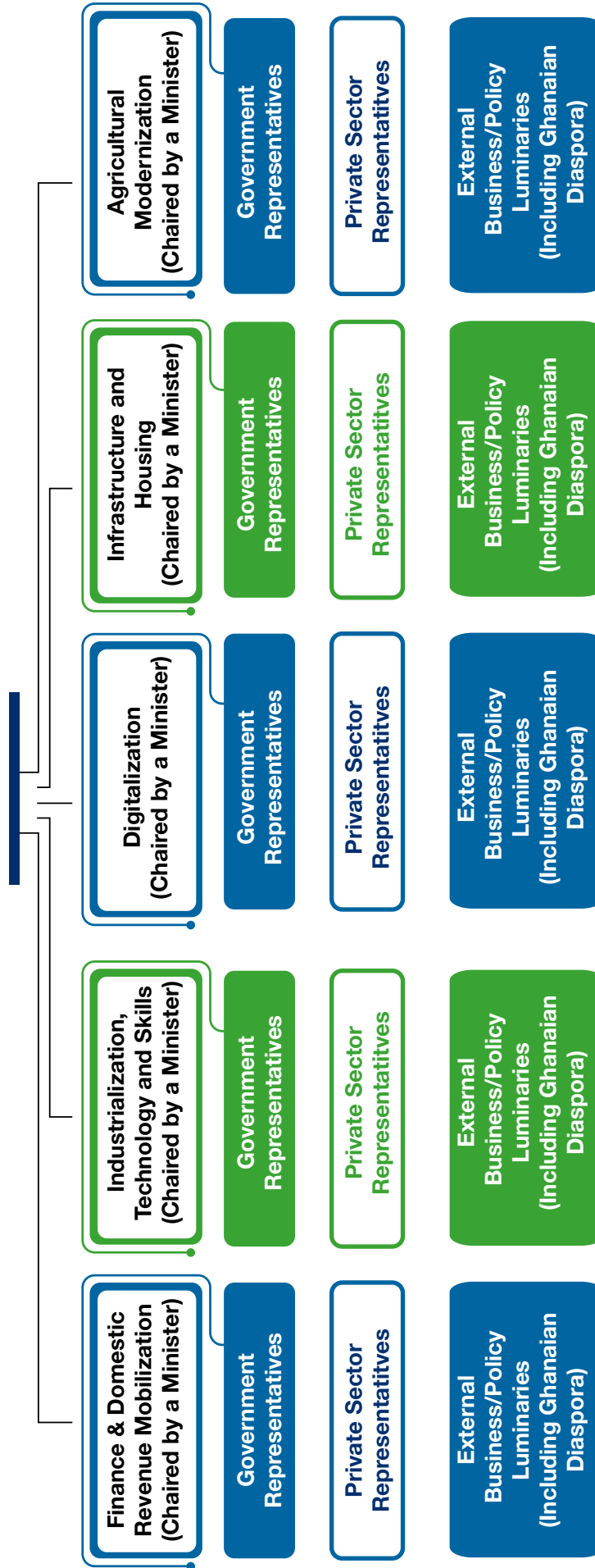
MDAs collaborate with each other and also with the private sector. So, we will implement a ‘Whole-of-Government’ approach. Taking a cue from the transformation experiences of South Korea, and other successful countries (e.g. Singapore and Japan), there will be a strong Implementation Monitoring Council that will meet monthly with His Excellency the President himself chairing. The Council will include Ministers directly responsible for delivery of the Ghana CARES results areas (mainly Ministers on the Cabinet Committees on the Economy and on Infrastructure) and also private sector representatives of the targeted sectors. There will be clear assignment of responsibilities for delivery of specific results, and these will be monitored regularly and discussed at the monthly meeting chaired by the President.

82. Under the Implementation Monitoring Council, there will be “Results Clusters” based on the Ghana CARES Results Framework . Each Result Cluster will comprise Ministers whose mandates cover the results areas, together with the private sector representatives covering the areas. There will be a “Cluster Champion” (a Minister) who will be accountable for overall Cluster results and there will be “Cluster Sub-Champions” who will be responsible for specific results within the Cluster. To benefit from global best practice, international expertise and business networks, Clusters may also have External Associates, who could be current or former CEOs/Board Chairs of major global companies, distinguished thought leaders on economic policy or accomplished Ghanaians in the diaspora.

83. The Results Clusters will be:



## H.E The President (H.E The Vice President)



# Annex





# Phase 1:

## Stabilize the economy (July – December 2020)

<b>a.</b>	<b>Reduction in the cost of basic services</b>
i.	Extend provision of free water for additional 3 months
ii.	Extend free electricity for customers on the lifeline tariff for additional 3 months
iii.	Reduce Communications Service Tax (CST) from 9% to 5%
<b>b.</b>	<b>Ensure food security</b>
i.	Expand support from 1.2 to 1.5 million crop farmers (PFJ)
ii.	Support poultry and other livestock farmers (RFJ)
iii.	Arrange financing facilities for rice millers and commercial poultry farmers
iv.	Financial support for the National Food Buffer Stock Company and the Ghana Commodity Exchange to increase food stock levels
v.	Establish a National Food Security Committee
<b>c.</b>	<b>Support businesses and workers</b>
i.	Ease the liquidity challenges of businesses: clear outstanding payments with businesses and ensure prompt payment of current obligations
ii.	Increase local content in government procurement
iii.	Increase the allocation for the CAP-BuSS Programme also to support the creative arts industry, media, and private universities
iv.	Establish a Guarantee Fund of GH¢ 2 billion to assist large businesses to borrow from banks at lower interest rates and at longer tenor
v.	Ensure credit remains available from the domestic banking sector: Bank of Ghana has introduced measures to create lending headroom for the banks; as a result, banks provided about GH¢ 7 billion of support to borrowers (between March and June 2020), through loan restructurings, interest rate reductions, and granting of new facilities
vi.	Establish a Seed-Fund for a Retraining Programme to help workers who are laid off
vii.	Establish a National Unemployment Insurance Scheme for workers
<b>d.</b>	<b>Strengthen the health system</b>
i.	Launch Emergency Preparedness and Response Plan II
ii.	Commence Agenda 111 to construct 101 new 100-bed district hospitals, 7 new regional hospitals, rehabilitation of Effia-Nkwanta Regional Hospital (Takoradi) and 2 new Psychiatric hospitals. In addition, 3 infectious diseases centres will be built in each of the 3 ecological zones of the country.
<b>e.</b>	<b>Pass legislations to facilitate quick economic recovery, including Bills on:</b>
i.	Tax exemptions
ii.	Public-private partnerships (PPPs)
iii.	Ghana Investment Promotion Centre (GIPC)
iv.	Development Finance Institutions
v.	ENTERPRISE GHANA (to improve SME support)
vi.	Home Ownership Financing



## Phase 2:

### Revitalize and Transform the economy (2021 - 2023)

#### Areas of Focus

a.	Support commercial farming and attract educated youth into agriculture
b.	Build Ghana's light manufacturing sector targeting agro-processing and food import-substitution (specifically, in rice, poultry, cassava, sugar and tomatoes), pharmaceuticals, and textiles & garments
c.	Technology: Develop engineering/machine tools and ICT/digital economy industries
d.	Fast track digitization: Expedite implementation of Government digital initiatives; digitize fiscal revenue collection; expand the fiber network backbone; and increase digital literacy and online education
e.	Develop Ghana's housing and construction industry, by leveraging the construction of hospitals under Agenda 111
f.	Establish Ghana as a regional hub for Finance, Manufacturing, Ports and Logistics leveraging the Africa Continental Free Trade Area (AfCFTA)
g.	Review and optimize implementation of Government flagships and key programmes for greater results, value-for-money, and fiscal sustainability
<b>Strengthen the enablers of growth and transformation</b>	
a.	Development Bank, Ghana to provide long-term finance at lower rates
b.	Business and Regulatory Reforms (BRR)
c.	Digitization to improve the quality and transparency of public service delivery
d.	Skills training and retraining, support to SMEs
e.	Energy sector reform
<b>Financing CARES. GH¢100 billion of spending and investment inflows from 2021 to 2023 to finance the targeted initiatives and programmes under CARES</b>	
a.	Government – GH¢ 30 billion, increase tax revenue from 13 to 20 percent of GDP
b.	Private sector – GH¢ 70 billion, mainly from FDI and PPP

### Implementation of CARES

Sharp focus on execution; Implementation Monitoring Council (IMC) comprising Government and private sector and chaired by the President will meet monthly to review progress and remove bottlenecks.





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