



# Highlights of the 2020 Mid-Year Budget Review

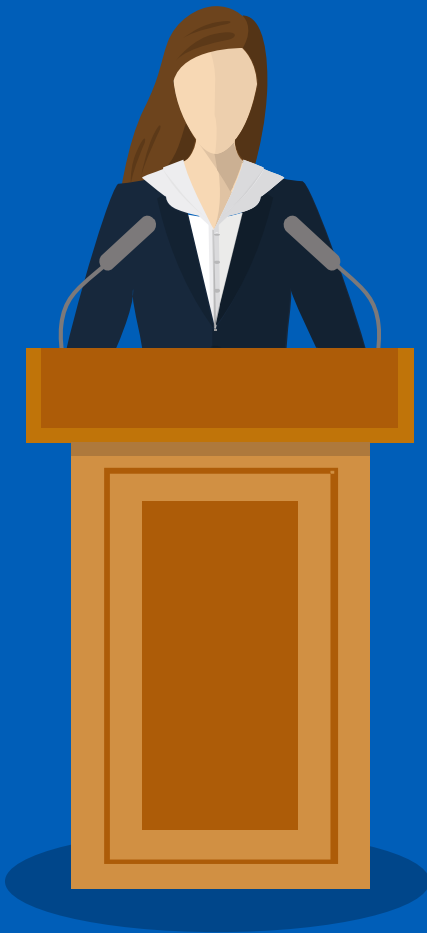
**And Supplementary Estimates of the  
Government of Ghana for the 2020  
Financial Year**

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July 2020



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# Executive Summary



## Macroeconomic snapshot

## Global Economic Overview



## Megatrends

- The world economy is expected to enter a recession, reflecting widespread disruptions from the COVID-19 pandemic.
- Global trade will suffer a deep contraction this year of 11.9%, reflecting considerably weaker demand for goods and services, including tourism.

## Projected performance

- Global growth is projected to contract by 4.9% in 2020.
- For advanced economies growth is projected at negative 8.0% compared to the 2019 growth rate of 1.7%
- Emerging market and developing economy group is expected to contract by 3% in 2020, rising to 5.9% in 2021.

## Ghana Macro Economic Performance

## Macro-economic indicators achieved @ June 2020 and targets

| Macroeconomic Performance | 2019 Outturn     | 2020 Targets     |                  | 2020 End-June Outturn |
|---------------------------|------------------|------------------|------------------|-----------------------|
|                           |                  | Initial          | Revised          |                       |
| Overall GDP Growth Rate   | 6.5%             | 6.8%             | 0.9%             | 4.9%*                 |
| Non Oil GDP Growth Rate   | 5.8%             | 6.7%             | 1.6%             | 4.9%*                 |
| End Period Inflation Rate | 7.9%             | 8.0%             | 11.1%            | 11.2%                 |
| Fiscal Deficit            | 4.8% of GDP      | 4.7% of GDP      | 11.4% of GDP     | 6.3% of GDP           |
| Primary Balance (Surplus) | 0.8% of GDP      | 0.7% of GDP      | -4.6% of GDP     | -3.3% of GDP          |
| Gross Foreign Assets      | 4.0 months cover | 3.5 months cover | 4.1 months cover | 4.3 months cover      |

\* As at end-March 2020

Sources: 2020 Mid Year Budget Review



# Towards getting the economy back on track...

## The COVID-19 Alleviation and Revitalisation of Enterprises Support (CARES) Programme

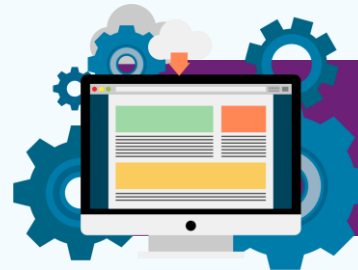
### Overview, Structure and Time Horizon of the Programme

- The COVID-19 Alleviation and Revitalisation of Enterprises Support (CARES) Programme (also called Ghana CARES, “Obaatan Pa” Programme) is an initiative of Government aimed at stabilising, revitalising and transforming the Ghanaian economy to pre-COVID-19 levels and beyond.
- The Ghana CARES Programme is a three and a half years initiative which is structured into a two-phase approach as depicted below.



#### Stabilisation Phase - Jul - Dec 2020

This is expected to run from July to December 2020.



#### Revitalisation Phase - 2021 – 2023

This is expected to span over the medium term from 2021 to 2023.

### Funding Structure

- The CARES Programme will involve the investment of GH¢ 100 billion from July 2020 to 2023. The funding structure is captured below.



**At least GH¢ 70 billion from the private sector – both domestic and external**



**Up to GH¢ 30 billion from the Government of Ghana**

# Towards getting the economy back on track...

### The COVID-19 Alleviation and Revitalisation of Enterprises Support (CARES) Programme

#### *Our perspective on critical success factors for the Ghana CARES Programme*

The following are some factors necessary for the success of the Ghana CARES Programme.

- **Improving Access to Financing.** Access to finance has been one of the enduring constraints to enterprise growth in Ghana. It is essential that Government coordinates the implementation of the various financing initiatives highlighted under this programme to properly address interdependencies and realise synergies
- **Stimulus Accountability Framework:** It is important that Government maintains and improves measures which will ensure appropriate and effective stewardship and governance of taxpayer funds without sacrificing speed of the implementation.
- **Further Safeguards for Financial Stability.** Ghana's financial system remains relatively stable, satisfactorily capitalized and underpinned by sufficiently effective regulatory frameworks. However, the current pandemic has created some level of financial turmoil which has demonstrated that it is prudent to ensure that relevant regulatory bodies are equipped with a broad range of flexible tools to safeguard financial stability and to address potential problems in credit markets as they arise. To further strengthen the regulatory framework of financial institutions, the Government should consider policy and legislative reviews which will equip financial sector regulators with greater flexibility to enhance their ability to safeguard financial stability in Ghana.

- **Immediate Action to Build Infrastructure.** Accelerating and expanding investments in infrastructure remains critical in promoting friendly business environment for investment into the targeted sectors under the Programme. Government has signalled PPPs and concessions as one of the channels being considered to address infrastructure challenges. A robust framework that facilitates transparency in procurement, risk allocation, project implementation and participation of the local financial services industry can enhance the benefits of PPPs and concessions.
- **Action to Support Businesses and Communities.** Addressing short-term economic challenges facing sectors, regions and communities as a result of the pandemic and helping sectors position themselves for long-term competitiveness is key to the success of the Ghana CARES Programme. Government's support to businesses under the Programme must be timely, coordinated across sectors and targeted.
- **Action to Help Ghanaians and Stimulate Spending.** Targeted tax reliefs, tax savings and incentives (especially for low- and middle-income earners) could be considered to stimulate demand for goods and services.
- **Improving Long-Term Growth Prospects.** In addition to the short term support to the economy, the Ghana CARES Programme must provide a sound footing to achieve the objectives set out in Government's economic action plan captured in the Ghana Beyond Aid Agenda. The Programme should be able to create the **"Ghana Advantage"** – an ideal which conceptualises the competitive advantage of the Ghanaian business environment and growth prospects



# Global Economic Review



# What happens globally impacts Ghana as well...

## Current global megatrends

1

### Europe

- Euro Zone expected to contract at 10.2% against the 1.3% growth seen in 2019 according to the IMF.
- The eurozone economy will sink deeper into recession than previously estimated due to the pandemic.

2

### USA

- The US economy is expected to decline at 8% by close of 2020.
- Escalating tensions between the United States and China on multiple fronts, frayed relationships among the OPEC coalition of oil producers, and widespread social unrest poses additional challenges to the global economy.

3

### Africa

- Sub-Saharan Africa is expected to contract by 3.2%, 6.8 percentage points lower than the October 2019 estimate of 3.6%
- This contraction in economic activity reflects a weaker external environment and measures to contain the COVID-19 outbreak.

4

### Asia

- Though Emerging and Developing Asia is expected to contract at 0.8%, Growth in China is projected to hover around 1% in 2020.
- On the demand side, only government consumption and investment is growing in 2020. This implies that Asian economies are relying heavily on government stimulus.

5

### Middle East

- The economy is projected to fall to -4.7% in 2020 against the 1% growth experienced in 2019.



## ...Global economic outlook

- *The world economy is expected to enter a recession, reflecting widespread disruptions from the COVID-19 pandemic.*

- *The COVID-19 pandemic has had a stronger negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously estimated.*

- *Global trade will suffer a deep contraction this year of 11.9 percent, reflecting considerably weaker demand for goods and services, including tourism.*

- *Africa is facing its first recession in 25 years and it threatens to exact the heaviest toll on human life and health systems.*

- **Global growth is projected to contract by 4.9% in 2020. This is 8.3 percentage points lower than the October 2019 projection of 3.4%.**

- **For advanced economies growth is projected at negative 8.0% compared to the 2019 growth rate of 1.7%.**

- **Emerging market and developing economy group is expected to contract by 3 percent in 2020, rising to 5.9% in 2021.**

Source: World Economic Outlook, IMF (June 2020)





# Ghana Macro Context



# Macro economic dashboard – June 2020

## GDP Growth Rate



June 2020



2019

## Sector Composition – 2019

### Services



47.2%

### Industry



34.2%

### Agriculture



18.5%

## Policy Rate



14.5%

June 2020

## Inflation



11.2% June 2020

## Exchange Rate

¢5.66 / \$1 June 2020

## Gross International Reserves

\$9.17 bn June 2020

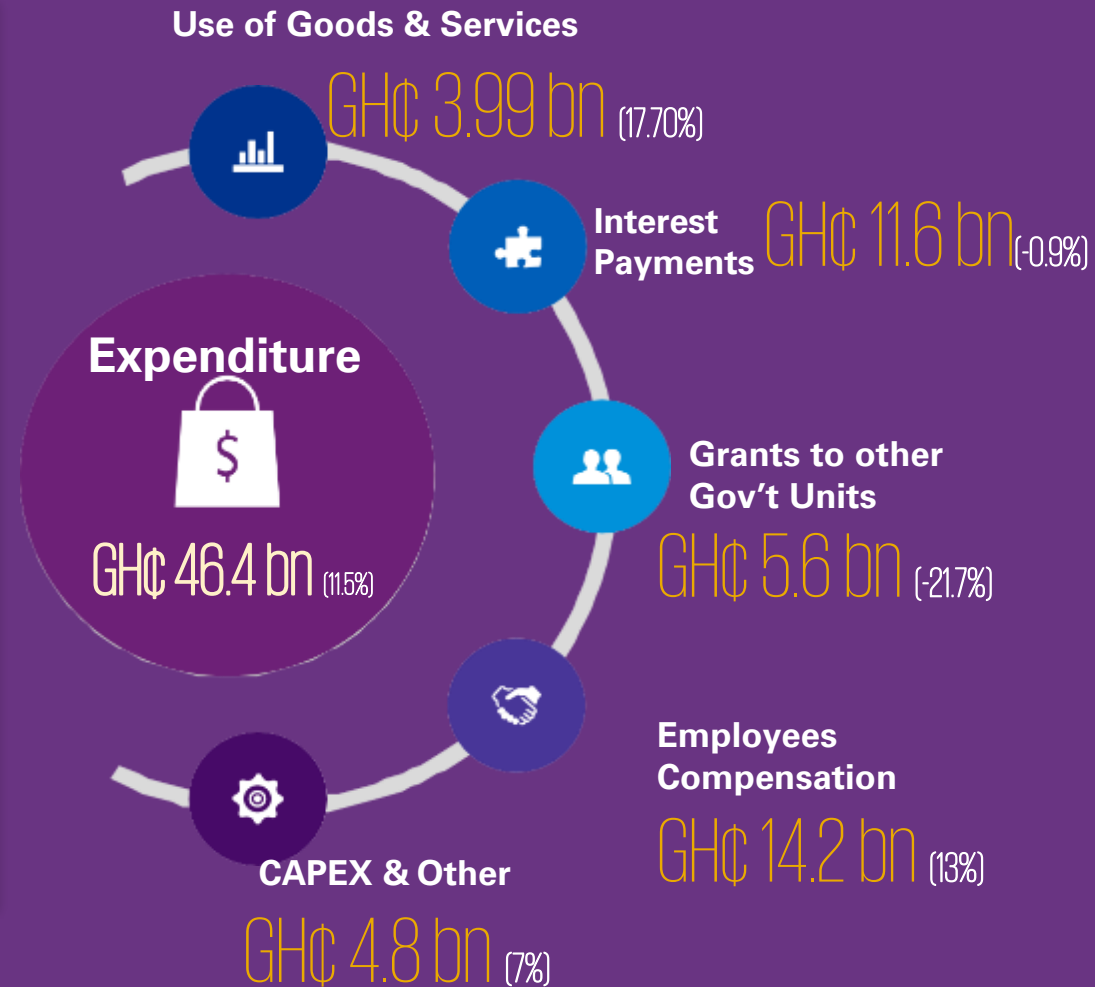
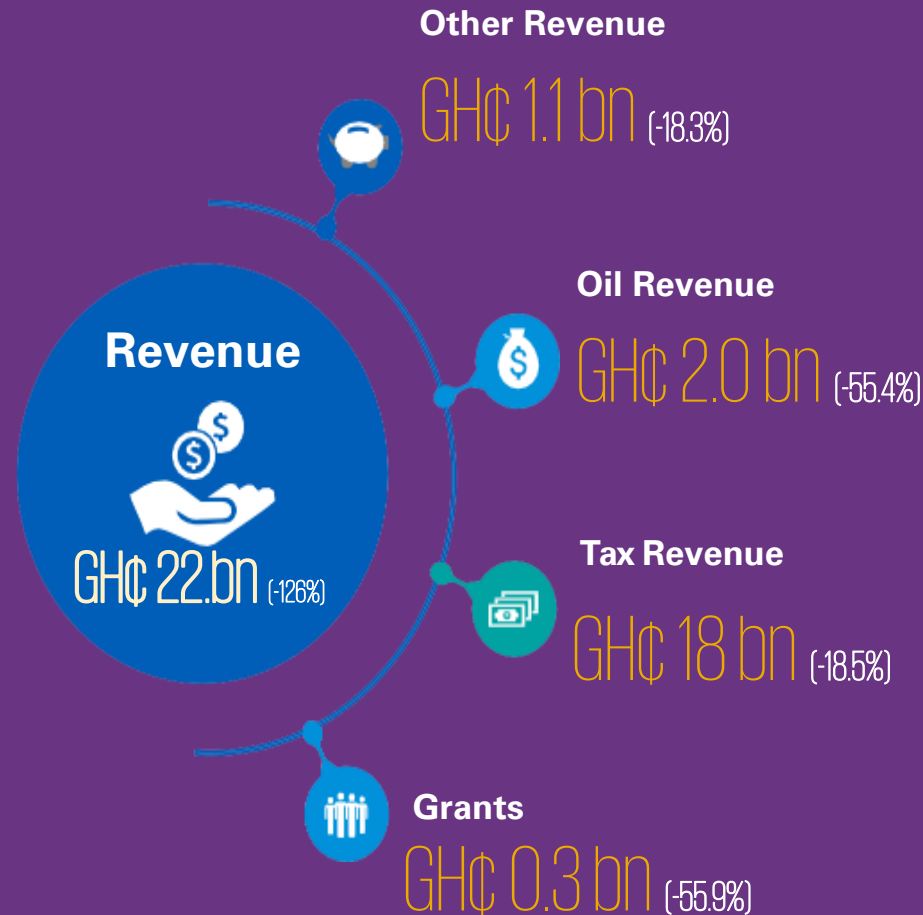
4.3 months of import cover

- Macroeconomic performance as at June 2020 indicates that the economy has succumbed to the impact of the COVID-19 pandemic. The pandemic has severely impacted fiscal gains made in 2019, which reflected in the improvement of the country's GDP.

- As indicated by the Minister of Finance, Mr. Ken Ofori-Atta, the months ahead will require clear cut measures to alleviate the impact of the pandemic and revitalise the economy through a set of multi-faceted approaches and interventions to bring back the economy to pre-COVID-19 levels. This is expected to travel beyond the current fiscal period into the medium term.

Source: 2020 Mid Year Budget Review, KPMG Analysis, [www.bog.gov.gh](http://www.bog.gov.gh)

# Fiscal developments for the first half of 2020



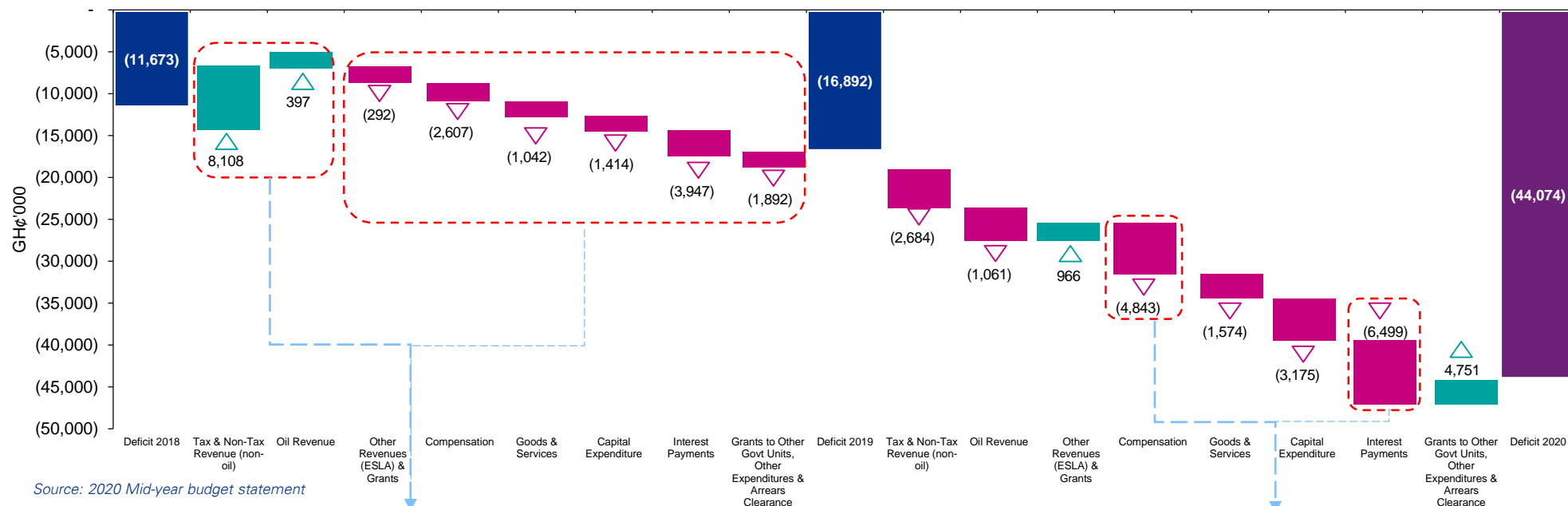
() – Deviation from programmed target

Source: 2020 Mid-year budget statement

# Ghana Macro Context

## Fiscal performance

Overall budget deficit evolution from 2018 - 2020



- In 2019, favourable deviations in tax and non-tax revenue (including oil) contributed to an 18% improvement in total revenue and grants. This improvement was however offset by increases in all expense line items.

Interest payments accounted for the largest increase in expenditure, growing by GHS 3.9 billion (25% over the 2018 level) to GHS 19.7 billion.

The above contributed to a budget deficit of GHS 16.9 billion (4.8% of GDP which is 0.2 percentage points shy of the FRA threshold of 5%).
- Revised targets for 2020 indicate a 2.6-times increase in overall budget deficit over 2019 levels, on account of the COVID-19 pandemic. This is expected to drive the fiscal deficit to 11.4% of GDP, necessitating the suspension of the Fiscal Responsibility Act, 2018 (Act 982) to respond to the effects of the pandemic.

The key drivers of the 2020 budget deficit are interest payments and compensation. These items are expected to account for 42% of the overall budget deficit by close of 2020.

Containment of other non-COVID-19 related expenses (such as election-related expenses etc.) is critical in order not to worsen the budget deficit position resulting from the pandemic.



# Update of real sector performance

## Growth by Sector (2019)

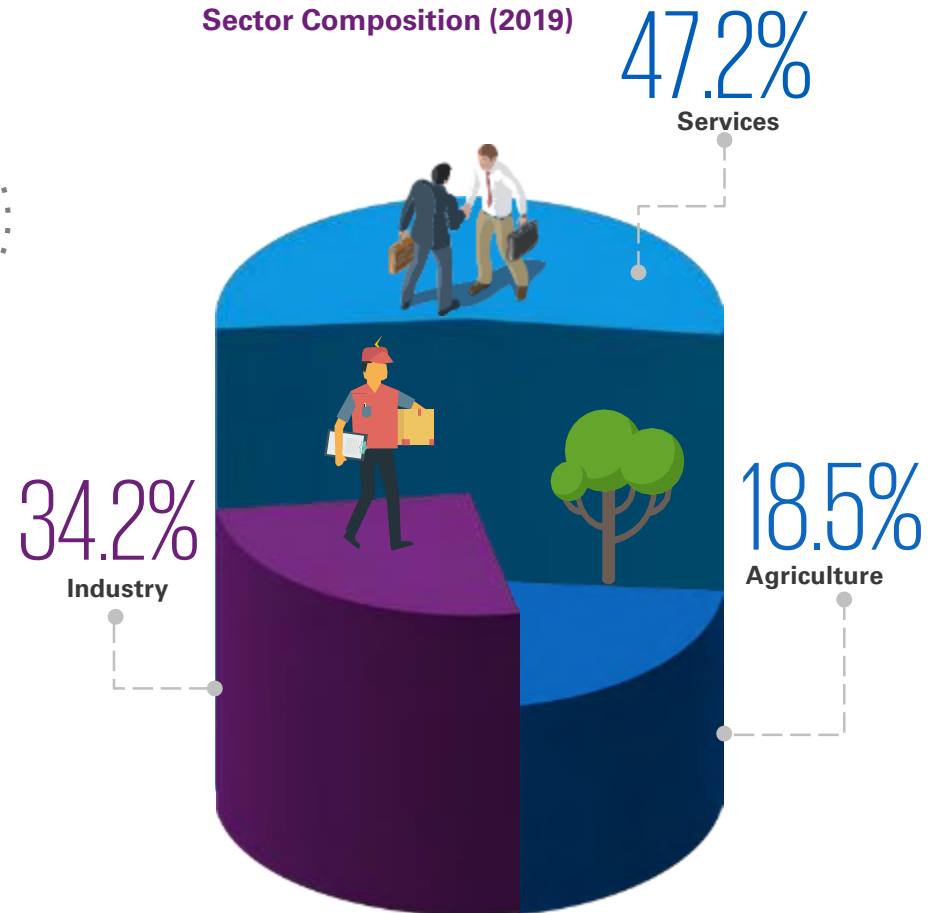


Source: 2020 Mid-year budget statement

- The growth of the agriculture sector in 2019 was 4.6% compared to 4.8% in 2018. This marginal decline in performance could be attributed to a slowdown in the growth of crops and contraction of Forestry and Logging over the same period.
- The industry sector slowed down from 10.6% in 2018 to 6.4% in 2019. This growth outturn, however is considered to be satisfactory given the high growth performances of the Sector in the previous two years. The petroleum and manufacturing subsector recorded increased growth while the mining and quarrying subsector which includes the petroleum recorded a slowdown.
- In 2019, the services sector grew by 7.6% becoming the best growth-performing sector compared to 2.7% in 2018. Information and Communication (ICT) and Real Estate subsector recorded strong performance, with growth rates of 46.5% and 19.9 % contributing to the upturn in growth for the sector.

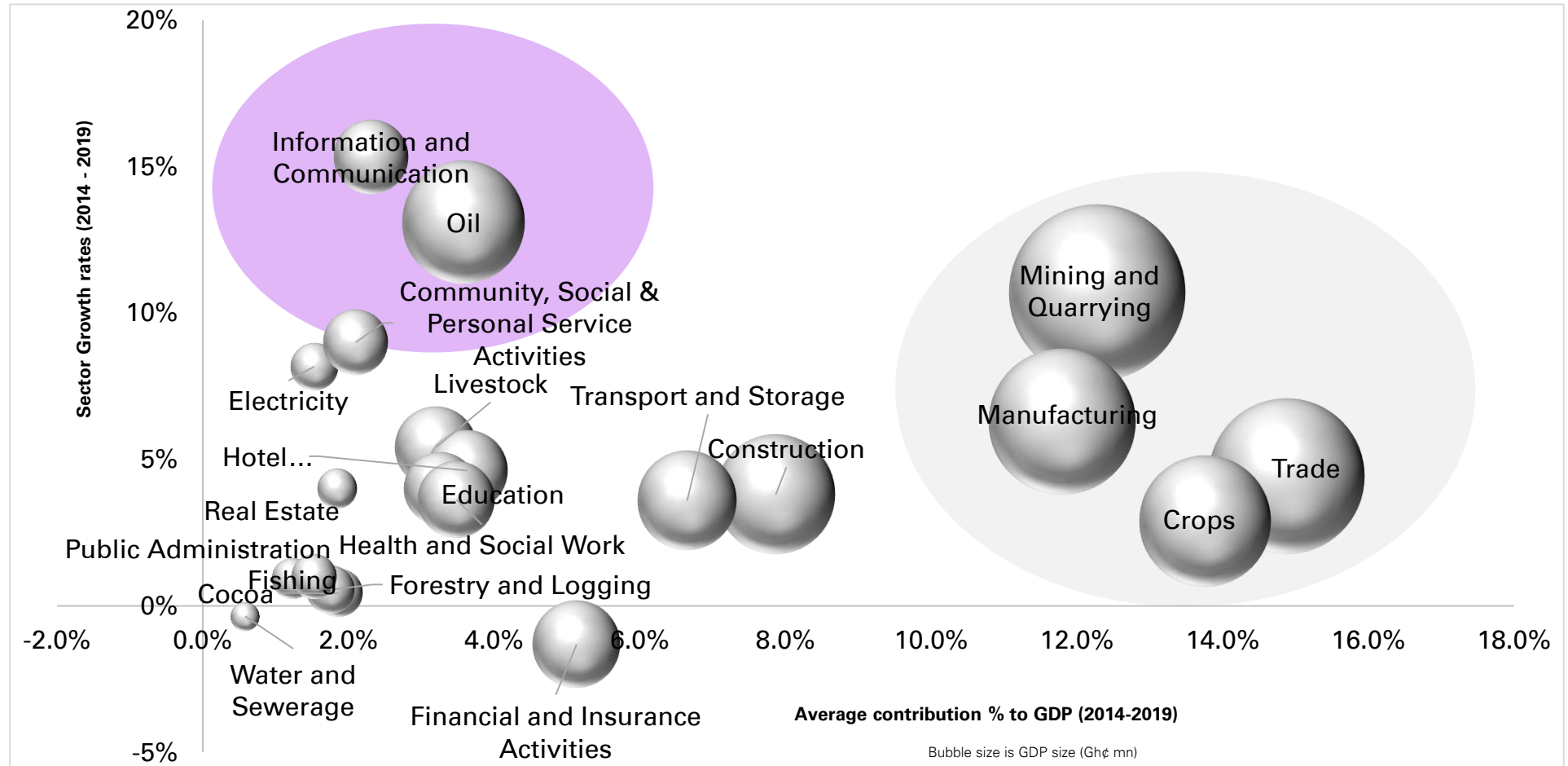


## Sector Composition (2019)



Source: 2020 Mid-year budget statement, KPMG Analysis

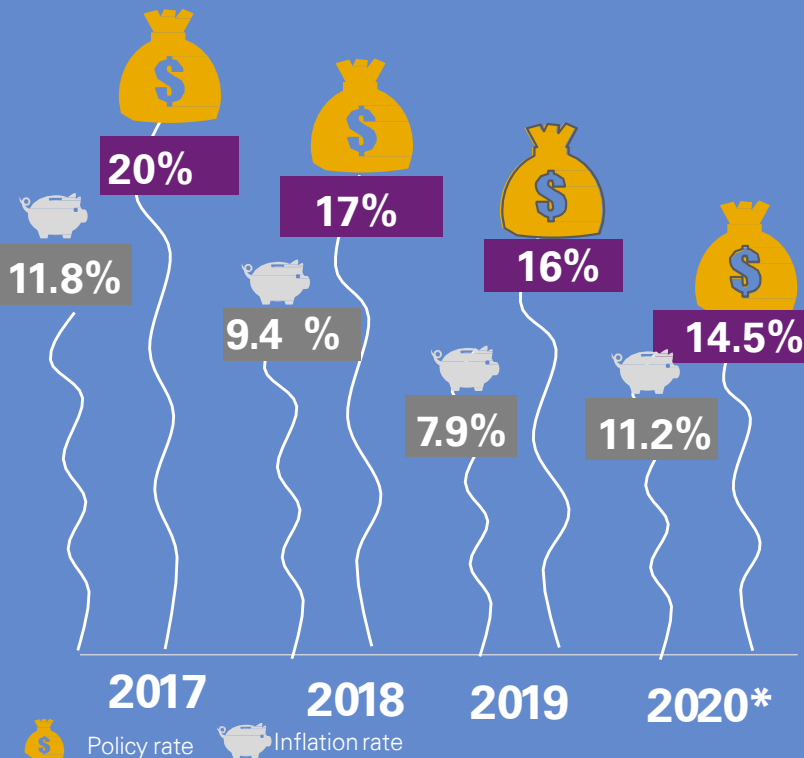
Traditional sub-sectors expected to remain economic base but ICT and energy hold growth potential...



Source: 2020 Mid-year Budget Statements, Ghana Statistical Service

# Monetary policy and price stability trends

## Inflation & Policy Rates

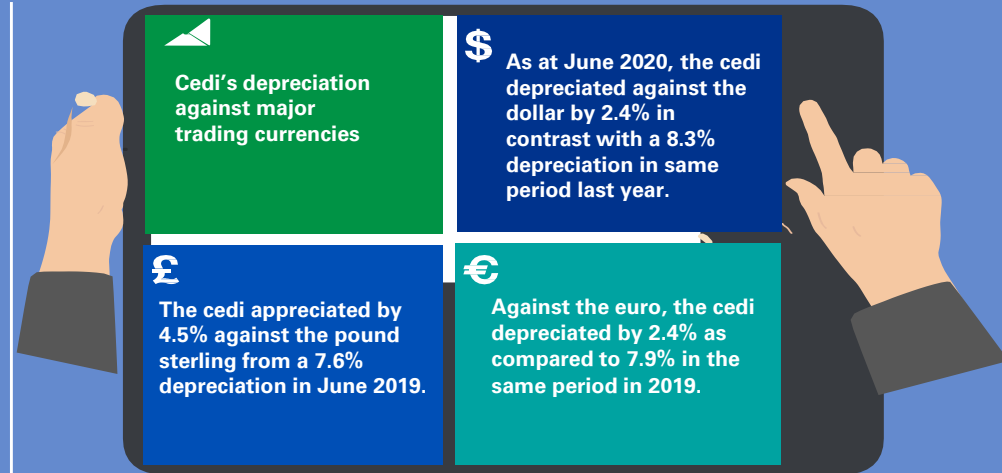


## Interbank Weighted Average Rate

13.82%

## Average Lending Rates of Banks

21.95%



Source: 2019 Budget Statement

- There was a notable increase in inflation between April and May as a result of panic buying following the announcement of a lockdown. This was mainly driven by pressure on food prices. Inflation in June has declined marginally to 11.2% as pressure on food prices began to ease.
- The reduction in the MPR in March 2020 in a bid to improve liquidity conditions in the banking sector, resulted in a decline in the interbank rate decline from 15.20% in December 2019 to 13.82% in June 2020.
- Improved liquidity conditions coupled with constrained demand for loanable funds led to a reduction in the average bank lending rate to 21.95% from 23.59% as at June 2019.

Sources: 2020 Budget Statement, 2020 Mid Year Budget Review, BoG MPC Release

\*- As at 30 June 2020

# Summary of key policy measures

1

## Energy and Natural Resources Sector

- Submission of draft regulations on local content to Parliament for the protection of indigenous companies in the petroleum downstream activities
- Joint ventures with proven international operators in the natural resource sectors to provide the needed technology and skills transfer expertise and connections to global supply chains.

2

## Financial Sector

- Establishment of a Guarantee Scheme of up to GH¢2.0 billion enable businesses borrow from banks more efficiently
- Provision of Seed-Fund for a Retraining Programme
- Establishment of a National Unemployment Insurance Scheme
- Payment of obligations to contractors and suppliers to inject liquidity and ease cashflow difficulties

3

## Health Sector

- Expansion and construction of health facilities to enhance access to healthcare.
- Emergency Preparedness and Response Plan II to improve the testing and case management capacity of the health system

4

## Trade and Industry

- Strengthening the capacities of the Ghana Investment Promotion Centre and the Ghana Free Zones Authority
- Establishment an International Financial Services Centre

5

## Agriculture Sector

- Increased support for farmers through the PFJ and RFJ
- Establishment of a Food Security Monitoring Committee
- Provide financial support to the National Buffer Stock Company and Ghana Commodity Exchange to enable them store and trade stocks
- Agricultural modernisation



6

## Other Social Interventions

- Extension of the provision of free water supply for three additional months (i.e. July, August and September 2020).
- Extension of the provision of free electricity supply for users on lifeline tariff for three additional months (i.e. July, August and September 2020).

## Key Programmes over the short to medium term



## COVID-19 Alleviation And Revitalisation Of Enterprises Support (CARES) Programme

A GHS 100 billion Public Private Partnership Programme aimed at mitigating the impact of the pandemic on the lives and livelihoods of Ghanaians.



## Agenda 111

Government aims to design, build, equip and staff new hospitals in every district without one, and a new regional hospital in every region with none.





# Tax Initiatives



# Tax initiatives

| 1 Proposed decrease in Communication Service Tax (CST) from 9% to 5%  | 2 Value Added Tax (VAT) on Commercial Properties  | 3 Gains from Realisation of Assets and Liabilities  | 4 Revenue Mobilisation  |
|---|---|---|---|
| <b>Current Law</b> <ul style="list-style-type: none"> <li>The Communication Service Tax (Amendment) Act, 2019 (Act 998) levies CST on charges payable by a user of an electronic communication service other than private electronic communication services.</li> <li>The CST is currently applied at an ad valorem rate of 9% as of August 2019.</li> </ul>        | <b>Initiatives proposed per 2020 Mid-Year Budget</b> <ul style="list-style-type: none"> <li>As part of Government's attempt to mobilise revenue, it proposes to enforce the VAT on commercial properties.</li> </ul>  | <b>Initiatives proposed per 2020 Mid-Year Budget</b> <ul style="list-style-type: none"> <li>Government intends to enforce the submission of returns for gains from realisation of assets and liabilities.</li> </ul>  | <b>Initiatives proposed per 2020 Mid-Year Budget</b> <p><b>Government intends to enhance revenue mobilisation through improved efficiency measures by:</b></p> <ul style="list-style-type: none"> <li>Broadening the tax base through digitisation and tax education.</li> <li>Simplifying the tax filing system to help reduce revenue leakages.</li> <li>Conducting regular tax audits.</li> <li>Prosecuting tax offenders.</li> <li>Implementing a revised Transfer Pricing Regulation</li> <li>Passing the Tax Exemption Bill</li> <li>Implementing an effective property rate collection system</li> </ul> |
| <b>Initiatives proposed per 2020 Mid-Year Budget</b> <ul style="list-style-type: none"> <li>Effective September, 2020, the Government proposes to decrease the CST from 9% to 5%.</li> <li>This initiative is meant to promote digitalisation as part of the Ghana COVID-19 Alleviation And Revitalisation of Enterprises Support (CARES) Programme.</li> </ul>     | <b>Impact of proposed initiative</b> <ul style="list-style-type: none"> <li>Business and individuals who are into the sale or rental of commercial properties need to ensure compliance as this enforcement may lead to frequent tax audit in their financial records.</li> </ul> | <b>Impact of proposed initiative</b> <ul style="list-style-type: none"> <li>The possible introduction of a separate form for the declaration of these gains will result in additional filing requirement for both entities or individuals who have such gains.</li> </ul> |   |
| <b>Impact of proposed initiative</b> <ul style="list-style-type: none"> <li>The CST is a consumption tax, thus the 44.4% decrease will directly impact the disposal incomes of users of communication services.</li> <li>The decrease will lead to further decline on the Value Added Tax (VAT) assessable on related electronic communication services.</li> </ul> |   |   |   |



# Outlook



# Revised targets for 2020



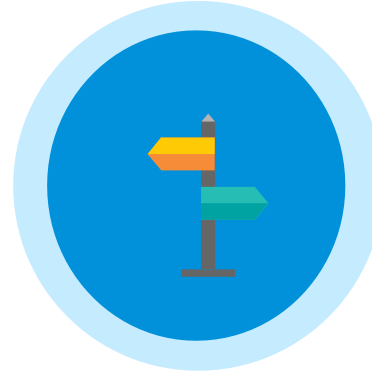
0.9%

**Overall Real GDP  
growth**



>4 months cover

**Gross International  
Reserves**



11.1%

**End-period inflation**



-11.4%

**Fiscal deficit**

- The revised targets for 2020 are a clear indication of how the economy is reeling under the impact of the COVID-19 pandemic.
- It is expected that Government's efforts to alleviate the impact of the pandemic and revitalise the economy can help restore the economy to pre-COVID-19 macroeconomic levels.
- Steady improvements in the outlook for the economy can be achieved through a combination of prudent fiscal policy and the effective implementation of the initiatives highlighted in the mid-year budget.







# COVID-19

- Impact of the pandemic
- Measures undertaken



# The impact of the pandemic has been widespread...

## Fiscal Impact

### Revenue shortfall of GHS 13.4 bn (3.5% of GDP)



The shortfall cuts across the following areas:

- Petroleum receipts of GHS 5,105 million
- Non-oil tax revenue of GHS 4,269 million
- Non-Tax Revenues (Non-Oil) of GHS 3,941 million
- Other Revenues of GHS 73 million
- Grants of GHS 17 million

### Expenditure increase of GHS 11.8 bn (3.1% of GDP)



As a result of :

- COVID-19 Preparedness & Response Plan
- Provision of Health Infrastructure (Agenda 111)
- Coronavirus Alleviation Programme
- Capitalisation of National Development Bank
- Security, Elections, and payment of outstanding claims

### Deficit increase of GHS 25.3 (6.6% of GDP)



New funding arrangements:

- Ghana Stabilization Fund – GHS 1,204 million
- Bank of Ghana Asset Purchase Programme – GHS 10,000 million
- World Bank Preparedness Support of – GHS 580 million
- World Bank Development Policy Operations – GHS 2,028 million
- IMF Rapid Credit Facility (RCF) - GHS 5,853 million
- African Development Bank (AfDB) support – GHS 406 million.

## Sectoral Impact

Sectors

### Hospitality and Tourism sector



- **979 licensed accommodation facilities** (representing 25% of licensed facilities) had shut down due to Covid 19 as at 31 May 2020.
- **2300 personnel** in the hospitality industry had lost jobs
- **11,558 tourists** cancelled their visits to Ghana, resulting in YTD revenue losses of GHS 4.8 million

### Energy Sector



- Significant **delays in exploration, appraisal, and production activities** in the oil and gas sub sector.
- **Projects valued at USD 324 million** across the upstream petroleum sub sector estimated to have **stalled** due to the pandemic.

### Sports



- Most sporting activities scheduled to take place internationally and locally have been cancelled or rescheduled. Notable among them are the Japan 2020 Olympics, African Cup of Nations and Euro 2020 tournament.

### Food & Agriculture Sector



- **Increase in prices of staple foods** due to export bans and increase in international market prices and freight cost
- Negative impact of lockdown and suspension of flights on the export sector, leading to **significant post harvest losses**
- **Notable shortage of labour** due to imposition of restriction on movement. Provision of technical extension services to farmers was also impacted.

### Transport



- Commuter minibus services and intercity buses operated at 70% and 50% load capacities respectively due to the enforcement of social distancing protocols.
- Loss of revenue by Metro Mass Transport, Intercity STC and DVLA.
- Projected revenue from PSC-Tema Shipyard and Drydock for 2020 expected to shrink from GHS 41 million to GHS 16 million.

Extent of impact

# Measures undertaken largely focus on the economic and social sectors...

## Economic sector measures

1



### Bank of Ghana Policy Response

- Lowering of monetary policy rate by 150 basis points to 14.5 percent
- Reduction of Primary Reserve Requirement from 10 percent to 8 percent to provide more liquidity to banks to support critical sectors of the economy
- Reduction of Capital Adequacy Requirement from 13 percent to 11.5 percent
- Provision of a syndication facility of GH¢3.0 billion to support industry
- Granting of six months moratorium on principal repayments for selected businesses
- Reduction of interest rates based on the Ghana Reference Rate (GRR) by 200 basis points (2 percent per annum)



### Tax Reliefs

- Extension of deadline for filing of Income Tax returns
- Remission of penalties on principal debts to taxpayers who redeemed, their outstanding debts due GRA up to 30th June, 2020
- Permission for the deduction of contributions and donations towards COVID-19 as allowable expenses for income tax purposes
- Waiver of VAT, NHIL and GETFund Levy on donations of stock for fighting the Covid19 Pandemic
- Waiver of income tax on personal emoluments of all health workers for the period April to September 2020
- Waiver of income tax on 50% additional allowances paid to staff of frontline health facilities for the period March to September 2020

## Social sector measures

2



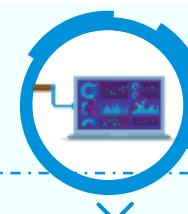
### Health Sector Related Measures

- **National Emergency Preparedness and Response Plan (EPRP)**, a GHS 560 million plan put together to manage and control the spread of the virus and strengthen the national capacity for surveillance, diagnosis, and case management.
- **Enhancement of Testing Facilities:** the capacity of scientific research and testing teams at the three main national testing facilities have been expanding to 10 sites, towards the decentralisation of testing arrangements in the country
- **Boosting Human Resource Capacity:** Financial clearance has been granted for the employment of 24,285 additional health professional between March and June 2020 to increase staff strength in the health sector. 400 cases management teams have also been trained to collect samples across the country.
- **Infrastructure improvements:** the government has refurbished 10 treatment centers in districts close to formal entry points. The Church of



### Health Sector Related Measures (cont'd)

- Pentecost, Catholic Church and the Ghana Football Association have provided facilities with a combined bed capacity of 1950 to serve as isolation canters
- **Provision of relevant logistics:** Government has provided 3,600,000 reusable face masks, 50,000 medical scrubs, 90,000 hospital gowns, and 90,000 head covers to the health facilities between April and June 2020. Screening cubicles have also been provided at formal entry points, including Kotoka International Airport. Vehicles have also been provided for monitoring and supervision.
- **Incentives for Health Workers:** Government has spent GHS 320 million in providing income tax waiver for 137,000 health workers, allowance of 50% of basic salary to 10,000 frontline workers as well as free transportation during lockdown



### Education Sector Measures

- Provision of PPEs and other sanitation items to schools, students, teaching and non teaching staff
- Fumigation and disinfection of all 1,167 Senior High Schools (SHS) across the country
- Absorption of the full cost of WASSCE examination fees for all 313,837 final year students

### Support for Households

- Subsidy for electricity consumption
- Subsidy for supply of potable water
- Supply of cooked food as well as dry food packages to vulnerable persons within Accra and Kumasi
- Roll out of Operation Return Home Programme to evacuate about 3212 stranded abroad



# Alleviating the Impact of the Pandemic

– The Ghana CARES Programme





# Towards getting the economy back on track...(1)

### The COVID-19 Alleviation and Revitalisation of Enterprises Support (CARES) Programme

#### Overview

- The COVID-19 Alleviation and Revitalisation of Enterprises Support (CARES) Programme (also called Ghana CARES, “Obaatan Pa” Programme) is an initiative of Government “to mitigate the impact of the pandemic on the lives and livelihoods of Ghanaians, and to ensure a quick emergence from the pandemic with a stronger and more resilient economy”.
- The aim of the Ghana CARES programme is to stabilise, revitalise, and transform the Ghanaian economy to pre-COVID-19 levels and beyond.
- To ensure that the macroeconomic gains achieved over the last three years are not eroded, Government, through Ghana CARES Programme, seeks to implement strategies to stabilise and revitalise the economy and return it to the path of robust growth and restore the 5 percent fiscal deficit threshold as the law requires.

#### Structure and Time Horizon of the Programme

- The Ghana CARES Programme is a three and a half year, GH¢ 100 billion initiative which is structured into a two-phase approach. The diagram below provides the details of each phase in terms of the focus and the corresponding time horizon.



#### Stabilisation Phase

- This Phase is intended to extend the duration or coverage of some of the programmes already put in place to provide relief and support lives and livelihoods.
- Under the Stabilisation Phase, the key areas of focus will include:
  - Extending the provision of free water supply for another three months
  - Extending free electricity supply for lifeline users for three additional months
  - Increasing the funding to the CAP-BuSS Programme for MSMEs being administered by NBSSI
  - Ensuring food security by:
    - intensifying support for farmers through the “Planting for Food and Jobs” and “Rearing for Food and Jobs” programmes
    - facilitating access to financing for rice millers to enable them to purchase paddy from rice farmers
    - providing financial support to the National Buffer Stock Company and Ghana Commodity Exchange to enable them store and trade stocks as needed to smoothen out supply fluctuations on the market
    - establishing a Food Security Monitoring Committee, to be chaired by the Ministry of Food and Agriculture, comprising relevant Government ministries and agencies, as well as market queens and food transporters. This is to enable Government monitor the food situation and take timely and appropriate actions.
  - Establishing a new programme to complement the CAP-BuSS Programme purposefully targeted to provides support to large businesses (i.e. those with 100 employees or more) to help them adjust and as much as possible retain their workers
  - Establishing a Guarantee Scheme of up to GH¢2.0 billion to enable businesses to borrow from banks at more affordable rates and at longer tenor so that they can undertake necessary adjustments in order to survive COVID-19 and thereby retain jobs

# Towards getting the economy back on track...(2)

### Stabilisation Phase (cont'd)

- Setting up a seed-fund for a Retraining Programme to help workers who are laid off to either improve their skills or acquire new skills to improve their chances of finding new employment
- Establishing a National Unemployment Insurance Scheme through the Ministry of Employment and Labour Relations (MELR) in conjunction with the Social Partners (i.e. Labour and Employers) and also the Faith-Based Organisations (FBOs)
- Setting up an Emergency Preparedness and Response Plan II, to enable us continue with the strengthening the health system. Further, Government will ramp up local production and supply of PPEs to create business opportunities for the local textile and garments industry.
- Pursuing **Agenda 111** to construct a 100-bed hospital in 88 districts that currently lack such facilities as well as regional hospitals in each of the six new regions. Additionally, the Effia-Nkwanta Regional Hospital will be rehabilitated, and there will be two new psychiatric hospitals as well as infectious disease centres for each of the three ecological zones.
- Strengthening and expanding the Housing Mortgage and Construction Finance Scheme, initiated by Government with some selected banks last year. Measures will also be taken to facilitate access to land for home construction by the housing industry.

### Revitalisation Phase

- Phase II of the CARES Programme is aimed at revitalising and transforming the economy. Government aims to use this as a fulcrum to accelerate the implementation of the Ghana Beyond Aid agenda.
- This phase of the Programme envisages resolute actions from Government aimed at improving the private sector environment and providing support to Ghanaian enterprises in targeted sectors in order to accelerate competitive import substitution and export expansion in light manufacturing.
- Initiatives to be pursued under this Phase include:

- Spurring agricultural modernisation by complementing the Planting for Food and Jobs and the Rearing for Food and Jobs (PFJ/RFJ) initiatives with a targeted programme to support commercial farming and to attract the youth into farming
- Providing targeted, efficient, and transparent support to enable the private sector accelerate progress in building Ghana's light manufacturing, technology, and digital economy sectors. The key sectors to be targeted are agro processing (specifically, rice, poultry, cassava, sugar and tomatoes initially), pharmaceuticals, textiles & garments, machine tools, as well as ICT and the digital economy (e.g. fintechs, tech entrepreneurs, and business process outsourcing (BPO))
- Establishing Ghana as a regional hub, leveraging the Africa Continental Free Trade Area (AfCFTA). The specific aims are to make Ghana a regional financial hub by establishing an International Financial Services Centre (IFSC), as well as a regional manufacturing and logistics hub for the West Africa region by strengthening the capacities of the Ghana Investment Promotion Centre (GIPC) and the Ghana Free Zones Authority (GFZA), as well as overhauling the institutional framework for investment promotion.
- Reviewing and optimising implementation of the Government's flagships and key programmes
- Implementing measures to improve the business environment for the private sector. Specific measures to be implemented include significant improvements in business regulations and their implementation, digitisation to improve quality and transparency in public service delivery, and expanding access to finance for Ghanaian business, skills training, and energy sector reform.



# Towards getting the economy back on track...(3)

### Funding Structure

- The CARES Programme will involve an investment of GH¢ 100 billion from July 2020 to 2023.
- The funding structure is captured below.



At least GH¢ 70 billion from  
the private sector – both  
domestic and external



Up to GH¢ 30 billion from  
the Government of  
Ghana

### Key Legislative Enablers

- Government intends to work with Parliament to pass legislative bills that will provide a strong framework for raising the funds and attracting the investments necessary for the revitalisation and transformation phase of CARES. These include bills on:
  - tax exemptions
  - public-private partnerships (PPPs)
  - the Ghana Investment Promotion Centre (GIPC)
  - Development Finance Institutions
  - Enterprise Ghana (which will help rationalise and strengthen support to SMEs)

### Our perspective on critical factors for the Ghana CARES Programme

The following are some factors necessary for the success of the Ghana CARES Programme.

- **Improving Access to Financing.** Access to finance has been one of enduring constraints of enterprise growth in Ghana. It is essential that Government coordinates the implementation of the various financing initiatives highlighted under this programme to properly address interdependencies and realise synergies.

- **Stimulus Accountability Framework:** It is important that Government maintains and improves measures which will ensure appropriate and effective stewardship and governance of taxpayer funds without sacrificing speed of implementation.
- **Further Safeguards for Financial Stability.** Ghana's financial system remains relatively stable, satisfactorily capitalized and underpinned by sufficiently effective regulatory frameworks. However, the current pandemic has created some level of financial turmoil which has demonstrated that it is prudent to ensure that relevant regulatory bodies are equipped with a broad range of flexible tools to safeguard financial stability and to address potential problems in credit markets as they arise. To further strengthen the regulatory framework of financial institutions, the Government should consider policy and legislative reviews which will equip financial sector regulators with greater flexibility to enhance their ability to safeguard financial stability in Ghana.
- **Immediate Action to Build Infrastructure.** Accelerating and expanding investments in infrastructure remains critical in promoting friendly business environment for investment into the targeted sectors under the Programme. Government has signalled PPPs and concessions as one of the channels being considered to address infrastructure challenges. A robust framework that facilitates transparency in procurement, risk allocation, project implementation and participation of the local financial services industry can enhance the benefits of PPPs and concessions.
- **Action to Support Businesses and Communities.** Addressing short-term economic challenges facing sectors, regions and communities as a result of the pandemic and helping sectors position themselves for long-term competitiveness is key to the success of the Ghana CARES Programme. Government's support to businesses under the Programme must be timely, coordinated across sectors and targeted.
- **Action to Help Ghanaians and Stimulate Spending.** Targeted tax reliefs, tax savings and incentives (especially for low- and middle-income earners) could be considered to stimulate demand for goods and services.
- **Improving Long-Term Growth Prospects.** In addition to the short term support to the economy, the Ghana CARES Programme must provide a sound footing to achieve the objectives set out in Government's economic action plan captured in the Ghana Beyond Aid Agenda. The Programme should be able to create the **"Ghana Advantage"** – an ideal which conceptualises the competitive advantage of the Ghanaian business environment and growth prospects.



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