



# 2019 Budget Highlights

**Ghana**

**Budget Statement and Economic Policy  
of the Government of Ghana for the  
2019 Financial Year**

—

November 2018



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**Outlook**





# "A Stronger Economy for Jobs and Prosperity"

**2019 budget theme**





# Strategic Pillars of the 2019 Budget



**Making an unprecedented push in infrastructural expansion**



**Modernising agriculture, increasing production, and reducing dependence on imports for food**



**Forging ahead with a bold and comprehensive industrialisation plan**



**Strengthening domestic revenue mobilisation and taking strong measures to ensure efficiency in public expenditures and protecting the public purse**



**Building on and strengthening social interventions to ensure that no one is left behind**

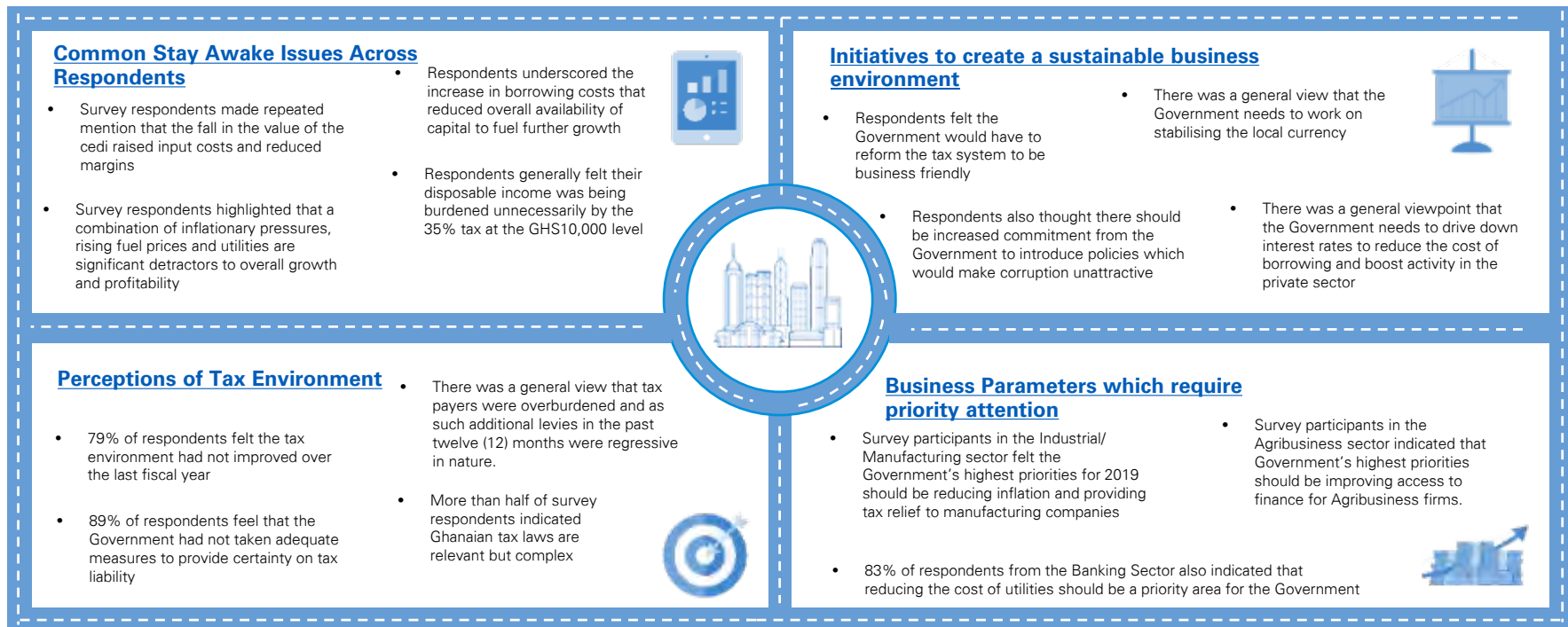


# Summary of Pre-Budget Survey Findings



# Summary of Pre-Budget Survey Findings

KPMG recently conducted a survey of over 40 senior business executives about their business concerns, perceptions of the existing business environment and their expectations regarding the 2019 Budget. Our key survey findings are highlighted below:



We hope the insights from the research helped the Government in their deliberations for the 2019 Budget and served as valuable feedback. This report will provide a summary of the 2019 Budget, before highlighting selected initiatives proposed to help address concerns of the wider business community.



# Global Developments



# Global Developments

1

## Europe

- Euro Zone expected to grow at 1.9%, lower than the 2.2% in 2018 according to the IMF.
- BREXIT has introduced some uncertainties in the Europe-wide economy as Britain and the EU appear to be heading for a hard BREXIT.

2

## USA

- The US economy is expected to grow by about 2.7% in 2019.
- This growth is driven by increased domestic production as unemployment eases. However threats remain from trade disputes.

3

## Africa

- The recovery in Sub-Saharan Africa is set to continue, supported by the rise in commodity prices.
- Growth is expected to increase from 2.7% in 2017 to 3.1% this year, rising further to 3.8% in 2019.



4

## Asia

- Growth in China is projected to moderate from 6.6% in 2018 to 6.4% in 2019.
- Tightening of the financial sector, rising oil prices and trade war with US likely to dampen growth and introduce uncertainties.

5

## Middle East

- Oil exporters in the Middle East region have benefited from the improved outlook for oil prices, partly due to the likely imposition of sanctions on Iran.
- Growth is projected to strengthen from 2.2% in 2017 to 3.5% in 2018 and further to 3.9% in 2019.

The world's production output is expected to expand at a pace of about 3.9% in 2018 and 2019 respectively.

Advanced economies will grow by 2.4% and 2.2% in 2018 & 2019 respectively, while emerging markets are expected to grow by 6.5% driven by China.



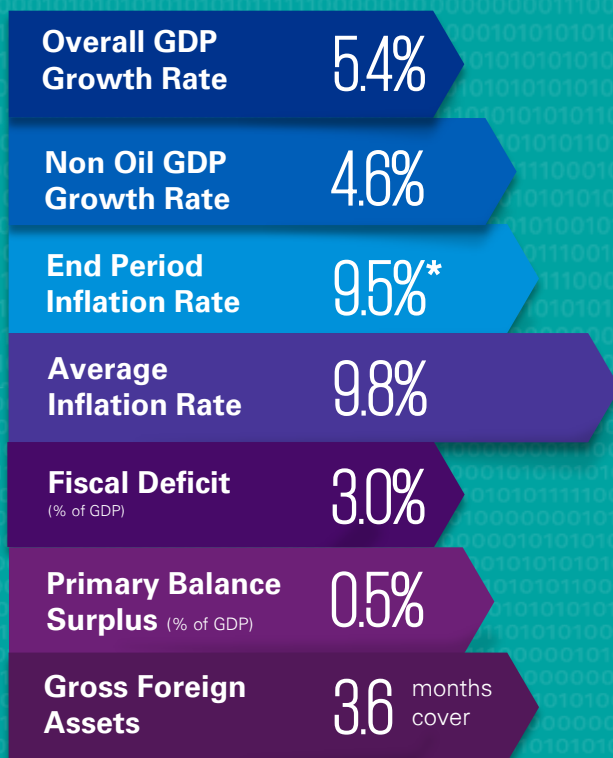


# 2018 Outturn

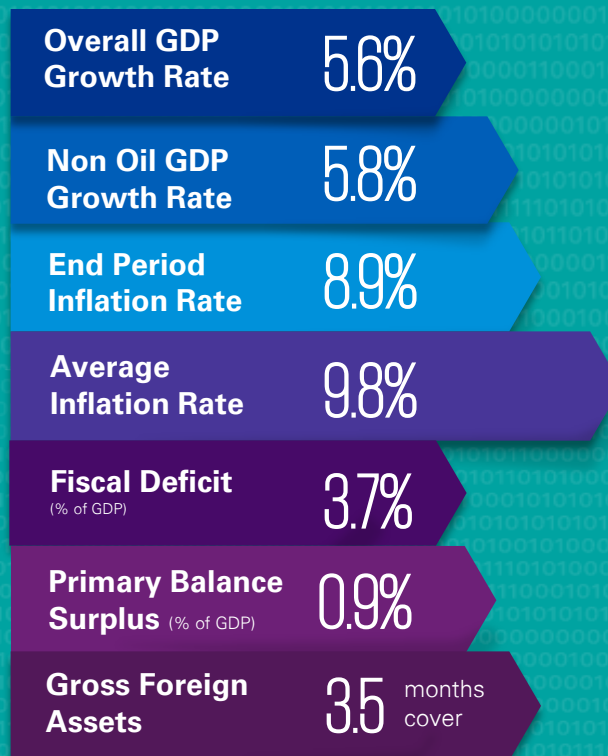


# 2018 – The Journey So Far

## Macroeconomic Performance for 2018 fiscal year\*\*



## Macroeconomic Targets for 2018 fiscal year



\*\*Provisional data from January - September 2018 as used in the 2019 budget

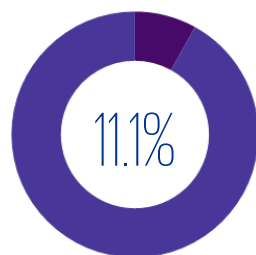
\* End period inflation rate for October 2018

Sources: 2019 Budget Statement

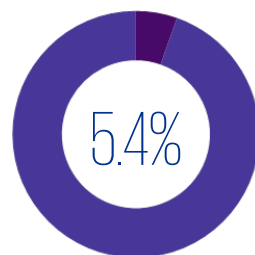
# 2018 Under Review

The economy is in good shape and we are on track to meeting our targets

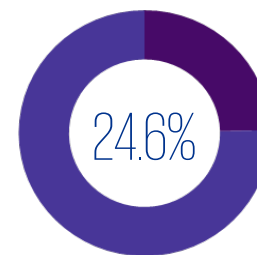
Ken Ofori-Atta  
Minister of Finance



GDP growth rate  
(Q2 2017)



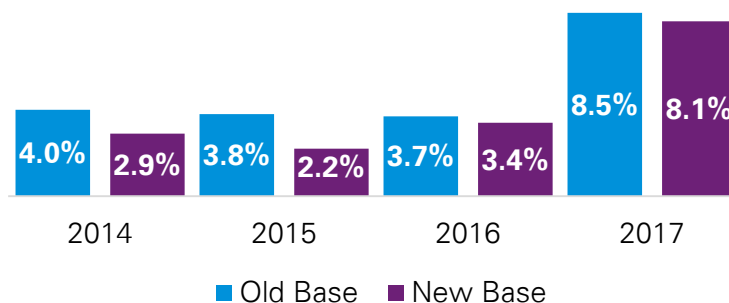
GDP growth rate  
(Q2 2018)



Expansion of GDP in 2017 as  
a result of rebasing

Source: Ghana Statistical Service

## Annual Real GDP Growth (Old and New Base Years) 2014-2017



- The recent rebasing exercise by the Ghana Statistical Service resulted in an expansion of the economy by **24.6%** in 2017, increasing the nominal GDP from **GHS 205,914 million** to **GHS 256,671 million**.
- Based on the new base year (2013), real GDP growth in Q2 2017 was **11.1%**, as against **5.4%** in the same period in 2018 compared to the annual target of 5.6%.



# Real Sector Performance

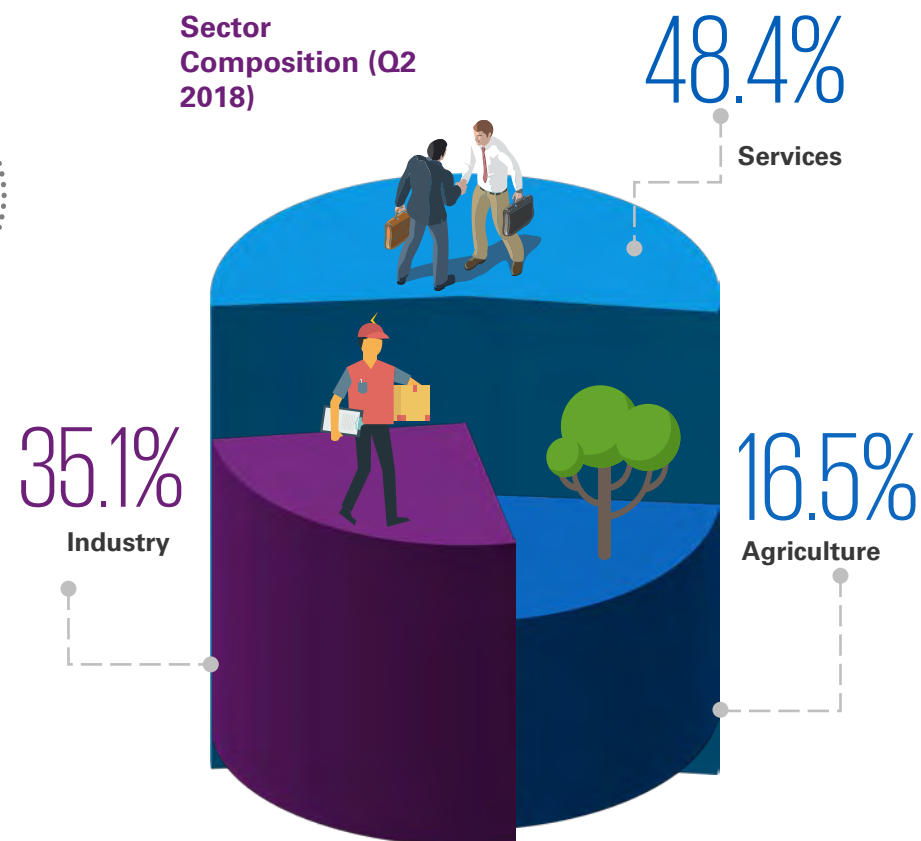
## Growth by Sector (Q2 2018)



Source: 2019 Budget Statement & Ghana Statistical Service

- The growth of the agriculture sector in Q2 2018 was 4.8% compared to Q2 2017 of 3.8%. This was driven by the livestock sub-sector.
- The industry sector growth of 11.1% as at Q2 2018 does not compare favourably with the growth of 20.8% in the corresponding period in 2017. The growth in 2017 was driven by the increase in oil production following the deferment of the FPSO Turret Remediation Project to 2018.
- In Q2 2018, growth in the services sector was subdued at 0.5% compared to 6.8% over the same period in 2017. The financial and insurance subsector recorded the highest decline, contracting by 13.4%, thus contributing to the marginal growth.

## Sector Composition (Q2 2018)



Source: 2019 Budget Statement & Ghana Statistical Service

# Fiscal Developments..... (1/2)

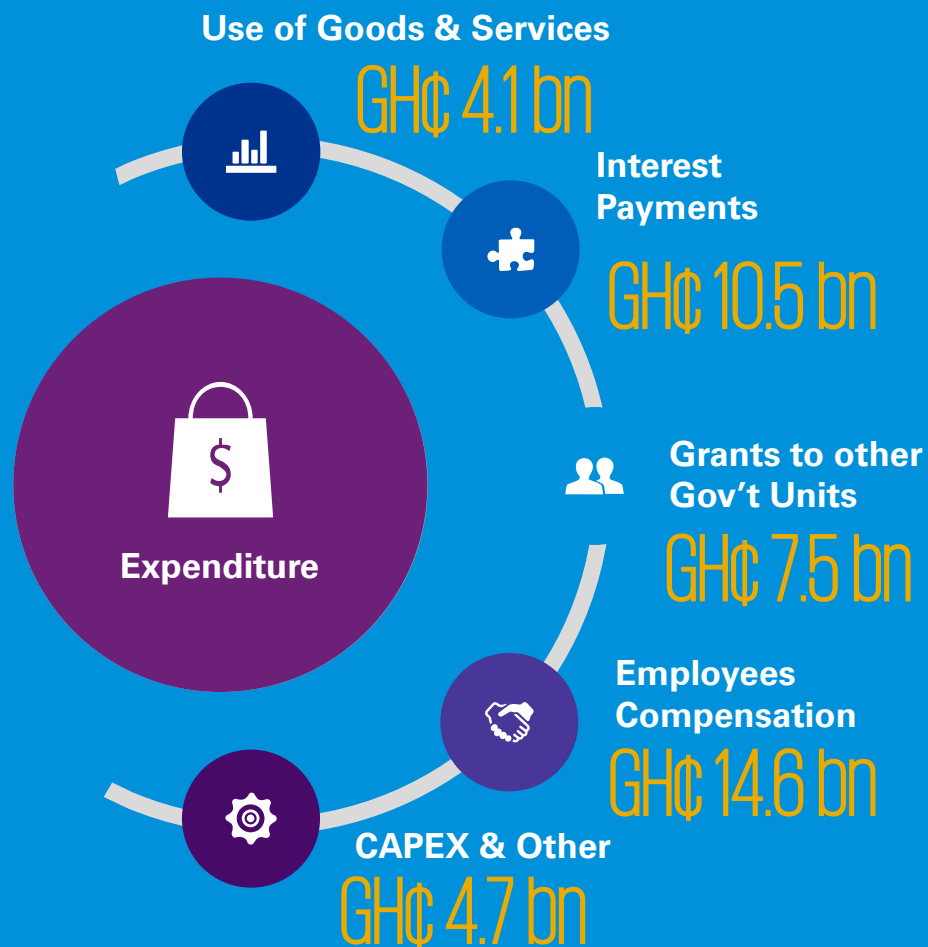


- Total Revenue & Grants for January-September 2018 amounted to **GH¢ 32.2 billion**, equivalent to 10.8% of GDP.
- It is worth highlighting that this outturn was **9.5%** lower than the Government's initial target. The shortfall was attributed to underperformance of both Non-Oil Tax and Non-Tax revenues
- Encouragingly, positive deviations were observed on direct taxes, reflecting gains from the impact of strengthened economic activities.
- Going forward, the implementation of targeted policies to boost economic activity, widen the tax net and improve the revenue collection ability of key Government agencies should contribute towards strong growth in revenue.

• Projected outturn for January - September 2018

Source: 2019 Budget Statement

# Fiscal Developments..... (2/2)



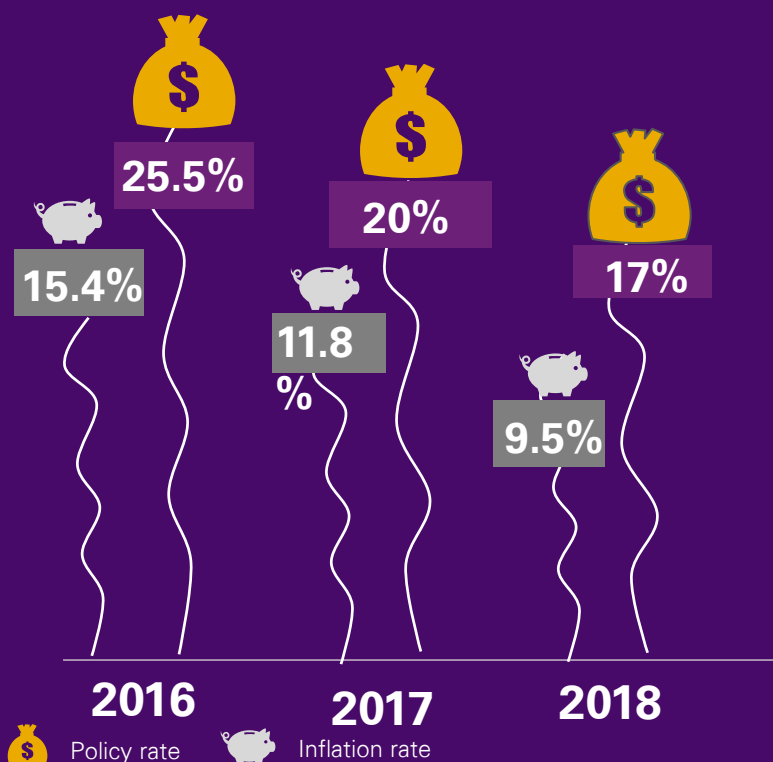
- Total expenditure for January-September 2018 amounted to GH¢ 41.5 billion, equivalent to 13.8% of GDP.
- Employees Compensation comprised the largest expenditure category, representing an estimated 35% of total expenditure.
- Interest expenses were the second largest contributor to total expenditure, equivalent to roughly 3.5% of GDP for the period January-September 2018.
- It is worth noting that the outturn of GH¢ 10.5 billion in interest payments was marginally lower than the target of GH¢ 10.59 billion, largely due to the introduction of a focused liability management programme.
- Broad initiatives such as the introduction of more efficient payroll systems and the expansion of GIFMIS financial module are expected to reduce total expenditure in the medium to long term.

Source: 2019 Budget Statement



# Monetary Developments.... (1/2)

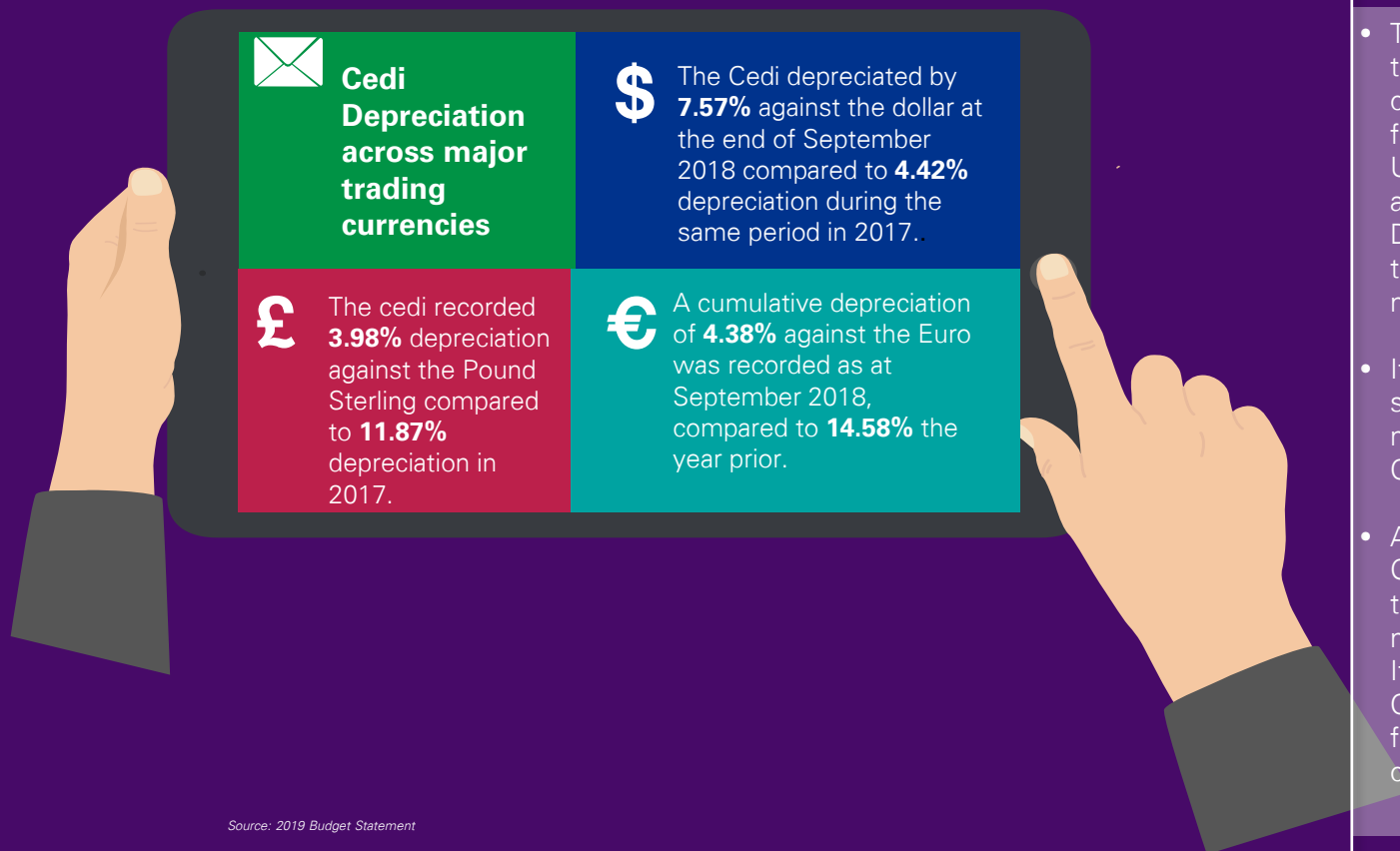
## Inflation & Policy Rates



Source: 2019 Budget Statement

- The general inflation rate has seen a steady drop in recent years, with the current October rate of 9.5% being the lowest rate recorded in the past five years. This performance is largely attributed to a strong monetary policy regime, coupled with a drop in inflation rate of some key non-food items in the inflation basket as a result of a relative stability in exchange rate.
- The marginal resistance of food inflation to the falling pattern of headline inflation may impact the Government's ability to meet its year-end target. It is, however, expected that sustained support for the Planting for Food and Jobs programme, Modernising Agriculture in Ghana (MAG) programme, One District One Warehouse and the intervention of the Ghana Commodities Exchange as well as other production enhancing initiatives present brighter prospects for food inflation.
- The Government has maintained its medium term (2019-2022) target band of  $8 \pm 2$  percent and has set its 2019 end-period inflation at 8.0%. This would be achieved through a strong commitment to promoting inclusive growth, sustaining fiscal consolidation and strengthening the inflation targeting regime.
- Interest rates continued trending downwards as a response to the reduction in the monetary policy rate and improving macroeconomic fundamentals. The interbank weighted average lending rate declined by 4.71% to 16.23% between September 2017 and September 2018.
- Though banks have marginally responded to the drop in interest rates, it is expected that the current reforms in the banking sector would impact banks' lending rates in the medium to long term.

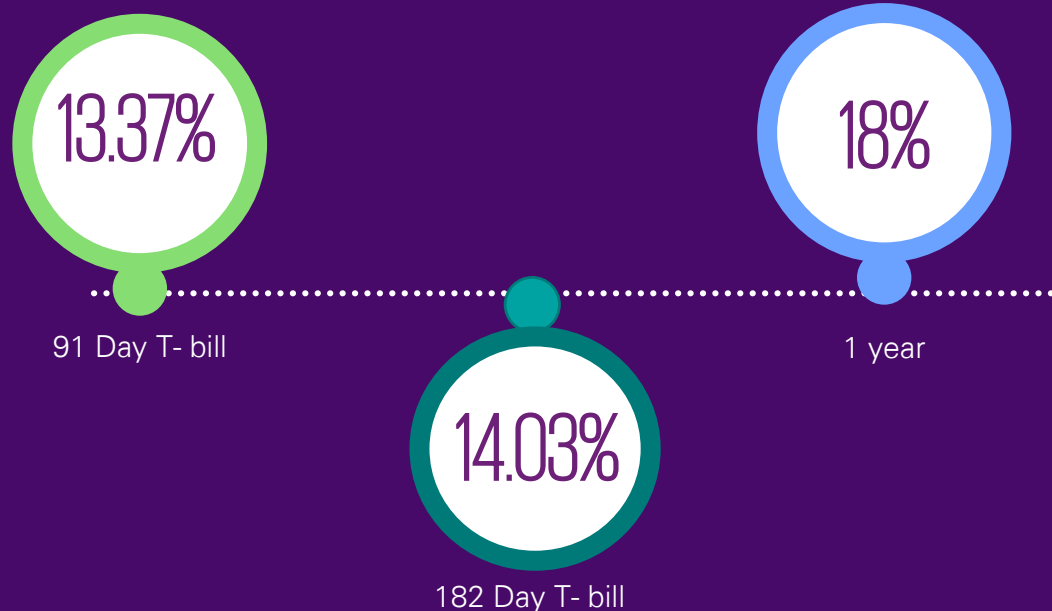
# Monetary Developments.... (2/2)



Source: 2019 Budget Statement

- The decline in the overall performance of the Ghana Cedi compared to major trading currencies was mainly due to external factors including the strengthening of the US Dollar globally, the US-China trade war, and the US Fed policy rate hikes. Domestic demand of foreign exchange for trade settlement also contributed marginally to this phenomenon.
- It is worth noting that, the Ghana Cedi showed signs of stability in October 2018, mainly as a result of the inflow of the Cocoa Syndicated Loan.
- According to the Finance Minister, Government in the medium term intends to shift the focus of economic management from taxation to production. If this is achieved, pressure on the Ghana Cedi associated with the demand for foreign exchange for trade settlement could reduce.

# Domestic Market Rates



- Though rates on most treasury securities declined during the period, the rates on the 91-day Treasury bill and 1-year note went up by 0.18 and 1.00 percentage points respectively to 13.37% and 18%.
- Deposits and lending rates of the Deposit Money Banks (DMBs) also fell, with the 3-month time deposit rate falling by 1.50 percentage points to 11.5% and the lending rate also dropping by 1.48 percentage points to 27.49% in September 2018..



**Interbank  
Average**

**16.23%**



**Average  
Lending Rates  
of DMBs**

**27.49%**

Source: 2019 Budget Statement



# Public Debt





**57.2%**  
**Debt to GDP  
ratio\***

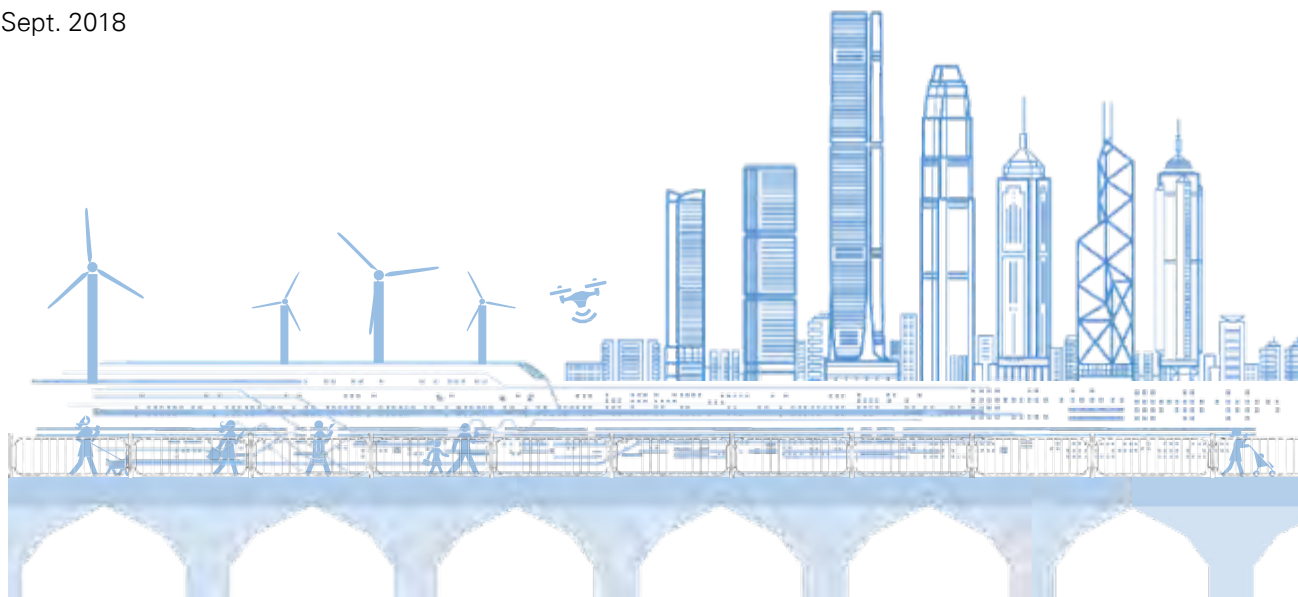
- The rate of debt accumulation saw an increase from 13.58% in 2017 to 19.80% in 2018. This jump is largely attributed to the bailout of seven local banks which were either resolved or consolidated. The depreciation of the cedi also contributed to this rise.
- The Government sustained its efforts at implementing the strategy for managing the public debt stock. This strategy aims at raising capital at the lowest possible cost by targeting the lengthening of the maturity profile of domestic debt instruments.

Source: 2019 Budget Statement

## Debt Profile

 Domestic Debt	GH¢84,191.93 million*
 External Debt	GH¢86,647.60 million*

\*Sept. 2018



# External Sector Developments

Outturn for January – September 2018

**\$9.7 bn**

(\$9.3 bn - 2017)

**Imports**

**\$11.3 bn**

(\$10 bn - 2017)

**Exports**

**\$1.6 bn**

(\$0.8 bn - 2017)

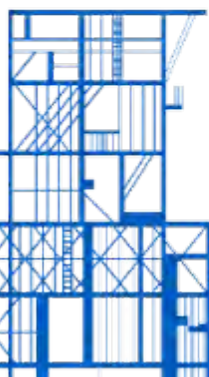
**Trade Balance**

**3.6\***

(3.9\* - 2017)

**Gross  
International  
Reserves**

\* Months of import cover



Source: 2019 Budget Statement



# Tax Initiatives





# 2018 Tax Policy Initiatives & Revenue Measures

## Tax Policy Initiatives and Revenue Measures



The following tax policy initiatives and revenue measures were proposed and implemented in 2018.

### Initiatives still in Force

- Decoupling the Ghana Education Trust Fund (GETFund) Levy and the National Health Insurance Levy (NHIL) from the Input-Output Value Added Tax mechanism and converting them into straight levies with rates of 2.5% each
- The introduction of Luxury Vehicle Levy on motor vehicles above engine capacity of 3,000cc
- Provision of Tax Breaks to help position Ghana as a Higher Education Hub
- Provision of Tax Incentives for Young Entrepreneurs
- Abolition of the 7.5% income tax on the commission of lotto agents and tax on lotto winnings
- Extension of the National Fiscal Stabilisation Levy and Special Import Levy to the end of 2019
- Change of the ad valorem rate on the ex-depot price of petroleum products listed in the Special Petroleum Tax Act, 2014 (Act 879) to a specific rate of tax per litre
- Introduction of 7% Value Added Tax withholding scheme for suppliers as a compliance tool.

### Initiatives Proposed to be changed in 2019

- An introduction of additional Personal Income Tax band of 35% on monthly chargeable incomes in excess of GH¢10,000 for tax resident individuals and increment of tax flat rate for non-resident tax individuals from 20% to 25%

### Initiatives Ended

- The grant of Tax amnesty for all category of tax payers for income tax returns for 2014 to 2017 years of assessment

# 2019 Proposed Tax Policy Initiatives & Revenue Measures (1/2)

- **Review of the Personal Income Tax Band** – The 35% personal income tax on monthly chargeable income exceeding GH¢10,000 was introduced in August 2018. This has been reviewed to 30% personal income tax on monthly chargeable income exceeding GH¢20,000.
- **Relief from Tax for Minimum Wage Earners** – The tax free personal income tax band is to be revised upward to ensure the entire income of minimum wage earners is not taxed.
- **Withholding Tax on Small Scale Mining** – In order to simplify the collection of withholding tax for both small scale mining operators and tax authorities, the point of collection of the tax is to be shifted to the point of export.
- **Broadening of the Tax Net** – Strict adherence to compliance requirement for the possession of Tax Identification Number (TIN) under the Revenue Administration Act, 2016 (Act 915) is to be enforced. Government intends to apply sanctions to state and private entities that fail to enforce the TIN requirement. Also, a TIN will be required for access to public services.
- **Measures to Intensify Tax Compliance:**
  - Prosecution of tax defaulters
  - Bringing distress actions against habitual defaulting taxpayers to retrieve unpaid taxes
  - Speeding up the implementation of various automated systems such as the Fiscal Electronic Device (FED) which will enhance the effective collection of VAT and the Excise Tax Stamp Policy to reduce human involvement in tax administration.
- The Government appears to have paid attention to some concerns from the business community identified in our Pre-Budget Survey Report.
- The proposed review of the Personal Income Tax Band and relief from tax for minimum wage earners is expected to provide some relief to tax payers.



# 2019 Proposed Tax Policy Initiatives & Revenue Measures (2/2)

- **Review of the Tax Exemption Regime**

Studies by the Revenue Policy Division of the Ministry of Finance, International Monetary Fund (IMF), Organisation for Economic Cooperation and Development (OECD), GIZ and the World Bank suggest that the growth in Ghana's tax exemptions and reliefs is unsustainable and the benefits to Ghana's economy from these exemptions and reliefs are doubtful. As a result, Government seeks to embark on reforms to maximise the benefits of tax exemptions and reliefs to the country.

- **Specific compliance measures for the Mining Industry**

The strategies below will be adopted in optimising mining revenue to the state:

- o Greater scrutiny of the quantity and quality of minerals produced in Ghana in order to establish accurate basis of revenue determination and export valuation
- o Curbing base erosion as a source of systemic under-valuation of royalties and profits
- o Tightening the regime that governs foreign exchange repatriation through the Bank of Ghana
- o Capitalising Tax Expenditures (Exemptions) and recognising them as additional government equity holdings in mining companies
- o Revitalising the Inter-Agency Technical Committee on Mining.





# Other Initiatives





# "Modernising Agriculture, increasing production & reducing dependence on imports for food..."



## **Planting for Food & Jobs (PFJ) and Rearing for Food & Jobs (RFJ)**

Government intends to expand the PFJ initiative to reach millions of farmers in 2019. There is also going to be an introduction of a livestock model "Rearing for Food and Jobs(RFJ)" to increase the production of selected livestock especially poultry.

## **One Village One Dam Project**

Construction of 570 small dams and dugouts irrigation schemes under the Infrastructure for Poverty Eradication Programme (IPEP) to assist with agricultural production especially in the northern regions.

## **Ghana Incentive Base Risk Sharing System for Agricultural Lending (GIRSAL)**

An amount of GH¢400 million, with further funding of US\$14 million from the African Development Bank (AfDB), has been set aside to serve as guarantees to commercial banks which provide credit facilities to the agricultural sector.

## **Movement of Agricultural Produce**

Rehabilitation of 300km farm access roads.

## **Storage Facilities**

Government intends to increase warehouse storage capacity by 80,000 metric tonnes.

# "Building on and strengthening social interventions to ensure no one is left behind..."<sup>(1/2)</sup>



## **Basic Education**

- The Ministry of Education will develop a new curriculum which introduces French and the History of Ghana as mandatory subjects at the basic level and Arabic as an optional subject at Junior and Senior High levels
- Rehabilitate 50 kindergarten schools that are in deplorable states
- Absorb 100% of registration fees of BECE candidates of public Junior High Schools

## **Technical, Vocational Education Training (TVET)**

- Upgrade Kumasi campus of University of Education, Winneba to an independent TVET Teacher Training University
- Commence construction of 20 state-of-the-art TVET Centres
- Upgrade and retool 34 vocational training institutes

## **Secondary Education**

- Complete stalled building projects for Senior High Schools (SHS) to increase capacity to absorb increased intake from Free SHS policy
- Upgrade selected Senior High Schools in 42 Districts to model schools

## **Tertiary Education**

- Affiliate colleges of education to public universities and convert them to colleges of the universities
- Merge Ghana Institute of Languages (GIL), National Film and Television Institute (NAFTI), Ghana Institute of Journalism (GIJ) into National Institute of Communication and Media Arts
- Construct administration blocks, Schools of Agriculture and Engineering as part of efforts to establish the University of Environment and Sustainable Development.

# "Building on and strengthening social interventions to ensure no one is left behind..."<sup>(2/2)</sup>

Education



## **Science, Technology, Engineering & Mathematics (STEM)**

- Roll out the Basic STEM (BSTEM) programme in 7,000 basic schools across the country
- Construct 10 STEM centres; initiate development of a knowledge cloud to make educational materials accessible to all

## **Community Development Vocational & Technical Institutes (CDVTI)**

- Retool and upgrade two CDVTIs to provide technical and vocational education for 3,000 youth and build the capacity of 1,000 social workers in child and family welfare for child protection programmes
- Construct two new centres for foundry and machining

## **Long-term Financing for Education Infrastructure**

- GET Fund will secure US\$1.50 billion long-term financing for education infrastructure. The amount will be issued in three tranches of US\$500 million each.

# "Building on and strengthening social interventions to ensure no one is left behind...." (1/2)



## Health Service Delivery Programme

- The Ministry of Health intends to review and implement strictly, the code of conduct of professionals in the health sector.



## Management and Administration Programme

- Government intends to build, equip and upgrade health facilities across the country



## Health Sector Regulation Programme

- As part of efforts to strengthen health information system, the Ministry of Health intends to roll-out a nationwide electronic medical record programme
- Nationwide roll-out of e-renewal by mobile money application and e-receipt by the NHIA





# "Making an unprecedented push in infrastructural expansion..."

Infrastructure



## **Marine Drive Tourism Investment Project**

Construction of the Marine Drive Tourism Investment Project is set to commence in 2019

## **Implementation of the Green House Estate Project**

Government to construct additional 100 Green Houses at the Dawhenya irrigation site in 2019. This is in line with the Government's Agriculture Transformation Programme.

## **Home Based Airline**

Approval has been obtained for the creation of a Home-Based Airline which will begin operations from 2019.

## **Establish ICT Technology Parks in other regions**

- **Establish additional digital centres** in Takoradi and Kumasi to train youth in basic IT training and Digital Marketing
- **Deploy 600 telephony sites** to provide voice signals to 1,800 communities with limited or non-existent connections
- **Enhance cyber-security** by deploying Public Key Infrastructure (PKI). This will secure electronic communication and protect communications between users, meeting the future requirements for e-Governance and e-Services initiatives
- **Connect the e-Government Network** to Metropolitan, Municipal and District Assemblies (MMDA), Senior High Schools, hospitals and clinics, government institutions and 254 local districts Point-of-Presence (POP) sites
- **Operationalise the three ISO Certified research laboratories** to enhance e-Governance software solutions for MMDAs and public-sector organisations to facilitate operations and revenue mobilisation
- **Deploy the second phase of National Digital Address System** which will cover the generation of three million addresses and recruit 500 agents
- **Collaborate with NABCO to deploy 500 trainees to ICT Centres** across the country

# "Making an unprecedented push in infrastructural expansion..."



Infrastructure



## Road Infrastructure Development

- Undertake 11,900km, 22,500km and 6,500km of routine maintenance activities on trunk, feeder and urban road networks respectively.



## Revamp of Railway Network

- Rehabilitation of existing railway lines in the Ashanti, Eastern, Greater Accra and Western Regions in 2019.
- Construction of new standard gauge and dual gauge railway lines in the Ashanti, Greater Accra and Western Regions

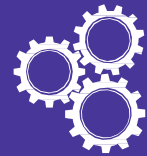


## Ports and Harbor Development

- Container terminals at the Tema Port are being constructed to increase container handling capacity. The first berth is expected to be completed and operational by 2019.
- As part of efforts to develop the Takoradi Port as an Oil and Gas hub, Government developed an on-dock container to accommodate bigger vessels. The second phase of an additional 200m quay wall will commence in 2019.
- Secure a strategic investor for development of an in-land port at Boankra in the Ashanti Region as part of efforts to decongest the Tema Port and facilitate the transit trade to our landlocked neighbours.
- Rehabilitate inland ferry landing sites at Dambai, Yeji, Makango and Agordeke.

# "Making an unprecedented push in infrastructural expansion..."

## Energy and Natural Resources



### Developments in the Petroleum and Energy Sector

- Efforts are being made to ensure Ghana becomes a hub for refined petroleum products in the West African sub-region. A draft Petroleum Infrastructure Master Plan has been developed. In 2019, the Ministry will facilitate the implementation of the Petroleum Hub Master Plan.
- There are plans to develop a Gas Act to provide a comprehensive legislation on gas related matters. The draft bill is expected to be completed and passed in 2019.
- There has been some level of indigenous participation in the petroleum sector since the introduction of the local content legislation. In 2019, the Government will work towards amending L.I. 2204 to remedy current challenges to ensure enhanced local participation.
- In 2019, the Energy Commission will partner the various stakeholders in the energy sector to streamline activities in the sector. Policies include enforcement of regulations to ensure that electrical wiring conductors and accessories sold on the Ghanaian market meet minimum standards for the safety of persons and property.



### Access to Power

The current electricity access rate in the country is 84.3 percent

- In 2019, Government will initiate the processes for the implementation of the following transmission projects:
  - 161kV Aboadze-Takoradi line upgrade project
  - 161kV Takoradi-Tarkwa-New Tarkwa-Prestea line upgrade project, and
  - 330kV A4BSP (Pokuase) - Nkawkaw-Anwomaso line project.

Under the Rural Electrification Programme, 122 out of a target of 1,796 communities were connected to the national grid. In 2019, Government's target is to connect 1,250 communities to the national grid.



### Renewable and Alternative Energy Development

Government in August 2018 commissioned a 20MW utility solar project by Mienergy in Winneba.

A total of 72MW solar energy is to be added to the national grid by Volta River Authority (VRA) and Bui Power Authority (BPA).

# "Making an unprecedented push in infrastructural expansion..."

Energy and  
Natural  
Resources



## **Private Sector Participation ("PSP") in ECG**

Under the Millennium Challenge Compact II, between the Republic of Ghana and the United States of America, cabinet has approved the agreements that will allow a successful PSP in ECG. This has subsequently been ratified by Parliament. The Concessionaire is scheduled to take-over ECG in February, 2019.

## **Potential Private Sector Participation (PSP) in VALCO**

- In 2019, VALCO will run two out of its five Potlines to increase output from 40,000 to 80,000 tonnes with associated revenue of US\$160 million. This will be a good start for VALCO as an off-taker of the alumina to be refined from Ghana's bauxite.
- Government intends to restructure VALCO with the view to bring private sector participation into the ownership and operation of the company

## **Petroleum Sector Development and Management Programme**

- Jubilee Partners continued work towards the completion of the Turret Remediation Project which is expected to be completed in the first quarter of 2019.
- Government is pursuing the Interconnection of Ghana National Gas Company (GNGC) and the West African Pipeline Company (WAPCo) systems to ensure the use of stranded gas for power generation in the East. For this purpose, GNGC pipeline was extended from the end terminal valve to the West African Pipeline Company (WAPCO) fence awaiting tie-in. This project is scheduled to be completed in the first quarter of 2019.
- A Local Content and Local Participation Policy for the petroleum downstream sector to ensure active participation of Ghanaians in the downstream sector value chain has been approved by Cabinet. This is expected to increase local participation in the sector.





# Four Year Tourism Development Programme

- The implementation of a four-year tourism development programme which aims to create an enabling tourism environment, improve tourism sites and destinations, and provide support to tourism enterprises will commence in 2019.
- 
- The programme will increase employment as well as international tourist arrivals by about 150,000 and 300,000 respectively by the end of the programme.

# "Forging ahead with a bold and comprehensive industrialisation plan..."<sup>(1/2)</sup>

Trade &  
Industry



## ✓ US\$ 10 Billion Foreign Direct Investment for 1D1F Initiative

Government is committed to encouraging Foreign Direct Investment (FDI) to the tune of US\$10 Billion in 2019 to implement the One District: One Factory economic policy.

## ✓ Development of National Hydrocarbon Standards

The Ghana Standards Authority to facilitate the development of National Hydrocarbon Standards for Custody Transfer and Allocation Metering Systems (Gas Metering Project) to ensure independent verification of extracted resources.

## ✓ Stimulus Package for Companies in Distress

The Government, in collaboration with Participating Financial Institutions, has disbursed GH¢227.2million to fourteen (14) companies to cushion their operations. The Government also intends to disburse funds to an additional 35 distressed companies in 2019.

## ✓ Industrial Parks & Special Economic Zones

Government to explore, in 2019, a Public Private Partnership investment to develop selected Industrial Park Projects including the proposed new Greater Kumasi Industrial City and Special Economic Zone.

## ✓ Business Regulatory Reform Programme

- **Electronic Registry:** Government to launch an electronic registry in 2019 to document business related laws and regulations for the purpose of administrative transparency.
- **Business Consultations Portal:** Government to launch a portal where business promoters and experts can share their opinions on relevant business policies.

## ✓ Restructuring of Central Regional Development Commission (CEDECOM)

The CEDECOM initiative has supported 10 salt mining entrepreneurs in Komenda, Edina, Eguafu, Abream and Mfantseman Districts to rehabilitate their dilapidated salt pans for improved yield. In 2019, CEDECOM will be restructured to improve its capacity to support industrial transformation in the Central Region.

# "Forging ahead with a bold and comprehensive industrialisation plan..." (2/2)

Trade &  
Industry



## ✓ Facilitation of Strategic Anchor Industries

A Ten-Point Industrial Transformation Programme that facilitates investments into new Strategic Anchor Industries including, Automotive and Vehicle Assembly, Pharmaceuticals, Garments and Textiles, Vegetable Oils and Fats, Industrial Starch, Industrial Chemicals, Iron and Steel has been developed.

## ✓ Government's Social Partnership

A Memorandum Of Understanding (MOU) to formalise the social partnership arrangement between the Government, Organised Labour and Employers will be signed for the purpose of providing a platform to deliberate and work together to accelerate Ghana's development.

## ✓ Intellectual Property Rights

Parliament to pass regulations for implementing the Geographical Indications Act.

Additionally, the Government will provide training for research institutions and the universities to commercialise their intellectual property rights.

## ✓ Increased Commitment to Economic Integration Initiatives

- **ECOWAS Trade Liberalisation Scheme (ETLS):** Relevant stakeholders to be consulted in deploying practical arrangements which will remove the bottlenecks hindering the scheme.
- **Commitment to the recommendations by the Presidential Task Force on ECOWAS Monetary Cooperation Programme:** Government to remain committed to the ECOWAS 2020 Single Currency Programme, and encourage the commitment of other member countries to the recommendations made by the Task Force to meet the 2020 deadline.
- **Implementation of ECOWAS Common External Tariff:** Collaboration with the ECOWAS Commission to develop policy guidelines that will inform the legal framework for the harmonisation of custom duty reliefs in the Community.
- **Ghana-EU Stepping Stone Economic Partnership Agreement:** The Ministry of Finance to administer the 'Compete Ghana Project' within 48 months to ensure the implementation of the Economic Partnership. The partnership seeks to protect Ghanaian exports to the EU Market.



**Three** major global automobile companies, **Volkswagen, Nissan and Sinotruk**, will start vehicle assembly operations in the country in 2019. An Automotive Industry Policy defining the guidelines and regulations for the industry will be launched to guide operations.



# "Encourage Indigenous Entrepreneurship..."

**Business  
Development**



## **Support Entrepreneurs**

The National Entrepreneurship and Innovation Plan (NEIP) will train 10,000 entrepreneurs and provide financial support to 2,000 beneficiaries in 2019.

## **Ghana Regional Appropriate Technology Industrial Service (GRATIS)**

GRATIS will complete the construction of five (5) new Rural Technology Facilities (RTFs) to add to the existing stock of twenty-six (26) RTFs in support of rural industrialisation, including One District: One Factory.

## **Business Development Programme**

In 2019, National Board for Small Scale Industries (NBSSI) will complete the construction of 67 Business Resources Centres (BRCs) in various districts. In addition, an in-house Business Incubator is to be established, and 94 Business Advisory Centres (BACs) upgraded.

"Strengthening domestic revenue mobilisation and taking strong measures to ensure efficiency in public expenditure and protecting the public purse..." (1/3)

#### **Ghana Commodities Exchange**

The Ghana Commodities Exchange has been set up to promote private sector investment in agribusiness.

#### **Africa Trade Insurance (ATI)**

Subscribe to Africa Trade Insurance Agency to provide opportunities for investors to benefit from investment, trade and political risk insurance.

#### **Development of Mortgage & Housing Finance Market**

Government intends to commit GH¢1 billion to the mortgage and housing finance fund which will be seeded with a minimum of GH¢100m every fiscal year over the next 5 years to boost financing options in the mortgage and housing industry.

#### **National Financial Inclusion & Development Strategy (NFIDS)**

Implement NFIDS to improve financial inclusion and development.

#### **Regional Financial Services Hub**

Initiate steps towards establishing the country as a financial services hub by the development of a regulatory, strategic, and implementation framework.

#### **Ghana Incentive Base Risk Sharing System for Agricultural Lending (GIRSAL)**

Operationalise GIRSAL to provide guarantees to commercial banks lending to the agricultural sector.

# "Strengthening domestic revenue mobilisation and taking strong measures to ensure efficiency in public expenditures and protecting the public purse..." (2/3)

## **Domestic Credit Rating Agency**

Government, through private sector participation, will help establish a domestic credit rating agency as well as a financial stability council which will be supported by a financial services data centre.

## **Basel II/III Framework**

Implement the final phase of Basel II/III supervisory framework with increased focus on banks' corporate governance, risk management practices and decisive actions to address vulnerabilities in specialised deposit-taking institutions.

## **Implementation Guidelines on Private Funds**

Implement guidelines on private funds with the aim of attracting investments from private equity firms by the Securities and Exchange Commission (SEC).

## **10 Year Capital Market Master Plan**

Government to constitute a Capital Market Working Group (CMWG) to develop a comprehensive 10-Year Capital Market Master Plan for the country to improve the capital market.

## **Real Estate Investment (REIT)**

Implementation guidelines by SEC which will help in the efficient management of funds generated from REITs.

# "Strengthening domestic revenue mobilisation and taking strong measures to ensure efficiency in public expenditures and protecting the public purse..." (3/3)

## **Electronic Motor Insurance Database**

Implement an electronic motor insurance database to address the problem of fraudulent motor insurance stickers.

## **National Pension Regulatory Authority (NPRA) Reforms**

NPRA to embark on internal capacity building through training, automation of their operations and the adoption of a risk-based supervision framework as well as the decentralisation of its operations.

## **Minimum Capital Requirement in the Insurance Sector**

Introduce new minimum capital requirements for the insurance industry to address the challenges of low capitalisation.

## **Century Bond**

Issue longer dated sovereign bonds as part of the country's debt management strategy.

# Miscellaneous Initiatives

**The Zongo Development Fund in 2019 will continue the provision of infrastructure such as access roads, alleyways, drains, bailey bridges, recreational parks and waste management systems.**

**As part of efforts by government to root out corruption in society, a legislative instrument has been submitted to Parliament to make the Office of the Special Prosecutor fully functional in 2019.**

**100,000 graduates have been trained and enrolled under the Nation Builders Corps (NABCo) policy.**

**The National Identification Authority (NIA) has begun the registration of staff of public sector institutions and intends to continue with the mass registration exercise. Also ongoing, is the registration of resident foreigners under the Foreign Identification Management System (FIMS).**

**Government through the Ministry of Special Development Initiatives has started the allocation of US\$1million annually to each of the 275 constituencies for investment in infrastructure.**





# Miscellaneous Initiatives

**Government to support the Northern, Middle-Belt and Coastal Development Authorities to provide tricycles, new 6-unit classroom blocks, ambulances, street lights, industrial enclaves, small town markets, small town water systems, school furniture, small bridges, drainage systems, rural health centres and 300km farm roads.**

**The National Commission for Civic Education (NCCE) will embark on a nationwide public education on the election of MMDCEs, District Level Elections and increased citizen participation in local governance.**

**As part of measures to reduce crime and combat terrorism, the Ministry of Defence will among other things, establish special forces units.**

**To ensure space for national religious events, Government is providing the land, secretariat and seed capital for the construction of the National Cathedral. The Cathedral will among other things, house a grand central hall, a music school, a bible museum and documentation centre .**





# Outlook

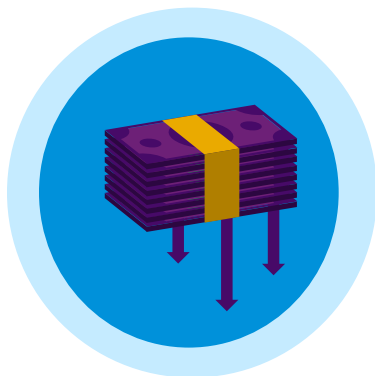


# Targets for 2019



7.6%

**Overall Real GDP growth**



3.5 months cover

**Gross International  
Reserves**



8.0%

**End-period inflation**



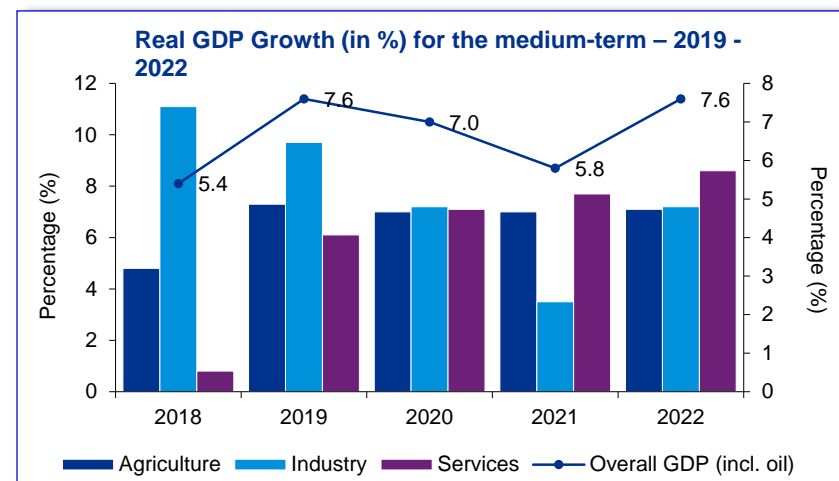
4.2%

**Fiscal deficit**



# Medium Term Macro-Fiscal Targets

- The macroeconomic targets for 2019 and those to be pursued over the medium term (i.e. 2019 – 2022) are underpinned by the Coordinated Programme of Economic and Social Development Programmes (CPESDP) and aimed at setting the “foundation stones” for the “Ghana Beyond Aid” agenda.
- The overall real GDP growth rate target for 2019 represents a 200 basis point increase over that of the 2018 (based on the revised budget). This target of 7.6% for 2019 appears ambitious enough and is expected to be driven by growth, particularly, in the services sector.
- The services sector is expected to recover from its subdued growth in 2018 to post significant growth from 2019 to 2022. Over the medium term, the sector is expected to average 7.4% growth.
- Projected growth for the industry sector is expected to trend downwards from 9.7% in 2019 to 3.5% in 2021 before recovering to 7.2% in 2022. The sector is expected to record an average growth of 6.9% over the medium term. It is worth noting that the projected subdued growth in 2021 for the sector will be its lowest over a five year period. Accounting for this growth could possibly be the under performance of the mining and quarry sub-sector which is projected to contract to negative 1.8% in 2021.
- The growth of the agriculture sector is expected to stabilise over the medium term between a range of 7.0% to 7.3%.



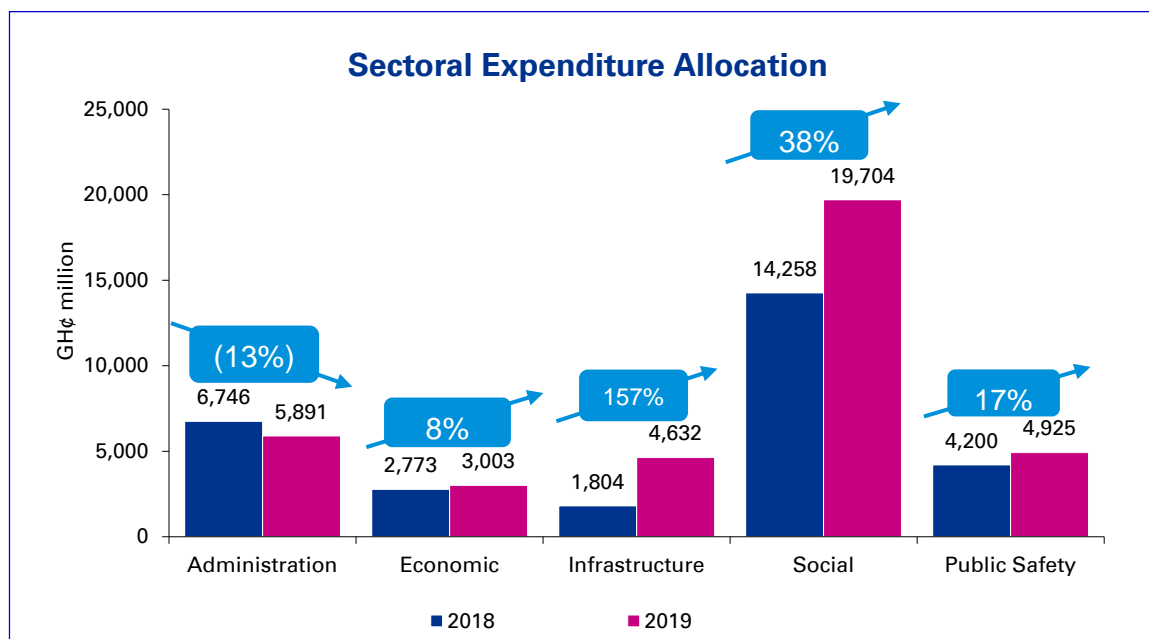
Source: 2019 Budget Statement

## Macroeconomic targets for the medium term (2019 – 2022)

Indicator	Target
Overall Real GDP growth (%)	7.0%
Non-Oil Real GDP growth (%)	6.6%
Inflation (%)	8±2 target band
Fiscal deficit (%)	not more than 5% of GDP
Primary balance	Surplus of at least 1 percent of GDP
Gross International Reserves	4 months cover

Source: 2019 Budget Statement

# Sector Outlook



- Historically, the infrastructure sector remained the sector with the least sectoral expenditure allocation – 2016:6%, 2017:10% and 2018:6%.
- For the 2019 fiscal year, this trend has been reversed. The allocation to the infrastructure sector has increased by 157%. Twelve percent of budgetary allocation has been earmarked for the sector.
- The key sub-sectors which account for this allocation to the infrastructure sector include the Ministry of Special Development Initiatives (29%), the Ministry of Roads and Highways (28%) and the Ministry of Railways Development (14%).
- The Social sector has been allocated 52% of the sectoral budget in 2019 as against 48% in the previous year. The major driver of this sector's allocation is the projected expenditure on Free SHS which is expected to account for 57% (~GH¢11 bn) of this allocation.





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