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2020 Budget Highlights

Budget Statement and Economic Policy of the Government of Ghana for the 2020 Fiscal Year

November 2019

Foreword

Realising the benefits of macro economic stability within fiscal rectitude

Anthony Sarpong

Senior Partner, KPMG in Ghana

We commend the Government's commitment to fiscal rectitude as announced in the 2020 Budget Statement and Economic Policy ("the Budget"), which was presented to Parliament by Hon. Ken Ofori-Atta, Ghana's Finance Minister, on 13 November 2019. Next year's Budget implementation coincides with the 2020 elections and it is the first Budget Statement under the Fiscal Responsibility Act 2018 (Act 982). It is also the first, post IMF Extended Credit Facility for Ghana in April 2019.

Overall, the key macroeconomic indicators across all sectors of the Ghanaian economy- the real sector, monetary sector, external sector and fiscal sector are trending in the right direction.

The broad macroeconomic performance for 2019 and the medium term framework look stable and provide some level of predictability for planning. In spite of the sustained macroeconomic stability, businesses continue to express concerns about the cost of doing business, access and cost of credit, stability of the Cedi and tax payer experience.

The Budget proposes to introduce a number of initiatives aimed at creating a more enabling environment for businesses and improving public service delivery. We look forward to specific details of these initiatives in the year ahead.

While we believe these priorities are steps in the right direction, what will be even more important is Government's execution mechanism of the priorities and initiatives.

Indeed, achieving these priorities will accelerate Ghana's socio-economic development path. However, domestic revenue mobilisation through innovative expansion of the tax net and the transformation of key public institutions will be necessary. Protecting the public resource envelope cannot be overemphasised. These commitments can only be achieved through financial discipline in managing the entire budget implementation.

Efficiency in public service delivery through digitisation also offers convenience. However, the benefits of digitisation come at a price – the risk of cyber attacks. Government should prioritise cyber security strategy in tandem with its digital agenda.

We believe it is essential for the business community to take an active interest in these initiatives and engage with government to realise the intended benefits.

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"Consolidating the gains for growth, jobs & prosperity for all"

2020 budget theme

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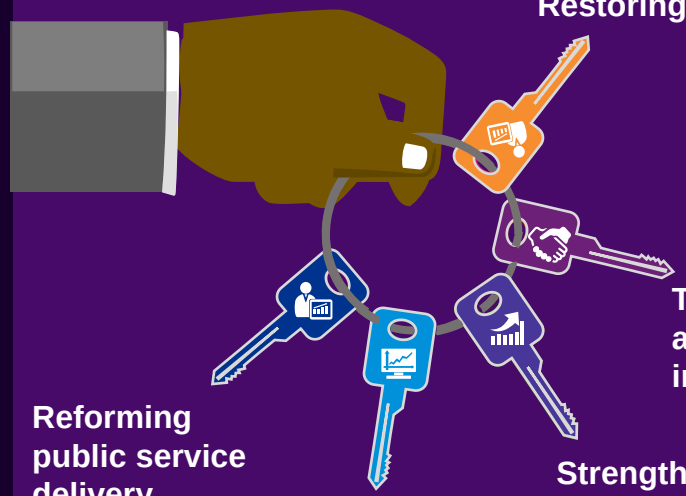
Strategic Pillars and Priorities of the 2020 Budget

Pillars



- Restoring the economy
- Transforming agriculture and industry
- Strengthening social protection and inclusion
- Revamping economic and social infrastructure
- Reforming public service delivery institutions

Priorities

- Domestic revenue mobilisation
- Business regulatory reforms
- Intensified drive for FDI
- Enhanced financial support to local enterprises
- International Financial Services Centre
- Digitisation
- Accelerated infrastructure development
- Science and Technology

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01 Executive summary

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2020 Budget at a Glance

6.8%

Overall GDP growth rate

4.7%

Fiscal deficit

8.0%

End-period inflation

3.5months

Import cover

Public Debt

USD 42.7bn

USD 39.2bn
As at Sept,2019

Revenue

GH¢ 67.1bn

GH¢ 36.9bn
As at Sept.2019

Expenditure

GH¢ 84.5bn

GH¢ 51.9bn
As at Sept.2019

Source: 2019 & 2020 Budget Statements

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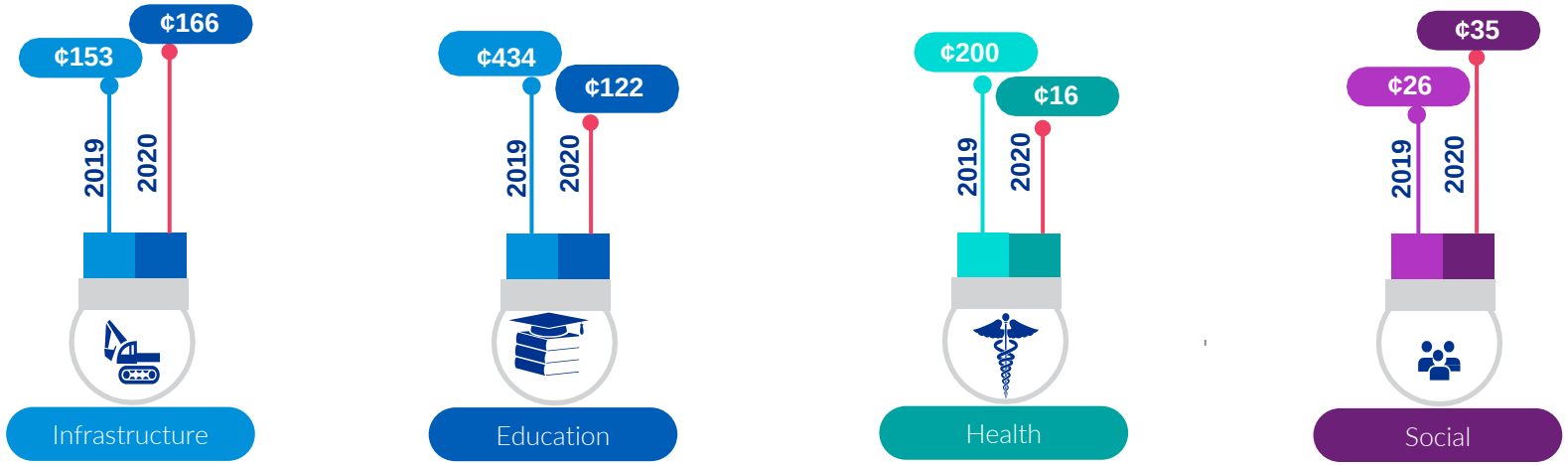
2020 Budget at a Glance

Towards lifting standard and quality of living

Infrastructure	Education	Health	Social
GH¢ 5.1bn	GH¢ 3.7bn	GH¢ 0.5bn	GH¢ 1.1bn
GH¢ 4.6bn 2019	GH¢ 13.1bn 2019	GH¢ 6.0bn 2019	GH¢ 0.8bn 2019

Per Capita Expenditure Allocation



Source: 2019 & 2020 Budget Statements

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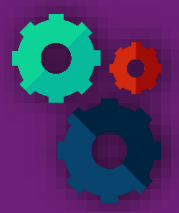
Taxation



Tax Policy Initiatives

- Extension of the 5% National Fiscal Stabilisation Levy (NFSL) and the 2% Special Import Levy (SIL)
- Adjustment of personal income tax bands
- Review of personal reliefs
- Abolition of VAT on Private Equity, Venture Capital and Mutual Funds' management fees to start-ups.

Tax Reform Measures

- A comprehensive review of the tax system
- A GRA transformational programme around people, technology and service
- Digitisation of tax payer identification.

Legislative Review

- Updates to existing Transfer Pricing Regulations, 2012 (L.I 2188)
- Review of legislation to regulate taxation of e-Services
- Amendment of Ghana Investment Promotion Centre (GIPC) Law
- Updates to legislation to include outstanding Base Erosion and Profit Shifting (BEPS) action points
- Abridged versions of major Revenue Laws such as the Customs Act, Excise Duty Act, Income Tax Act and the Value-Added Tax.

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Key Initiatives - 2020 Budget

01 FINANCIAL SERVICES

- Intensified Drive for Foreign Direct Investment (FDI)
- Enhanced Financial Support to Local Enterprises
- Establishment of:
  - Enterprise Credit Scheme (ECS)
  - National Development Bank (NDB)
  - International Financial Services Centre
  - Ghana Fixed Income Market (GFIM).

02 ENERGY AND NATURAL RESOURCES

- Private Sector Participation ("PSP") in ECG
- Petroleum Agreements and Joint Venture Arrangements
- The National LPG Promotion Policy.

03 HEALTH

- Drone delivery services to be rolled out nationwide
- Continued healthcare infrastructure development
- Healthcare regulatory review
- E-health Programme to be rolled out nationwide.

04 TRANSPORTATION

- Home-based carrier to commence operations
- Phases II & III of Kumasi Airport expansion project to be completed in 2020
- Site earmarked at Apowa-Mporhor for airport construction
- Two berths scheduled to be completed as part of Tema Port expansion.

05 AGRICULTURE

- Expansion of the Planting for Food and Jobs (PFJ) and Rearing for Food and Jobs (RFJ) to reach more farmers
- Diversifying exports and income sources through the Planting for Export and Rural Development programme.

06 TRADE AND INDUSTRY

- Implementation of a 3-year business regulatory reform to facilitate ease of doing business in Ghana.
- Operationalisation of the AfCFTA Secretariat in Accra.

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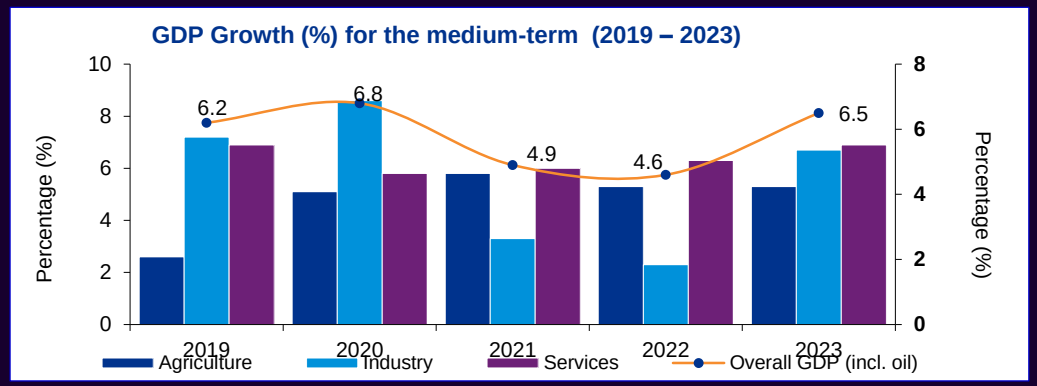
Document Classification

Outlook

Projected Medium Term Performance

- The overall GDP growth rate target for 2020 of 6.8% represents a 60 basis point increase over that of 2019 (based on the revised budget). Growth in GDP is projected to see a fall between 2021 and 2022 due to a significant drop in industry sector growth expectations. Growth performance is, however, expected to accelerate in 2023.
- Over the medium term, the growth of the industry sector is expected to average at 5.2%, and will peak at 8.6% in 2020. A sharp decline in growth is expected in the sector in 2021 and 2022 largely due to a fall in crude oil production from existing fields. The sector's growth will, however, improve in 2023, driven by expected production from the Pecan Field.
- The services sector is expected to attain an average growth of 6.3%, the highest average growth of the three sectors over the medium term. The growth of the services sector is expected to trend upwards from 5.8% in 2020 till it reaches 6.9% in 2023. Accounting for this trend is the anticipated growth of the health and social work sub-sectors which are projected to grow by 20.15%, on the average, over the medium term.
- The agriculture sector is expected to grow at an average rate of 5.4% over the medium term.
- The macroeconomic targets for 2020 and those to be pursued over the medium term (i.e. 2020 – 2023) remain anchored by the Coordinated Programme of Economic and Social Development Programmes (CPESDP) and the Medium-Term National Development Policy.



Source: 2020 Budget Statement

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02 Global Developments

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Global Economic Developments & Outlook

1 USA

- The US economy is expected to attain 2.6% growth by close of 2019, moderating to 1.9% in 2020.
- By the close of 2019, the fiscal stimulus introduced in February 2009 by the Obama administration is expected to unwind. This accounts for the projected dip in growth in 2020.

2 Europe

- The Euro Zone is expected to grow at 1.6% in 2020, inching up by 0.3 percentage points above the expected level in 2019.
- Euro area growth is expected to pick up over the remainder of this year and into 2020, as external demand is projected to recover.

3 Asia

- Asia is projected to grow at 6.2% in 2020. This level of growth is expected to reflect the impact of tariffs on trade and investment.
- In China, the negative effects of escalating tariffs and weakening external demand have added pressure to an economy already in the midst of a structural slowdown and needed regulatory strengthening to rein in high dependence on debt.

4 Africa

- Sub-Saharan Africa's growth is expected to reach 3.4% in 2019 and 3.6% in 2020.
- This growth is expected to be driven by strong growth in many non-resource-intensive countries across Africa.

5 Middle East

- Growth in the Middle East is expected to be 1.0% in 2019, rising to about 3.0% in 2020.
- The outlook for the region is projected to improve due to the prospects for Saudi Arabia's economy. Saudi Arabia's non-oil sector is expected to strengthen in 2019 with higher government spending and improved confidence. Its oil sector is also expected to expand in 2020.

- Global growth is expected to reach 3.2% by close of 2019, improving to 3.5% in 2020.
- The projected pickup in global growth in 2020 relies on factors such as financial market sentiment staying generally supportive, stabilisation in some stressed emerging market economies, such as Argentina and Turkey, and the continued fading of temporary drags, notably in the Euro zone.

Source: IMF World Economic Outlook

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03 The Economy

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Macro Economic Snapshot: 2017 – Sept 2019

Macroeconomic Indicators	2017 Outturn (Rebased)	2018 Outturn (Rebased)	2019 Q3 Outturn
Overall GDP Growth Rate	8.1%	6.3%	6.2%**
Non Oil GDP Growth Rate	4.6%	6.5%	5.2%**
End Period Inflation Rate	11.8%	9.4%	7.6%
Fiscal Deficit	4.8% of GDP	3.7% of GDP	4.5% of GDP
Primary Balance – Surplus/(Deficit)	0.5 % of GDP	1.4% of GDP	(0.3)% of GDP
Import Cover (Gross Foreign Assets)	4.3 months cover	3.6 months cover	4.1 months cover

**As at end of June. 2019

Sources: 2019 Mid Year Budget Review/2020 Budget

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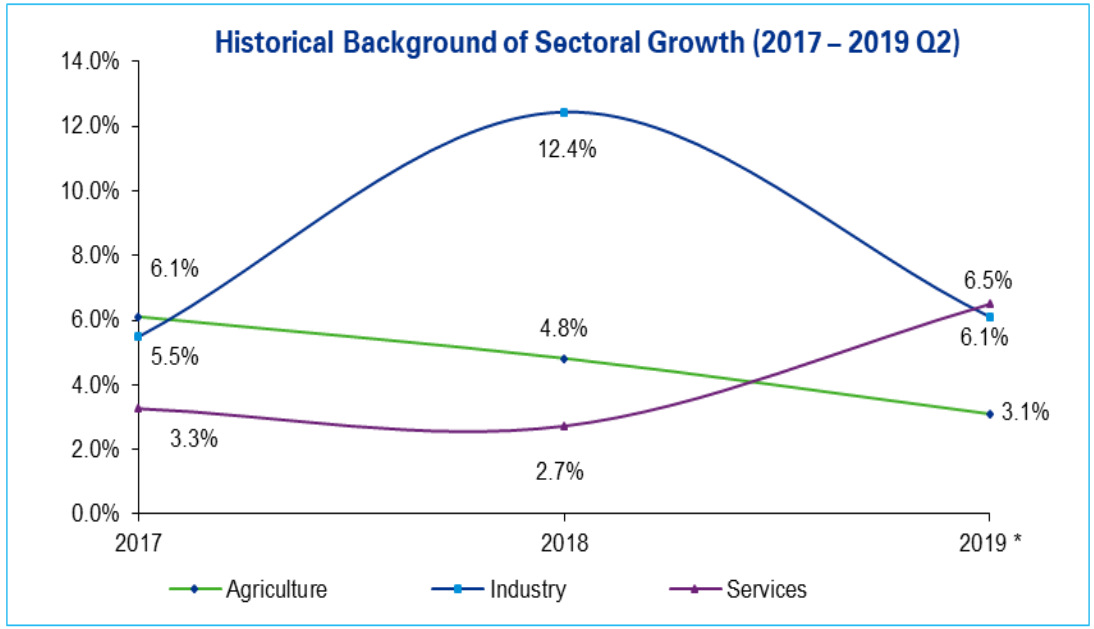
Real Sector Performance (2019Q2)

Real Sector Growth

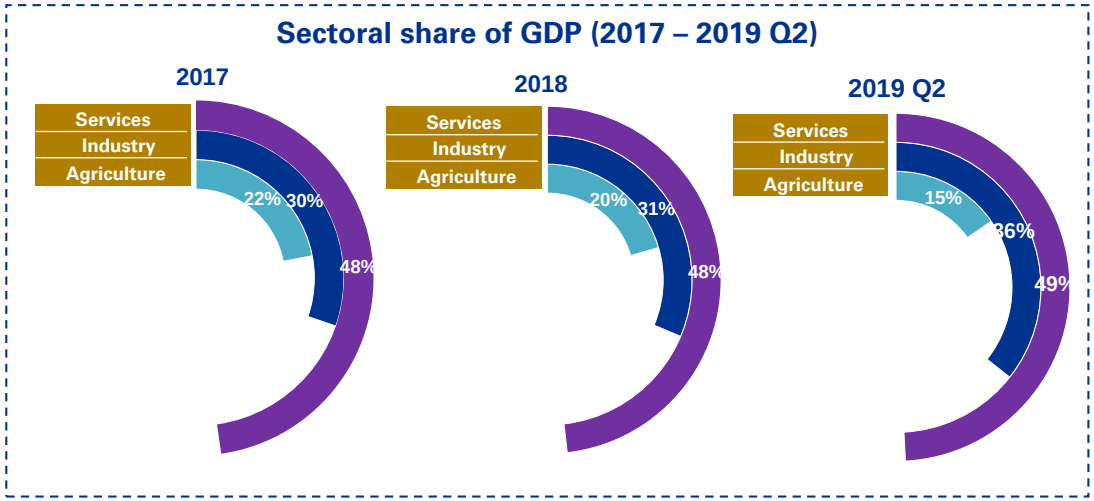
- Historical growth across the three sectors has been erratic despite government's efforts to stimulate growth across the board.
- Industry recorded the highest growth of 12.4% in 2018, mainly driven by the mining and quarrying sub-sector. The services sector recorded the lowest growth between 2016 and 2018.
- As at the second quarter of 2019, the services sector overturned its contracted growth to attain the highest growing sector of the economy, recording a growth rate of 6.5% and a GDP share of 49% at basic prices. The growth in the services sector is attributed to the development of the communications and information sub-sectors as well as the expansion of the real estate sub-sector.
- Industry sector's growth of 6.1%, as at half year 2019, is driven by the mining, quarrying and manufacturing sub-sectors, despite the dip in growth of sub-sectors such as construction and water and sewerage.
- The Agricultural sector recorded a relatively smaller growth rate at 3.1% and smaller share of GDP (15.3%). Sub-sectors such as fishing, forestry and logging recorded negative growth of -0.4% and -1.7% respectively.

Sectoral Share of GDP

- The economy remains dominated by the services sector, which currently contributes 49% of GDP as at Q2 2019 and is projected to maintain its lead with 46% in 2020.
- Historical GDP share of industry and agriculture sectors have averaged 32% and 19% respectively. In 2020, the industry and agriculture sectors are projected to record a share of 34.0% and 19.8% respectively.



Source: GSS & KPMG Analysis



Source: GSS & KPMG Analysis

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Fiscal Sector Developments

Revenue

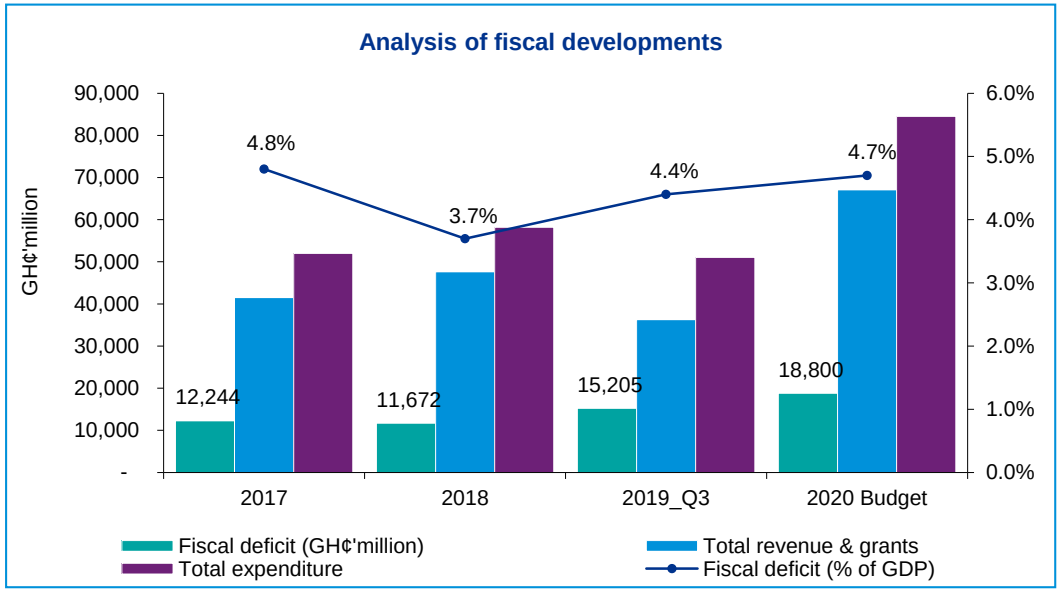
- Total revenue and grants increased by 14.8% from GH¢ 41.5 billion (19.3% of GDP) in 2017 to GH¢ 47.6 billion (18.6 of GDP) in 2018. This is expected to increase by 23.7% to GH¢ 58.9 billion by year-end 2019.
- Total revenue and grants fell short of target by 3.9% and 3.0% in 2017 and 2018 respectively. As at Q3 2019, revenue and grants recorded a total of GH¢ 36.3 billion, representing a shortfall of 13.6% from the programmed level. Non-oil tax revenue grew by 14.7% in 2017 compared to 8.3% during the same period in 2018. This growth was mainly driven by VAT, petroleum excise taxes, NHIL and GETFund Levy.
- Total revenue and grants is estimated to increase by 13.9% from the budgeted amount of GH¢ 58.9 billion in 2019 to GH¢ 67.1 billion in 2020. Tax revenue for 2020 is estimated at GHS49.2 billion compared to the 2019 revised budget figure of GHS 45.6 billion. Government intends to restructure the tax system and develop a comprehensive revenue policy and strategy to help meet these targets.

Expenditure

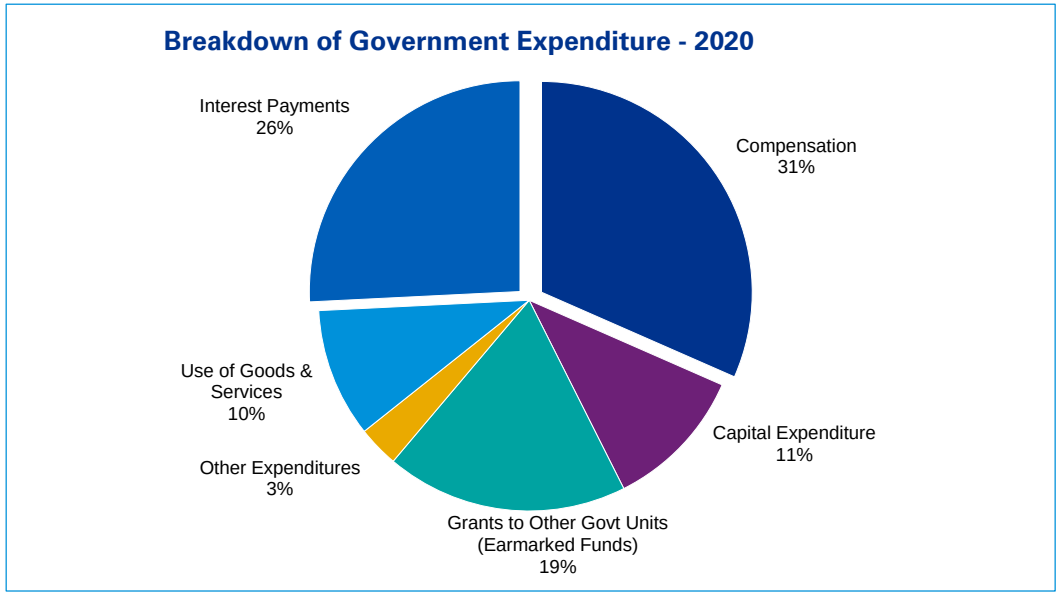
- Total expenditure as at Q3 2019 amounted to GH¢51.9 billion, with employees compensation being the largest expenditure category, representing an estimated 31.7% of total expenditure and 4.8% of GDP.
- Interest payments as at Q3 2019 amounted to GH¢14.7 billion, representing 28.3% of total expenditure and 4.3% of GDP.
- Total expenditure for the year 2020 is estimated at GH¢84.5 billion, representing a growth of 22.9% over the projected outturn for 2019 and 16.9% of GDP.

Fiscal Deficit

- As at Q3 2019, the fiscal deficit amounted to GH¢15.2 billion, representing 4.4% of GDP. Over the past three years, fiscal deficit has been below 5% of GDP.
- Government has committed to maintain fiscal discipline in spite of 2020 being an election year.



Source: 2020 Budget Statement & KPMG Analysis



Source: 2020 Budget Statement & KPMG Analysis

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Monetary Sector Developments

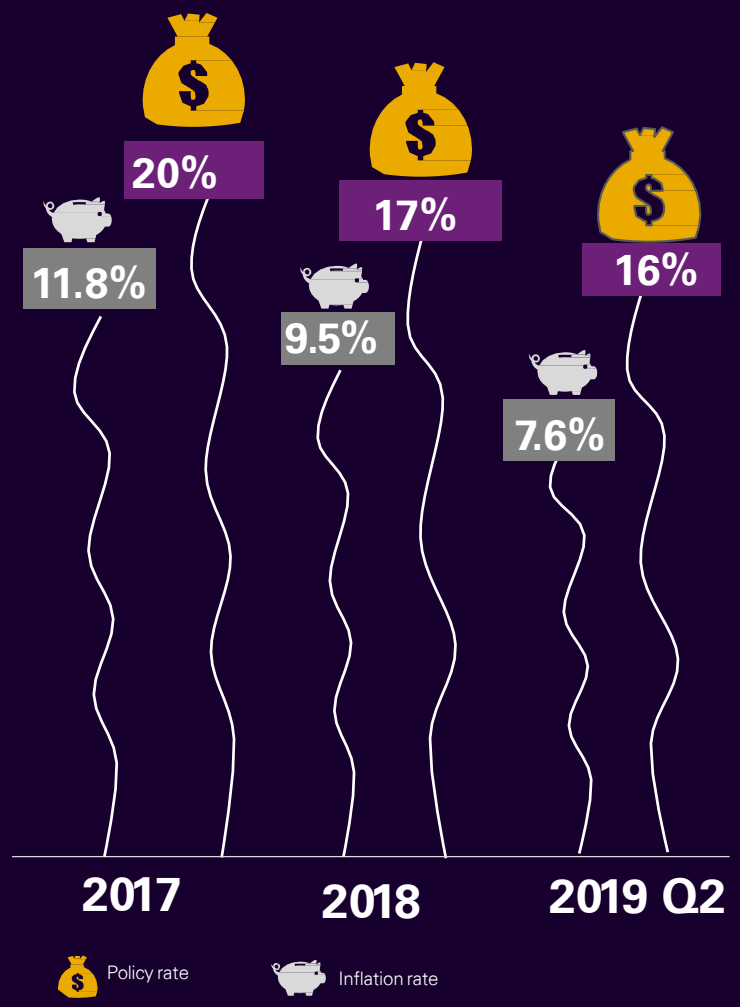
Inflation and Monetary Policy Rates

- Inflation has generally trended downwards in 2019. The year-on-year inflation rate as at September 2019, based on a rebased Consumer Price Index series in August 2019, eased to 7.6%. The decline in inflation has been driven largely by non-food inflation, supported by the tight monetary stance taken by the Bank of Ghana.
- Government has maintained its medium term (2020-2023) inflation target band of 8±2 percent and has set its 2020 end-period inflation at 8.0%. This is expected to be achieved through a strong commitment to promoting inclusive growth, sustaining fiscal consolidation and strengthening the inflation targeting regime.
- Money market rates have broadly remained unchanged. The 91-day treasury bill rate has remained steady at 14.7% since the beginning of 2019. The 182-day instrument has also stabilised at around 14.1%.
- The Bank of Ghana Monetary Policy Rate (MPR) has also remained steady at 16.0% since January 2019. Average lending rate of banks have moved in line with the MPR within a range of 22.0% and 24.0%.

Credit to Private Sector

- The total credit to the private sector recorded a growth of 12.62% during the period to September 2019 compared to a growth rate of 17.24% for the same period in 2018.
- Total bank outstanding credit as at the end of September 2019 amounted to GHS47,247 million with the private sector accounting for 87.35% compared to 89.10% for the same period in 2018.
- With the completion of the banking sector clean up and the increase in the minimum capital requirement, the sector is expected to provide more funding to the private sector.

Inflation and Monetary Policy Rates



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Public Debt

Debt Composition

Domestic Debt	GH¢101.3bn*	Total GH¢208.4bn
External Debt	GH¢107.1bn*	

*Sept. 2019

Debt to GDP Ratio

2017	2018	2019_Q3
55.5%	57.5%	60.5%

Source: 2020 Budget Statement

Public Debt Dynamics

- Public debt stock as at end of September 2019 stood at GH¢208.4 billion, representing 60.5% of GDP.
- The rate of debt accumulation increased to 20.51% as at end of September 2019 from around 15% in 2018, mainly as a result of bailout for the microfinance and savings and loans institutions, as well as the issuance of USD3 billion sovereign bonds.
- Nominal public debt stock, excluding the effect of the financial sector bailout, stood at GH¢197 billion as at September 2019, with the rate of debt accumulation at 14.33%.

Public Entities Credit Risk Assessment

- Government, in its quest to manage its credit risk, has developed a sector specific credit risk framework which will aid in assessing the risk profile of institutions government provides guarantee for or on-lends funds to.
- This system is expected to help government put in place safeguards against default for high risk institutions.

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04 Taxation

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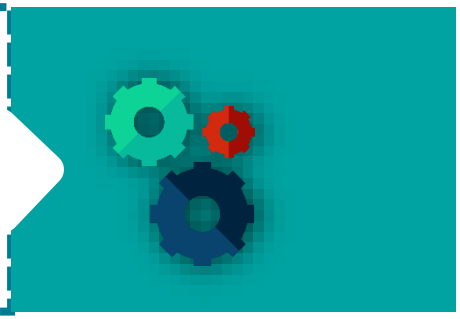
2020 Proposed Tax Initiatives

Tax reform measures

- **Comprehensive review of the tax system** to understand the underlying constraints to domestic revenue mobilization.
- **A transformational program around people, technology and service** has been proposed to enhance efficiency and productivity of the GRA.
- **Digitisation of tax payer identification** to enhance collection of tax and non-tax revenue.



Tax policy initiatives

- **Extension of the 5% NFSL and the 2% SIL** for a further five years (2020-2024) is proposed.
- **Adjustment of personal income tax bands** to grant minimum wage earners tax exemption for the proposed 12% increase in the minimum wage rate in 2020.
- **Review of personal reliefs** such as marriage, child education and old age have been proposed to be reviewed upwards.
- **VAT on management services** by private equity, venture capital and mutual funds to start ups to be abolished.

Legislative review

- Updates to existing Transfer Pricing Regulations, 2012 (L.I 2188)
- Introduction of Revenue Administration Regulations
- Amendment of Ghana Investment Promotion Centre (GIPC) Law
- Abridged versions of major Revenue Laws such as the Customs Act, Excise Duty Act, Income Tax Act and the Value-Added Tax
- Review of legislation to regulate taxation of e-Services
- Updates to legislation to include outstanding BEPS action points such as disclosure of aggressive tax planning arrangements

Our point of view

Tax continues to be the main fiscal policy tool that government employs to mobilise revenue. It is no surprise that government intends transforming tax payer experience and reforming the Ghana Revenue Authority. Investment in technology to transform the entire tax administration process should focus on the identification and assessment of persons outside the tax net. Government should also digitise all revenue collection points to create efficiency and eliminate leakages.

No new taxes have been introduced in the 2020 budget. However, NFSL and SIL have been extended for another five years to 2024. Businesses will have to factor this additional cost and its cash flow impact into their business planning.

The proposal to review current tax legislation and make them accessible is under consideration. Government should, however, ensure that stakeholders are widely consulted and the public is well educated on the intended reforms to avoid implementation challenges and compliance bottlenecks that beset a number of tax policies in the past.

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05 Key Initiatives

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Key initiatives

FINANCIAL SERVICES

- **Intensified Drive for Foreign Direct Investment (FDI)**
  Government to intensify efforts to attract more foreign direct investment by resourcing Ghana Investment Promotion Centre (GIPC) with additional human and financial capital. An Inter-Ministerial Committee has been established to provide coordinated policy guidance and support to the FDI drive.
- **Enhanced Financial Support to Local Enterprises**
  To drive financial inclusion agenda, government plans to partner Fintechs, financial institutions and mobile money operators to deliver micro credit to Ghanaian businesses and individuals.
- **International Financial Services Centre**
  Ghana is to be positioned as a regional financial services centre. A concept note has been approved by government and legislation is being developed.
- **Establishment of Enterprise Credit Scheme (ECS)**
  An enterprise credit scheme is to be established to guarantee and provide credit to SMEs in selected industries.
- **National Development Bank (NDB)**
  NDB to be operational in 2020, with support from development partners to provide refinance credit and guarantee instruments to encourage lending to specific sectors of the economy.
- **Ghana Fixed Income Market (GFIM)**
  GFIM to promote the corporate bond market to businesses to raise funds to expand their operations. Government will continue to use the bond market to finance the national budget and infrastructural development.

Our point of view

The proposed introduction of the ECS and micro credit initiatives is potentially good news for SMEs. However, sustainability, reach and impact of SME financing initiatives over the years has been particularly challenging. Government should carefully consider the lessons learnt from other SME financing interventions in rolling out these initiatives in order to achieve the intended benefits.

There are a number of initiatives already in existence for SME financing. Government should consider streamlining these initiatives into a coordinated programme to better serve the needs of the SMEs depending on their growth trajectory.

While access to credit is essential for SME growth, other factors such as commercialisation, scaling up of production and participating in the export market also constrain SME growth. Giving SMEs access to experienced industry professionals or bodies to provide tailored mentorship and relevant business advice will also help accelerate SME growth prospects.

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Key initiatives

Energy & Natural Resource

- **Private Sector Participation ("PSP") in ECG**
  A suitable private partner to be selected through an accelerated tender process with the intention to eventually list ECG on the Ghana Stock Exchange.

- **Petroleum Agreements and Joint Venture Arrangements**
  Negotiations on Petroleum Agreements, monitoring of the Voltaian Basin Project to continue and development of Secondary Gas Market for the Tema Industrial Area proposed. Policies to enhance local participation in the oil and gas sector through Joint Venture arrangements proposed.

- **The National LPG Promotion Policy**
  - NPA to pilot the Cylinder Recirculation Model (CRM) with about 55,000 cylinders; and under the Rural LPG Promotion Programme,

  Energy Ministry is to distribute 60,000 LPG cook stoves to rural communities in 2020.

Our point of view

The budget highlights Government's intent to pursue an accelerated procurement process to select a suitable private sector concessionaire in the short term with the intention to list ECG on the Ghana Stock Exchange in the medium to long term. The transparency of the selection process will be critical in ensuring public confidence in the process and its outcome.

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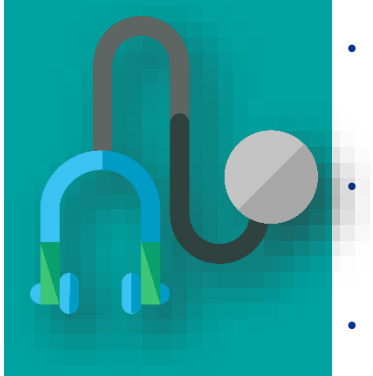
Key initiatives



HEALTH

- **Nationwide Drone Delivery Services**
  Drone delivery services for blood and medical supplies to be expanded nationwide.
- **Healthcare Infrastructure**
  Expansion and construction of health facilities to enhance access to healthcare.
- **Health Sector Regulation Programme**
  The Ghana Health Service Act, 1996 (Act 525) to be reviewed and a legislative instrument (L.I) developed.
- **E-health Programme**
  E-health programme to be rolled out in all teaching, regional, district, psychiatric hospitals and polyclinics.

Our point of view

The budget indicates Government's commitment to achieving universal health access. However, the cost of health delivery remains a roadblock.

The Government should consider the introduction of tax deductions for premiums paid for health insurance by individuals. This will boost the private health insurance industry and indirectly create budgetary space for the NHIA.

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Key initiatives

TRANSPORT

- **Aviation Infrastructure**
  - Home-based carrier to commence operations in second quarter of 2020.
  - Phases II & III of Kumasi Airport expansion project to be completed in 2020.
  - Site at Apowa-Mpoho earmarked for airport construction on a PPP basis.
  - Construction of Air Navigation Services (ANS) expected to be completed in 2020.

- **Marine Infrastructure**
  - Two berths scheduled to be completed in 2020 as part of Tema Port expansion.

Our point of view

In recognition of the importance of the transport infrastructure to Ghana's sustained growth, the budget outlines a number of road, aviation and maritime projects. While it is essential that infrastructure is built, maintained and expanded to support growth, government should consider a structured framework to carefully evaluate the sources and structure of infrastructure financing for sustainability.

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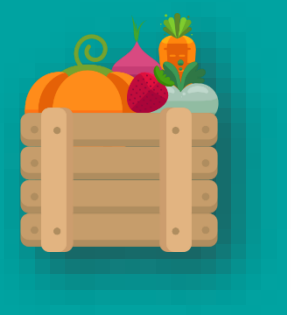
Key initiatives



AGRICULTURE

- **Planting for Food & Jobs (PFJ) and Rearing for Food & Jobs (RFJ)**
  - Government to expand the PFJ and RFJ initiative to reach more farmers in 2020.
- **Planting for Export and Rural Development (PERD)**
  - Government committed to diversifying exports and income sources through the PERD programme.
  - PERD to generate USD2billion from tree crop exports. 11,740,000 seedlings are to be distributed to farmers in 2020.
- **Cocoa Pricing**
  - Cocoa pricing based on the Living Income Differential is to be effected from October 2020.

Our point of view

Flagship programmes such as Planting for Food and Jobs have provided a boost to food crop production. However, it remains to be seen whether the gains of the initiative can be sustained over the medium to long term. Government also needs to turn its attention to supporting the expansion of the food processing and storage value chain.

The private sector should also be encouraged to take advantage of the enabling environment to invest in the agriculture value chain.

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Key initiatives

TRADE & INDUSTRY

- **Business Regulatory Reform Programme**
  Ministry of Trade and Industry to implement a 3-year business regulatory reform initiative to facilitate ease of doing business in Ghana.
- **Africa Continental Free Trade Agreement (AfCFTA) Secretariat:**
  The Ministry of Trade and Industry is collaborating with the AU to set up and operationalise the AfCFTA Secretariat in Accra.
- **Ghana-EU Economic Partnership Agreement (EPA)**
  Ghana to begin the liberalisation of tariffs on category A products under the Accompanying Measures Strategy (AMS) of the EPA from 2020.

Our point of view

A number of trade facilitation reforms, such as the National Electronic Single Window, have been implemented to improve trade and optimise Government revenue mobilisation. Digitisation has been embraced as a tool to bring efficiency and convenience to ways of doing business. However, the convenience of digitisation comes at a price, the risk of cyber attacks, as the digital footprint increases. Government should prioritise cyber security measures in the planning and implementation of the digitisation agenda.

It is also important that Ghana's export capacity is enhanced to take advantage of the preferred access to EU markets under the EPA, AfCTA and other related trade agreements. Otherwise, Government's objective to transform the economy from an import led to and export driven model will ultimately not be achieved.

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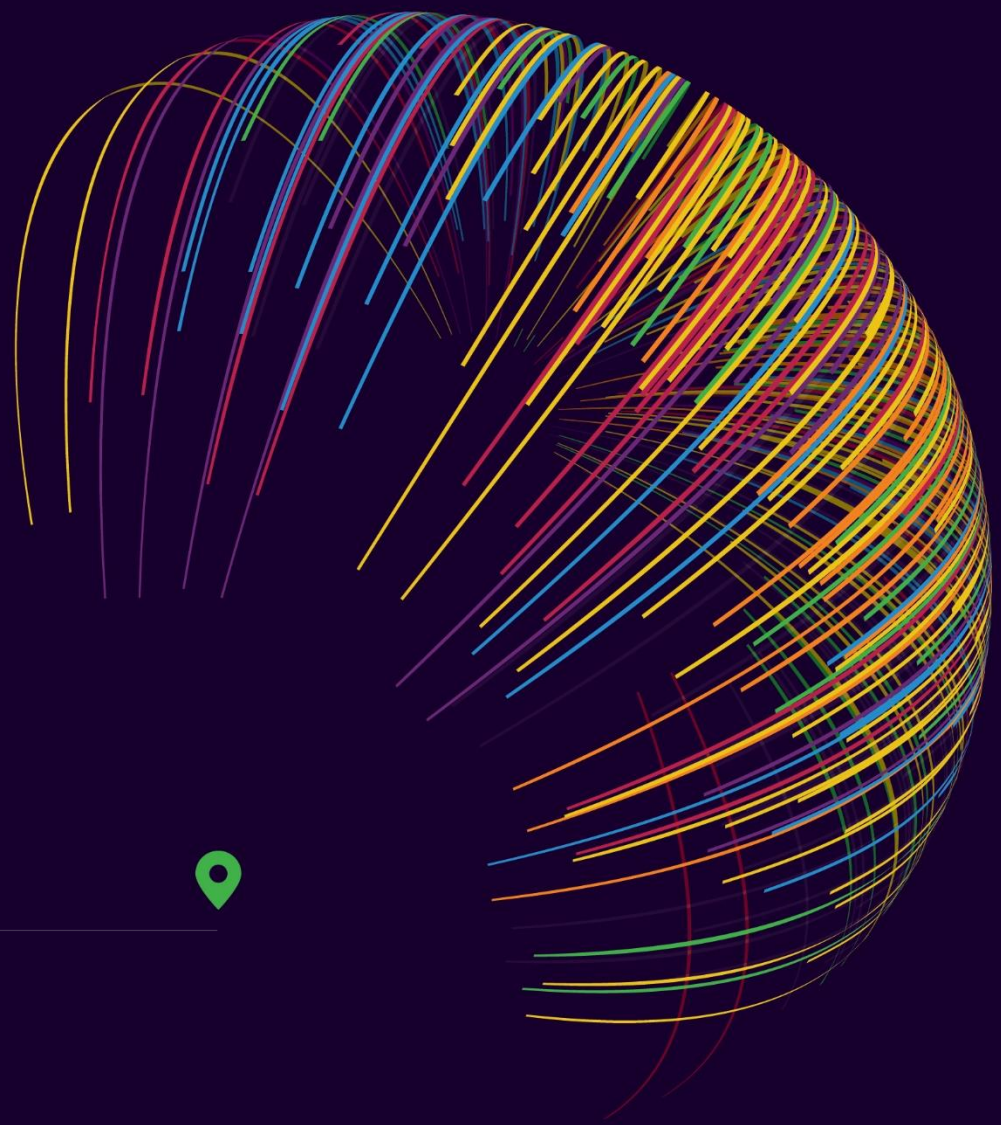
06 Outlook



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Targets for 2020

6.8%

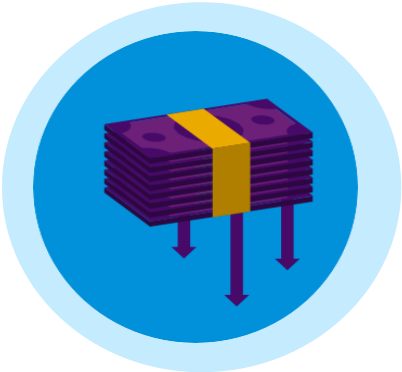
Overall GDP growth rate

4.7%

Fiscal deficit

8.0%

End-period inflation



3.5 months

Gross International Reserves

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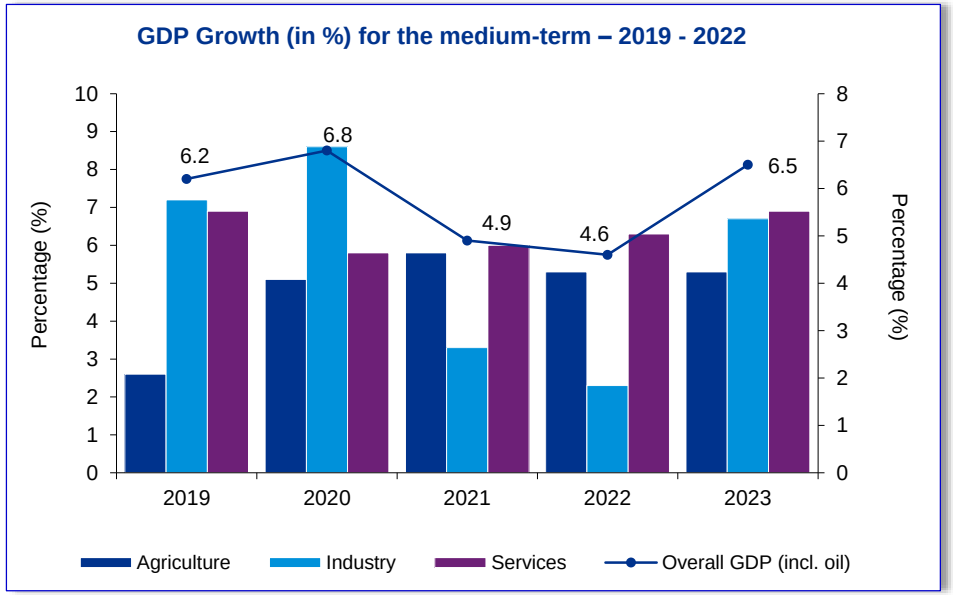
Medium Term Macro-Fiscal Targets

- The overall GDP growth rate target for 2020 of 6.8% represents a 60 basis point increase over that of the 2019 (based on the revised budget). Growth in GDP is projected to see a fall between 2021 and 2022 due to a significant drop in industry sector growth expectations. Growth performance is however expected to accelerate in 2023.
- Over the medium term, the growth of the industry sector is expected to average 5.2%, and will peak at 8.6% in 2020. A sharp decline in growth is expected in the sector in in 2021 and 2022 largely due to a fall in crude oil production from existing fields. The sector's growth will, however, improve in 2023, driven by expected production from the Pecan Field
- The services sector is expected to attain an average growth of 6.3%, the highest average growth of the three sectors over the medium term. The growth of the services sector is expected to trend upwards from 5.8% in 2020 till it reaches 6.9% in 2023. Accounting for this trend is the anticipated growth of the health and social work sub-sectors which are projected to grow by 20.15%, on the average, over the medium term.
- The agriculture sector is expected to grow at an average rate of 5.4% over the medium term.
- The macroeconomic targets for 2020 and those to be pursued over the medium term (i.e. 2020 – 2023) remain anchored by the Coordinated Programme of Economic and Social Development Programmes (CPESDP) and the Medium-Term National Development Policy.

Macroeconomic targets for the medium term (2020 – 2023)

Indicator	Target
Overall GDP growth (%)	5.7%
Non-Oil GDP growth (%)	5.9%
Inflation (%)	8±2 target band
Fiscal deficit (%)	not more than 5% of GDP
Primary balance	To be in surplus
Gross International Reserves	3.5 months cover

Source: 2020 Budget Statement



Source: 2020 Budget Statement

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