

**2022 MID-YEAR REVIEW**

**SPEECH BY THE MINISTER FOR FINANCE,**

**HON. KEN OFORI-ATTA**

**MONDAY, 25<sup>TH</sup> JULY, 2022**

## **CHAPTER 1 INTRODUCTION**

1. Right Honourable Speaker, Honourable Members of Parliament, I stand before you on the authority of His Excellency, President Nana Addo Dankwa Akufo-Addo to present the Mid-Year Fiscal Policy Review of the Budget Statement and Economic Policy of the Government of Ghana for the 2022 Financial Year.
2. Today's presentation is in fulfilment of Section 28 of the Public Financial Management Act, 2016 (Act 921) and Regulation 24 of the Public Financial Management Regulations (L.I. 2378).
3. Mr. Speaker, this Statement is an abridged version of the Mid-Year Fiscal Policy Review of the Budget Statement and Economic Policy of the Government of Ghana for the 2022 Financial Year. I respectfully request that the entire Mid-Year Fiscal Policy Review of the 2022 Budget be captured in the Hansard.

### **A Programme for a Promising Year**

4. Mr. Speaker, on 17th November, 2021, I presented the Government's programme to "Build a Sustainable Entrepreneurial Nation" anchored on Fiscal Consolidation and Job Creation in the 2022 Budget- **the "Agyenkwa" Budget**. Our macroeconomic targets were designed to get us back to a path of debt sustainability and increased growth.
5. These targets were underpinned by an aggressive programme to mobilise **GH¢100.5 billion** in revenues and grants. With estimated total expenditure of **GH¢137.5 billion**, we aimed to achieve an overall budget deficit of **7.4 percent** for the year 2022. This was against the backdrop that economic growth had recovered from **0.5 percent** in 2020 to **5.4 percent** in 2021, and the fiscal deficit had declined from **14.7 percent** in 2020 to **11.4 percent** in 2021. While the prospects for 2022 were encouraging, our plans, like many other countries in the world, went awry.

### **Rapid Unforeseen Challenges**

6. Mr. Speaker, the impasse in Parliament and subsequent developments after the presentation of the Budget in November 2021, both global and domestic front, have created enormous challenges for our economy. The deferment of the passage of our proposed revenue measures undermined the credibility of our Budget, leading to heightened investor concerns, credit rating downgrades and closed access to the international capital markets. These happenings have led to severe pressures on the Cedi, which caused the currency to depreciate significantly.

7. Additionally, in February 2022 Russia invaded Ukraine, a situation that worsened the already weakened global supply chains, exacerbated by high financing conditions, the surging food, fertiliser, financing, building materials and fuel prices -that manifested in soaring inflation domestically. These have had a debilitating toll on the cost and standard of living of our people.
8. Mr. Speaker, food prices are rising, fuel and transport fares are up, the cost of borrowing for businesses and households has increased, the cedi has depreciated and the economic outlook has darkened significantly.
9. Mr. Speaker, this state of affairs is quite a painful one for me to report to you. It is hard to see our people lament about the prices of basic commodities. These are difficult times for Government and indeed for the Finance Minister. It is agonising to hear our food producers complain about the cost of hauling foodstuffs from farm gates to market centres. This is not how we envisioned the economy. This is not what we planned and worked hard for. Recent challenges have overtaken us. Our duty is to work through these challenges and overcome them and is exactly what keeps the President and his Team awake at night.

### **Renewed Partnership**

10. Mr. Speaker, let me take this opportunity to discuss the issue of our return to the IMF.
11. Yes, I know this Government assured the nation of a Ghana beyond Aid and our plans and programmes for economic transformation have been designed to achieve just that, and indeed, I did say that Ghana would not embark on an IMF programme.
12. We did not just say it. We also took measures towards the attainment of that objective including the passage of the Fiscal Responsibility Act and instituting a number of irreversibility measures, and also launching the Ghana CARES "Obaatan Pa" programme for economic revitalisation and transformation.
13. Unfortunately, unprecedented global developments over the past two years, especially in these last six months, have really and truly disrupted our efforts. Governments across the world have had to change course to tackle the current crisis. Governments that less than a year ago were busily talking about energy transition and green and cleaner fuels have gone back to firing their coal plants. Governments that are known for low taxes are now raising taxes to tackle growing deficits. These are not ordinary times; not for Ghana, not for Africa, and certainly not for the whole world.

14. Right Hon. Speaker, let us all acknowledge that the situation we are experiencing now is different. The global context we find ourselves in is the first of its magnitude in the Fourth Republic and even before that. It is, therefore, disheartening when people want to pretend that these developments are purely domestic.
15. It is trite knowledge that global developments including the impact of the COVID pandemic and the Russia - Ukraine war, have really undermined and disrupted most economies. Governments across the globe are facing strikes and demonstrations, as workers see their standards of living plummeting with prices of goods and services jumping to heights not seen in over two generations.
16. An International Monetary Fund (IMF) staff team visited Accra from July 6 to 13, 2022, to assess the current economic situation and discuss the broad lines of our government's Enhanced Domestic Program that could be supported by the IMF. At the conclusion of the mission, the statement by the Team Lead correctly captured where we are and why we are where we are. He said:

*"Ghana is facing a challenging economic and social situation amid an increasingly difficult global environment. The fiscal and debt situation has severely worsened following the COVID-19 pandemic. At the same time, investors' concerns have triggered credit rating downgrades, capital outflows, loss of external market access, and rising domestic borrowing costs.*

*"In addition, the global economic shock caused by the war in Ukraine is hitting Ghana at a time when the country is still recovering from the Covid-19 pandemic shock and with limited room for maneuver. These adverse developments have contributed to slowing economic growth, accumulation of unpaid bills, a large exchange rate depreciation, and a surge in inflation."*

17. Mr. Speaker, let me be quick to add that we are not wavering at all in our resolve to turn this country around. Ours is of a history of turning things around when the country is in crisis. When the NPP took over the reigns of Government in 2017, we inherited a challenged economy under an IMF programme, which we successfully turned around and exited the programme in 27 months. If the economy was not on track, we would not have been given the all-clear.

18. That was why by April 2019, satisfied with the stability that we had brought to the economy and the policies that we were implementing to sustain growth, the IMF gave us the all-clear to exit the programme. Ghana's growth rate had moved up from 3.7% in 2016, the lowest since 1992, to average 7% from 2017 to 2019. We had cut the rate of inflation down by 33% over the same period to 7.9% by the end of 2019, average lending rates had dropped from the 30s to 23.6% and still dropping. Our trade balance was up to \$2.3 billion. The cedi remained relatively stable. Indeed, the amount of our total revenues that we used to service our debt had dropped from the 2018 spike of 73% to 58.9% by December 2019.
19. We were certainly not out of the woods yet, especially as revenues remained very low and we had been left with billions in arrears to pay, and more bills to pay from numerous contracts that the previous government had signed where we had to pay for electricity that we do not need. Yet, we still found money to fund our own ambitious promises to Ghanaians. We still found the money to bring back or invest more in vital social programmes that had been abandoned by the previous government.
20. But, we also knew that our economy was still vulnerable to shocks. That was why we set out to introduce transformational policies that in the long term will put Ghana Beyond Aid. Key amongst them are the emphasis in education and vocational training, adding value to our economy through industrialization and digitilisation, investing heavily in roads and railways, and rationalising the power sector.
21. Indeed, Ghana was touted globally as a success story. Investors were lining up in droves to buy our bonds, tourism had taken off-with over a million visitors touring Ghana in 2019 during the Year of Return. Then came the outbreak of the Pandemic, described in June 2020 by the IMF as "a crisis like never before." But, the Akufo-Addo government stood up to its responsibilities to the Ghanaian people. I, the Finance Minister who was widely described as tight-fisted, even by his own cabinet colleagues, had no choice but to do what the entire world was doing, which was to breach our own self-imposed deficit ceiling in order to save lives and protect livelihoods. We have demonstrated that we can transform this economy when we all come together and put our hearts and minds to it.

## A Promising Journey Ahead

22. Mr. Speaker, just as we did in 2017 and 2020, Government is resolved to continue to provide the necessary leadership to turn the economy around. Let me assure you, on behalf of the President, that we will do it again within the next two and half years. To do this, we will proceed with great caution, thoughtfulness, creativity and grit, as the old adage says, we shall "hasten slowly".
23. Mr. Speaker, we are currently developing an Enhanced Domestic Programme to complement the GhanaCARES "Obaatan pa" programme to return us to a path of macroeconomic stability, debt sustainability, robust growth and a Ghana Beyond Aid. We expect this programme to be the basis of our negotiation with the IMF.
24. In the coming months, we will continue to optimise and support our flagship programmes, and make strategic investments in the real sector to increase production, enhance productivity, and create jobs. The YouStart programme will be a fundamental intervention to advancing an entrepreneurial nation to create jobs.
25. Mr. Speaker, our iconic National Builder's Corps (NaBCo) programme, which was initially to run for three years and extended for an additional year, will be completed by 1st September, 2022. The Programme- which engaged a 100,000 young graduates, has prepared thousands of them for the world of work. So far we have invested approximately **GH¢2.2 billion**. As they exit, the current cohort on the programme are encouraged to take advantage of the YouStart initiative and other existing programmes in our drive to Build an Entrepreneurial Nation. Government's policy is to support dynamic young entrepreneurs access training and funds to build their businesses and become a significant pool of job providers for their fellow young people.
26. We, however, recognise that our post-COVID economic recovery has been uneven and risks remain high. According to the IMF, the global outlook is grim and has darkened significantly, and global uncertainty is exceptionally high, and 2023 is even more uncertain. However, in the 2022 Budget, we committed ourselves to chart a course towards growth and fiscal sustainability and this Mid-Year Fiscal Policy Review reasserts that commitment.
27. Mr. Speaker, we have seen some major shifts in our budget assumptions compared to November, 2021, when we presented the Budget. These changes have led to reduced revenues, increased interest payments and changes in interest rates and exchange rates. However, we are committed to staying within the appropriation for 2022. In spite of the underperforming revenues and strong external headwinds, we are not seeking additional funds in this Mid-Year Review. We are determined to efficiently use the windfall from the upstream Petroleum Sector to make-up for

our revenue shortfall and aggressively improve our revenues even as we rationalise expenditures.

28. Mr. Speaker, the Bank of Ghana increased the Monetary Policy Rate cumulatively by 450 basis points between March and May 2022 and reserve requirements to 12 percent to help address rising inflation and currency depreciation. This led to a significant increase in interest rates and financing costs and a drop in liquidity leading to roll-over pressures.
29. Mr. Speaker, with this backdrop, I now proceed to give details of developments for the first half of the year 2022 and also provide updates on the outlook for this year.

## **Summary of Global Economic Developments and Outlook**

30. Mr. Speaker, the global economy is engulfed in crises unimagined since world war II resulting in a conflagration everywhere. Global inflation and interest rates are at record high. Monetary policy adjustments in advanced economies are also tightening financing conditions for emerging markets. The Financial Times (FT) estimates that investors have pulled about US\$50bn from emerging market bond funds in 2022, the most severe net outflows recorded in 17 years.

### **Growth**

31. The outlook of the global economy has significantly dimmed. According to the April 2022 IMF's World Economic Outlook, global growth is projected to end the year at 3.6 percent, down from 6.1 percent growth in 2021. Across advanced economies, growth is projected at 3.3 percent in 2022, down from the 5.2 percent recorded in the previous year. The sharp slowdown reflects surging commodity prices, soaring inflation, trade disruptions, tightening financing conditions, and elevated uncertainty due to Russia's invasion of Ukraine. In addition to these factors, growth in Sub-Saharan Africa (SSA) is projected to slow from 4.5 percent in 2021 to 3.8 percent in 2022, on account of heightened security risks in the Sahel region.

32. The World Bank also projects that global growth from now to 2024 will slow down by 2.7 percentage points. According to the UN, this year, about 250 million people will fall into extreme poverty. It further suggests that a record 345 million acutely hungry people are on the brink of starvation; representing a 24 percent increase from 276 million at the beginning of 2022.

### **Inflation**

33. Mr. Speaker, price pressures have continued to build in several advanced and emerging market economies, primarily due to escalating energy and other commodity prices, and widespread supply chain disruptions. In response, inflation in advanced economies is expected to increase from 3.1 percent in 2021 to 5.7 percent in 2022, but moderate to 2.5 percent in 2023. Similarly, inflation in emerging markets and developing economies is expected to increase from 5.9 percent in 2021 to 8.7 percent in 2022 before moderating to 2.5 percent in 2023.

### **Update on Domestic Macroeconomic Development**

34. Mr. Speaker, our economy has been impacted by these global developments. The revenue measures outlined in the 2022 Budget have underperformed, largely due to the delays in passing and implementing these measures. Inflation has surged to 29.8 percent as at end-June 2022 as compared to 9.0 percent in June 2021. The cedi has depreciated against the US dollar by 16.86 percent between January and end-June 2022; compared



to 4.1% at the end of 2021. These have contributed to rising cost of living and labour agitations. Interest Payments have been revised upwards from **GH¢37.5 billion** (7.5% of GDP) to **GH¢41.3 billion** (7.0% of revised GDP), mainly on account of inflationary pressures and exchange rate depreciation resulting in higher cost of financing.

35. Mr. Speaker, in the face of these adverse domestic and external headwinds, growth momentum has however been relatively resilient. The Ghana Statistical Service reports that the economy continued to grow, moderately growing at 3.3 percent in the first quarter of 2022. In addition, the Bank of Ghana's updated Composite Index of Economic Activity (CIEA) recorded an annual growth of 15.8 percent in March 2022, compared to 26.3 percent in the corresponding period in 2021, due largely to increased industrial production, increased credit to private sector, exports, and higher tourist arrivals.

In the light of the significant changes in the global environment and our own unique challenges, we have revised our economic growth estimate for 2022 to 3.7 percent, down from 5.8 percent as stated in the 2022 Budget.

#### ***Macroeconomic Performance for January - December 2021***

36. Mr. Speaker, at the time of presenting the 2022 Budget in November last year, we provided information on macroeconomic developments for the first nine months of the 2021 fiscal year. We now have received updated information through to end-December 2021 which I now present as follows:

- Overall Real GDP for 2021 grew strongly by 5.4 percent compared to 0.5 percent recorded in 2020 and the revised 2021 annual target of 5.1 percent.
- Non-oil GDP growth also increased to 6.9 percent compared to a growth of 1.0 percent recorded in 2020, and the revised 2021 target of 7.0 percent.
- overall budget deficit of GH¢28,095 million (5.6% of GDP), against a deficit target of GH¢19,730 million (3.9% of GDP).
- primary balance for the period was a deficit of GH¢7,618 million (1.5% of GDP), against a deficit target of GH¢672 million (0.1% of GDP).
- Public-debt-to-GDP ratio stood at 76.6% at the end of 2021

## **Macroeconomic Performance for half-year 2022**

37. Mr. Speaker, provisional Q1-2022 National Accounts Statistics published by Ghana Statistical Service (GSS) in June 2022 show that the overall real GDP growth for the first quarter of 2022 was 3.3 percent compared to 3.6 percent recorded in the same period in 2021. Non-oil GDP for the first quarter of 2022 grew by 3.7 percent compared with the Q1-2020 growth of 5.3 percent.

## **Revision to 2022 Macroeconomic Framework**

38. Mr. Speaker, as I have already indicated, the macroeconomic environment has significantly changed, prompting the revision of the macroeconomic framework. Furthermore, based on the developments for the first six months of 2022 and outlook for the rest of the year, we have accordingly revised the macro-fiscal targets for 2022 as follows:

- Overall GDP Growth rate of 3.7 percent down from 5.8 percent;
- Non-Oil GDP Growth rate of to 4.3 percent down from 5.9 percent
- End period inflation of 28.5 percent up from 8 percent;
- The overall fiscal deficit of 6.6% of GDP down from 7.4%
- Primary surplus of 0.4% of GDP up from a surplus of 0.1% of GDP; and
- The Gross International Reserves of not less than 3 months import cover.

## **Revision to the 2022 Fiscal Framework**

39. Mr. Speaker, the 2022 fiscal framework has also been revised due to the fiscal performance for the first half of the year, including:

- Shortfalls in the expected yields from the new 2022 revenue measures.
- the implementation of the 30% discretionary expenditure cuts and other expenditure measures announced by, Government earlier in the year. The other expenditure measures are:
  - the moratorium on foreign travels except pre-approved critical and/or statutory travels;
  - 50% cut in fuel coupon allocations for all political appointees and Heads of government institutions, including SOEs, effective 1st April 2022;

- the moratorium on foreign travels except pre-approved critical and/or statutory travels; and
- 50% cut in fuel coupon allocations for all political appointees and Heads of government institutions, including SOEs, effective 1st April 2022.
- Government support for 15% Cost of Living Allowance (COLA) to public servants;
- upward revision to the average weighted domestic interest rates;
- upward revision in exchange rate on account of higher depreciation; and
  - revision of the Benchmark Crude oil price from US\$61.2/bbl to US\$94.8 and the Benchmark Crude oil volume from 59.5mn barrels to 58.0mn.

40. Mr. Speaker, accordingly:

- Total Revenue and Grants have now been revised to GH¢96,842 million (16.4% of GDP) in 2022, down from the 2022 Budget target of GH¢100,517 million (20.0% of GDP) representing 3.7 percent reduction.
- Total Expenditure (including payments for the clearance of arrears) has been revised downward to GH¢135,742 million (22.9% of GDP) from the original budget projection of GH¢137,529 million (27.4% of GDP).
- Interest Payments have been revised upwards from GH¢37,447 million (7.5% of GDP) to GH¢41,362 million (7.0% of revised GDP), mainly on account of inflationary pressures and exchange rate depreciation resulting in higher cost of financing.

41. Mr. Speaker, the revisions in Government's fiscal operations results in a fiscal deficit (on cash basis) of GH¢38,900 million (6.6% of revised GDP) up from the 2022 Budget deficit target of GH¢37,012 million (7.4% of GDP). The corresponding Primary balance is a surplus of GH¢2,461 million (0.4% of revised GDP), up from the 2022 Budget estimate of a surplus of GH¢435 million (0.1% of GDP)

42. Although the deficit is expected to be financed from both foreign and domestic sources, domestic financing will be the key driver while Government works to regain external market access.

43. Mr. Speaker, the following Revenue Measures will be pursued in the remaining half of the year:

- **eVAT-** The digitalization of our Revenue Mobilization processes remains a key focus; therefore, the GRA is finalizing all relevant processes to facilitate the effective collection of VAT revenue. This includes a proposed amendment of the Value Added Tax Act 870 to enable its electronic collection, effective 1<sup>st</sup> October 2022.
- **Property Rate-** It is fundamentally important that, together with the Ministry of Local Government, we continue to assist and support the Assemblies, not only to expand their revenue base, but to do so with optimal efficiency and effectiveness. Therefore, the collective efforts of the local government, the Assemblies, and the GRA in launching and end-to-end digitalized process will be realized by August.
- Extension of **Waiver of Interest & Penalty** to Dec 2022; and
- Introduction of upfront payment of VAT on importers not registered for VAT with implementation start date of 1<sup>st</sup> October 2022.

## **STATUS OF IMPLEMENTATION OF GOVERNMENT PROGRAMMES IN THE 2022 BUDGET**

44. Mr. Speaker, this Government has kept faith with public sector workers. Not a single public sector employee was laid off as a result of the COVID 19 pandemic. Employees received their full salaries, with front line health workers receiving additional incentives. Since 2017, this Government has employed an additional 295,035 Ghanaians in the public sector, with 2020 being the highest, registering 84,181 new employees.

45. In spite of the prevailing global economic upheavals and the resultant fiscal challenges, Government continues to pay salaries of all public sector employees on Government Payroll and has committed to pay a Cost of Living Allowance (COLA) of **15 percent**. This ensures that public servants are motivated, and public services nationwide continue uninterrupted.

46. Furthermore, Government is significantly investing in on-going initiatives and programmes to improve the lives of Ghanaians facilitate economic and job opportunities, promote shared growth and protect the quality of life of Ghanaians. Indeed, Government has prioritised National Security, Food Security, Energy and Road Sector development, Railways Infrastructure education and skills development, among and other flagship programmes.

### **National Security**

47. Mr. Speaker, the safety of Ghanaians in the face of complex security threats is a major concern to Government and we are using a significant amount of resources to ensure that we keep our people and country safe. Considering what is happening in the West African region, it is important that we prioritise national security, and we have. Whilst it will not be prudent to disclose the full cost of ensuring the security of this state, let me emphasise that it is significant.

48. As a result, the Ghana Armed Forces (GAF) is implementing an enhanced surveillance programme for the country's air space and international borders through collaboration with other domestic security agencies. We are also aggressively pursuing the Forward Operating Bases (FOB) programme to improve response time and prevent cross border crimes as well as terrorist infiltration.

49. To further improve internal security, the Ghana Police Service has recruited and trained 5,000 additional officers to put more police in our streets and communities. The Service has also launched the "SEE SOMETHING, SAY SOMETHING" campaign, intensified anti-armed robbery operations, and intelligence-led swoops throughout the country.

## **Food Security**

50. Mr. Speaker, COVID-19 pandemic and the Russia Ukraine War have combined to disrupt supply chains and increased transportation costs which are threatening food security globally. But, what the people of Ghana care to see is what their government is doing about it to ease the impact here. To enable households and farmers cope and support stable food supply, Government has taken the following immediate measures:

- place a temporary ban on grain (maize, rice, and soya) exports;
- promote the use of organic fertilizers and cultivation of crops such as roots which require less fertilizer;
- monitor food and input prices to pick early warning signals of potential food crisis in order to take prompt remedial action; and
- finalise modalities for the haulage of produce from farm gates in food growing areas to the market centres.

## **Energy Sector Developments**

51. Mr. Speaker, the raft of sanctions imposed on Russia are tightening supply conditions for energy products. In response, Government is closely monitoring the stock of products at all depots. The timely intervention of the Bank of Ghana, through the Special Forex Auction mechanism, is also expected to sustain continuous supply of petroleum products in Ghana.

52. Mr. Speaker, we have seen in this country the damage that disruptions in power supply causes to businesses, large and small, from factories to hairdresser salons. As part of measures to improve transmission and reliability of power supply and expand energy to all Ghanaians, we have, between January to date:

- completed the Kasoa Bulk Supply Point (BSP) Project which comprises the re-construction of a section of GRIDCO's 161kV Winneba-Mallam transmission lines and tie-in-works;
- advanced the Volta-Achimota Lot of the 161KV Volta-Achimota-Mallam Transmission Line Upgrade Project to 85 percent, from 83 percent;
- connected 58 communities to the national grid as at end June 2022 with several communities at various stages of completion; and
- commissioned the Solar Irrigation Project at the Ho Technical University on 18<sup>th</sup> March, 2022 to promote renewable energy systems.

## **Power Purchase Agreements Negotiations**

53. Mr. Speaker, for balanced, sustainable energy partnerships that provide affordable power for industrial, commercial and residential use, we have kept our promise and successfully renegotiated Power Purchase Agreements (PPAs) with six Independent

Power Producers (IPPs), namely, Karpower, Cenpower, Early Power, Twin City Energy (formerly Amandi), AKSA Energy and Cenit. These renegotiated agreements are expected to have savings estimated at **US\$13.2 billion** over the life of the PPAs through a combination of reduced capacity and energy charges. In other words, we are saving the Ghanaian taxpayer US\$13.2 billion from power contracts signed by the previous administration.

### **Road Sector Programme**

54. Mr. Speaker, in spite of the revenue-mobilising challenges, the President is determined to fix the roads. Our “Year of Roads” programme is on very much course. Phase I of our Agreement with the Sinohydro Corporation Limited comprising Engineering, Procurement and Construction (EPC) Contracts for 442 km of roads and two (2) interchanges have gained significant progress including:

- Tamale Interchange Project completed and commissioned;
- PTC Roundabout Interchange Project at 35 percent completion
- Upgrading of selected Feeder Roads in Ashanti and Western Regions completed with a lot more to follow; and
- Sunyani Inner City Road works are at 63 percent completion.

55. Other key road and bridge projects are also progressing steadily including:

- The La Beach Road Project (Lots 1 & 2), which includes a 3-tier interchange at Nungua, is 34 percent and 50 percent complete respectively as at June 2022;
- The Phase II of the Obetsebi Lamptey Circle Interchange and the flyover on the Accra-Tema Motorway from the Flower Pot (Spintex road) are 57 percent and 30 percent complete respectively as at June 2022;
- The Kumasi-Lake Roads and Drainage Extension project, extension of the existing Aboabo drain, and construction of the Chirapatere Bus Terminal is at 92 percent as at end June 2022;
- Upgrading of Salaga - Ekumdipe - Kpandai Road at 70 percent completion;
- Partial Reconstruction of Bawjiase - Adeiso Road - Lot 1 at 98 percent completion; and
- Work on the construction of 50 prefabricated bridges to improve connectivity within areas cut off by waterways in all 16 Regions have achieved progress of about 80 percent.

## **Road Financing**

56. Mr. Speaker, under the Ministry of Roads and Highways (MoRH) Public-Private Partnership (PPP) programme for road infrastructure, the Design, Build, Finance, Operate, and Maintain (DBFOM) Accra – Tema Motorway and Extension PPP Project (27.7km) is at the procurement stage. Site works are expected to commence in September 2022.

57. The Government of Ghana has made a strategic decision, in line with the Public Private Partnership Act, 2020 (Act 1039) to procure the Accra-Tema Motorway and Extensions Project through GIIF with a mandate to deliver a GIIF-led PPP financing solution, where maximum funds are raised from the market, but majority ownership of the project remains with GIIF on behalf of the Ghanaian Government.

- The draft Concession Agreement (CA) between GIIF and MoRH is currently under review by GIIF, MoRH, the Office of the Attorney-General and Ministry of Finance. When completed, the CA is expected to be approved by the PPP Committee, Cabinet and Parliament. The completed road will be tolled to recover the whole life cost of the completed infrastructure as well as pay lenders and provide a return for equity investors. The Government of Ghana shall provide funding through GIIF to take equity in the Special Purpose Vehicle to be created by GIIF for the project.

## **Railways Infrastructure**

58. Mr. Speaker, significant investments continue to be made by Government towards the development of a modern railway network. We believe in this because we know that creating an alternative means of transport, especially for goods, will ease the pressures on our roads and future impacts of global crude price hikes on farm produce, for example. Government is within target to complete the construction of the new Tema to Mpakadan Railway line by the end of this year. The project is currently about 92 percent complete. The operationalisation of the project is expected to enhance efficiency at the Tema Port and provide the shortest transportation route between the Southern and Northern parts of Ghana.

## **Driving Productivity**

59. Mr. Speaker, Government continues to implement key initiatives to enhance productivity, scale up entrepreneurial prospects and build resilient systems. These



initiatives underpin economic activities in a modern economy and safeguard our transformation agenda.

### **Free SHS Programme**

60. Mr. Speaker, we have placed human capital development at the core of our national transformation efforts since 2017. We have invested **GH¢ 5.3 billion** to enable **1,261,495** Ghanaian children access to secondary education under the Free SHS programme at the end 2021 to improve access to education. Out of the 571,892 registered JHS candidates, 555,353, representing 97.1 percent, were placed into SHS this year. This is significant We are aware of reported challenges in accessing and transporting food for students in SHS and we are fixing it. In response, we have engaged stakeholders and devised a programme that ensures that schools will not be disrupted and our students are well-fed. Government has also recently completed 17 additional projects including classroom blocks, dormitories, staff bungalows and libraries as part of infrastructural expansion in Senior High Schools. To deal with the record increases in student numbers.

61. Mr Speaker, we shall not compromise on President Akufo-Addo's commitment to giving all our children the opportunity to be educated from kindergarten to university, without the ability to pay being a hindrance. Free Secondary and TVET education are not under review. We will continue to fund them and we will continue to improve them

### **Ghana School Feeding Programme**

62. Mr. Speaker, thanks to tax payers, since January, 3,620,468 pupils in 10,832 public basic schools have been fed with one hot meal every school going day in the first half of the year under the Ghana School Feeding Programme. The programme provides employment for 32,496 caterers. School feeding programme remains an important initiative that keeps our children in school and provides jobs and incomes for several people, mainly women.

### **Health Infrastructure**

63. Mr. Speaker, I am pleased to report that work has commenced and are at various stages of construction in 87 out of the 111 sites earmarked for the Agenda 111 project. With the majority of the contractors at various sites, we are well on course to bridge the health inequality gap and strengthen the health system nationwide.

64. Furthermore, the following Health infrastructure projects are expected to be completed by end year 2022. These are:

- construction of one district hospital and five Polyclinics in Western Region (Akontombra, Nsuaem, Elubo, Wassa Dunkwa, Bogoso and Mpohor);
- expansion and equipping of four selected facilities project in Aburi (Kom), Tetteh Quashie, Kibi and Atibie); and
- equipping of Upper East (Bolgatanga) Regional Hospital, Phase II.

65. Mr. Speaker, it is important to recall that the timely intervention by this Government to the outbreak of the COVID-19 pandemic preserved the lives and livelihood of Ghanaians. The economic measures staved-off a recession and have sustained the momentum of economic recovery (from **0.5 percent** in 2020 to **5.4%** in 2021).

66. Mr. Speaker, last month I provided a comprehensive update on COVID-19 expenditures to this House. I welcomed your directive to the Committees of Finance and Health to further understand the expenditures incurred by MDAs under COVID. To complement this accountability process, I have also requested the Auditor-General to audit the COVID-19 expenditures in line with its statutory obligations.

67. Mr. Speaker, the COVID-related expenditures had to be met. They saved lives and promoted inclusive growth. The impact of these interventions will certainly transcend the momentary challenges we face.

### **Youth & Sports Development**

68. Mr. Speaker, developing the youth and sporting infrastructure remains a key objective of Government. To empower our youth, we are implementing Phase II of Skills Towards Employment Productivity (STEP) to train about 1,500 youth in six modules — transport, app development, satellite installation, hairdressing, cosmetology and dress making. Consistent with Government priority policy on building an entrepreneurial nation, these trainings will be supported under the YouStart programme.

69. Mr. Speaker, Government wishes to congratulate the Ghana Men's 4x100 Metres Relay quartet for their outstanding performance in taking the fifth position in the final at the World Athletics Championships in Oregon last Saturday. They did so by setting a new national record of 38.07 seconds. To Sean Safo-Antwi, Benjamin Azamati, Joseph Oduro Manu and Joseph Paul Amoah, a grateful country says *ayekoo!*

70. Mr. Speaker, Ghana was represented in various international competitions at which the following medals were won:

- 5th Para Taekwondo Championship, Niger – 2 gold medals and 1 bronze;
- African Hockey Cup of Nations Accra, Ghana – 1 silver medal; and

- National Beach Volleyball Cotonou, Benin – 2 bronze medals

71. Mr. Speaker, Team Ghana is scheduled to participate in the upcoming 2022 Commonwealth Games in Birmingham, UK between July 28 - August 8. The Black Princesses will also participate in the FIFA U-20 World Cup in Costa Rica, in August 2022 and finally for this year, the senior national team, the Black Stars, will represent our nation at the FIFA World Cup in Qatar, November 2022.

72. Government will ensure that adequate preparation is made to facilitate outstanding performances by these teams. We encourage all Ghanaians to continue to bear them in prayers and offer our support.

### **The GhanaCARES "OBAATAN PA" programme**

73. Mr. Speaker, Government continued to invest strategically in key sectors of the economy for catalytic results under the GhanaCARES Programme. Significant progress made under the programme in the first half of 2022 include:

- Completion of the first phase of registering farmers and value chain actors in the Northern sector, currently totalling **1,274,229** farmers and **32,970** value chain actors. This has started impacting how agricultural interventions are delivered to our farmers;
- Offering a **50 percent** Interest Rate Subsidy on loans worth GHS 5,953,288.73 to the private sector agribusinesses in the rice, soya, poultry and tomato value-chains to ease the cost of borrowing;
- Providing GHS **27.3 million** as guarantee cover for loans amounting to GHS **94.7 million** under GIRSA; safeguarding **1,309 jobs**;
- Training about **25,104** under the "Youth in Innovative Agriculture" initiative to seamlessly integrate into agriculture value chains;
- Commenced upgrading of **three** culturally significant sites namely – Aburi Botanical Gardens 55% completed, Yaa Asantewaa Mausoleum (Ejisu Besease) 58% completed, and the Pikworo Slave Camp (near Paga) 73% completed;
- Launched the National Training and Retraining Programme under the National Unemployment Insurance Scheme (NUIS), in July 2022, to equip **15,000** Ghanaians with employable skills for industrialisation;
- Secured land and commenced processes to establish the Economic Enclave Programme. This will create a viable ecosystem for the youth in commercial agriculture with an initial focus on rice and poultry value chains.

### **YouStart Initiative**

74. Mr. Speaker, since March 2022 we have successfully piloted the 'YouStart' programme. Over 70 participants across the country went through a two-week mandatory training to equip them with the requisite skills in entrepreneurship, financial management, good corporate governance, marketing and customer service, among others.

75. Mr. Speaker, a total amount of **GH¢** 1.98 million was disbursed under the pilot to 46 individuals and 8 Associations/Groups (with membership of between 6 and 45) based on specific needs to enable them scale up their businesses and contribute to the job creation agenda of Government.

### **Development Bank Ghana**

76. Mr. Speaker, on the 14th of June, 2022, Government and entrepreneurs realised a long-cherished dream, when we launched and operationalised the Development Bank Ghana (DBG). This is a significant innovation and reinforcement of our financial architecture that will provide medium and long term financing for commercially-viable businesses and projects. Together, we will work harder to make the DBG a triple A-rated institution able to access and disburse resources to finance Ghana's transformation.

### **Strategic Anchor Industries**

77. Mr. Speaker, despite global supply chain disruptions, the Ghana Automotive Development Programme under the Strategic Anchor Industries Initiative continues to attract investments. In April 2022, Nissan commissioned the largest automotive assembly plant in Ghana (in Tema), with the capacity to assemble over 31,000 vehicles per annum. The expected commissioning of four (4) additional plants this year, bringing the total to nine (9) global brands, will make this nation a true hub for automobiles in the sub-region.

### **National Identification Programme**

78. Mr. Speaker, digitalization is key to automation, data integration and utilisation in the modern economy. To this end, Government continued the implementation of our National Identification programme which is the foundation of our transformative digitisation agenda. As at June 2022, 16,895,108 Ghanaians were enrolled, out of which **15.7 million** Ghana Cards have been issued.

### **One District One Factory (1D1F)**

79. Mr. Speaker, the President's vision to see Ghana producing what we use for ourselves and our neighbours as well is unfolding right before our very eyes. Out of 296 1D1F projects undertaken since 2017, 125 are currently operational across the country.

This, is by far, the biggest industrialisation programme our country has seen since colonial days. Seen against the 278 projects and 106 operational 1D1Fs reported in November, 2021, our industrialisation agenda is progressing steadily and we will urge more investors to see the current global supply chain challenges as rather an opportunity to invest in Ghana now, the commercial centre of the Africa Continental Free Trade Area.

80. Government, for our part, will continue to support 1D1F firms with technical assistance, tax incentives and access to credit, including interest payment subsidy support to de-risk lending to create jobs and promote export orientation for transformation.

## CONCLUSION

81. Mr. Speaker, ours is a country of strong, courageous, resilient, optimistic and joyful people. Indeed, it is amazing how we can find humour in the most difficult situations which keeps our spirits alive. As a nation, we have gone through many difficulties including the recent COVID-19 pandemic that devastated many nations, yet we survived. That is a testament to our resilience.

82. We concede that times are hard and things are not what we desired. But we believe in the overcoming spirit of the Ghanaian people, a spirit that does not cower in the face of challenges. It is this spirit that inspires us as a Government to provide the leadership that is required.

83. Mr. Speaker, our decision to go to the IMF again, despite what we had determined earlier, is a short-term measure for balance of payment support. In the longer-term what we really need is a major structural shift in our economy.

84. The structure of the economy is still largely primary despite the numerous attempts to structurally transform it through various industrialisation programmes. We are heavily reliant on primary commodities, extractive industry and are price takers on the market. Our capacity and productivity remains low both in the public and private sectors. There are huge inefficiencies as well as limited skills to foster our developments and improve the standards of living. In this regard, any adverse global development impacts us negatively no matter how efficient we manage the economy.

85. Mr. Speaker, that is why the President's vision of a Ghana Beyond Aid is critical. It is to reduce our vulnerability to global shocks. Over the last few years the implementation of our flagships including the 1D1F, the Planting for Food and Jobs, the Road and Railway development programme and our recovery programme the GhanaCARES "Obaatan Pa", will add value to our products.

86. To increase productivity in both the public and private sector of the economy to drive our transformation agenda, Government will implement programmes such as the YouStart as well as the Training and Retraining programme to enhance the skills of Ghanaians especially the youth. Furthermore, we will:

- Promote a robust digital-technology driven in architecture for unique identification to aid revenue mobilisation, expenditure management and enhance security;
- Improve connective transport and communication infrastructure that promotes national and regional trade; and

- Strengthen the financial ecosystem, reinforced with the Development Bank Ghana, that supports Ghanaian enterprises and enhances inclusive growth.

87. Mr. Speaker, our forward march is underpinned by our significant investment in structural transformation. Let me emphasize that over the last 5-years, we have been prudent in the usage of our tax revenues. As a Government we have made sure that these resources are channeled into interventions that impact the life and livelihoods of our fellow Ghanaians.

88. Mr. Speaker, we have:

- i. Invested in the future of our children through the free SHS where 5.3 billion has been spent to enable 1,261,495 students have access to secondary education
- ii. Invested in the Poor and vulnerable through the LEAP programme
- iii. Invested in providing one hot nutritious meal per day to 3,260,468 pupils in our basic schools and provided a study income stream for 32,496 caterers
- iv. Invested in construction, rehabilitation and upgrading of major road networks
- v. Invested in lives and livelihoods during the COVID through the CAP-Buss and other interventions
- vi. Invested in making sure that all public workers were paid every month during the COVID pandemic including the teachers who were paid for all the nine months when the academic calendar was disrupted.
- vii. Invested in ensuring that we provide adequate human resources for our public sector by employing 295,032 between 2017 and 2019. Of this number
  - a. 85,464 into the Education sector
  - b. 146,255 into the health sector
  - c. 36,747 into the Security services
- viii. Invested in to strategically place industries in over a 100 districts under the 1D1F programme
- ix. Investing in the expansion of health infrastructure to every district under the agenda 111 initiative

89. Mr. Speaker, for 3-years we have provided relief for our people, we prioritised saving lives and livelihoods in spite of our fiscal situation.

Mr. Speaker, Government has always come during the difficult times and we believe that together we will overcome challenges that lie ahead of us.

90. Mr. Speaker, we are investing to grow the economy and create jobs for our young people to be able to leverage the opportunities created by AfCFTA. It is the most sustainable means of improving living standards in the long term. At this critical time, we

are directing resources to regain economic stability. This is what Ghanaian households and businesses expect and deserve.

91. With discipline, dedication and hardwork, we will overcome the current challenges that confront our nation. We are convinced we can do this again. We worked closely with Ghanaians to turn around the economic situation in 2017.

92. Mr. Speaker, in the immediate term, we will strengthen our focus on efficiency in our fiscal operations and transformation efforts. To this end, we are:

- aggressively improving revenue mobilisation by adopting more innovative and comprehensive approaches including technology
- rationalising expenditures;
- adopting policies to address inflation;
- promoting production and improving productivity, including implementing the GhanaCARES and YouStart programmes; and
- exploring innovative financing as illustrated by the recently approved **US\$ 750 million Afrexim Facility**.

93. Mr. Speaker, predictions on a changed global outlook since the war has manifested. According to the IMF, the outlook has darkened significantly, and uncertainty is exceptionally high. The downside risks about which the IMF had previously warned have now materialised.

94. Mr. Speaker, there is no crystal ball in predicting when these uncertainties will end. The pandemic, which has been at the root of the current worldwide torment, is far from over. Crucially, the global weekly average of COVID infections has surged from **472,895** to **1,080,886** between 31st May, 2022 and 22nd June, 2022; even though the active infection rate in Ghana stands currently below 500. Despite harsh economic sanctions and tacit diplomacy, we are witnessing a war of attrition in Ukraine with no end in sight. Monetary policy adjustments to tame surging inflation may persist over the medium term.

95. We are also developing a new strategy to enable us to confront these uncertainties as part of the **Enhanced Domestic Programme**. This programme will stimulate economic growth, promote fiscal consolidation and enable us re-emerge on the path of sustained transformation. We have invited the IMF to support key components of this programme.

96. Mr. Speaker, this programme reinforces our focus on fiscal consolidation. To demonstrate our commitment, we are not seeking additional resources despite significant challenges. We will stay within the appropriation for 2022. Government will balance underperforming revenues and the adverse impacts of the strong external headwinds



with effective use of the windfall from the Upstream Petroleum Sector. Mr. Speaker, the Ministry of Finance will work with the Bank of Ghana in the coming months to provide emergency financing shortfalls, in line with the law, given the current unpredictable and challenging environment.

97. The Bank of Ghana is also taking measures to help reduce inflation and has introduced a major critical measure to help stabilise the cedi; which is to exercise Ghana's first right of refusal to gold produced here and, for the first time in the Fourth Republic, at least, build a strong gold reserves culture to protect the cedi better moving forward.

98. Mr. Speaker, the collective achievement of these initiatives will offer a more permanent respite and improve our capacity to withstand similar challenges in the future. Our economic prospects are bright. But we will have to contend with recurrent external challenges, and adapt quickly to a new environment. There will always be unexpected challenges ahead. These have to be carefully considered and measures put in place to resolve them.

99. Mr. Speaker, we are confident because we have laid the key infrastructure upon which we can anchor this process of national growth.

100. Mr. Speaker, we are even more confident of an imminent break-through because we have a track record, a plan, the discipline, the dedication, the competence as well as the compassion for our people and country. But most of all, we have God who gives abiding grace for this new journey. He guided the Akufo-Addo Government to successfully exit an IMF programme in 2019. He will again use this Government to successfully go through this programme. We will chart a sustainable course that will restore and improve macroeconomic stability, energise and expand economic activity, create jobs and strengthen Ghana's structural resilience to future external shocks.

101. Mr. Speaker, I serve a President who has shown by his deeds that he is deeply committed to the welfare of the masses of this country. Ours is also a government that is not afraid to make hard choices for the good of our country. I want to appeal to Ghanaians to keep faith with the President and his team. We know things are tough now. But we have a plan and the will to drive it. I want this House to do exactly what it did in the earlier crisis of 2020; support us in our bid to reduce the impact of this global crisis on the nation and to tackle the vulnerabilities in our economy that make us prone to such shocks. The President wants this sovereign House to be a strategic partner in Government's efforts to stabilise the economy and spur growth to create jobs.

102. Ours is a proud history of finding solutions to our country's issues. We have done it before and we will do it again, and with the help of this House and the support of the good people of Ghana we shall come out of this stronger. As we claim the Lord's promise in Joel 2 to send his people corn, wine and oil to satisfy us and eliminate reproach.

103. In this journey, we must eschew pessimism that takes invaluable energy away from our forward march to transformation. As one people, we must speak the same language of patriotism to guarantee our own collective success - for a united country will have no restraint but victory.

104. Mr. Speaker, I am thankful for the opportunity to be here to outline our programmes. I am grateful that we continue to engage and find sustainable solutions to our challenges.

105. God indeed Bless our Homeland Ghana and make us great and strong.