



REPUBLIC OF GHANA

MINISTRY OF FINANCE

2020 ANNUAL PROGRESS REPORT

PREPARED BY:

THE POLICY COORDINATION, MONITORING
AND EVALUATION DIVISION



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ACRONYMS AND ABBREVIATIONS

AG	Attorney General
AML	Anti Money Laundering
APR	Annual Progress Report
AWP	Annual Work Plan
BoG	Bank of Ghana
CAGD	Controller and Accountant General's Department
CSOs	Civil Society Organisations
DADs	Departments, Agencies and Divisions
DCMIS	Development Cooperation Management Information System
DCP	Development Cooperation Policy
DFs	Donor Funds
DP	Development Partners
ESLA	Energy Sector Levies Act
FATF	Financial Action Task Force
FIC	Financial Intelligence Centre
FSD	Financial Sector Division
FSR	Financial Sector Reform
FY	Fiscal Year
GDP	Gross Domestic Product
GIFMIS	Ghana Integrated Financial Management Information System
GNPC	Ghana National Petroleum Corporation
GoG	Government of Ghana
GRA	Ghana Revenue Authority
GSS	Ghana Statistical Service



HRMIS	Human Resource Management Information System
IAT	Institute of Accountancy Training
ICT	Information Communication Technology
IGF	Internally Generated Fund
IMF	International Monetary Fund
MDA	Ministries, Departments and Agencies
MoU	Memorandum of Understanding
MTDS	Medium-Term Debt Management Strategy
NDPC	National Development Planning Commission
NMTDPF	National Medium Term Development Policy Framework
PBB	Programme Based Budgeting
PCMED	Policy Coordination Monitoring and Evaluation Division
PFMA	Public Financial Management Act
PHF	Petroleum Holding Fund
PIAC	Public Interest and Accountability Committee
PIAD	Public Investment and Asset Division
PIM	Public Investment Management
PIP	Public Investment Programme
PPA	Public Procurement Authority
PPP	Public Private Partnership
PRMA	Petroleum Revenue Management Act
SEC	Securities and Exchange Commission
SDGs	Sustainable Development Goals
SMTDP	Sector Medium Term Development Plan
SOE	State-Owned Enterprise



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1.0 INTRODUCTION

1.1 PURPOSE OF MONITORING AND EVALUATION FOR THE PERIOD JAN. –DEC., 2020

This Annual Progress Report (APR) is prepared in fulfillment of the National Development Planning Commission (NDPC) Act, 1994 (Act 480), under which all Ministries, Departments and Agencies (MDAs) are expected to submit Annual Progress Report on the implementation of their respective policies, strategies and Programmes as they relate to the National Development Goals and the Sector Medium Term Development Plans 2018-2021. This 2020 Annual Progress Report represents the Ministry's APR for the third year of implementation of the Sector Medium Term Development Plan.

Monitoring and Evaluation activities conducted during the period under review were to assess the level of implementation of planned programmes and projects in order to improve performance and results in subsequent years. It is also to highlight challenges encountered during implementation to enable the Ministry reconsider the various implementation measures adopted with a view to improving subsequent performance and impact.

1.2 PROCESSES INVOLVED IN CONDUCTING MONITORING AND EVALUATION

To ensure that monitoring and evaluation activities were conducted in a participatory manner, a four-stepped approach was adopted. First, data collection instruments (templates) were developed and circulated to all Departments, Agencies and Divisions (DADs) of the Ministry. Secondly, submissions were received from all DADs using the templates earlier circulated, and thirdly, the preparation of the draft 2020 Annual Progress Report. Finally, a validation workshop was organized to enable the DADs review and validate the draft 2020 APR. These processes were coordinated and led by the Policy Coordination, Monitoring and Evaluation Division of the Ministry of Finance.

1.3 STATUS OF IMPLEMENTATION OF SECTOR MEDIUM TERM DEVELOPMENT PLAN (SMTDP) 2018-2021

Status of implementation of the Sector Medium Term Development Plan (SMTDP) 2018-2021 has been provided in three sections. Section one provides an assessment of the implementation of the 2020 Annual Action Plan (AAP) in the SMTDP and Section two assesses the level of achievement under each of the Development Dimensions while Section three provides an overall assessment of the level of implementation of the SMTDP.

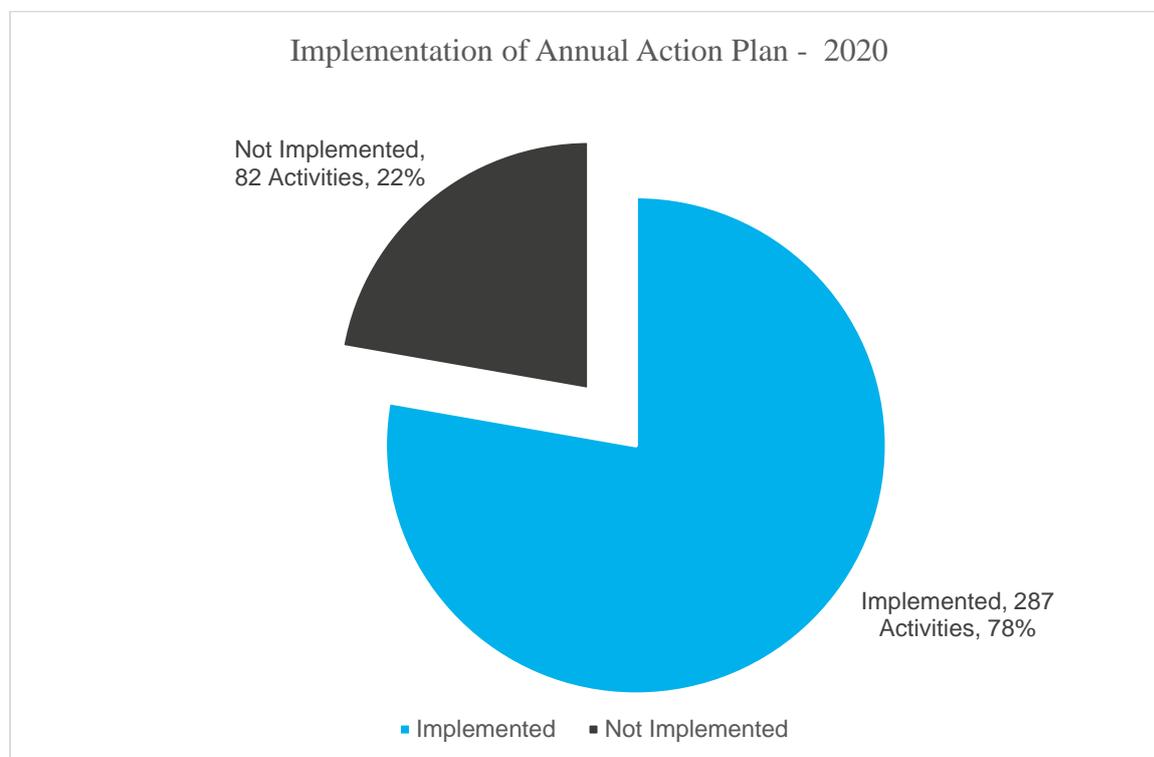
1.3.1 Section One – Implementation of Annual Action Plan - 2020

In all, three hundred and eighty-nine (389) activities were outlined for implementation under the 2020 Annual Action Plan. These three hundred and eighty-nine (389) activities are broken down along the Development Dimensions as (i) Economic Development – 369 activities (ii) Environment, Infrastructure and Human Settlements –10 activities, (iii) Governance, Corruption and Public Accountability – 10 activities.



As at end 2020, a total number of three hundred and seven (307) activities, representing 78.9 percent have been commenced and are at various stages of completion. 36.8 percent of the activities have been completed, 42.1 percent on-going, 15.4 percent abandoned with the remaining 5.7 percent of the activities yet to start. Kindly refer to Fig 1 below.

FIG. 1: STATUS OF IMPLEMENTATION OF 2020 ANNUAL ACTION PLAN



1.3.2 Section Two – Level of Implementation of Development Dimension

The National Medium Term Development Framework (NMTDF) 2018-2021 outlined four broad Development Dimensions under which operations of all MDAs are to be aligned to. These are (i) Economic Development; (ii) Social Development; (iii) Environment, Infrastructure and Human Settlements; and (iv) Governance, Corruption and Public Accountability.

Operations of the Ministry of Finance are aligned to three of the four Development Dimensions. These are;

- Economic Development;
- Environment, Infrastructure and Human Settlements; and
- Governance, Corruption and Public Accountability.



TABLE 1: DEVELOPMENT DIMENSION, ADOPTED POLICY OBJECTIVES AND ADOPTED STRATEGIES OF THE MOF

DEVELOPMENT DIMENSIONS	ADOPTED POLICY OBJECTIVES	ADOPTED STRATEGIES
Economic Development	Ensure Improved Fiscal Performance and Sustainability	<p><u>Enhance Revenue Mobilisation</u></p> <ul style="list-style-type: none"> • Eliminate revenue collection leakages • Strengthen revenue institutions and administration • Pursue the full implementation of the Excise Tax Stamp Act, 2013 (Act 873) to boost revenue collection • Review existing legislation and all administrative instructions regarding Non-Tax Revenue/Internally Generated Fund (NTR/IGF) to develop an IGF Policy • Diversify sources of resource mobilization <p><u>Strengthen Expenditure Management</u></p> <ul style="list-style-type: none"> • Strengthen and strictly enforce the Public Financial Management Act, 2016 (Act 921) • Enact Fiscal Responsibility Law (FRL) • Establish a Fiscal Stability Council • Strengthen institutional collaboration for effective fiscal policy management • Strictly enforce the provisions of the Public Procurement Act, 2016 (Act 914), especially with regard to sole sourcing • Review and strengthen the public sector wage bill management system • Extend and strengthen the GIFMIS system across all MDAs and MMDAs • Review administrative framework for earmarked funds to ensure efficiency in the management of public funds • Ensure effective financial management and oversight of State Owned Enterprises <p><u>Ensure Effective Debt Management</u></p> <ul style="list-style-type: none"> • Conduct and publish a Debt Sustainability Analysis (DSA) • Update the Medium Term Debt Strategy (MTDS) to guide borrowing plans and operations • Pursue an effective debt management strategy to ensure debt sustainability including self-financing debt strategy in developing and managing capital projects • Adopt global standards of risk and treasury management • Ensure accountability in the use of state resources in the country • Reduce domestic borrowing and the resulting crowding out of the private sector



DEVELOPMENT DIMENSIONS	ADOPTED POLICY OBJECTIVES	ADOPTED STRATEGIES
		<p><u>Strengthen Capacity for Economic Management</u></p> <ul style="list-style-type: none"> • Strengthen Economic Planning and Forecasting • Build and sustain national and sub-national capacity for macroeconomic planning and development • Strengthen collaboration between key state agencies in charge of economic management • Enhance the production and dissemination of disaggregated data • Strengthen data interoperability within the National Statistical System
	Enhance Monetary Discipline and Financial Stability	<ul style="list-style-type: none"> • Reform the financial sector to deepen financial markets, financial inclusion, supervision and regulation of financial institutions, electronic payments system and reviewing base rates across banks • Implement policies aimed at repositioning the country as an International Financial Services Centre (IFSC) within the region • Pursue decisive measures in the short to medium term to deepen the capital markets • Encourage more companies to list on the Ghana Stock Exchange (GSE) • Develop a more comprehensive market for insurance and mortgage finance
Environment, Infrastructure And Human Settlements	Ensure Efficient Management and Utilisation of Oil and Gas Revenue	<ul style="list-style-type: none"> • Ensure efficient investment of oil revenue in wealth creation ventures for future generations • Invest oil and gas revenues in growth-inducing and pro-poor Programmes to promote balanced-development • Ensure fiscal discipline in the utilisation of oil revenue in relation to the guidelines enshrined in the Petroleum Revenue Management Act (PRMA) • Improve transparency in the management and utilisation of oil and gas resources and revenues • Implement the amended Petroleum Revenue Management Act, and oil and gas Extractive Industry Transparency Initiative (EITI) • Strengthen Public Interest and Accountability Committee (PIAC) to further enhance transparency and accountability in the oil and gas sector.
Governance, Corruption and Public Accountability	Promote the Fight Against Corruption and Economic Crimes	<ul style="list-style-type: none"> • Strengthen the Judiciary, Parliament, security services and other anti-corruption institutions to effectively perform their functions. • Establish transaction price data, which will be periodically reviewed to conform with market trends • Ensure the implementation of value for money audit

Source: Ministry of Finance



TABLE 2: DETAILS ON THE 2020 AAP ACTIVITIES BY DEVELOPMENT DIMENSION

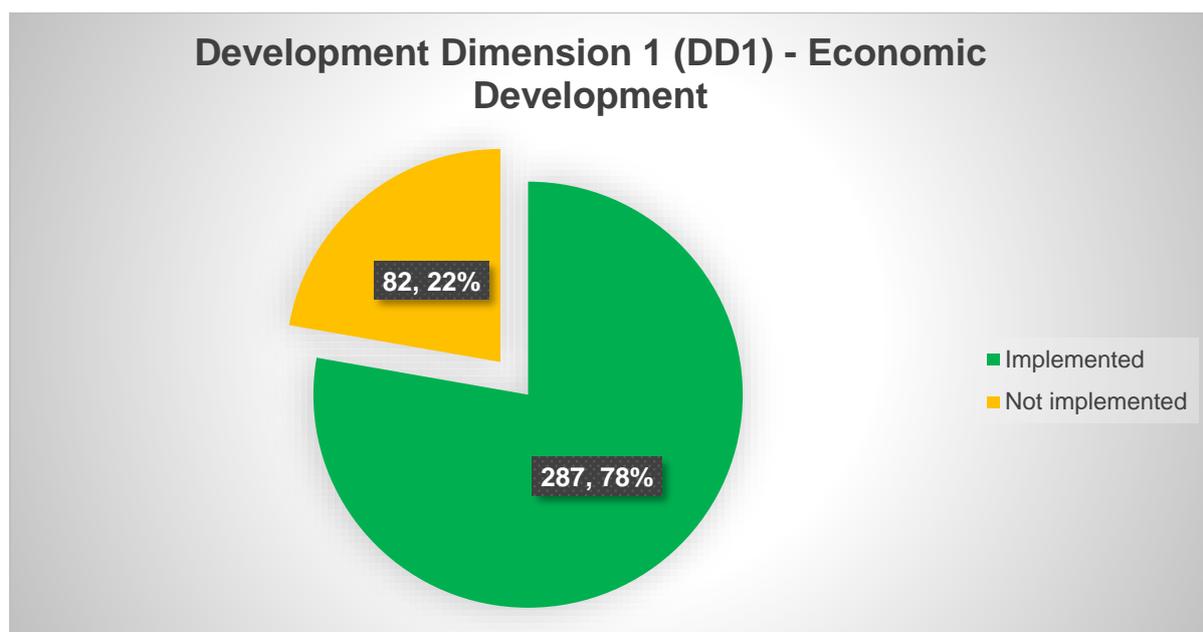
DEVELOPMENT DIMENSIONS	Planned Activities	Implemented Activities	Percentage of Activities Implemented
a. DD1: Economic Development - % Implemented	369	287	77.8%
b. DD2: Environment, Infrastructure and Human Settlements % Implemented	10	10	100%
c. DD 4: Governance, Corruption and Public Accountability - % Implemented	10	10	100%
Total	389	307	78.9%

Source: Ministry of Finance

1.3.2.1 Development Dimension 1 (DD1) - Economic Development

In the year under review, a total number of three hundred and sixty-nine (369) activities were planned to be implemented under the Economic Development Dimension in the 2020 Annual Action Plan. Out of this, a total of two hundred and eighty-seven (287) representing 78% of the total activities were implemented while the remaining eighty-two (82) activities representing 22% were not implemented as shown in Table 2 above. The number of activities in the 2020 Annual Action Plan categorized by Development Dimension is provided in Fig. 2 below.

FIG. 2: LEVEL OF IMPLEMENTATION OF ACTIVITIES UNDER THE ECONOMIC DEVELOPMENT DIMENSION



1.3.2.2 Development Dimension 2 (DD2) - Environment, Infrastructure and Human Settlements

All the ten (10) activities in the 2020 Annual Action Plan under the Environment, Infrastructure and Human Settlements were implemented constituting 100% level of implementation.

1.3.2.3 Development Dimension 4 (DD4) - Governance, Corruption and Public Accountability

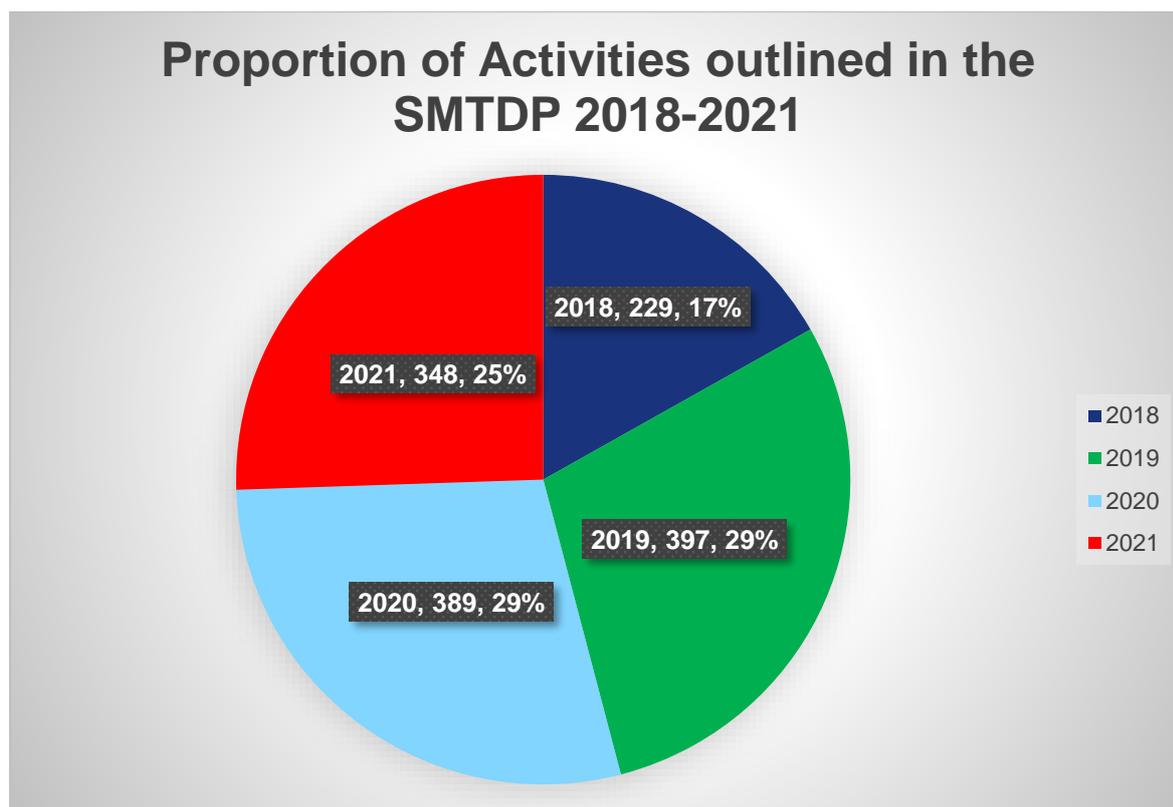
All the ten (10) activities in the 2020 Annual Action Plan under the Governance, Corruption and Public Accountability were implemented constituting 100% level of implementation.

1.3.3 Section Three - Level of Implementation of SMTDP 2018-2021

The year under review is the third year of implementation of the 2018-2021 SMTDP. The three hundred and eighty-nine (389) activities planned for 2020 constituted 28.5 percent of the one thousand, three hundred sixty-three (1,363) activities outlined in the 2018-2021 SMTDP.

In 2018 the Ministry implemented 229 activities representing 17 percent of the total activities in the Medium Term Development Plan whilst in 2019, activities earmarked for implementation was 397 representing 29 percent of the total activities in the Medium Term Development Plan. Again in 2020, the number of activities earmarked for implementation was 389 representing 28.5 percent of the total activities in the Medium Term Development Plan whilst in 2021 activities earmarked for implementation was 348 representing 25.5 percent of activities in the Medium Term Development Plan. Fig. 4 below provides a pictorial view of the level of implementation of the activities.



FIG. 3: PROPORTION OF ACTIVITIES OUTLINED IN THE SMTDP 2018-2021**TABLE 3: PROPORTION OF THE SMTDP IMPLEMENTED IN 2020**

Indicators	Baseline	Target	Actual	Actual	Actual
	2017	2020	2018	2019	2020
1. PROPORTION OF THE ANNUAL ACTION PLANS IMPLEMENTED:					
a. Percentage Completed	67.7		73.0	44.6	36.8
b. Percentage of Ongoing Interventions	12.9		13.9	37.0	42.1
c. Percentage of Interventions Abandoned	5.3		0	0.5	15.4
d. Percentage of Interventions Yet to Start	14.1		13.1	17.9	5.7
	100%	100%	100%	100%	100%
e. Proportion of Activities Implemented Outside the Plan	N/A		N/A	3.0	N/A



2. Proportion of the Overall Medium-Term Development Plan Implemented			74.5%¹	
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Source: Ministry of Finance

The period under review saw an increase in total number of activities compared to the previous year (397 in 2019 and 389 in 2020).

The total number of activities implemented in 2020 were three hundred and eighty-nine (389). Out of this number 36.8% (143) were completely implemented, 42.1% (164) ongoing, 15.4% (60) abandoned and 5.7% (22) yet to start. The drop in the percentage of activities completed from 44.6% in 2019 to 36.8% in 2020 was due to budgetary constraints especially in the fourth quarter of the year where no releases were made. This explains why many activities were either ongoing (42.1%), yet to start (5.7%) or abandoned (15.4%).

The Ministry is on track to achieving its sector goals of ensuring efficient and effective management of the economy towards the attainment of upper middle income status and poverty reduction. The sector will need more financial resources to implement those crucial activities for better results.

TABLE 4: DETAILS OF ANNUAL ACTION PLANS IMPLEMENTED BY DEVELOPMENT DIMENSION

DEVELOPMENT DIMENSIONS	2020	
	Planned	Executed
a. DD1: Economic Development	100%	78.9%
b. DD2: Environment, Infrastructure and Human Settlements	100%	100%
c. DD 4: Governance, Corruption and Public Accountability	100%	100%

Source: Ministry of Finance

Based on the analysis on the level of implementation of the 2020 Annual Action Plan.

The Ministry is on track with DD1: Economic Development and DD4: Governance, Corruption and Public Accountability which are linked to three (3) out of the four (4) adopted Policy Objectives. The Development Dimension two: Environment, Infrastructure and Human Settlements which was also linked to Adopted Policy Objective - Ensure Efficient Management and Utilisation of Oil and Gas Revenue.

¹((229 in 2018, 397 in 2019 and 389 in 2020)/Total Activities in SMTDP) being **1015/1334=74.5%**



Based on the analysis on the Development Dimensions, the proportion of activities implemented and their corresponding Adopted Policy Objectives, the Ministry is on track with the achievement of the sector goals of ensuring efficient and effective management of the economy towards the attainment of upper middle income status and poverty reduction.

1.4 DIFFICULTIES OR CHALLENGES ENCOUNTERED

During the period of implementation of the 2020 Annual Action Plan in the SMTDP a number of operational and technical challenges were encountered. These challenges included;

Operational Challenges:

- Delay in the submission of inputs from Departments, Agencies and Divisions towards the preparation of this progress report and other statutory reports;
- Inadequate budgetary allocation for the implementation of planned activities due to low resource mobilisation;
- Absence of legal and regulatory framework for the Institute of Accountancy Training;
- Inadequate staff level and High turnover;
- Unavailability of a business continuity plan and operational disaster recovery site for debt management operations (Data warehouse); and
- Fragmented and incoherent IT infrastructure.

Technical Challenges:

- Worsened Fiscal deficit due to lower revenues and higher expenditures arising out of the effect of the COVID-19 pandemic;
- Enforcement of the Public Financial Management (PFM) Act, 2016 (Act 921) and the PFM Regulations, 2019 (L.I. 2378) to address lapses relating to Public Expenditure Management;
- Completion of Digitisation and enhanced use of Technology for all System (PFM, Revenue, PIMs etc);
- Weak Revenue Mobilisation and as a result of Challenges with full compliance of Tax Laws;
- Segmentation of taxpayers and ineffective monitoring of large informal sector;
- Intensification of tax compliance measures to discourage deliberate under-valuation of import values, suppression of sales, and non-issuance of VAT receipts among others;



- Complete the automation of GRA procedures and processes;
- Limited number of tax payers;
- Restructuring of the IAT to provide professional training programmes aligned with the mandate of the Ministry of Finance;
- Inability of local SMEs to enhance effective participation in public procurement; and
- Delay in Treasury Management functions.



2.0 MONITORING AND EVALUATION ACTIVITIES REPORT

2.1 PROGRAMME/PROJECT STATUS FOR THE YEAR 2020

2.1.1 Project Register

During the year under review, the Ministry had a total of three (3) projects at various stages of implementation. All three (3) projects are aligned to the Economic Development Dimension. Two (2) out of the three (3), representing 66.7% of the projects, are completed (100% completed) and the remaining one (1) is less than 40% completed.

The three projects are also aligned to adopted Policy Objectives of the Ministry, namely, (1) Ensure Improved Fiscal Performance and Sustainability and (2) Enhance Monetary Discipline and Financial Stability. Please refer to Table 5 below for details of the projects.

TABLE 5: PROJECT REGISTER

Project Description	Development Dimension of Policy Framework	Location	Contractor/ Consultant	Contract Sum GHS	Source of Funding	Date of Award	Date Started	Expected Date of Completion	Expenditure to Date(GHS)	Out Standing Balance (GHS)	Implementation Status (%)	Remarks
1.The proposed redesign and engineering for the facelift on the buildings	Economic Development	MoF Headquarters	M/S Fridoung Ltd	8,996,668.29	GoG	March 2017	April 2017	March 2020	4,867,629.34	4,129,038.95	100% complete	



Project Description	Development Dimension of Policy Framework	Location	Contractor/ Consultant	Contract Sum GHS	Source of Funding	Date of Award	Date Started	Expected Date of Completion	Expenditure to Date(GHS)	Out Standing Balance (GHS)	Implementation Status (%)	Remarks
within Ministerial enclave of the Ministry of Finance												
2. Consultancy services on the facelift on buildings within the ministerial enclave of the Ministry of Finance by Messrs Arc-Aura Architects and ABP	Economic Development	MoF Headquarters	M/S Fridoug Ltd	946,862.59	GoG	March 2017	April 2017	March 2020	899,514.46	47,343.13	100% complete	



Project Description	Development Dimension of Policy Framework	Location	Contractor/ Consultant	Contract Sum GHS	Source of Funding	Date of Award	Date Started	Expected Date of Completion	Expenditure to Date(GHS)	Out Standing Balance (GHS)	Implementation Status (%)	Remarks
Consult Ltd.												
3. Supply and installation of Access Control System for Ministry of Finance	Economic Development	MoF Headquarters	M/S Arc-Aura Architects	480,919.43	GoG	October 2017	November 2019	March 2020	0.00	480,919.43	40% complete	

Source: Ministry of Finance



2.1.2 Programme Register

During the year under review, the Ministry had a total of thirty-six (36) Development Partner funded Programmes/Projects at various stages of implementation. All thirty-six (36) projects are aligned to the Economic Development Dimension. The thirty-six (36) projects are also aligned to two Adopted Policy Objectives of the Ministry, namely, (1) Ensure Improved Fiscal Performance and Sustainability and (2) Enhance Monetary Discipline and Financial Stability. Thirty-two (32) projects are aligned to the adopted objective - Ensure Improved Fiscal Performance and Sustainability whilst the remaining four (4) projects are aligned to Adopted Policy Objective - Enhance Monetary Discipline and Financial Stability. Table 6 below provides the details of all the thirty-six (36) projects. Based on the number of Projects/Programmes implemented and the status of implementation across the Development Dimensions which are linked to the Adopted Policy Objectives. The Ministry is on track with the achievement of the sector goals of ensuring efficient and effective management of the economy towards the attainment of upper middle income status and poverty reduction.

TABLE 6: 2020 MOF DEVELOPMENT PARTNER FUNDED PROGRAMMES/PROJECTS

Project Description	Development Dimension	Location	Contractor/ Consultant	Contract Sum (USD)	Source of Funding	Award Date	Start Date	Planned Completion Date	Expenditure to Date (USD)	Implementation Status
Concessional Loan										
Covid-19 Emergency Response Program	Economic Development	Nationwide		30,000,000.00	Korea	17 Dec 2020		31 Dec 2022		Ongoing
E-ZWICH Rural Branchless Banking System	Economic Development	Nationwide		9,787,500.00	Kreditanstalt für Wiederaufbau (KfW)	31 Jan 2012		31 Dec 2022	6,908,366.77	Ongoing
Establishing A Deposit Protection Scheme In Ghana	Economic Development	Nationwide		16,200,800.00	Kreditanstalt für Wiederaufbau (KfW)	28 Jun 2018		30 Jun 2021	7,435,822.22	Ongoing



Project Description	Development Dimension	Location	Contractor/ Consultant	Contract Sum (USD)	Source of Funding	Award Date	Start Date	Planned Completion Date	Expenditure to Date (USD)	Implementation Status
Financial Sector Development Project	Economic Development	Nationwide		30,000,000.00	World Bank (WB)	27 Jun 2019		30 Sep 2023	7,008,982.04	Ongoing
Ghana COVID-19 Emergency Preparedness And Response Project (P173788)	Economic Development	Nationwide		130,000,000.00	World Bank (WB)	12 Nov 2020		31 Oct 2022		Ongoing
Ghana Development Finance Project	Economic Development	Nationwide		250,000,000.00	World Bank (WB)	12 Nov 2020		30 Jun 2027		Ongoing
Ghana Economic Management Strengthening Technical Assistance (GEMS-TA) Project	Economic Development	Nationwide		21,144,000.00	World Bank (WB)	20 Sep 2016		30 Sep 2019	8,941,978.79	Ongoing
Ghana Integrated Financial Management Information System ICT Upgrade Project	Economic Development	Nationwide		7,000,000.00	Korea	17 Dec 2020		31 Oct 2023		Ongoing



Project Description	Development Dimension	Location	Contractor/ Consultant	Contract Sum (USD)	Source of Funding	Award Date	Start Date	Planned Completion Date	Expenditure to Date (USD)	Implementation Status
Performance-Oriented Public Financial Management: Ghana Revenue Authority (GRA)	Economic Development	Nationwide		6,574,480.00	Kreditanstalt für Wiederaufbau (KfW)	12 Dec 2016		30 Dec 2022		Ongoing
Public Financial Management Reform Project	Economic Development	Nationwide		45,000,000.00	World Bank (WB)	05 Aug 2015		31 Dec 2021	43,744,643.86	Ongoing
Reform Financing (Budget Support)	Economic Development	Nationwide		48,740,000.00	Kreditanstalt für Wiederaufbau (KfW)	16 Dec 2020		31 Dec 2022		Ongoing
Strengthening Institutional Capacity For Domestic Resource Mobilization And Economic Management	Economic Development	Nationwide		7,685,530.00	African Development bank	17 Jun 2020		31 Dec 2025		Ongoing
Grant										
Budget Support In Response To The COVID-19 Situation In Ghana	Economic Development			101,885,700.00	European Union (EU)	30 Sep 2020		30 Sep 2021	99,770,565.33	Ongoing



Project Description	Development Dimension	Location	Contractor/ Consultant	Contract Sum (USD)	Source of Funding	Award Date	Start Date	Planned Completion Date	Expenditure to Date (USD)	Implementation Status
Civil Society Organisations In Research And Innovation For Sustainable Development (CSO-Rise)	Economic Development			10,095,300.00	European Union (EU)	15 Dec 2016		01 Jun 2024	241,805.20	Ongoing
Covid-19 Response Support Programme	Economic Development			69,300,000.00	African Development Bank	13 Aug 2020		31 Dec 2022	69,300,000.00	Ongoing
Domestic Revenue Mobilization (Phase III)	Economic Development			6,500,000.00	Switzerland	07 Jun 2016		31 Dec 2022	3,000,000.00	Ongoing
Ghana COVID-19 Emergency Preparedness And Response Project	Economic Development			34,998,390.00	World Bank (WB)	03 Apr 2020		30 Jun 2022	33,860,264.16	Ongoing
Ghana Landscape Restoration And Small Scale Mining Project GE	Economic Development			275,229.00	World Bank (WB)	03 Mar 2020		31 Oct 2021	140,892.27	Ongoing



Project Description	Development Dimension	Location	Contractor/ Consultant	Contract Sum (USD)	Source of Funding	Award Date	Start Date	Planned Completion Date	Expenditure to Date (USD)	Implementation Status
Ghana SOEs Oversight, Reforms and Governance (GHASORG) Project	Economic Development			3,958,500.00	France	21 Jul 2020		31 Dec 2024		Ongoing
Governance For Inclusive Development (GOVID)	Economic Development			10,744,500.00	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	01 Oct 2019		30 Sep 2022	7,398,764.50	Ongoing
Human Resource Development Scholarship (2020)	Economic Development			2,472,200.00	Japan	02 Jul 2020		30 Dec 2022		Ongoing
Human Resource Development Scholarship (JDS) 2018 -2020	Economic Development			1,786,000.00	Japan	10 Apr 2018		31 Dec 2021	300,800.00	Ongoing
Human Resource Development Scholarship (JDS) 2019 - 2022	Economic Development			2,528,600.00	Japan	04 Oct 2019		31 Dec 2027	2,464,790.23	Ongoing



Project Description	Development Dimension	Location	Contractor/ Consultant	Contract Sum (USD)	Source of Funding	Award Date	Start Date	Planned Completion Date	Expenditure to Date (USD)	Implementation Status
Human Resource Development Scholarship (JDS) 2019-2021	Economic Development			1,400,600.00	Japan	17 May 2019		31 Dec 2022	1,380,000.00	Ongoing
Performance-Oriented Public Financial Management: Ghana Revenue Authority (GRA)	Economic Development			6,574,480.00	Kreditanstalt für Wiederaufbau (KfW)	12 Dec 2016		30 Dec 2022	279,531.74	Ongoing
Programme For Sustainable Economic Development (PSED) V	Economic Development			21,884,850.00	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	01 Oct 2019		30 Sep 2022	4,076,621.65	Ongoing
Provision Of Medical Equipment Project	Economic Development			4,700,000.00	Japan	02 Jul 2020		30 Dec 2022		Ongoing
Reform And Investment Partnership: Support To Ghana's Accession To	Economic Development			17,518,400.00	Kreditanstalt für Wiederaufbau (KfW)	26 Sep 2019		31 Dec 2020	17,518,400.00	Ongoing



Project Description	Development Dimension	Location	Contractor/ Consultant	Contract Sum (USD)	Source of Funding	Award Date	Start Date	Planned Completion Date	Expenditure to Date (USD)	Implementation Status
The Africa Trade Insurance (ATI)										
Remittance Grant Facility Project	Economic Development			2,600,000.00	Switzerland	06 Jun 2016		31 Dec 2022	1,700,000.00	Ongoing
Renewable Energy And Energy Efficiency In Ghana (Accompanying Measures)	Economic Development			12,185,000.00	Kreditanstalt für Wiederaufbau (KfW)	16 Dec 2020		29 Dec 2023		Ongoing
Job Partnership And Small- And Medium-Sized Business Promotion In Ghana	Economic Development			26,804,700.00	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	01 Jan 2019		31 Dec 2024	3,971,431.86	Ongoing
Strengthening Institutional Capacity For Domestic Resource Mobilization And Economic Management	Economic Development			7,685,530.00	African Development bank	17 Jun 2020		31 Dec 2025		Ongoing



Project Description	Development Dimension	Location	Contractor/ Consultant	Contract Sum (USD)	Source of Funding	Award Date	Start Date	Planned Completion Date	Expenditure to Date (USD)	Implementation Status
Support Programme To Public Finance Management & The Stepping Stone Economic Partnership Agreement (EPA)	Economic Development			8,973,600.00	European Union (EU)	30 Jan 2018		30 Jan 2023	1,292,707.58	Ongoing
Support To The Office Of The National Authorizing Officer Programme (Nao Support)	Economic Development			1,682,550.00	European Union (EU)	01 Dec 2016		01 Dec 2023	820,526.77	Ongoing
Technical Cooperation Facility (TCF) IV	Economic Development			2,788,000.00	European Union (EU)	11 Jan 2016		11 Jan 2022	1,899,083.04	Ongoing
Technical Cooperation Facility (V)	Economic Development			3,734,560.00	European Union (EU)	26 Apr 2019		09 Jan 2025	257,277.24	Ongoing

Source: Ministry of Finance



2.2 UPDATE ON DISBURSEMENTS FROM FUNDING SOURCES

Introduction

The Ministry of Finance exists to ensure macro-economic stability for promotion of sustainable economic growth and development through the formulation and implementation of sound financial and fiscal policies.

2.2.1 Update on Funding Sources

The Ministry of Finance and its six Agencies namely, Securities and Exchange Commission (SEC), Public Procurement Authority (PPA), Institute of Accountancy Training (IAT), Controller and Accountant General's Department (CAGD), Ghana Statistical Service (GSS) and the Financial Intelligence Centre (FIC) were allocated a total budget of **GHS 1,891,146,000.00** including reallocation.

This was made up of:

GHS 1,602,274,849.00 with reallocation G.O.G Funds,

GHS 75,279,429.00 I.G.F.

GHS 3,091,200.00 ABFA; and

GHS 210,500,522.00 Development Partner Funds for the execution of its Programmes in 2020.

The total budget allocation was revised to GHS1,869,917,406.00.

This was made up of:

GHS 1,601,524,849.00 with reallocation G.O.G Funds,

GHS 54,800,835.00 I.G.F.

GHS 3,091,200.00 ABFA; and

GHS 210,500,522.00 Development Partner Funds for the execution of its Programmes in 2020.

In terms of proportions, GoG, IGF, DP and ABFA constituted 85.65, 2.93, 11.26 and 0.16 percent of the total allocations respectively.

TABLE 7: REVENUE ANALYSIS (GHS)

Revenue Sources	Baseline	Target	Actual		
	2017	2020	2018	2019	2020
Central Government Transfers	553,691,680.00	1,601,524,849.00	763,311,762.00	606,966,133.00	1,273,898,940.00
IGF	14,208,853.00	54,800,835.00	40,169,560.59	8,601,381.00	46,058,206.00
DP Support	72,893,488.00	210,500,522.00	48,564,238.00	43,065,687.00	155,408,252.00



Others(ABFA)	-		3,529,951.00	2,900,000.00	3,091,200.00
TOTAL	640,794,021.00		855,575,511.59	661,533,201.00	1,478,456,598.00

Source: Ministry of Finance

Allocations to Agencies

The ceiling was allocated to Finance Headquarters and its Agencies as presented in **Table 8** below:

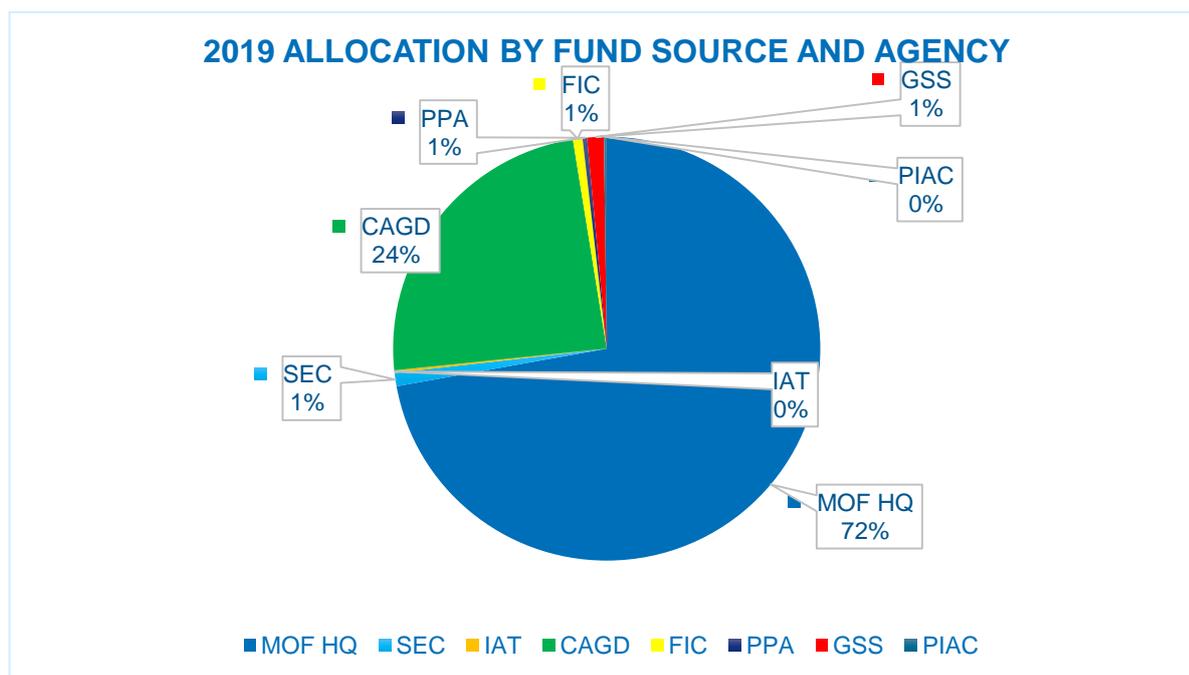
TABLE 8: 2020 ALLOCATION BY FUND SOURCE AND DADS (GHS)

AGENCY	GOG	IGF	DP	ABFA	TOTAL (GHS)
Finance Headquarters	898,061,940.00	35,680,655.00	133,048,252.00		1,066,790,847.00
Controller and Accountant Gen. Department	324,066,974.00	10,266,643.00	22,000,000.00		356,333,617.00
Financial Intelligence Centre	10,685,114.00				10,685,114.00
Institute of Accountancy Training	2,771,985.00	110,908.00			2,882,893.00
Public Procurement Authority	5,069,451.00				5,069,451.00
Securities and Exchange Commission	15,000,000.00				15,000,000.00
Statistical Service	18,243,476.00		360,000.00		18,603,476.00
PIAC				3,091,200.00	3,091,200.00
	1,273,898,940.00	46,058,206.00	155,408,252.00	3,091,200.00	1,478,456,598.00

Source: Ministry of Finance

With respect to allocations by DADs; Finance Headquarters had the highest percentage of 72.16 of the total allocation to the sector, while the Controller and Accountant General's Department had 24.10 percent. The rest were Ghana Statistical Service, 1.26 percent, Public Procurement Authority, 0.34 percent, Security and Exchange Commission, 1.01 percent, Institute of Accountancy Training, 0.19 percent, Financial Intelligence Centre, 0.72 percent and Public Interest and Accountability Committee (PIAC), 0.21 percent. Fig. 5 below provides a pictorial view of the 2019 allocation by fund source and agency.



FIG. 4: 2020 ALLOCATION BY FUND SOURCE AND AGENCY**TABLE 9: ALLOCATION ACROSS THE DEVELOPMENT DIMENSION**

DEVELOPMENT DIMENSION	ADOPTED POLICY OBJECTIVES	ALLOCATION (GHS)	PERCENT ALLOCATION
Economic Development	-Ensure Improved Fiscal Performance and Sustainability -Enhance Monetary Discipline and Financial Stability	1,464,680,284.00	99.07
Environment, Infrastructure and Human Settlements	Ensure Efficient Management and Utilisation of Oil and Gas Revenue	3,091,200.00	0.21
Governance, Corruption and Public Accountability	Promote the Fight Against Corruption and Economic Crimes	10,685,114.00	0.72
TOTAL		661,533,201.00	100.00

Source: Ministry of Finance

The Economic Development Dimension had the highest percentage of 99.07 of the total allocation to the sector in 2020, while Environment, Infrastructure and Human Settlements Dimension had 0.21 and the Governance, Corruption and Public Accountability Development Dimension had 0.72. Please refer to Table 9 above for allocation of funds by Development Dimension.



Based on the analysis on the monies allocated across the Development Dimensions, the proportion of activities implemented and their corresponding Adopted Policy Objectives, the Ministry is on track with the achievement of the sector goals of ensuring efficient and effective management of the economy towards the attainment of upper middle income status and poverty reduction.

2.2.2 Update on Disbursements from Funding Sources

TABLE 10: EXPENDITURE ANALYSIS (GHS)

Expenditure Item	Baseline	Target	Actual		
	2017	2020	2018	2019	2020
Compensation	181,011,629.00	120,801,379.00	216,491,503.76	38,328,449.11	228,013,688.00
Goods and Service	387,354,573.00	1,191,858,495.00	483,116,369.12	338,156,894.00	1,084,689,978.00
CAPEX	1,898,425.00	123,578,909.00	51,364,745.18	18,868,245.00	118,911,394.00
ABFA	0	3,091,200.00	3,529,951.00	2,900,000.00	3,091,200.00
TOTAL	570,264,627.00	1,439,329,983.00	754,502,569.06	398,253,588.11	1,434,706,260.00

Source: Ministry of Finance

COMPENSATION OF EMPLOYEES

As at 31st December 2020, Compensation of Employees payments stood at GHS 228,013,688.00 constituting 188.75 percent of total Compensation of Employees expected.

The relatively large variance for Compensation of Employees is due to fact that the Ministry undertook staff recruitment to close the skills gap identified. The high figure recorded is also due to payment of some salary-related allowances due staff.

GOODS AND SERVICES

The actual payments in respect of Goods and Services amounted to GHS 1,084,689,978.00 which translated to 91.00 percent of total Goods and Services expected.

The variance for Goods and Services utilization was mainly due to the non-release of the funds for the last quarter of 2020.

CAPEX

With respect to Capex, amount released and paid was GHS 118,911,394.00, which represented 96.22 percent of the total Capital Expenditure allocation for the year.

Please refer to Table 10 above for details.

Disbursement to Agencies

The disbursement to Finance Headquarters and its Agencies are presented in **Table 11** below:



TABLE 11: 2020 DISBURSEMENT BY FUND SOURCE AND DADS (GHS)

AGENCY	GOG	IGF	DP	ABFA	TOTAL (GHS)
Finance Headquarters	887,017,575.00	31,873,556.00	58,417,045.00		977,308,176.00
Controller and Accountant Gen. Department	387,393,910.00	10,509,730.00	2,194,832.00		400,098,472.00
Financial Intelligence Centre	9,012,945.00				9,012,945.00
Institute of Accountancy Training	797,505.00	48,814.00			846,319.00
Public Procurement Authority	6,174,108.00				6,174,108.00
Securities and Exchange Commission	15,121,276.00				15,121,276.00
Ghana Statistical Service	22,693,766.00		360,000.00		23,053,766.00
PIAC				3,091,200.00	3,091,200.00
Total	1,328,211,085.00	42,432,100.00	60,971,877.00	3,091,200.00	1,434,706,262.00

Source: Ministry of Finance

TABLE 12: 2020 DISBURSEMENT BY AGENCY (GHS)

AGENCY	AMOUNT (GHS)	PERCENTAGE
Finance Headquarters	977,308,176.00	68.12
Controller and Accountant Gen. Department	400,098,472.00	27.89
Financial Intelligence Centre	9,012,945.00	0.63
Institute of Accountancy Training	846,319.00	0.06
Public Procurement Authority	6,174,108.00	0.43
Securities and Exchange Commission	15,121,276.00	1.05
Ghana Statistical Service	23,053,766.00	1.60
PIAC	3,091,200.00	0.22
	1,434,706,262.00	

Source: Ministry of Finance

With respect to disbursement by DADs, Finance Headquarters had the highest percentage of 68.12 of total disbursement to the sector, while the Controller and Accountant General Department had 27.89 percent. The rest were Ghana Statistical Service, 1.6 percent, Public Procurement Authority,



0.43 percent, Security and Exchange Commission, 1.05 percent, Institute of Accountancy Training, 0.06 percent, Financial Intelligence Centre, 0.63 percent and Public Interest Accountability Committee (PIAC), 0.22 percent. Please refer to Table 12 above.

TABLE 13: 2020 DISBURSEMENT ACROSS THE DEVELOPMENT DIMENSION

Development Dimension	Adopted Policy Objectives	Disbursement (GHS)	Percent Disbursed
Economic Development	Ensure Improved Fiscal Performance and Sustainability Enhance Monetary Discipline and Financial Stability	1,422,602,117.00	99.15
Environment, Infrastructure and Human Settlements	Ensure Efficient Management and Utilisation of Oil and Gas Revenue	3,091,200.00	0.22
Governance, Corruption and Public Accountability	Promote the Fight Against Corruption and Economic Crimes	9,012,945.00	0.63
TOTAL			100

Source: Ministry of Finance

The Economic Development Dimension had the highest percentage of 98.55 of the total disbursement to the sector in 2019, while Environment, Infrastructure and Human Settlements Dimension had 0.76 and the Governance, Corruption and Public Accountability Development Dimension had 0.69.

It is important to note that planned activities are linked to the Adopted Policy Objectives and based on the analysis on the funds disbursed across the Development Dimensions. The Ministry is on track with the achievement of the sector goals of ensuring efficient and effective management of the economy towards the attainment of upper middle income status and poverty reduction. Please refer to Table 13 above.



2.3 UPDATE ON INDICATORS AND TARGETS

PERFORMANCE OF SECTOR INDICATORS

Oil-Inclusive GDP Growth:

Overall real GDP contracted by 1.1 percent in the third quarter of 2020, averaging 0.2 percent for the first three quarters of 2020 compared to a growth rate of 5.6 percent over the same period in 2019. This contraction was mainly driven by the Industry Sector, with a growth rate of -5.1 percent, followed by the Services with a growth rates of -1.1. Agriculture Sectors on the other hand recorded a growth rates of 8.3 percent.

Real Non-Oil GDP Growth:

Real Non-Oil GDP contracted by 0.4 percent in the third quarter of 2020, averaging 0.4 percent for the first three quarters compared to a growth rate of 4.6 percent in the corresponding period in 2019. The contraction in the non-oil sector was due to the sharp downturn in Hotel and Restaurants (-62.1 percent), Mining and Quarrying (-16.9%), Trade, Repair of Vehicles, Household Goods (-7.7%), Forestry & Logging (-14.3%). The impact of the COVID-19 pandemic also led to the revision of the real GDP growth rate projections for 2020 from 6.8 percent to 0.9 percent and the non-oil GDP growth rate from 6.7 percent to 1.6 percent.

Agriculture:

The Agriculture Sector registered a growth of 8.3 percent in the third quarter of 2020 against a year-end target of 3.7 percent and compared to 5.9 percent recorded during the same period in 2019. The Sector performance was largely driven by the fishing and Crops subsector with growth rates of 20.4 percent and 9.0 percent, respectively. The Livestock subsector also recorded a growth of 5.8 percent in the third quarter of 2020 against the annual target of 4.5 percent. However, Forestry and Logging subsector contracted by 6.8 percent during the same period.

Industry:

The Industry Sector contracted by 5.1 percent in the third quarter of 2020 against the end-year target of 0.8 percent and compared with 11.5 percent growth during the same period in 2019. The performance of the Sector was mainly driven by the Mining & Quarrying subsector which recorded a negative growth rate of 16.9 percent, although the Electricity, Water and Sewage and the Manufacturing subsectors grew by 11.6 percent, 5.7 percent and 4.0 percent respectively against the annual target of 3.0 percent, 1.6 percent and 0.5 percent. The Construction subsector also recorded a positive growth of 3.6 percent for the period.

Services:

The Services sector recorded a negative growth rate of 1.1 percent in the third quarter 2020, comparing unfavorably to the annual projection of -0.8 percent and compared with 3.5 percent registered during the same period of 2019. The growth rate in the Services sector was mainly on the account of the huge contraction in the Hotels and Restaurants subsector of 62.1 percent due to the heavy impact of the COVID-19 pandemic on the subsector although the Information & Communication subsector grew by 51.3 percent in the same period. Trade, Repair of vehicle, Household Goods subsector also contracted by 7.7 percent. However, the Real Estate, Administrative and Support and the Health and Social Work subsectors grew by 12.2 percent, 9.3 percent and 8.8

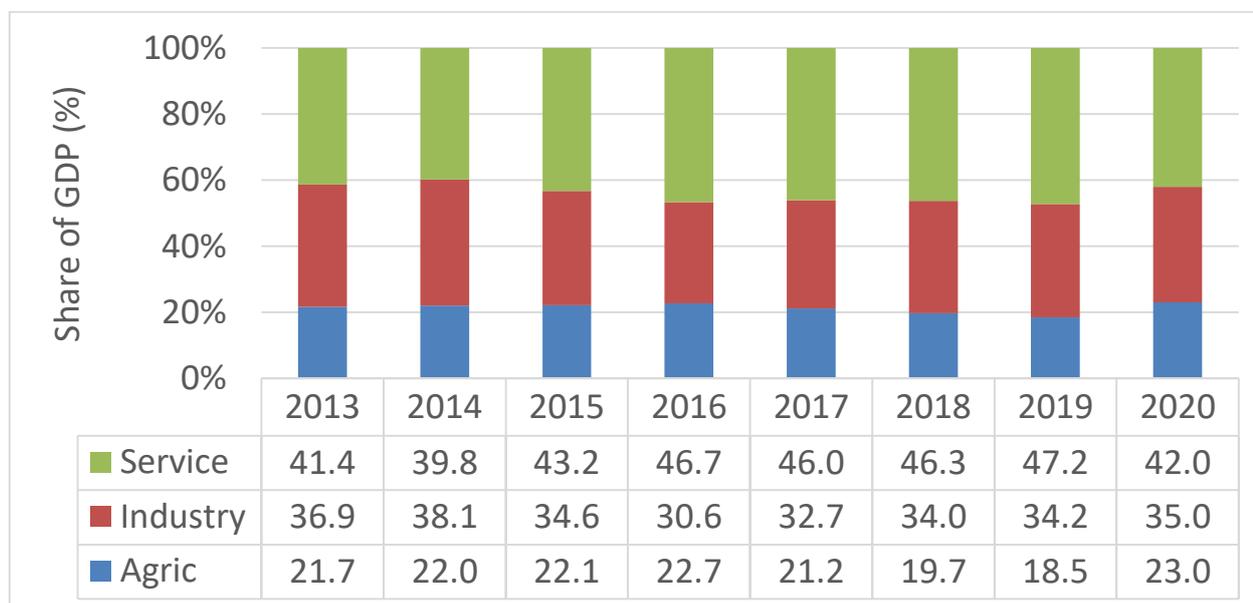


percent respectively. Other Subsectors such as Transport, Education, Finance and Insurance as well as Public Administration and Defence recorded growth rates of 6.3 percent, 5.5 percent, 3.4 percent and 2.5 percent in the third quarter of 2020 against the target of -3.0 percent, 2.0 percent, 0.5 percent, 2.0 percent, respectively.

Structure of the Economy:

The structure of the economy remained largely unchanged from the previous year as the Services Sector continued to maintain its position as the largest contributor to GDP with a share of 42 percent. This was followed the Industry Sector with a share of 35.0 percent and 23.0 percent for the and Agriculture Sector, as shown in Figure 5.

FIG. 5: SECTORAL DISTRIBUTION OF REAL GDP: 2013-2020*



* 2020 is based on Sept release

Source: GSS



TABLE 14: REAL SECTOR GROWTH RATES, 2014-2020* (%)

		2014	2015	2016	2017	2018	2019	2020 Target	2020* as at Sept.
1.00	AGRICULTURE	0.9	2.3	2.9	6.1	4.8	4.6	3.7	8.3
1.01	Crops	2.8	1.7	2.2	7.2	5.8	5.3	4.1	9.0
	<i>o.w. Cocoa</i>	4.3	-8.0	-7.0	9.2	3.7	5.4	1.0	
1.02	Livestock	5.1	5.2	5.4	5.7	5.4	5.4	4.5	5.8
1.03	Forestry and Logging	-1.5	-3.9	2.9	3.4	2.4	-1.7	0.0	-6.8
1.04	Fishing	-23.3	8.5	3.1	-1.4	-6.8	1.7	0.5	20.4
2.00	INDUSTRY	1.1	1.1	4.3	15.7	10.6	6.4	0.8	-5.1
2.01	Mining and Quarrying	5.4	-8.3	-0.2	30.8	23.3	12.6	0.7	-16.9
	<i>o.w. Oil & Gas</i>	6.8	2.0	-15.6	80.3	3.6	15.1	-7.7	
2.02	Manufacturing	-2.6	3.7	7.9	9.5	4.1	6.3	0.5	4.0
2.03	Electricity	1.3	17.7	-5.8	19.4	5.5	6.0	3.0	11.6
2.04	Water and Sewerage	5.9	13.9	-11.8	6.1	-3.6	-4.4	1.6	5.7
2.05	Construction	-0.4	9.5	8.4	5.1	1.1	-4.4	1.0	3.6
3.00	SERVICES	5.4	3.0	2.8	3.3	2.7	7.6	-0.8	-1.1
3.01	Trade; Repair of Vehicles, Household Goods	2.0	0.5	-0.4	8.2	2.8	3.7	-3.2	-7.7
3.02	Hotels and Restaurants	1.5	4.1	2.3	7.6	3.2	6.0	-6.5	-62.1
3.03	Transport and Storage	5.8	2.6	1.1	8.9	1.1	4.3	-3.0	6.3
3.04	Information and communication	29.7	11.9	5.6	4.2	13.1	46.5	5.0	51.3
3.05	Financial and Insurance Activities	21.4	12.9	8.0	-17.7	-8.2	1.6	0.5	3.4
3.06	Real Estate	-0.3	3.1	3.2	3.8	-6.5	19.9	-2.5	12.2
3.07	Professional, Administrative & Support Service activities	6.8	1.4	-4.2	2.9	0.3	5.1	0.5	9.3
3.08	Public Administration & Defence; Social Security	-3.5	-2.6	8.9	4.2	4.3	3.7	2.0	2.5
3.09	Education	-0.3	-0.5	2.3	6.3	3.9	9.4	2.0	5.5
3.1	Health and Social Work	2.7	-4.4	4.0	14.1	22.6	10.4	4.5	8.8
3.11	Other Service Activities	1.4	2.7	-0.1	5.3	3.1	2.6	-1.5	1.2
4.00	GROSS DOMESTIC PRODUCT at basic prices	2.9	2.2	3.4	8.4	6.2	6.5	0.7	-1.1
	Net indirect Taxes	3.5	2.6	4.8	4.6	7.5	6.1	3.0	-3.3
5.00	GROSS DOMESTIC PRODUCT in purchasers' value	2.9	2.2	3.4	8.1	6.3	6.5	0.9	-1.1
	ow informal GDP at purchasers' value	2.7	2.8	2.7	6.1	2.6	5.9	2.0	5.1



6.00 Non-Oil GDP	2.7	2.2	4.6	4.6	6.5	5.8	1.6	-0.4
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* As at September 2020

Source: GSS

Inflation

Headline inflation averaged at 7.8 percent in the first three months of 2020 and peaked at 11.4 percent in July after surging sharply to 10.6 percent in April 2020 due to the significant increase in food prices as result of the panic-buying episodes that preceded the partial lockdown. It, however, edged down from 10.5 percent in August to 9.8 percent in November reflecting the easing pressure on food prices. And finally, to 10.4 percent in December compared to 7.9 percent recorded during the same period in 2019.

Money, Credit, and Capital Markets

Total liquidity, which is measured by M2+, increased from 24.8 percent in August to 27.1 percent in September to 30.0 percent in October 2020. This compares favorably with the 16.3 percent recorded in the same period in 2019. Annual growth in private sector credit as at October 2020 was 13.4 percent, compared with an annual growth of 13.1 percent recorded during the same period in 2019.

The Policy Rate was maintained at 14.5 percent as at October 2020, as compared to 16.0 percent in the same period in 2019. Interest rates, measured by the 91-day Treasury bill rate decreased marginally to 14.05 percent in October 2020 compared with 16.0 percent in the previous year whilst the Interest rates on the 182-day instrument also moved up to 14.11 percent, from 15.14 percent over the same period in 2019. In a similar trend, average lending rates compiled from the banking sector marginally declined to 21.26 percent in October 2020, from 23.65 percent in August 2019.

Balance of Payments

The current account balance for the first three quarters of 2020 recorded a deficit of a US\$1,267 million (1.9 percent of GDP), compared to a deficit of US\$1,497 million (2.2 percent of GDP) during the same period in 2019. This improvement was driven mainly by the relatively stable inflows in net current transfers, especially remittances, together with significant decline in net investment income outflows. The Capital and Financial Account recorded a surplus of \$365.5 million (0.5 percent of GDP).

The trade balance recorded a surplus of US\$1,743.6 million (2.6 percent of GDP) as at October 2020. The total value of exports decreased from \$US12,981.4 million in 2019 to US\$12,001.3 million in October 2020. The decreased in total exports was driven mainly by the decline in value of crude oil exports due to decrease in oil prices. Total imports for the period increase marginally by 1.5 percent, from \$US11,489.8 million in 2019 to \$US10,257.7 million in 2020, driven largely by the decline in both oil and non-oil imports.

International Reserves

Gross International Reserves at the end of October 2020 was US\$8.6 billion, providing cover for 4.1 months of imports of goods and services due to the relative stability in the external sector. The reserve



level compares with a position of US\$8.1 billion, equivalent to 3.9 months of import cover recorded at the end of October 2019.

Exchange Rate

The Ghana cedi recorded an impressive performance at the beginning of the year, gained relative stability towards the end of the year. The Ghana cedi depreciated by 3.1 percent against the US dollar as at November 2020, compared with 9.7 percent depreciation in 2019. Against the British pound and Euro, the Ghana cedi cumulatively depreciated by 3.1 and 8.1 percent respectively, compared with 13.5 and 9.3 percent over the same period in 2019.

Summary of 2020 Fiscal Developments

The Ministry of Finance is currently compiling data on the 2020 end year 2020 fiscal performance. However, fiscal operations for the first-two quarters based on provisional fiscal data indicate that the fiscal deficit was 6.3 percent of GDP on cash basis compared to a programmed deficit target of 3.1 percent of GDP for the period as shown in Table 15. The higher fiscal deficit resulted largely from revenue underperformance, which, in the year-to-date, achieved an execution rate of 74.0 percent compared to the programmed target for the period. The fiscal deficit for the period more than doubled the programmed target because Government increased its financing programme to address the shortfall in revenue mobilisation and, to deal, in part, with the force majeure imposed by COVID-19-induced expenditures.

TABLE 15: SUMMARY OF Q1-Q2 2020 FISCAL PERFORMANCE

Indicators (GHC billion)	Q1-Q2 2019	Q1-Q2 2020						
	Prov. Outturn	Budget	Prog.	Prov. Outturn	Dev (GHC)	Dev (%)	y/y (%)	Exec Rate (%)
Total Revenue & Grants	23.6	67.1	29.8	22.0	-7.8	-26.0	-6.8	74.0
<i>% of GDP</i>	<i>6.8</i>	<i>16.9</i>	<i>7.7</i>	<i>5.7</i>				
Total Exp. (incl. Arrears clearance)	32.3	86.0	41.6	46.4	4.8	11.5	43.5	111.5
<i>% of GDP</i>	<i>9.2</i>	<i>21.6</i>	<i>10.8</i>	<i>12.0</i>				
Budget Balance	-8.7	-18.9	-11.8	-24.3	-12.6	106.4	179.7	206.4
<i>% of GDP</i>	<i>-2.5</i>	<i>-4.7</i>	<i>-3.1</i>	<i>-6.3</i>	<i>-3.3</i>			
Primary Balance	0.1	2.8	-0.1	-12.7	-12.7	24,262.8	-12,467.5	24,362.8
<i>% of GDP</i>	<i>0.0</i>	<i>0.7</i>	<i>0.0</i>	<i>-3.3</i>				
Nominal GDP	349.5	398.0	385.4	385.4				

Source: MoF



Revenue Performance

Total Revenue and Grants from January to June amounted to GH¢22.0 billion (5.7% of GDP), compared with the programme target of GH¢29.8 billion, resulting in a shortfall of 26.0 percent or a performance rate of 74.0 percent, as shown Table 16.

Non-oil Tax Revenue constituted about 76.0 percent of the entire revenue portfolio and amounted to GH¢16.7 billion against the target of GH¢20.0 billion. The outturn represents a per annum growth of 19.0 percent. The lower than programmed performance in non-oil tax revenue resulted from underperformance of non-oil tax handles such as Domestic VAT, Petroleum Excise taxes, National Health Insurance Levy, and GETFund Levy. However, Personal Income Tax and Communication Services Tax both out-performed their respective targets for the period.

Non-Oil Non-Tax Revenue, which comprises MDAs' IGF Retention, IGF lodgements, fees and user charges, Dividends from SOEs, and other Non-Tax sources, amounted to GH¢1.8 billion. The outturn was 39.4 percent below the programmed target of GH¢2.9 billion. The shortfall is mainly due to the general under performance by IGF-generating institutions which affected the expected yield from the capping of the MDAs IGFs, and the non-materialisation of programmed fees from Mineral Exports.

Revenue from upstream oil and gas amounted to GH¢2.0 billion against the target of GH¢4.5 billion. This was mainly on account of lower than programmed performance of company taxes from the oil and gas sector, as well as the global decline in crude oil prices due to impact of COVID-19.

Other revenues, comprising of SSNIT Contribution to NHIL and Energy Sector Levies (ESL) were also below their respective targets partly on account of lower petroleum volumes.

Grants disbursements by development partners were below target during the period mainly due to both lower project and programmed Grants. The expectation is that disbursements will recover in the second half of the year, following the anticipated gradual easing of the COVID-19 restrictions in Donor countries.

TABLE 16: SUMMARY Q1-Q2 REVENUE PERFORMANCE

Indicators (GHC billion)	Q1-Q2 2019	Q1-Q2 2020						
	Prov. Outturn	Budget	Prog.	Prov. Outturn	Dev (GHC)	Dev (%)	y/y (%)	Exec Rate (%)
Total Revenue & Grants	23.6	67.1	29.8	22.0	-7.8	-26.0	-6.8	74.0
<i>% of GDP</i>	<i>6.8</i>	<i>16.9</i>	<i>7.7</i>	<i>5.7</i>				
Non-oil Tax Revenue	17.8	45.0	20.0	16.7	-3.2	-16.2	-6.2	83.8
<i>% of GDP</i>	<i>5.1</i>	<i>11.3</i>	<i>5.2</i>	<i>4.3</i>				
Non-Oil Non-Tax Revenue	2.3	8.5	2.9	1.8	-1.2	-39.4	-22.4	60.6
<i>% of GDP</i>	<i>0.7</i>	<i>2.1</i>	<i>0.8</i>	<i>0.5</i>				



Indicators (GHC billion)	Q1-Q2 2019	Q1-Q2 2020						
	Prov. Outturn	Budget	Prog.	Prov. Outturn	Dev (GHC)	Dev (%)	y/y (%)	Exec Rate (%)
Oil and Gas Receipt	1.9	8.9	4.5	2.0	-2.5	-55.4	7.2	44.6
<i>% of GDP</i>	<i>0.5</i>	<i>2.2</i>	<i>1.2</i>	<i>0.5</i>				
ESLA Receipt	1.0	2.9	1.4	1.1	-0.3	-18.3	15.5	81.7
<i>% of GDP</i>	<i>0.3</i>	<i>0.7</i>	<i>0.4</i>	<i>0.3</i>				
SSNIT Contribution	0.1	0.6	0.3	0.0	-0.2	-83.2	-55.8	16.8
<i>% of GDP</i>	<i>0.0</i>	<i>0.1</i>	<i>0.1</i>	<i>0.0</i>				
Grants	0.5	1.2	0.7	0.3	-0.4	-55.9	-38.9	44.1
<i>% of GDP</i>	<i>0.2</i>	<i>0.3</i>	<i>0.2</i>	<i>0.1</i>				

Source: MoF

Expenditure Performance

Total Expenditures (incl. Arrears clearance & discrepancy) from January and June was generally below target by 11.5 percent for the period as shown in Table 17. The resultant execution rate of expenditures of 111.5 percent, reflecting a faster execution rate due to COVID-19-related expenses. Total Expenditure (incl. Arrears clearance & discrepancy) amounted to GH¢46.3 billion (12.0% of GDP) compared to the target of GH¢41.6 billion (10.8 percent of GDP).

Compensation of Employees was 13.0 percent above the budget provision of which Wages and Salaries were also above target by 9.9 percent.

Expenditure associated with the Use of Goods and Services amounted to GH¢4.0 billion against a target of GH¢3.4 billion.

Interest Payments were 0.9 percent below the target and amounted to GH¢11.6 billion (3.0 percent of GDP) compared to the target of GH¢11.7 billion (3.0 percent of GDP).

Transfers to statutory funds, which form part of the Grants to Other Government Units were below target mainly due to the underperformance in revenue mobilisation. Government, however, remained current with the transfers to statutory funds for the three quarters.

Capital Expenditure for the First Half of the year amounted to GH¢4,8 billion compared with a programme target of GH¢4,5 billion. Lower-than-programmed Domestic Financed Capital Expenditure mainly drove the outturn vis-a-vis the target.



TABLE 17: SUMMARY OF Q1-Q2 EXPENDITURE PERFORMANCE

Indicators (GH¢ billion)	Q1-Q2 2019	Q1-Q2 2020						
	Prov. Outturn	Budget	Prog.	Prov. Outturn	Dev (GH¢)	Dev (%)	y/y (%)	Exec Rate (%)
Total Exp. (incl. Arrears clearance)	32.3	86.0	41.6	46.4	4.8	11.5	43.5	111.5
<i>% of GDP</i>	<i>9.2</i>	<i>21.6</i>	<i>10.8</i>	<i>12.0</i>				
Compensation of Employees	11.0	26.6	12.6	14.2	1.6	13.0	29.8	113.0
<i>% of GDP</i>	<i>3.1</i>	<i>6.7</i>	<i>3.3</i>	<i>3.7</i>				
o/w Wages & Salaries	9.6	22.9	10.9	11.9	1.1	9.9	24.3	109.9
<i>% of GDP</i>	<i>2.7</i>	<i>5.8</i>	<i>2.8</i>	<i>3.1</i>				
Use of Goods and Services	4.0	8.3	3.4	4.0	0.6	17.7	-1.4	117.7
<i>% of GDP</i>	<i>1.2</i>	<i>2.1</i>	<i>0.9</i>	<i>1.0</i>				
Interest Payment	8.8	21.7	11.7	11.6	-0.1	-0.9	32.1	99.1
<i>% of GDP</i>	<i>2.5</i>	<i>5.4</i>	<i>3.0</i>	<i>3.0</i>				
Grants to Other Gov't Units	5.7	15.6	7.1	5.6	-1.5	-21.7	-1.9	78.3
<i>% of GDP</i>	<i>1.6</i>	<i>3.9</i>	<i>1.9</i>	<i>1.5</i>				
Capital Expenditure	3.7	9.3	4.5	4.8	0.3	7.0	30.3	107.0
<i>% of GDP</i>	<i>1.1</i>	<i>2.3</i>	<i>1.2</i>	<i>1.2</i>				
Other Expenditure	1.1	3.0	1.5	3.5	2.1	140.0	229.8	240.0
<i>% of GDP</i>	<i>0.3</i>	<i>0.8</i>	<i>0.4</i>	<i>0.9</i>				
Arrears	-0.6	-1.4	-0.7	-1.3	-0.6	85.7	114.4	185.7
<i>% of GDP</i>	<i>-0.2</i>	<i>-0.4</i>	<i>-0.2</i>	<i>-0.3</i>				

Source: MoF

Budget Balances and Financing Operations

Following Government provisional fiscal operations as indicated above, the overall fiscal balance on cash basis resulted in a deficit of GH¢24.3 billion (6.3% of GDP) against the revised target of GH¢11.8 billion (3.1% of GDP) for the period and 2.5 percent of GDP recorded in the same period in 2019 as shown in Table 18 below. The higher-than programmed deficit was financed mainly from domestic sources, which constituted 89.5 percent of total financing and amounted to GH¢21.8 billion (5.7% of GDP), while foreign financing constituted the remaining 10.5 percent and amounted to GH¢2.6 billion (0.7% of GDP).



TABLE 18: SUMMARY OF Q1-Q2 BUDGET BALANCE & FINANCING OPERATIONS

Indicators (GH¢ billion)	Q1-Q2 2019	Q1-Q2 2020						
	Prov. Outturn	Budget	Prog.	Prov. Outturn	Dev (GH¢)	Dev (%)	y/y (%)	Exec Rate (%)
Total Financing	8.7	18.9	11.8	24.3	12.6	106.4	179.7	206.4
<i>% of GDP</i>	<i>2.5</i>	<i>4.7</i>	<i>3.1</i>	<i>6.3</i>				
Foreign Financing	9.8	10.6	15.1	2.6	-12.5	-83.0	-73.9	17.0
<i>% of GDP</i>	<i>2.8</i>	<i>2.7</i>	<i>3.9</i>	<i>0.7</i>				
Domestic Financing	-1.1	8.3	-3.3	21.8	25.1	-759.1	-2,058.3	-659.1
<i>% of GDP</i>	<i>-0.3</i>	<i>2.1</i>	<i>-0.9</i>	<i>5.7</i>				
Primary Balance	0.1	2.8	-0.1	-12.7	-12.7	24,262.8	-	24,362.8
<i>% of GDP</i>	<i>0.0</i>	<i>0.7</i>	<i>0.0</i>	<i>-3.3</i>			12,467.5	
Nominal GDP	349.5	398.0	385.4	385.4				

Source: MoF

These financing operations partly explain the trajectory of the Primary Balance for the period which was equivalent to a deficit of GH¢12.7 billion (3.3% of GDP) against the targeted Primary deficit of GH¢0.1 billion (0.001% of GDP).



TABLE 19: PERFORMANCE OF SECTOR INDICATORS

	Indicator (Categorised by Development Dimension of Agenda for Jobs)	Baseline	Target	Actual		
Key National Indicators						
		2017	2020	2018	2019	2020*
Economic Development						
1	Real growth in Gross Domestic Product (GDP) (%)					
	- Agriculture	6.1	3.7	4.8	4.6	8.3**
	- Industry	15.7	0.8	10.6	6.4	-5.1**
	- <i>Manufacturing</i>	9.5	0.5	4.1	6.3	4.0**
	- <i>Electricity</i>	19.4	3.0	5.5	6.0	11.6**
	- Services	3.3	-0.8	2.7	7.6	-1.1**
	- Oil-inclusive GDP	8.1	0.9	6.3	6.5	-1.1**
	- Non-oil GDP	4.6	1.6	6.5	5.9	-0.4**
2	Sectoral share of GDP (%)					
	- Agriculture	21.2	18.8	19.7	18.5	23.0**
	- Industry	32.7	34.0	34.0	34.2	35.0**
	- <i>Manufacturing</i>	11.3	11.7	11.3	10.3	-
	- Services	46	47.2	46.3	47.2	42.0**
3	Gross Domestic Product (GDP):					
	- Nominal (GH¢ Billions)	256.7	385.4	300.6	349.5	-
	- Nominal (US\$, Billions)	58.9	66.5	65.6	66.98	-
	- Population (Million)	29.0	30.96	29.6	30.3	-
	- Per Capita (GH¢)	8,863	12,450	10,151	11,541	-
	- Per Capita (US\$)	2,035	2,148	2,214	2,212	-
4	Per Capita Sectoral Income (GH¢):					
	- Agriculture	1,745.7	2,179.1	1,854.9	1,996.1	640.3**
	- Industry	2,402.3	3,949.3	2,842.4	3,690.1	948.5**
	- <i>Manufacturing</i>	927.5	1,353.5	1,061.8	1,203.8	-
	- Services	3,782.6	5,471.7	4,367.5	5,091.4	1,160.2**
7	Inflation (% change in CPI, annual)	11.8	8±2	9.4	7.9	10.4
8	Exchange Rate (% change, annual) (US\$-Cedi)	4.9	-	8.2	-12.9	-3.1***
9	Interest rate (91-day T-Bills)	13.3	-	14.56	14.69	14.05**
10	Lending rate	29.3	-	26.9	23.59	21.26**
11	Growth in Business Credit (%):					
	- Nominal	12.8	-	10.6	18.0	13.4***
	- Real	0.9	-	1.1	9.4	3.0***
12	Non-Performing Loans (NPLs) Ratio	21.6	-	18.2	14.3	15.3***
13	Proportion of Ghanaians with access to financial services in the traditional banking sector					
14	Proportion of Ghanaians with access to financial services in the non-banking sector					
15	Mobile money penetration rate					
16	Budget deficit as a percentage of GDP	-4.8	11.4	-3.9	-4.8	6.3*



	Indicator (Categorised by Development Dimension of Agenda for Jobs)	Baseline	Target	Actual		
Key National Indicators						
		2017	2020	2018	2019	2020*
17	Government Revenue					
	- Total (Share of GDP) (%)	15.5	13.9	15.8	15.3	5.7*
	- Domestic (Share of GDP) (%)	14.9	13.6	15.6	15.0	5.6*
	- Nominal (GH¢ billion)	38.2	53.7	46.5	53.4	22.0*
18	Government Expenditure					
	- Total (% of GDP)	20.2	25.0	19.7	19.4	11.4*
	- Recurrent (% of GDP)	15.0	20.7	15.9	15.9	9.2*
	- Capital (% of GDP)	3.8	2.4	3.0	1.8	2.0*
19	Statutory Funds (% of GDP)	3.6	3.1	3.6	3.3	1.4*
20	Interest Payments (% of GDP)	5.3	6.8	5.3	5.7	3.0*
21	Wage bill as a percentage of tax revenue	47.5	56.3	45.6	45.5	66.3*
22	Primary balance	0.5	-4.6	1.4	0.8	-3.3*
23	Non-oil primary balance as percentage of GDP	-0.4	-5.7	-0.1	-0.6	-3.9*
24	Capital expenditure as a percentage of total expenditure	17.4	9.7	13.7	9.1	1.2*
25	Total public debt as % of GDP	55.6	-	57.6	62.3	67.0**
26	Debt-service ratio (%)	7.2		7.1	8.7	
27	Current Account Balance (% of GDP)	-4.4	-	-3.1	-2.8	-1.9**
28	Trade Balance (US\$ million):					
	- Merchandise Exports	13,835	-	14,943	15667.5	12001.3** *
	- Merchandise Imports	12,647	-	13,134	13410.7	10257.7** *
	- Trade Deficit/Surplus	1,188	-	1,809	2256.8	1743.6***
29	Official International Reserves	7,555	-	7,025	8418.1	8627.4***
30	Ghana Commodity Exchange (GCX) and Warehouse Receipt System (WRS) established and operational	No Commodity Exchange	GCX and WRS Operational All four targeted commodities being traded (Maize, Soya Bean, Sesame, Sorghum)	GCX and WRS established and operational Maize traded in 2018.	GCX and WRS Operational Four commodities to be traded, namely, Maize, Soya Bean, Sesame,	GCX and WRS Operational five targeted commodities being traded (Maize, Soya Bean, Sesame, Sorghum, Rice)



	Indicator (Categorised by Development Dimension of Agenda for Jobs)	Baseline	Target	Actual		
Key National Indicators						
		2017	2020	2018	2019	2020*
					Sorghum	
31	Share of central government transfers to MMDAs in total national budget					15.52%
32	Launch digitized M&E system to monitor quality of service delivery by government					

* As at end of June 2020, ** As at Sept 2020, *** As at October 2020

Source: Ministry of Finance

TABLE 19A: PERFORMANCE OF SECTOR INDICATORS

	Indicator (Categorised by Development Dimension of Agenda for Jobs)	Baseline	Target	Actual	Actual	Actual
Sector Specific Indicators						
		2017	2020	2018	2019	2020
1	Percentage improvement in ICT Service delivery	68%	80%	72%	75%	78%
2	Annual Bench mark revenue on the Petroleum Revenue certified	1st Sept.				
3	Reconciliation report on Petroleum Holding Fund submitted to Parliament by 31st March	31st March	31st March	-	31st March	31st March
4	Fiscal Strategy Document prepared by 31st May	Completed by 31st May	Completed by 31st May	Completed by 31st May	Completed by 31st May	Completed by 31st May
5	Annual Fiscal Report completed by 30th Sept.	completed by 30th Sept				
6	Budget Guidelines	30th June	30 th June	30th June	3rd August	13th August
7	Annual Budget Performance Report submitted to Parliament by 1st Quarter	1st Quarter	1st Quarter	1st Quarter	1st Quarter	1st Quarter
8	Medium Term Debt Management Strategy	1	1	1	1	1
9	Debt Issuance calendar prepared and published	4	4	4	4	4

Source: Ministry of Finance



Financial Sector Developments

- **Banks and Specialized Deposit-Taking Institutions (SDI) Clean Up**

In 2015, Bank of Ghana (BOG) conducted an Asset Quality Review (AQR) on Commercial Banks with the objective of determining the quality of the loans and investments in the Industry and to ascertain whether the banks hold adequate provision for potential loans and investment losses. The review revealed that twenty (20) banks, mostly indigenous banks, had impairment in loan books, capital deficiencies, credit concentration in the energy sector and some latent vulnerability in the banking industry. They therefore required additional provision for loan losses as their capital adequacy ratio (CAR) fell below the required 10%.

In 2017, some banks showed visible liquidity challenges, with clients unable to withdraw money from their accounts. The levels of capital held by these banks were in violation of the minimum regulatory capital required by the Banks and Specialized Deposit-Taking Act, 2016 (Act 930) and their capital adequacy levels were below acceptable levels. This led to the Bank of Ghana introducing a new minimum capital requirement for banks from GHS120 million to GHS400 million and all banks were requested to comply with the directive by December 2018. At the end of the recapitalization exercise only 23 out of 36 banks met the new minimum capital requirements.

Bank of Ghana also undertook a comprehensive assessment of the Savings and loans companies (S&Ls) and finance houses in 2018/19 and it was assessed that, capital levels held by some savings and loans companies and finance house companies were in violation of the minimum regulatory capital required by the SDI Act (Act 930). The sector was also plagued by acute liquidity and insolvency challenges.

In view of that, significant efforts were taken to strengthen the financial sector through various reforms, since 2017. The objective was to clean up the financial sector, build resilience, promote digitization, and financial inclusion. As a result, the Bank of Ghana revoked the licenses of nine (9) universal banks, twenty-three (23) specialised-deposit taking institutions (SDI), three hundred and eighty-six (386) microfinance institutions (MFI) which were seriously impaired and hanging on the thread. This was to safeguard the financial system against potential contagion and weaknesses in the SDI sector which threatened to erode the gains made in the Banking sector.

Government has since raised funds to bailout all depositors of the failed SDIs and the sector can boost of being healthy and credible for economic development.

- **Ghana Amalgamated Trust (GAT)**

As a result of the banking sector clean-up, Government set up the Ghana Amalgamated Trust (GAT) as a Special Purpose Vehicle (SPV) to provide financing support and governance oversight of some five indigenous banks to enable them meet BoG's minimum capital requirement of GHS400 million and become viable and competitive. These banks are Agricultural Development Bank (ADB), National Investment Bank (NIB), OmniBank Ghana Limited / Bank Sahel Sahara Ghana (OmniBank / BSIC), Universal Merchant Bank (UMB) and Prudential Bank. By end 2019, GAT had successfully invested in the first four banks (ADB, Prudential, UMB & Omni/BSIC), which was achieved through Government support of an initial capital of GHS800 million via preference shares. In 2020, the Ministry of Finance sought and obtained an Executive and Parliamentary approvals for the issuance of Put Call Option Agreement (PCOA) in favour of GAT. The PCOA is to support GAT raise up to GH¢3 billion from the capital market to redeem the Government's initial GH¢800 million capitalisation amount and to invest in NIB the required capital gap.



- **Non-Performing Loans**

The Non-Performing Loans (NPL) ratio of the banking industry declined from 18.2 percent in December 2018 to 13.9 percent as at end December 2019. The decline in the stock of NPLs was due to a combination of loan recoveries and further write-offs.

Business Credit

Credit growth rebounded strongly with a 23.8 percent increase in gross loans and advances to GH¢45.17 billion as at December 2019, a reversal of the 3.5 percent contraction in 2018. Private sector credit also grew by 17.9 percent to GH¢39.36 billion over the same period after contracting by 3.4 percent in December 2018. This implies banks are now lending more to support businesses and the economy.

- **Social Impact**

Through the intervention by the Government, over 7,000 jobs have been protected; and has ensured that nine indigenous banks are in operation (instead of four). Again, about 4.6 million depositors' funds have been saved.

- **The Asset Management Industry Clean Up**

In the asset management industry, the Securities and Exchange Commission in November 2019 revoked the licenses of 53 fund management companies who exhibited liquidity challenges after a forensic review of the industry was conducted in 2018. Other findings included the following:

- Use of client funds to pay for operational costs and referral commissions.
- Non-performing investments in related parties.
- Significant SME lending.
- Excessive risk in managing client funds evidenced by over-concentration and excessive exposure to a single issuer.
- Inability to return client funds on demand or maturity (this was a recurring theme).

Out of the 23 resolved firms, 21 had ceased operations, with the remaining 32 in various states of distress and/or regulatory non-compliance. The Commission's decision to revoke the licenses of the weak firms was part of efforts to strengthen the financial sector to build resilience, protect investors, and restore confidence in the capital markets.

The Government has made available initial bailout package for the payment of investors of the failed fund management companies.

The financial sector can now boast of a healthier, more stable and increased level of confidence of market players and customers. The broad base increase in equity capital, financial stability and improved corporate government practices has strengthened the sector for the future. The banking sector now has twenty-three (23) universal banks who have met the new minimum capital requirements and remain resilient. This reform was part of efforts to deepen financial markets, promote financial inclusion, enhance supervision and regulation of financial institutions. This is necessary to reposition the financial sector in support of the delivery of Government's ambitious programme.



Capital Market Master Plan (CMMP)

The Ministry of Finance in collaboration with the Securities and Exchange Commission in 2018, constituted a Capital Market Working Group to lead the development of a 10-Year Capital Market Master Plan (CMMP) for Ghana. The Plan which is completed and has received Cabinet approval will serve as the blueprint for the transformation of the capital markets. It is built along five pillars of (i) Increasing understanding of the market and boosting market confidence; (ii) Creating flow, quality and range of investment products; (iii) Increasing the investor and issuer base; (iv) Strengthening infrastructure and improving market services; and (v) Regulation and Enforcement.

It is expected that, the implementation of the CMMP will commence after its launch in January 2021. The Ministry of Finance and the Securities and Exchange Commission are engaging various institutions including the international communities to support the implementation of the Plan.

Ghana Commodity Exchange (GCX)

The Ghana Commodity Exchange (GCX), a state-of-the-art trading system, was established and officially launched by His Excellency, the President on November 6, 2018. It is incorporated as a private company limited by shares, with GOG holding 100% of the equity. This initiative was necessary to (i) transform Ghana's economy by creating prosperity for all in commodity value chains, and become a regional and global trading hub for all commodities, (ii) formalize the sub region's agriculture and commodity value chain, and provide improved access to agriculture, commodity and financial markets for market participants, (iii) bring together buyers and sellers of agriculture and non-agricultural products to trade in a regulated market.

Commencing trading in April 2018, GCX currently trades in agricultural commodities such as maize, soya bean, sorghum, sesame and paddy rice, signifying a new market in Ghana and West Africa. The GCX is working assiduously to trade in coffee, cashew and palm oil contracts for delivery in 15 more warehouses. It is also working to increase smallholder farmers from 300,000 to 500,000 by end 2021.

The GCX in partnership with ARB APEX Bank launched a GH¢50 million electronic warehouse receipt financing program in October 2019. The program which is aimed at providing credit to smallholder farmers based on their GCX electronic warehouse receipt has supported over two hundred and fifty farmers. In total six (6) rural banks have signed agreements with the GCX to support farmers through warehouse receipts based financing.

National Housing and Mortgage Fund (NHMF)

Government in 2018 introduced a National Housing and Mortgage Financing Initiative with the objective to stimulate the mortgage and housing market. To achieve this mandate, the National Housing and Mortgage Fund (NHMF) was established to undertake some pilot initiatives to deepen the mortgage and residential housing finance market in Ghana. A framework was developed in partnership with GCB Bank, Republic Bank and Stanbic Bank to make mortgage and rental payments affordable on a pilot scale. The partnership instituted a National Mortgage Scheme (NMS), which is structured such that Government through the NHMF provided funding at 2% and the banks matched to produce a blended rate of 10%. The scheme then provided funding at 15% for construction finance and mortgages for not more than 12%.

The NHMF also partnered with GCB Capital to incorporate the GCB Real Estate Investment Trust Plc (GCB REIT) to operate a rent-to-own scheme. The REIT is mandated to purchase flats which will be rented to public sector workers who have the option to own them. The main objective of these



pilot schemes is to learn lessons which will help to develop a more permanent structure which can deliver affordable housing in the future.

After two years of the pilot phase, the initiatives have produced some successes worth sharing;

- The NMS has delivered over 250 housing units which have been underwritten by the banks.
- The REIT scheme has also purchased over 120 housing units which have been rented out to public sector workers.
- The NHMF in collaboration with TDC Development with funding by the REIT, started and completed in 9 months, 204 affordable housing units of one (1) and two (2) bedroom standard and expandable units in a gated community at Tema community 22.

Development Bank Ghana (DBG)

Since 2018, the Government has been working to establish Development Bank Ghana (DBG) to focus on transformations in industrialization, agricultural, agro-processing, mortgage, and housing sub-sectors of the economy over the medium to long term. The Bank which will be launched in March 2021 is being capitalized with US\$1 billion of which Government has committed US\$250.0 million. Development Finance Institutions Act, 2020 was passed by Parliament for its regulation by the Bank of Ghana (BOG). The Bank will source financing from the domestic market as well as regional and international markets. Establishment of the Bank has generated high level of interest from the international community such as the World Bank, European Investment Bank, KfW and DFID.

Ghana's Membership into African Trade Insurance Agency (ATI)

Ghana became the 15th Member State of the African Trade Insurance Agency in October, 2019 and was officially launched on Tuesday, February 18, 2020. The object of ATI is to provide critical investment and trade credit insurance covers and bonds to help reduce business costs and risks in Africa and thereby facilitate trade flows within member countries. Ghana stands to benefit from ATI's healthy pipeline projects in Ghana and it expects to facilitate about US\$1.00 billion worth of investments and trade transactions within the first year of membership. Specifically, benefit for Ghana's membership will include.

- Minimize or completely avoid the issuing of Sovereign guarantees for state funded projects
- Ghanaian exporters, investors and financial institutions will be provided with products and services that do not exist in Ghana.
- Allow exporters access to affordable lines of credit from commercial banks for pre- and post-export finance secured only against the insured receivables which now carry an "A"/Stable credit rating by virtue of ATI's insurance.
- Helps source project funding from international lenders and institutional investors through risk mitigation provided by ATI.
- ATI would help to transform Ghana into a more globally competitive brand with increased investor confidence, among others.

Making Ghana an International Financial Services Centre (IFSC)

The Government of Ghana, since 2017, initiated processes to position the region to attract international financial services, learning from the experiences from both emerging and developed



countries. The establishment of an IFSC in Ghana is an integral part of the country's overarching objective of positioning Ghana as a Regional Hub for financial services; creating a business-enabling environment for private sector development; as well as enhancing domestic resource mobilization (DRM).

Specifically, the IFSC is envisaged to serve as a regional center to attract foreign direct investment, access cheaper capital for economic agents, strengthen the regional financial sector through expansion in the use of investment banking instruments, increase the general competitiveness of the region and most importantly position the region as a strategic hub for international finance.

We are working to engage both ECOWAS and the UEMOA countries in the establishment of the IFSC. The IFSC will be structured as a dedicated enclave (that befits an international enclave) that will be modernised over the medium to long term. The African Development Bank (AfDB) has committed to supporting Ghana achieve this unprecedented objective beginning 2021.

Domestic Credit Rating Agency (DCRA)

Work is far advance towards the establishment of a Domestic Credit Rating Agency (DCRA) in Ghana. The objective is to reduce information asymmetry between market participants (borrowers, lenders, and regulators), promote credit-culture, risk-based lending, and pricing of debt instruments.

Specifically, the DCRA is expected to play an important role in the development of the Ghanaian financial sector by providing a systematic and comparable assessment of regulated financial institutions and other corporates and issues (financial instruments) to promote transparency and relative risk ranking. This will improve access to financing and pricing for borrowers, while encouraging more prudent lending and investments by the investor community.

KPMG (a consulting firm) has been engaged to assist with the development of a business plan/model for the DCRA. The business plan/model is expected to be ready by second quarter for implementation.

Financial Data Center (FDC)

Work is progressing steadily to establish a Financial Data Center (FDC) to strengthen and improve the effectiveness, efficiency and transparency of the financial market in Ghana. The Financial Data Center will be a major policy intervention under the Securities and Exchange Commission (SEC) to promote access to economic and financial market data. This approach is similar to the Teraco Data Environments in South Africa aimed at promoting development of the financial sector. It will also ensure that, public information is available for market efficiency.

TempleData Ghana (a consulting firm) has been engaged to assist with the design of the FDC. The FDC when it becomes functional will store digital financial data for easy accessibility and new data entered via high speed communication connections. It is expected that, the FDC, in part, will complement the work of the DCRA, where it can have access to valuable data for its ratings. Beneficiaries will include regulators, financial market operators, market analysts, and the general public.

The business plan for the establishment will be ready by end of first quarter 2021 for implementation.

OTHER KEY POLICY INTERVENTIONS

Other strategic policy interventions implemented during the period under review include;



- ❖ Ghana successfully raised US\$3 billion on the international debt capital markets in three tranches of 6-year, 14-year and 41-year Eurobonds for US\$1,250.00 million, US\$1,000.00 million, and US\$750.00 million, respectively, on 4th February, 2020.

- ❖ ***Passage of the Revenue Administration (Amendment) Act, 2020 (Act 1029):***

The Revenue Administration (Amendment) Act, 2020 (Act 1029) was passed to establish an Independent Tax Appeals Board and to provide for voluntary disclosure procedures aimed at improving revenue mobilization.

The independent Tax Appeals Board is to provide taxpayers with an independent and expeditious means of resolving tax disputes while the voluntary disclosure procedure is to encourage taxpayers to voluntarily disclose their tax affairs, which were hitherto hidden from the Revenue Authority due to the fear of imposition of penalties for non-compliance.

- ❖ ***Transfer Pricing Regulations, 2020 (L.I. 2412):***

A new Transfer Pricing Regulations, 2020 (L.I. 2412) was passed to require taxpayers to disclose their aggressive tax planning arrangements and strengthen other anti-avoidance laws to reflect current and international practice.

- ❖ ***Development of Medium Term Revenue Policy and Strategy:***

In line with Government's proposal to develop a Medium Term Revenue Policy and Strategy document in the 2020 Budget Statement and Economic Policy, a draft Medium Term Revenue Policy was prepared. The draft Medium Term Revenue Policy is to be reviewed by a consultant for finalization and approval.

- ❖ **Implementation measures to mitigate the impact of the COVID-19 Pandemic on the economy**

Ghana recorded her first case of the COVID-19 pandemic on March 12, 2020, and this resulted in Government instituting measures to contain the spread of the virus. Like many other countries, Ghana was not spared the painful and disruptive economic and social impact caused by the pandemic.

Sectors adversely affected included the hotel and hospitality industry, supply chains, foreign direct investment, trade and industry, creative arts, media, agriculture, health, transportation, pharmaceuticals, manufacturing, real estates, financial services, education and churches among others.

To contain the spread of the pandemic, Government imposed restrictions on movement of persons in the Greater Accra Metropolitan Area (GAMA) and Kumasi Metropolitan Area and contiguous districts, for a period of three weeks and also suspended all public gatherings such as conferences, workshops, funerals, festivals, political rallies, sporting events, and religious activities. In addition, formal educational institutions at all levels were closed, and our national borders also closed to international travellers.

In order to mitigate the negative effect of the COVID-19 Pandemic on the economy, the Ministry proactively instituted some measures. Key among them are:



- i. Presentation of a statement to Parliament in March 2020, outlining the potential impact of the pandemic and a number of measures to mitigate its effect on the economy;
- ii. Preparation of a Coronavirus Alleviation Programme (CAP 1) with funding of GHC1.2 billion to, among others, mitigate the impact of the coronavirus pandemic on businesses and households; and ensure that job losses are minimized;
- iii. Lowering of the cap on the Ghana Stabilization Fund threshold from US\$300 Million to US \$100 Million in line with Section 23 (3) of the Petroleum Revenue Management Act (PRMA), and used the excess over the cap, amounting to GHC1,204 million, to fund the CAP 1 programme;
- iv. Support to Faith-Based Organisations to assist with COVID-19 social intervention programmes;
- v. Facilitated a GHC10,000 Million Bank of Ghana Asset Purchase Programme as part of the COVID-19 Relief Programme;
- vi. Obtained World Bank Support for COVID-19 Preparedness and Response Plan of GHC580 Million;
- vii. Obtained an IMF Rapid Credit Facility (RCF) of GHC 5,853 million; and
- viii. African Development Bank's (AfDB) facility of GHC 406 million.

In addition, various Tax Reliefs were granted to businesses and households. These included:

- Extension of due dates for filing of Income Tax returns from four to six months after the end of the basis year;
 - Granted the deduction of contributions and donations towards COVID-19 Trust Fund as allowable expenses for income tax purposes;
 - Waived Value Added Tax, National Health Insurance Levy, and GET Fund Levy on donations of equipment and goods for fighting the COVID-19 Pandemic;
 - Waived income taxes on Third –Tier Pension withdrawals;
 - Waived income tax on personal emoluments of all health workers for the period April, 2020 to December, 2020;
 - Reduced the Communication Service Tax from 9 percent to 5 percent
- ❖ **Development and launch of the Ghana COVID-19 Alleviation and Revitalization of Enterprises Support (CARES) “OBAATANPA” Programme**

In an address, His Excellency, The President, in April, 2020, charged the Ministry of Finance to design a national programme to revitalise the economy.



The Ministry of Finance, thus, developed a GHc100 billion, two-phased three-and-a-half-year Ghana COVID-19 Alleviation and Revitalization of Enterprises Support (CARES) “OBAATANPA” Programme.

The programme was launched by the Senior Minister, Hon. Yaw Osafo Maafo, on behalf of His Excellency, The President on Wednesday, November 18, 2020. It is expected that, GHc70billion of the total GHc100billion will be provided from the private sector whilst the rest will be funded by the Government of Ghana.

Phase 1, implemented over the period June 2020 – December 2020 is the stabilisation phase of the programme and aims at building on the immediate actions already taken by Government under the Coronavirus Alleviation Programme (CAP) in order to continue to relieve the hardships of Ghanaians by (i) temporarily reducing the cost of basic services, (ii) ensuring food security, (iii) supporting businesses and workers, (iv) further strengthening the health system as well as the (v) Passage of urgent legislation to facilitate further attraction of private investments.

Phase 2 of the CARES Programme is to be implemented over the period 2021-2023. It is the medium term revitalisation and transformation phase aimed at accelerating implementation of the Ghana Beyond Aid Agenda, by providing support to the private sector in targeted areas. The table below provides the broad activities to be implemented under phase 2 of the CARES programme.

#	Broad Activities to be Implemented
a	Support commercial farming and attract educated youth into agriculture
b	Build Ghana’s light manufacturing sector targeting agro-processing and food import-substitution (specifically, in rice, poultry, cassava, sugar and tomatoes), pharmaceuticals, and textiles & garments
c	Technology: Develop engineering/machine tools and ICT/digital economy industries
d	Fast track digitization: Expedite implementation of Government digital initiatives; digitize fiscal revenue collection; expand the fiber network backbone; and increase digital literacy and online education
e	Develop Ghana’s housing and construction industry, by leveraging the construction of hospitals under Agenda 111
f	Establish Ghana as a regional hub for Finance, Manufacturing, Ports and Logistics leveraging the Africa Continental Free Trade Area (AfCFTA)
g	Review and optimize implementation of Government flagships and key programmes for greater results, value-for-money, and fiscal sustainability
Strengthen the enablers of growth and transformation	
a	Establishment of a Development Bank, Ghana to provide long-term finance at lower rates
b	Business and Regulatory Reforms (BRR)
c	Digitization to improve the quality and transparency of public service delivery
d	Skills training and retraining, support to SMEs
e	Energy sector reform

It is anticipated that, the successful implementation of the CARES programme will bring the economy back to the Pre-COVID-19 growth path necessary to facilitate implementation of the Ghana Beyond Aid Agenda.

❖ **National Housing and Mortgage Fund**



The National Housing and Mortgage Fund (NHMF), which was started in 2018, was finally launched by his Excellency, The President on Monday, October 27, 2020 during which the President commissioned 204 Housing Units comprising one and two standard and expandable bedrooms constructed over a nine (9) month period for public sector workers.

The facility is intended to deepen the mortgage and residential housing finance market in partnership with GCB Bank, Republic Bank and Stanbic Bank. Through these banks, a framework was developed to make mortgage and rental charges affordable on a pilot scale.

In partnership with GCB Bank and GCB Securities, the National Housing and Mortgage Fund (NHMF) developed a new housing community at Tema Community 22. The first phase covers 250 one and two, bedroom housing units and is expected to provide the benchmark for scaling-up residential housing construction in partnership with Real Estate Investment Trust (REITs), Ghana Infrastructure Investment Fund (GIIF) and commercial banks.

Additionally, a pilot phase to develop an affordable Real Estate Investment Trust (REITs) ecosystem was commenced in partnership with GCB Securities, NHMF and Tema Development Company (TDC) Company Limited. This initiative has led to the purchase of some of the completed flats in Tema Community 26 Kpone affordable housing project as there was a strong interest in the flats among Government workers in Tema and its environs.

The pilot phase is intended to end in December 2020, after which the NHMF will partner with Ministry of Works and Housing, TDC Company Limited and GCB Securities to purchase all the flats for rentals when completed. This off-take by the GCB affordable housing REITs will strengthen the ability of TDC Company Limited to raise funds to complete the affordable housing projects.

To scale up the initiative, Government has pledged to provide GH¢500 million to the Mortgage and Housing Fund over the next five years.



3.0 THE WAY FORWARD

3.1. KEY ISSUES ADDRESSED AND THOSE YET TO BE ADDRESSED

Issues confronting the Ministry can be classified in line with the Ministry's budget programme areas. The areas of focus for 2020 were: Institutional Reforms, Macro-Stability in the Post-IMF Era, Resource Mobilisation, Public Financial Management and Treasury Management. The main issues addressed and the corresponding actions initiated to address them are presented in the Table below 20 whilst the issues yet to be addressed are presented in Table 21 below:

TABLE 20: KEY ISSUES ADDRESSED

No.	2020 Priority Areas	Keys Issues Addressed	Specific Actions Undertaken To Address Them	Implementation Status/ Remarks
1	Institutional Reforms	Absence of a Capacity Development Plan	Capacity development plan	
		Inconsistency in some business processes and procedures within the Ministry	ShawBell Consulting Agency was engaged to develop Standard Operating Procedures (SOPs) Manuals for the Human Capital and General Administration (HCGAD) and two (2) Advisory functions: Legal and Internal Audit in the first instance	Successfully executed. SOP Manuals developed for the three entities.
		Absence of a comprehensive Gender Mainstreaming Policy/Strategy	MOF in collaboration with Deutsche Gesellschaft fur Internationale Zusammenarbeit (GIZ) developed a Gender Mainstreaming Policy to establish a clear vision, procedures and practices to guide gender mainstreaming in the Ministry	Gender Policy document approved and adopted by Management A detailed Action Plan and Strategy document has been developed and is currently being operationalized
		MOF Enterprise Risk Management awareness created and strategies established	Internal Audit Unit spearheaded the development of a Risk Management policy, Risk Policy Guidelines and Risk Management Committee Charter which have been approved by Management for implementation. Risk Management Committee also established	Successfully accomplished



No.	2020 Priority Areas	Keys Issues Addressed	Specific Actions Undertaken To Address Them	Implementation Status/ Remarks
		Running cost of maintenance of office Printers and Photocopiers reduced considerably	Leasing of Office Equipment to a professional service provider	Pilot programme completed. Full roll-out for MOF underway
2	Macro-Stability in the Post-IMF Era	Key risks relating to Energy Sector debts and other contingent liabilities Financial Sector weakness	Renegotiation of inefficient Independent Power Producers (IPPs) undertaken. (1) Financial Sector clean up exercise to strengthen weak Financial Institutions -Banking -Asset Management Industries (2) A total amount of over GHS 21 billion spent on the clean-up exercise	Completed Completed On-going
3	Revenue Mobilisation	Effectiveness of the Excise Tax Stamp Policy	Implementation of the Excise Tax Stamp Policy Monitored and Evaluated	Monitor and evaluate implementation of the Excise Tax Stamp Policy
		Policy on High Net worth Individuals (HNWI)	Policy on HNWI Taxation finalized	The Terms of Reference for engagement of the consultant has been finalized
		Cost Benefit Analysis of DTAs	Conduct Cost Benefit Analysis of DTAs	Consultant has submitted second draft and it has been reviewed and comments sent for inclusion
		Impact assessment of benchmark values	Assess Impact of benchmark values on revenue	Initial impact assessment completed but a detail assessment is ongoing



No.	2020 Priority Areas	Keys Issues Addressed	Specific Actions Undertaken To Address Them	Implementation Status/ Remarks
4	Public Financial Management	Weak Public Financial Management Lack of effective integration and interoperability of PFM systems	Enforcement of the Public Financial Management Act 2016, (Act 921) and the its Regulations (L.I. 2378) -Sensitisation of key stakeholders and MDA`s on the PFM Act and Regulations is underway Completion and implementation of the GIFMIS strategy	On-going
5	Debt and Treasury Management	Sub-optimal performance in Treasury Management	Introduction of Treasury function to the Debt Management Division	Some functions of Treasury Management have been introduced in the Division. This is specific to what relates directly to financing under debt. Other treasury functions relating to expenditure and accounting are under the Budget Division and CAGD

Source: Ministry of Finance

TABLE 21: KEY ISSUES YET TO BE ADDRESSED

No.	2020 Priority Areas	Keys issues yet to addressed	Remarks
1	Institutional Reforms	Non alignment between the Ministry's vision and mission and its staff development plan	
		Minimizing security risk of unauthorized persons and access to MOF systems and physical properties	
2	Resource Mobilisation	Taxation of the informal sector	Yet to be done
		Implementation of ECOWAS Common External Tariff	This activity has been affected by the COVID 19 pandemic
		Performance of MDAs and banks under the Banking Arrangement	Review in progress
		Conversion of NTR Policy into a Legislative Instrument under the Public Financial Management	Awaiting the commencement of the ISP under the AfDB



3	Debt Management	High Debt Levels	2020 had a global shock of the pandemic on all leading economic variables. Temporarily, debt to GDP levels were elevated because revenues were affected negatively and expenditures were elevated so as to contain the effect of the pandemic. The medium-term will see Fiscal consolidation and a return to sustainable path.
		Domestic Non Deal Road shows held to strengthen the investor base and support local investors to build their domestic market presence.	Some engagements were done with the investors but COVID-19 affected physical meetings.

Source: Ministry of Finance

3.2 RECOMMENDATIONS

To ensure improved implementation of the Annual work plan in subsequent years, the following recommendations are made;

- Funds should be released on time to enable the Departments, Agencies and Divisions (DAD's) implement their planned activities to achieve the desired outcomes;
- Departments, Agencies and Divisions should submit their inputs on time to aid early preparation of the Annual Progress report and other statutory reports;
- Expedite action on the development of the legal and regulatory framework for the Institute of Accountancy Training;
- Implement the Capacity Development Plan to address the identified skills gap and staff Inadequacies;
- Complete the establishment of the disaster recovery site for debt and treasury management operations (Data warehouse);
- Implement the COVID-19 Alleviation and Revalidation of Enterprises Support (CARES) programme;
- Step-up sensitization on both the Public Financial Management, Act 2016, (Act 921) and its accompanying regulations (Public Financial Management Regulations, 2019, (Legislative Instrument 2378);
- Completion of Digitisation and enhanced use of Technology for all System (PFM, Revenue, PIMs etc);
- Enforce tax laws and widen the tax base;
- Development and implementation of a capacity-building programme aimed at equipping local SMEs to enhance effective participation in public procurement



3.3 CONCLUSION

During the period under review, the Ministry implemented various programmes to achieve the policy objectives outlined in the 2018-2021 Sector Medium Term Development Plan and to consolidate macroeconomic gains made over the 2017 to 2019 period. Overall real GDP growth and the fiscal deficit for 2020 were projected at 6.8% and 4.7% respectively. However, the onset of the Covid-19 pandemic led to a revision in the projected GDP growth from 6.8% to 1.9% and the fiscal deficit from 4.7% to 11.4%. The fiscal rules as enshrined in the Fiscal Responsibility Act were therefore suspended.

The Ministry implemented several complimentary programmes to address the effects of the Covid-19 pandemic. These include GHS 579.5 million for the Covid-19 emergency preparedness response plan, provision of relief for water and sanitation for household, provision electricity subsidies for households and businesses, distribution of hot meals and food packages during the partial lockdown, granted tax wavers, and provided PPEs, allowances, transportation and Covid insurance for frontline workers as well as a GHS 600 million fund for Micro small and Medium Scale Enterprise via the Corona Alleviation-Business support Scheme (CAP-BuSS). Furthermore, in May 2020, His Excellency the President tasked the Ministry of Finance to lead the preparation of a Government Economic Stabilisation and Recovery Programme. The Ministry, thus, developed the Ghana COVID-19 Alleviation and Revitalisation of Enterprise Support Programme (CARES) to be implemented in two (2) phases. The first phase was implemented over the period July-December, 2020 and it is expected that by 2023 the Economy would have been returned to the pre Covid-19 Pandemic level.





REPUBLIC OF GHANA

MINISTRY OF FINANCE

Professional, Ethical, Efficient, Responsive – Transforming Ghana Beyond Aid

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