

REPORT TO G20 COMPACT WITH AFRICA – GHANA’S POLICY MATRIX

Goal: Improve framework conditions for private investment (domestic and foreign)

FOCUS AREAS	GOVERNMENT ACTION	INDICATORS & TARGETS				PARTNER SUPPORT	STATUS
		Indicator of Progress	Baseline (2016)	2017	Medium Term (2018-2021)		
1. MACROECONOMIC FRAMEWORK							
Ensure Macroeconomic Stability and Debt Sustainability <i>(Source document: The 2018 Budget Statement and Economic Policy, The Medium Term Debt Management Strategy (MTDS) (2017-2019))</i>	<i>Continue fiscal consolidation efforts:</i>						
	i) Constrain expenditures within budgetary limits to reduce expenditure overruns.	Fiscal deficit as a percentage of GDP (cash)	9.4%	6.3%	3-5%	<ul style="list-style-type: none"> Revenue Forecasting (Germany, Switzerland, Netherlands under Good Financial Governance) Macro simulation models (UK-DfID) Financial Programming Policy - (Switzerland-SECO) Capacity building in Macroeconomic modeling & tax collection capacity from petroleum exploration (Norway) 	Ongoing
	ii) Pursue a primary surplus in order to reduce the rate of debt accumulation.	Positive primary balance	-1.4%	0.2%	2.0%		Ongoing
	iii) Pursue domestic debt re-profiling to lengthen the maturity profile, reduce rollover risks and cost of credit.	Public debt to GDP ratio	73.1%	70%	below 70%	Build capacity in debt and risk management (World Bank)	Ongoing
Short-term debt		38.6%	20% -25%				
Increase Domestic Revenue Mobilization <i>(Source document: 2nd Ghana Revenue Authority Strategic Plan (2014-2017) and the Public Financial Management Reform Strategy (PFMRS))</i>	<i>Simplify tax administration to boost domestic revenue through voluntary compliance</i>	Tax/Non-oil GDP ratio	16.2%	16.9%	2018-17.0% 2019-18.3%	TA to GRA (EU, Swiss, AfDB, China, Canada, Australia under IMF-AFRITAC WEST 2)	Ongoing
	i) Develop and publish simplified versions of the five major tax laws (Customs Duty Act, VAT Act, Income Tax Act, Excise Duty Act, Revenue Administration Act).	Publication and dissemination of simplified versions of the five major tax laws	None	<ul style="list-style-type: none"> Simplified versions of the Acts developed by December 2018 Publication of simplified versions of the tax laws by 2019 Make the tax laws widely available including online by 2019 	Support development of simplified versions of tax laws (Germany, Switzerland, Netherlands, Netherlands under Good Financial Governance Programme)	Ongoing	
	ii) Provide simplified record-keeping systems for the determination and payment of taxes and filing of returns.	Roll-out of simplified business record keeping manual/template	None	<ul style="list-style-type: none"> Roll-out of simplified business record keeping manual to 25% of identified Micro and Small Medium Enterprises (MSMEs) by end December 2018 and 80% by December 2020. 	Support the roll-out of simplified business record keeping (Germany, Switzerland, Netherlands, Netherlands under Good Financial Governance Programme)	Ongoing	
	iii) Provide software to taxpayers for tax calculations	Usage of tax calculation applications	None	Usage of tax calculation applications for computing and submitting returns by end of 2019.	Supporting the development of the applications (UK-DfID)	Ongoing	
	iv) Improve access to systems for filing of returns and payment of taxes by introducing one-stop shop stand-alone customer service facilities.	Pilot stand-alone client facilities	None	Pilot stand-alone client service facilities deployed in 5 locations (front-end offices and kiosks) by end 2020.	Assist with the pilot stand-alone client service facilities (UK-DfID)	Planned	
		Ghana Customs Management Systems	97 sites	Extension of Ghana Customs Management Systems (GCMS) access to 25 sites by 2021.	Support feasibility study of extension of GCMS (Germany, Switzerland, Netherlands, Netherlands under Good Financial Governance)	Ongoing	
v) Provide additional specialized cargo examination bays.	Specialized cargo examination bays	3	Provision and upgrade of 10 specialized Cargo examination bays by 2021		Planned		

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Ensure Sound Public Investment Management	Implement and maintain a Public Investment Management (PIM) framework.	Public Investment Management Framework	National Policy on PIM	<ul style="list-style-type: none"> • PIM system operationalized by end of 2018 • Medium term Public Investment Plan developed by December 2018 and published thereafter. • Develop the PIM regulations by December 2018 		T.A. to help develop and institutionalize a functional, transparent process for public investment programming that is applied across the Government by supporting the establishment and implementation of a functional PIM system (WBG)	Ongoing	
	Enact the Public Private Partnership (PPP) Law and develop Regulations for the operationalization of the PPP Act after its passage.	PPP Bill	National Policy on PPP	Submission of PPP Bill to Cabinet	Submission of Bill to Parliament by 2018.			
Better Performance of Public Utilities	Diversify the power generation sources to include renewables to ensure security, reliability and affordability in a sustainable manner.	Percentage of renewable energy in the energy mix	*Base year 2015:30MW	Increase percentage of renewable energy in the energy mix, to at least 10% by 2030 (see Ghana's Nationally Determined Contributions): <ul style="list-style-type: none"> • 2020: 526 MW • 2025: 1344 MW • 2030: 2500 MW 		<ul style="list-style-type: none"> • Financing for solar power generation (Germany, KfW) • Green credit line (Germany, KfW) • TA for decentralized renewables and for the development of rooftop solar (AfDB) • Policy reform support to improve sector coordination, improve the financial health of power generators and the implementation of a competitive process for investments in the energy sector (WBG). • Finance the construction of bulk support points to improve distribution of energy (AfDB) • Capacity building for consolidating procurement auction processes for renewable energy. (Germany, KfW) • Technical Assistance and structured dialogue (EU External Investment Plan) 	Ongoing	
	Improve the financial health of the energy sector:							
	i) Implement the Cash Waterfall Mechanism (CWFM) <i>(The CWFM is a transparent system to ensure that all stakeholders in the power supply chain benefit fairly from the total revenue collected by ECG and VRA (from its deregulated market, including its foreign sales) in a transparent manner).</i>	Implementation of the CWFM	None	Introduction of the CWFM by the first half of 2018			Ongoing	
iii) Implement procurement auctions for future generation plants.	Procurements auctions for generation plants	None	Increase number of procurement tenders for IPPs conducted by 2020					

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2. BUSINESS FRAMEWORK							
Reliable Regulations and Institutions	Update Ghana's business legal and regulatory framework to reflect new trends in business practices.	Ghana's business legal and regulatory framework	Companies Code 1963 (Act 179) GIPC Act 2013 (Act 865); Insolvency Act 2006 (Act 708)	<ul style="list-style-type: none"> • Draft Companies Bill submitted to Parliament by 2nd quarter 2018 • Draft GIPC Bill submitted to Parliament by the first half of 2018 • Draft Corporate Insolvency Bill submitted to Parliament by end 2018 • National Local Content Bill to be submitted to Parliament by end 2018 	<ul style="list-style-type: none"> • Support of Doing Business and Regulatory Reform Programme (WBG, DfID) • Technical Assistance and structured dialogue (EU External Investment Plan) 	Ongoing	
	Create the Ghana Business e-Registry that will serve as a complete repository of business and investment laws.	Ghana Business e-Registry	None	<ul style="list-style-type: none"> • Submit Policy Documents on the Ghana Business e-Registry for Cabinet's approval by 2018 • Submit Cabinet Memorandum for policy approval by Cabinet by 1st Quarter 2019 • Establish secure electronic registry of business and investment laws, regulations procedures and administrative notices by end 2019 			
	<ul style="list-style-type: none"> • Review and reduce the number of steps in the acquisition of the various business operating permits. • Automate and integrate the processing and issuance of licenses and permits at key Agencies. 	World Bank Ease of Doing Business (DB) Rankings	10 th in sub-Saharan Africa (SSA) 114 th -global ranking	9 th in SSA 108 th -global ranking	2018 - 12 th in SSA; 120 th -global ranking Ghana to rank among the top five (5) countries in SSA for the WBG DB by 2020/2021		
3. FINANCING FRAMEWORK							
Efficient Risk Mitigation Instruments	Develop de-risking instrument to leverage private investment including renewable energy (RE), energy efficiency, and agricultural lending (GIRSAL - Ghana Incentive-Based Risk-Sharing System for Agricultural Lending)	De-risking instrument to leverage private investment	None	None	<ul style="list-style-type: none"> • Establish a core technical team to be trained in de-risking instruments by 2018 • Institutionalize training through collaboration with National Banking College and Institute of Bankers. • Increase number of de-risking instruments used by government to leverage private capital by 2019. • Number of financial institutions trained to produce instruments for RE investment. 	<ul style="list-style-type: none"> • Capacity Building in de-risking instruments (Germany- KfW, AfDB, IDA) • Technical assistance to develop and implement a plan to strengthen the operational risk management framework (WBG). • Funding for development of risk-based instrument lending in Agriculture sector (AfDB) • Norfund: support agribusiness, financial institutions & SME-funds, • European Fund for Sustainable Development Guarantee for de-risking investments 	Planned
Development of the Domestic Debt Markets	Normalize and extend the yield curve	Yield curve	Inverted yield curve	Normal yield curve	Maintain a positive spread between the longer dated instruments and shorter dated instruments	Support domestic capital market development (AfDB), WBG	
	Enhance secondary market activities	Volumes of trade	CSD - 1,676,887 Bloomberg - 167.659	CSD-2,600,005 Bloomberg (Nov est*) -160,956	Increase volume of trades reported (Central Securities Depository and Bloomberg trading platform)		
	Introduce a wider spectrum of instruments	Number of new instruments introduced	10 year bond	15 year bond	Introduction of the 20 year bond		
	Build the capacity of all domestic debt market players in the pricing of bonds.	Capacity building-domestic debt market players	Data unavailable	-	Number of persons trained by 2020		