

**THE
GREAT TRANSFORMATIONAL PLAN
(GTP)**

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THE CONTEXT

- The economy of Ghana has over the last sixty years been characterized by severe fluctuations in economic performance, reflecting structural vulnerabilities in the Ghanaian economy. This has denied the country of the much-needed stability and growth, critical for transforming the country from poverty to prosperity.
- This has led Ghana to seek support from the IMF on sixteen different occasions by the year 2015.
- In 2017, the NPP Government commenced the implementation of programmes and interventions aimed at restoring stability and spurring growth in the economy.

THE CONTEXT

- The pre-COVID-19 performance of the economy registered some impressive development outcomes, including achieving an average growth rate of 7%, single digit inflation, a reasonably decent fiscal balance and a stable currency.
- Regrettably, the combined effect of the COVID-19 Pandemic and the Russian-Ukraine war stampeded the country into a crisis of unprecedented proportions, with its negative impact on the economy, businesses and on our social lives.
- Currently, inflation is at an all-time high of 54.1% as at December 2022. The Cedi depreciated by over 30% in 2022; interest rate has soared over 35%; and international reserves are at an all-time low of less than three weeks of import cover.

THE CONTEXT

- This is not a comfortable situation to be in. Under the circumstances, we have had to go back to the IMF for the 17th time although, we had promised never to go back.
- Fortunately, the IMF has approved a bailout package of US\$3 billion to be disbursed in tranches over the next three years. This package is primarily intended for both balance of payment and budget support.
- One of the lessons that we have learnt from these recent developments is that Ghana's economy is still fragile, vulnerable and susceptible to both external and domestic shocks.
- This is because our economy is highly dependent on the export of commodities with little or no value addition. Indeed, the 5.1% projected GDP growth for the Ghanaian economy for 2023 is based on the anticipated increase in global commodity prices.

THE WAYFORWARD

- To avoid going back to the IMF in the future, I have proposed a **new Plan - the Great Transformational Plan (GTP)**. A Plan that will lead to a more self-reliant and resilient economy. A Plan that will move Ghana from Stability and Growth to Transformation.
- The Post-COVID Economic Recovery Programme (P-CERP) currently being implemented by Government with the support of the IMF, can only be a transitional economic programme. What Ghana needs now is a Plan that will shepherd us beyond the IMF bailout programme.

COMPONENTS

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GTP

COMPONENTS OF THE GTP

The GTP is built on ten key pillars, namely;

1. **A Strong Macroeconomic Environment:** The success of the GTP will depend primarily on strong macroeconomic fundamentals, which will include among other things, a stable currency, low inflation, sustainable debt levels, revenue optimization and tight expenditure control which will guarantee fiscal balance, low competitive interest rates, strong external reserves backed by high levels of liquidity to support the financial sector.

COMPONENTS OF THE GTP

New policy recommendations under the GTP to strengthen the macroeconomy are as follows:

Inflation:

- The Bank of Ghana will conduct a comprehensive review of the Inflation Targeting (IT) framework, with inputs from academics, think tanks and CSOs. The review should involve assessment of the effectiveness of the IT framework and the best way to deploy it to avoid imposing an unjustifiably-prohibitive interest rate structure on the economy.
- The 5% ceiling on monetary financing of the budget in the Bank of Ghana Act will be strictly enforced to reduce the associated demand pressures that fuel inflation.

COMPONENTS OF THE GTP

New policy recommendations under the GTP to strengthen macroeconomy are as follows:

Inflation:

- BoG will in consultation with Government fix the foreign exchange rate for the importation of strategic commodities below the prevailing foreign exchange market rate in order to reduce the pass through effect of the depreciation of the local currency on strategic commodity prices.
- In view of the high level of imported inflation in the economy, BoG will in consultation with Government, fix the foreign exchange rate for the calculation of import duties at rates below the prevailing market foreign exchange rates.
- Bank of Ghana will take necessary measures to stabilise the exchange rate to reduce the degree of pass-through from imports to domestic inflation.

COMPONENTS OF THE GTP

New policy recommendations under the GTP to strengthen macroeconomy are as follows:

Inflation:

- Government will intervene to target directly, key supply/cost drivers of inflation, especially food prices. Government will take measures to boost food production and improve the supply chain from production to transportation to storage to preservation and to marketing, to reduce the weight and contribution of food prices on inflation.
- Government will create a parallel system of food storage and distribution to mitigate effects of seasonal food shortages and excessive profiteering by food sellers.

COMPONENTS OF THE GTP

New policy recommendations under the GTP to strengthen macroeconomy are as follows:

Low Competitive Interest Rates:

- BoG will in consultation with the Government introduce policy measures that will bring lending rates down to single digit in order to enhance the competitiveness of the Private Sector.
- Government will reintroduce the secondary reserve requirement and ensure that a portion is invested in the short-dated papers (91day and 182day) at a BoG predetermined low rate. This will immediately release relatively cheap funds to the Government. The primary and secondary reserve requirement will not exceed 15% of the portfolio of banks.
- Government will ensure strict maintenance of fiscal discipline to reduce the borrowing burden of the state. Limited state participation in the market will improve liquidity circulation at reasonable rate which will push interest rates down.
- Government will ensure that BoG lends about 15%-20% of banks' Cash Reserve Ratio (CRR) at concessionary rates to targeted businesses with self-liquidating transactions to be executed through banks and other vehicles.

COMPONENTS OF THE GTP

New policy recommendations under the GTP to strengthen macroeconomy are as follows:

Low Competitive Interest Rates:

- Government will work with the Central Bank to allow banks to cover their Foreign Exchange deposits with Foreign Exchange reserves rather than *cedis*, to avoid their exposure to exchange risk and its passing on to borrowers.
- Government will reform the current Credit Reference Bureau system to improve bank customer information.
- Government will ensure strong collaboration with Bank of Ghana to operationalise the Deposit Insurance Scheme to avoid the need for high reserve requirements as a prudential safety net.
- Government will work with Bank of Ghana to regulate—not control—banks' interest rates and other financial charges and levies to check collusive and profiteering practices of banks.

COMPONENTS OF THE GTP

New policy recommendations under the GTP to strengthen macroeconomy are as follows:

Stable Currency

- Government will actively promote exports, diversification and value-addition and import substitution programmes under the Industrial Transformational Agenda. These will include providing needed incentives (such as tax rebates), financial support (such as subsidised loans), loan guarantees and pro-local industry trade policies, compliant with WTO and AfCFTA.
- Government will facilitate the establishment of a national shipping line in collaboration with interested private sector operator to handle most of our freight activities to save the country FX.
- Government will aggressively promote consumption of domestic products through public sensitisation and the use of pro-local industries trade policies to boost local production.
- Government will pursue strong fiscal consolidation to limit the need for monetary financing of the deficit to stem the rate of cedi expansion.

COMPONENTS OF THE GTP

New policy recommendations under the GTP to strengthen macroeconomic environment are as follows:

Stable Currency

- Government will work with Bank of Ghana to progressively increase the FX cover for the cedi from the current statutory level of 40% to 70% over the period 2023-25 to help strengthen the cedi.
- Government will work with Bank of Ghana to negotiate with foreign companies to stagger their transfer of profits and dividends so that they do not bunch them up and put enormous seasonal pressure on FX. The companies could be allowed to lodge their funds awaiting transfers with Bank of Ghana and receive an agreed return on them.
- Government will ensure that Bank of Ghana reviews export retention ratios negotiated with Mining companies with the view to ensuring adequate repatriation of FX into the country to help beef up the Bank's reserves.

COMPONENTS OF THE GTP

New policy recommendations under the GTP to strengthen macroeconomic environment are as follows:

Increasing Financing to SMEs:

- Government will liaise with Bank of Ghana to direct Banks to allocate the equivalent of a minimum of 10% of profit after tax of the previous financial year to the provision of NEW collateral free concessionary lending to targeted SMEs engaged in import-substitution (e.g. at rates not above the CRR). Non-compliance will carry sanctions as they apply with other directives of BoG.
- Government will collaborate with BoG to provide regulatory capital incentives to SME loans given by banks at concessionary rate. Example can be a more favorable loan loss write off regime to give banks ample time to turnaround troubled SMEs.
- Government will facilitate the setting up of Bank Loan Recovery Courts that will sit on regular basis with strict delivery timelines for closure of loan default cases to improve the borrowing culture of SMEs and other borrowers.

COMPONENTS OF THE GTP

2. New Agricultural Revolution (NAR) for Ghana: For agriculture to be transformed in Ghana, it has to be:

- i. Market-led
- ii. Technology and innovation driven
- iii. Must optimize value for farmers
- iv. Must promote economies of scale

COMPONENTS OF THE GTP

New policy recommendations under the GTP for the New Agricultural Revolution

- **Optimizing Value to Farmers by the establishment of Farmer-owned Large Scale Commercial Farms and Processing Facilities which will bring the full benefits of the agriculture value chain to farmers.**
- **Introducing Technology and Innovation into Agriculture, through Research & Development (R&D) in Agronomy, Mechanization, Irrigation, and Plantation Management.** Under the following:
 1. Build partnership with technology-based institutions to develop and transfer appropriate climate smart technologies.
 2. Create research centers in the ecological zones to optimize gains from carbon sequestration.
 3. Provide concessional credit facilities for the dissemination and adoption of these climate smart technologies.
- **Differentiated Agricultural Credit Scheme for the National Agricultural Revolution.** *This will include the following:*
 1. Structured and targeted single digit interest credit facilities to meet the financing needs of all the actors along the value chain.
 2. Refocusing of the Development Bank Ghana (DBG) for funding and investments in modernization of the structure of production, services, processing, and industrialization of agri-food system in Ghana.
 3. Aiming at mitigating the risk associated with agricultural production, ensuring high return on investments and wealth creation.

COMPONENTS OF THE GTP

New policy recommendations under the GTP for the New Agricultural Revolution

- **Strengthen Agricultural Institutions and Governance System**
 - Strengthen value chain associations and service providers to provide technical and management services for productivity enhancement and competitiveness.
 - Create appropriate institutions for agricultural value chain governance.
 - Initiate and strengthen policies that operationalize agricultural governance system modeled against best global practices.
- **Mass Citizens participation in Agriculture by introducing an ‘Operation Own a Farm’ programme for the Ghanaian citizenry in general.** Undertake the following:
 - Foster partnership with Faith-based Organization to drive mass agricultural participation momentum.
 - Collaborate with Securities Agencies to become food self-sufficient.
 - Initiate and Support Educational Institutions to embark on School Farms for Good Health Project.
 - Provide incentives and support services for youth to participate in agricultural value chains.

COMPONENTS OF THE GTP

New policy recommendations under the GTP for the New Agricultural Revolution

- **Establish Agroparks and Agricultural Production and Processing Clusters**
 - Transform all existing large scale irrigation schemes to Agroparks by privatizing the needed services such as, irrigation, inputs credit scheme, comprehensive mechanization services (land preparation to post-harvest services).
 - Agroparks will be tailored agro-ecological zones with at least 3 in each region. Specific Agroparks designated as Special Agroparks that will backup logistics to service smaller Agroparks.
 - Each Agropark will include services for production, processing and packaging facilities of crops, poultry and livestock and aquaculture that will be linked to well organized outgrowers and their ancillary farmer groups.
- **Build Efficient and Cost-effective transportation systems**
 - Increase Invest in railway networks around the Agroparks and link the railways to the waterways to provide a central rail-water link.
 - Revamp and restructure the Volta Lake Transport Company (VLTC) with an expanded mandate and functions to deliver efficient waterways services.
 - Coordinate private sector investments and incentives for development of competitive transportation of goods and people on waterways.

COMPONENTS OF THE GTP

New policy recommendations under the GTP for the New Agricultural Revolution:

- The establishment of Licensed Food Distribution and Marketing companies by the Private Sector throughout the country at the district level, to be supported by the Government. These companies will constitute a vital link between farmers and Market Queens in the urban and peri-urban areas. It will be complemented by the introduction of a digitalized food distribution and marketing online platform which will connect producers to buyers and consumers.
- Enhancing the de-regulation of the Cocoa sector by deepening private sector participation in the buying and marketing (including export) of Cocoa.
- Promote climate smart technologies to mitigate climate change effects on production
- Increase investment in effective post-harvest management systems
- Promote local assembling and manufacturing of agricultural machinery and equipment
- Establish Coordinated and Integrated Agricultural Research Company (CIARC) to promote the commercialization of Research findings.

COMPONENTS OF THE GTP

3. Industrial Transformation

Industrial Transformation: This will build on the successes of Government's *Ten Point Industrial Transformation Programme*, namely;

1. Stimulus Package for Existing Local Industries - *facilitating access to medium and long-term capital for industrial development particularly for local industrial enterprises.*

2. One District One Factory (1D1F) initiative - *providing support for the private sector to establish at least one medium to large scale industrial enterprise in each of the 260 Districts, based on their natural resource endowment and their comparative advantage.*

COMPONENTS OF THE GTP

3. Strategic Anchor Industrial Initiatives - developing new strategic growth poles to diversify the Ghanaian economy beyond Cocoa and Gold. These are;

- i. Vehicle Assembly and Components Manufacturing*
- ii. Garments and Textiles*
- iii. Pharmaceuticals*
- iv. Petrochemicals*
- v. Vegetable Oils and Fats (including Oil Palm)*
- vi. Industrial Chemicals (including Industrial Salt)*
- vii. Industrial Starch (including Cassava Starch)*
- viii. Integrated Bauxite and Aluminum*
- ix. Iron and Steel*
- x. Machinery and Equipment Manufacture*

COMPONENTS OF THE GTP

4. Industrial Parks and Special Economic Zones - providing support to private business promoters to establish at least one Industrial Park in each of the Sixteen regions to improve access to land, utilities, and business support services for industrial development.

5. Small and Medium Enterprises (SMEs) Development - promoting the development of SMEs in different sectors of the economy focusing on those with high growth potential.

6. Industrial Subcontracting Exchange - establishing an Industrial Subcontracting scheme that directly links SMEs to the supply chain of large-scale enterprises through a structured process of subcontracting arrangements.

COMPONENTS OF THE GTP

7. Export Development - aggressively promoting value added exports targeting the USA market under AGOA, the European market under the EPAs, the African Market under the African Continental Free Trade Area (AfCFTA), the ECOWAS market, and other market destinations under existing bilateral trading agreements.

8. Domestic Retail Trade - enhancing domestic retail trade by improving market and other distribution infrastructure, as well as reducing administrative bottlenecks in domestic trade.

COMPONENTS OF THE GTP

9. Business Regulatory Reforms (BRR) - improving the business enabling environment through comprehensive regulatory reforms aimed at reducing the cost of doing business, as well as minimizing delays in executing commercial transactions. Specific regulatory interventions will include the following; Targeted Reform Initiatives (e.g. Ease of Doing Business); Inventory, One-stop e-Registry of business regulations; Centralized Public Consultation Portal – A voice for all; Regulatory Impact Assessment (RIA); Rolling Review of business regulations, using Regulatory Guillotine principles; Targeted Regulatory Relief; and Permanent Public-Private Dialogue (PPD) mechanisms.

10. Public-Private Dialogue - enhancing Public Private Dialogue by establishing and institutionalizing a regular consultative platform between Government and the private sector. This will involve the following Presidential Business Summit; All-inclusive Dialogue on Private Sector Development as a national priority; and PPD Coordinating Committee.

COMPONENTS OF THE GTP

New Policy recommendations to achieve Industrial Transformational will include:

1. Government will ensure that Banks lends 10% of the banking sector credit portfolio to the manufacturing sector.
2. Government will further ensure that the Credit facility is lent at a negotiated rate to ensure competitiveness against imports.
3. In addition, Government will offer targeted interest subsidy to strategic manufacturers.

COMPONENTS OF THE GTP

New Policy recommendations to achieve Industrial Transformational will include:

4. Government will offer tax and other non-tax incentives to stimulate manufacturing and employment creation. For example rebate of electricity tariff.
5. Government will strengthen regulatory regimes at the Ports to prevent importation of sub-standard goods.
6. Government will ensure the availability of strategic raw materials for local manufacturing.

COMPONENTS OF THE GTP

4. Accelerated Infrastructure Development: Promoting Private sector financing for public infrastructure such as Roads, Railways, Ports and Harbours, Water Supply Systems, Public Housing etc, which will reduce Government's exposure to the financing of such infrastructure projects.

5. Digital Mainstreaming: Digitalization will be mainstreamed in all Government and Public sector activities, building on the current work led by the Ministry of Communication and Digitalization.

6. Energy Security and Diversification: Greater emphasis to be placed on developing renewable sources of energy, by fast-tracking the execution of Government's energy transition strategy, including but not limited to nuclear and hydrogen energy.

COMPONENTS OF THE GTP

7. Decarbonization and Climate Resilience: Scaling up Government's current efforts at reducing Ghana's carbon footprints and facilitating access to the carbon trading markets, as well as establishing mechanisms to strengthen the country's preparedness against the negative effects of climate change.

8. National Security and Defence Optimization: Deploying resources to strengthen National Security and Defence Mechanisms and Infrastructure, to deal substantively with emerging security threats and challenges, particularly in the Sahalian region.

9. Downsizing Government: The architecture of Government will be overhauled by consolidating some existing Ministries, Departments and Agencies. This will mean running a lean Government structure that will ensure operational efficiency and effectiveness in the delivery of Government services.

10. Strategic Engagement with the International Community: Ghana's diplomatic and economic relations with the International Community under the GTP will be predicated on the principle of 'positive neutrality', based on the strategic interests of Ghana, as well as our shared commitments for the preservation of peace around the world and respect for humanity.

COMPONENTS OF THE GTP

11. Health:

- Expanding Health infrastructure and services to the door step of ordinary Ghanaian by providing catalytic funding at subsidized interest rate for the construction of Community Clinics in towns across the country while restructuring the operations of Community-based Health Planning and Services (CHPS) to significantly improve access to quality health services in rural communities.
- In addition, Government will introduce General Practitioners (GPs) system in healthcare delivery by enhancing private sector participation in the delivery of healthcare services. This will, to a large extent address the issue of poor quality of healthcare and poor coverage.
- Government will increase the National Health Insurance premium as a basis of extending the benefit package and coverage for Health Insurance premium holders.
- Government will develop a new system to incentivize health workers across board to improve the working conditions of all health workers as well as a system to offer training and capacity building .

COMPONENTS OF THE GTP

12. Education:

- Significant number of reforms have been initiated under the current NPP Government in the educational sector including the Free SHS, construction of new boarding facilities in the second cycle institutions, the promotion of STEM education amongst others.
- The main focus of the new educational interventions under the GTP will be a comprehensive review of these reforms particularly the Free SHS programme to ensure optimum efficiency of its implementation.
- Government will pay special attention to institutionalizing the link between industry, academia and educational institutions, reinforcing the importance of apprenticeship and internship.
- Government will review and revamp the concept of Community Day Schools promoted under the previous NDC regime.
- Although a lot of progress has been made in the development of secondary and tertiary levels, basic education has been under resourced to a large extent over the years. Considering the critical importance of early childhood development, a major thrust of Government's new interventions in the educational sector will be to improve basic education in all its forms and nature, including but not limited to physical infrastructure, learning facilities, teacher and curriculum development.
- Government will formulate a more structured transitional arrangement from basic education to secondary education.

COMPONENTS OF THE GTP

13. Tourism:

- Government will encourage private sector investments in the development of world class tourism infrastructure. This will require very attractive incentives.
- Government will leverage the tourism potential in each district and region of Ghana.
- Government will develop high-level human resource capacity for the hospitality industry in Ghana.
- Government will facilitate air travels for tourists coming into the country by providing free visa including Visa on arrival.
- Government will enhance the productive capacity of local artisans and craftsmen to produce world class souvenirs for the tourism industry.
- Government will advance plans for the establishment of a national airline or home based carrier and in particular link the carrier to major cities and other locations that will drive traffic of tourists to Ghana.
- Government will introduce a major package of incentives to reduce hotel prices and cost of other services.
- Government will provide extensive support to revamp the existing hotel infrastructure particularly in the second and third tier categories.
- The development of the creative industry in Ghana will be the backbone of the new reforms in the tourism industry. This will include but will not be limited to reforms in the following creative industries; Film, Dance, Theatre, Music, Visual Arts and Multimedia Arts.

COMPONENTS OF THE GTP

14. Natural Resource Management:

- A comprehensive programme for the management of Ghana's resources will be introduced including but not limited to the Oil & Gas; Solid Minerals; Water & Marine resources; and Land and Forest resources.
- Value addition to Ghana's natural resource endowment will be the focus of the new natural resource endowment management policy framework. For the avoidance doubt, there shall be no export of raw materials from Ghana in any form without a minimum of 60% value addition by the year 2030.
- This will usher in Ghana's decade of industrial transformation spanning the year 2025 to 2035.

15. Sports. **COMPONENTS OF THE GTP**

- Government will invest in world class new generation sports facilities in selected competitive sporting disciplines.
- This will be in addition to encouraging private sector investments into sports infrastructure development around the country.
- A component of this Government intervention in this direction will be the establishment of sport academies to attract long term investments in the selected strategic sporting disciplines.

CRITICAL SUCCESS FACTORS FOR THE GTP

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There are ten critical considerations which we need to take into account to guarantee the success of the GTP.

- 1. The primacy of the Private Sector in our national development agenda:** The Private Sector, both domestic and foreign, formal and informal has to be at the centre of our transformational agenda. The Government's focus must be to facilitate the process of making our private sector more competitive, by creating an enabling environment for businesses.
- 2. Attitude to work: Ghanaians generally have a lackadaisical and self-serving attitude to work. What we need to understand is that whether you are working for the Private sector or for Government, as a worker, you are not doing a favour to your employer. It is your duty to ensure that you earn your living from the efforts of your labour.**
- 3. Enforcement of discipline:** As a people we must appreciate the need for discipline in all spheres of our national lives. The lack of discipline would undermine the success of any transformational agenda.
- 4. Corruption and petty theft or thievery particularly from the public purse:** Corruption denies our country the benefit of utilizing its tax revenue and other resources for the development of our country.

CRITICAL SUCCESS FACTORS FOR THE GTP

5. **The arrogance of power:** This has been a major obstruction to progress in our country. People in positions of authority must understand that leadership is an opportunity to serve the people, and not to lord over them. In servant leadership, humility is an asset and not a weakness.
6. **Passion for Excellence:** As a country we must celebrate competence and excellence and not mediocrity.
7. **Getting Things Done:** As a people, we must **focus more on getting things done than talking**. Ghana is gradually becoming a NATO country - *“No Action Talk Only”*. We need to remember that the use of time is a zero-sum game. What Ghana needs now are solutions and actions not debates.
8. **Divisiveness: Our politics in Ghana is too divisive.** This keeps out some of our best talents in offering themselves for political appointments. Yes, we pride ourselves as being the bastion of democracy in Africa, but that does not mean that we should allow partisan politics to destroy our collective interests.
9. **Respect for rule of law:** All thriving democracies and matured economies are anchored on respect for the rule of law. This is a fundamental requirement for commercial transactions in the conduct of business in general.
10. **Patriotism:** The pride of being Ghanaian will have a significant and positive impact on not only promoting our cultural values, but will also help us appreciate the need to patronize Made in Ghana goods, and stimulate local production.

CONCLUSION

- The elaboration of the GTP is still work in progress and will cover other critical areas in macroeconomic reform such as debt sustainability, tax reform, revenue optimisation and expenditure control.
- In addition, there will be an indepth analysis and recommendations for the other components that have not been reflected in this presentation.
- The GTP will also cover other strategic sectors including Health, Education and Tourism.

THANK YOU