

**THE 'ONE DISTRICT ONE FACTORY' PROGRAMME**

**'ONE YEAR ON - THE NEW DIMENSIONS'**

**BY**

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## OUTLINE OF THE PRESENTATION

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- ▶ **1D1F POLICY FRAMEWORK**
- ▶ **OBJECTIVES OF 'ONE DISTRICT ONE FACTORY' (1D1F)**
- ▶ **STATUS OF IMPLEMENTATION**
- ▶ **SUMMARY ANALYSIS OF RECOMMENDED PROJECTS**
- ▶ **PARTICIPATING FINANCIAL INSTITUTIONS (PFIS)**
- ▶ **CHALLENGES**
- ▶ **CURRENT INCENTIVES**
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## 1D1F POLICY FRAMEWORK

- ▶ The main objective of this programme is to establish at least one commercially viable factory in each of the 254 districts that has the capacity to fundamentally change the economy of the districts.
- ▶ Two adjoining districts with the same resource endowment could establish one to process and add value to the resource.
- ▶ For deprived communities where no Private Promoter is identified, Government will act initially as the Promoter and gradually offload the shares to a private investor(s)
- ▶ The programme is private sector led and open to both local and foreign investors. Partnerships between local and foreign investors are allowed.
- ▶ The Government's role is facilitation and support in the form of incentives and infrastructure

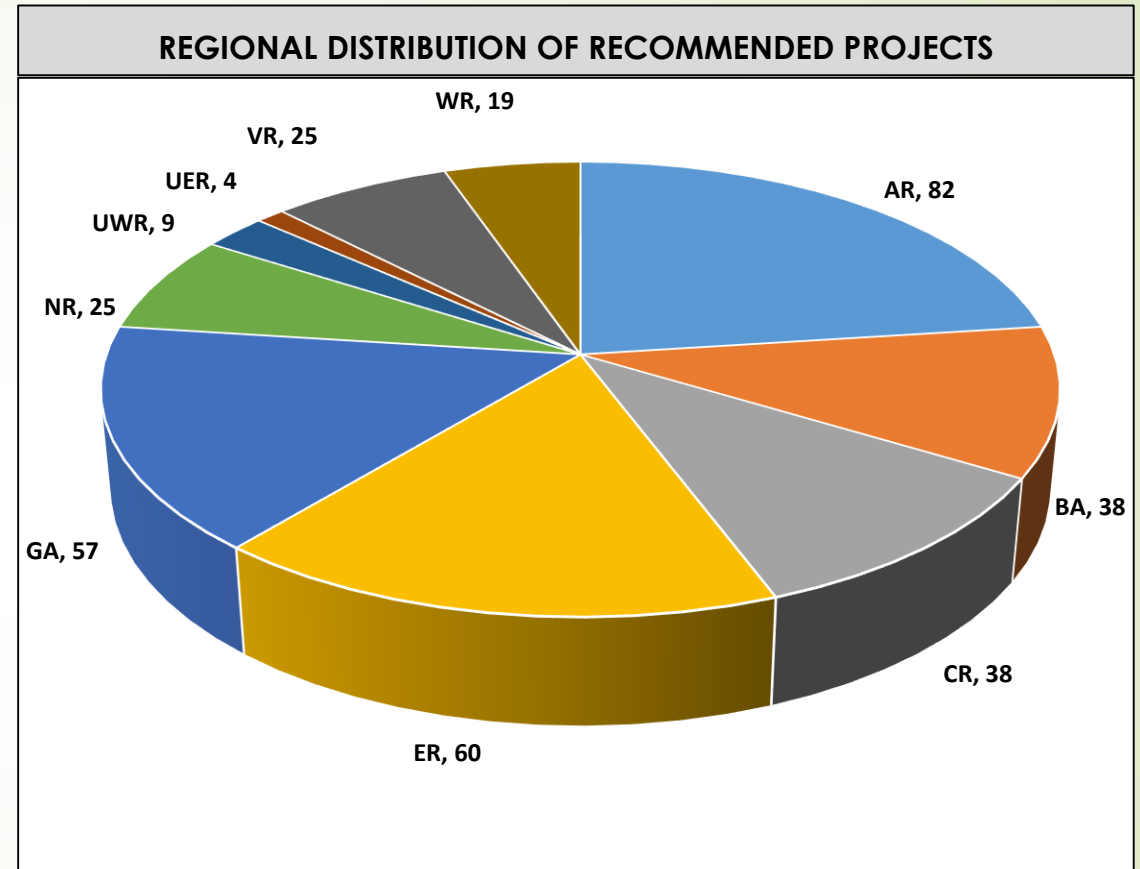
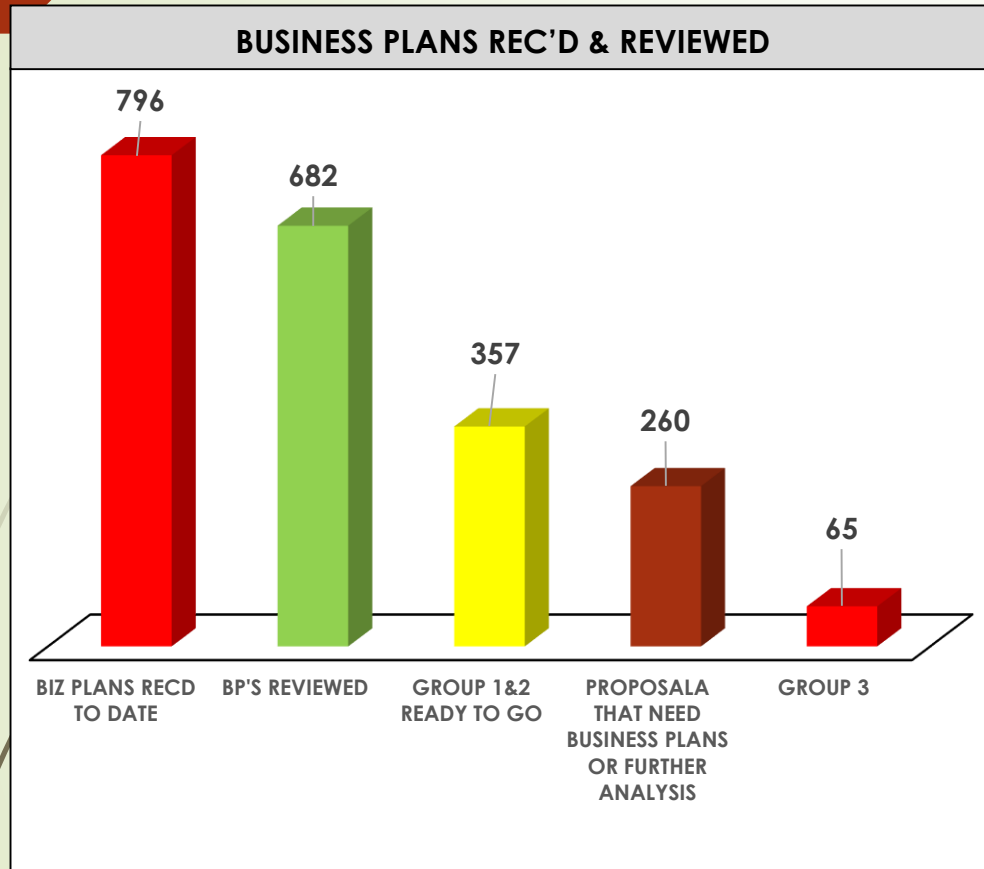
## OBJECTIVES OF 1D1F

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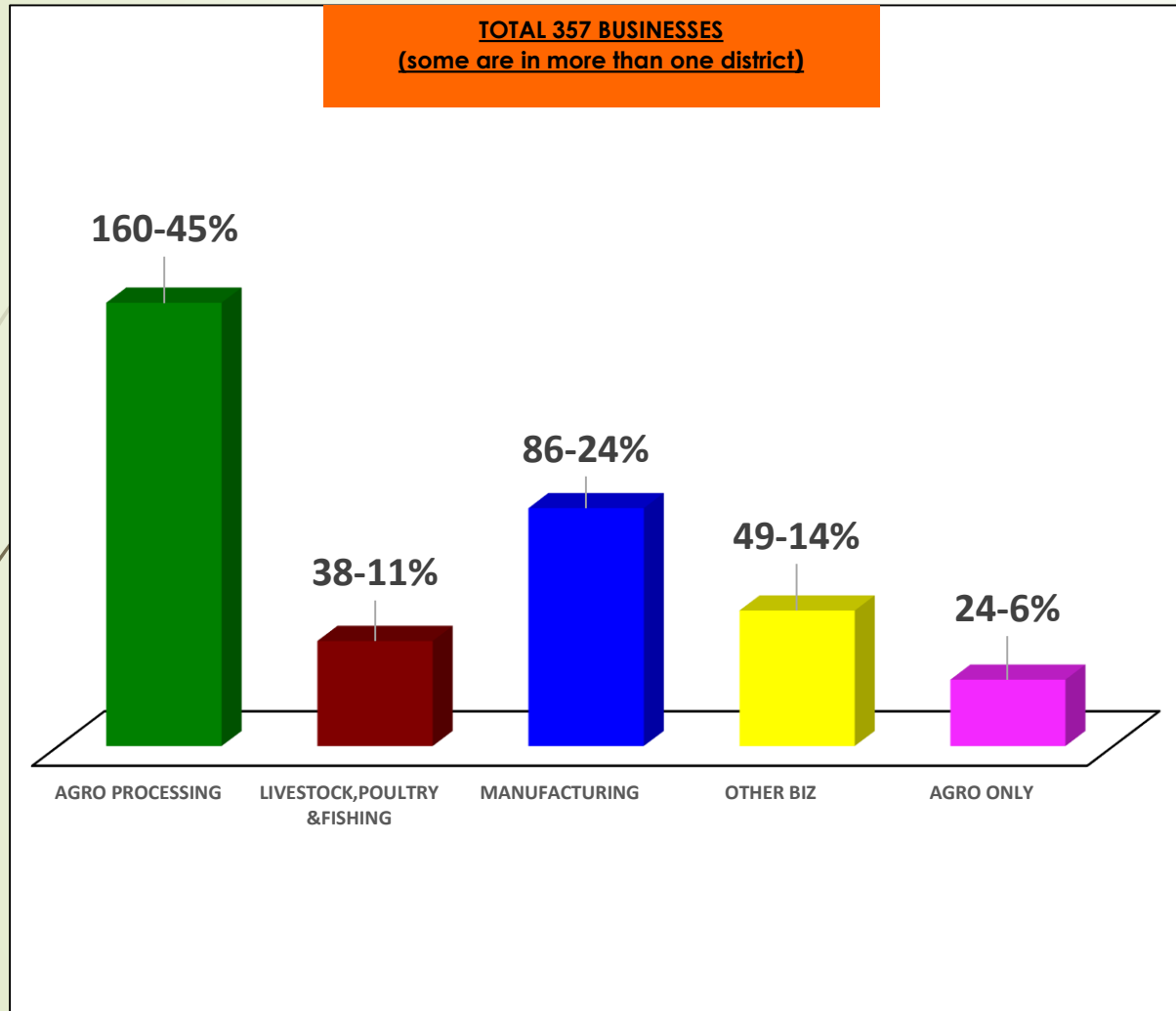
- To create massive employment particularly for the youth in rural and peri-urban communities, thereby improve income levels and standard of living, as well as reduce rural-urban migration.
- To add value to the natural resources of each district and exploit the economic potential of each district based on its comparative advantage.
- To ensure even and spatial spread of industries and thereby stimulate economic activity and growth in different parts of the country.
- To promote exports and increase foreign exchange earnings to support the government's development agenda

# STATUS OF IMPLEMENTATION

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## SUMMARY ANALYSIS OF RECOMMENDED PROJECTS



### Definitions Used

- **Agro Processing** – Factory that process agro produce etc. e.g. Processing of fruit into juice, cassava into industrial starch
- **Livestock, poultry & fish** – Factory that processes meat, poultry and fish e.g. Frozen meat, chicken and fish. canned meat and Tuna flakes
- **Manufacturing** – Factory that produces non-agricultural products e.g. Clay into ceramic tiles, brick and tiles, clinker into cement
- **Other Biz** – Manufacture of beauty products, medicines etc. e.g. Shea butter into shower gel, soap, cream and cosmetics
- **Agro Only** – Production of agricultural produce. E.g. Horticulture produce, onions, tomatoes, cabbage

## PARTICIPATING FINANCIAL INSTITUTIONS (PFIs)

- A total of 10 financial institutions have expressed interest and made actual commitments to support the programme. They include Commercial Banks, Private Equity Companies and International Development Institutions. The Local Banks have committed GHS 2.5 billion towards the programme
  - GCB Bank
  - Universal Merchant Bank
  - United Bank for Africa
  - Agricultural Development Bank
  - EXIM Bank
  - Ecobank Ghana
  - Societe Generale
  - Chinese Facility (CNBM)

## CHALLENGES

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- Long credit procedures of the Participating Financial Institutions (PFIs)
- High interest rate charged by the PFIs
- Land acquisition by business promoters
- Inability on the part of the Business Promoters to meet collateral requirements of the PFIs
- Inadequate funding for the implementation of the programme



## CURRENT INCENTIVES

- ▶ Exemption, waiver of import duties on core equipment, machinery, plants and parts.
- ▶ Locational Incentives – manufacturing industries located in:
  - ▶ Accra and Tema – 25%
  - ▶ All other regional capitals – 18.75%
  - ▶ Outside regional capitals – 12.5%
- ▶ Agro processing companies using local raw materials 5yrs tax holiday. After the 5yrs tax holiday corporate taxes are fixed below:
  - ▶ Accra Tema – 20%
  - ▶ Other regional capitals (except Northern, Upper East and Upper West regional capitals) – 15%
  - ▶ Northern, Upper East and Upper West regions (capitals and all other locations) – 5%
- ▶ To attract more private sector investment to support the programme, Cabinet has recommended tax waiver and other incentives and will be presented to Parliament for approval.

## CONCLUSION

The 1D1F is one of the key initiatives of the Industrial Transformation Agenda of the Government.

Efforts have to be made to bring all parties involved to ensure successful implementation of the initiative so that it contributes towards the achievement Industrial Transformation Programme.

**THANK YOU FOR YOUR ATTENTION**