



# MINORITY CAUCUS

## PARLIAMENT OF GHANA

Parliament House – Accra (Ghana)

19<sup>th</sup> March, 2026

IMMEDIATE RELEASE

### PRESS STATEMENT IN RESPONSE TO THE SPECIAL AUDITOR-GENERAL'S REPORT ON THE ONE DISTRICT ONE FACTORY (1D1F) INITIATIVE

The Minority Caucus of the New Patriotic Party (NPP) in Parliament has taken careful note of the Special Audit Report by the Auditor-General on the One District One Factory (1D1F) Initiative. While we affirm the constitutional mandate of the Auditor-General under Article 187 of the 1992 Constitution and fully support transparent public expenditure oversight, we are compelled to place on record our strong objections to materially inaccurate and legally unsupported characterizations contained in the said Report.

The 1D1F Initiative was launched in 2017 as the flagship industrial transformation programme of the Government of Ghana under President Nana Addo Dankwa Akufo-Addo. It was a deliberate policy response to structural unemployment, overdependence on raw commodity exports, and the limited absorptive capacity of Ghana's productive sector.

The Programme adopted a private sector-led, government-facilitated model. The Government did not build or operate factories directly. Rather, it created enabling conditions through financial de-risking instruments, policy support, and regulatory facilitation for private investors to establish and expand manufacturing enterprises across all districts, including the most underserved.

Beneficiary enterprises fell under two principal categories:

- **Greenfield Investments:** New manufacturing enterprises established in districts with minimal or no prior industrial activity, spanning agro-processing, pharmaceuticals, textiles, construction materials, and light manufacturing.
- **Brownfield Investments:** Significant expansion, diversification, or technological upgrading of existing manufacturing enterprises, including relocation to new sites.

Beneficiaries were selected through a structured appraisal process administered jointly by the Ministry of Trade and Industry (MOTI) and Participating Financial Institutions (PFIs), covering financial viability, technical capacity, district coverage, and employment creation potential.

Recognising that prohibitively high commercial lending rates — frequently exceeding 30% per annum — represented the principal barrier to private manufacturing investment, the Programme deployed two complementary instruments:

- **Interest Subsidy Scheme:** Fourteen (14) PFIs were contracted under formal Financing Agreements to lend to 1D1F beneficiary enterprises at interest rates capped at 20% per annum. The Government lodged advance subsidy payments with the PFIs to bridge the differential between the capped rate and prevailing commercial rates, directly reducing the cost of long-term capital for factory operators.

- **Stimulus Packages:** Additional working capital facilities were deployed through PFIs to sustain beneficiary enterprises during periods of operational and market stress, including disruptions attributable to the COVID-19 pandemic and global supply chain shocks.

*A critical and material fact, however, must be placed on record: the advance subsidy monies requested by the Ministry did not fully materialise in several instances. As a direct consequence, the PFIs were unable to extend the anticipated credit facilities to the IDIF beneficiary companies. When subsequently queried by the Auditor-General's office, these banks rightly confirmed to auditors that the affected IDIF companies did not owe them — because no loans had been advanced to those companies. This factual sequence is entirely consistent with the Programme's design and does not, in any manner, support a finding of fictitious transactions or fund diversion. The absence of a loan liability reflects the non-disbursement of the advance, not financial impropriety.*

The characterization of advance lodgements to PFIs as “*fictitious*” and as constituting a “*deliberate attempt to divert funds*” is both legally unfounded and factually inaccurate. The transactions in question were: (i) appropriated by Parliament through the Appropriations Act; (ii) processed through the CAGD and the Bank of Ghana; and (iii) disbursed to licensed financial institutions under formal Financing Agreements, in full compliance with the Public Financial Management Act, 2016 (Act 921). A transaction that has passed through all established public financial management controls cannot, in law, be labelled fictitious absent evidence of fabrication — evidence which is conspicuously absent from the Report. No prior audit of the Programme identified any procedural irregularity in the fund-flow mechanism.

The NPP Minority accordingly calls on Parliament and the relevant authorities to:

- (i) Direct the Ministry of Finance to formally retract the characterization of the IDIF fund-flow mechanism as “fictitious” and as a “deliberate attempt to divert funds,” as these are legally unsupported and factually inaccurate;
- (ii) Ensure that the Public Accounts Committee conducts a thorough, impartial, and legally grounded review of the Audit Report before any findings of culpability are attributed to any individual or institution; and
- (iii) Require that future special audits of major government programmes be preceded by adequate engagement with implementing ministries and agencies to allow for factual clarification before findings are published.

The Minority Caucus does not oppose accountability — we actively champion it. However, accountability must be grounded in law, fact, and fairness. It must not be deployed as a political instrument to stigmatize a programme that was lawfully implemented, parliamentarily approved, and of immense developmental benefit to the Ghanaian people.

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**Signed**

**Hon Michael Okyere Baafi, MP for New Juaben South and Ranking Member, Trade, Industry and Tourism Committee**