

2018 BUDGET STATEMENT SPEECH

14 November, 2017

SECTION ONE: INTRODUCTION

1. Rt. Hon. Speaker, Honourable Members of Parliament, on the authority of the President of the Republic, Nana Addo Dankwa Akufo-Addo, I beg to move that this Honourable House approves the Financial Policy of the Government of Ghana for the year ending 31st December 2018.
2. On the authority of the President, and in accordance with Article 179 of the 1992 Constitution, permit me to present to this august House, the Budget Statement and Economic Policy of the Government of Ghana for the 2018 financial year.
3. I also submit to this august House The 2017 Annual Report on the Petroleum Funds, in accordance with Section 48 of the *Petroleum Revenue Management Act, 2011 (Act 815), as amended*.
4. Mr. Speaker, this year has been a very busy one for all of us. This is the third Budget we are presenting in the year. The first one was in March, the second, the mid-year performance review and now, we are presenting the 2018 Budget. During this period, we have had the cooperation of this house in passing a number of bills in our determined efforts to put the economy back on a sound footing. On behalf of the President, I wish to thank this august house for all the support.
5. Mr. Speaker, in March when I presented the 'Asempa' Budget, I indicated to this House our commitment to take deliberate, strategic steps, with the required discipline, to fix the economy.
6. Such was the crisis that we were expected to do little more than borrow more to incur more debt but not for the purpose of growing the economy but rather for servicing a fast-increasing debt. Thankfully, President Akufo-Addo came into office with a positive mindset and inspired us all to see the invisible, feel the intangible and achieve the impossible.
7. I am happy to note that we have turned the economy around and our policies are yielding results, restoring hope and bringing relief to Ghanaians. Personally, it is heart-warming

when a parent runs up to you and says “thank you” for putting money in her purse, because she did not have to pay Gh¢2,000.00 for her two children in SHS; or when an excited teacher trainee shows you the text message notification of her allowance received. Yet, these are just two examples of the promises some said were impossible to fulfil.

8. Mr. Speaker, we resolved to be fiscally disciplined and respect the limits this august House set for us within Appropriation. Again, I am glad to report that we are well on course to end the year with a fiscal deficit of 6.3 percent; in fact, lower than the 6.5 percent contained in the budget. If I may add, Mr Speaker, this is only the second time in a decade that a government has managed to stay within its budget deficit target.

9. Mr. Speaker, a lot has been achieved by the Government of President Nana Akufo-Addo and we have achieved in one year what seemed impossible in 8 years. We have:
 -) restored macroeconomic stability
 -) renewed confidence in the economy
 -) provided reliable electricity supply
 -) returned to robust growth, with a real GDP growth of 7.8 percent in the first half of 2017, against 2.7 percent in 2016
 -) reduced inflation; end-October inflation of 11.6 percent from 15.4 percent end-December 2016.
 -) maintained stability of the cedi against the US dollar, and
 -) brought down policy rate to 21 percent from a peak of 26 percent in 2016.
 -) There is more, Mr Speaker. We have:
 -) normalized the domestic yield curve
 -) issued the country’s maiden 15-year bond in April 2017
 -) improved external balances, driven by higher export earnings and lower imports
 -) improved gross international reserves to US\$7.2 billion, equivalent to 4.1 months of imports cover
 -) improved primary balance to 0.3 percent surplus in September 2017 against a deficit of 1.6 percent in September 2016

-) received positive sovereign rating reviews from international ratings Agencies: Fitch, B/stable; Standard & Poor, B-/positive
 -) successfully completed the 4th IMF/ECF program review, and
 -) achieved positive developments in the oil & gas sector - favorable ITLOS ruling, and Sankofa producing 1st oil three months ahead of schedule.

- 10. Mr. Speaker, our commitment is to solidify these gains for as long as we remain managers of the economy. To ensure irreversibility, we are implementing the following measures to tackle some of the long-term structural issues:
 - a. capping of the statutory funds at 25 percent of government tax revenues
 - b. operationalization of the Treasury Single Account (TSA) to consolidate all government funds at the Bank of Ghana
 - c. tightening of expenditure controls in GIFMIS to minimize inefficiencies and budget overruns
 - d. strict enforcement of the PFM Act, as well as the Public Procurement Act, to ensure efficiency in public procurement, and
 - e. adoption of the competitive tender process, which is eliminating wastage and giving Ghanaian taxpayers real value for their money.

- 11. We have successfully refinanced the first tranche of the energy sector legacy debt through the issuance of the first ever energy bond by E.S.L.A. Plc. I am pleased to announce that this successfully raised GHS4.7 billion, (over \$1 billion) the highest ever in Africa. We have also introduced the 'Cash Waterfall Mechanism' to prevent new debt accumulating.

- 12. Mr. Speaker, I am proud to report to this august House that after a few months of intense preparation, the Akufo-Addo Government has:
 -) rolled out the destiny-changing free Senior High School policy across all public schools to ensure equal opportunities for every Ghanaian child
 -) rolled-out the National Digital Property Addressing System to provide a unique address for all properties in Ghana
 -) Launched the National Identification Scheme; and
 -) Restored the teachers and nurses training allowances.

13. Mr. Speaker, this year, we have restored macroeconomic stability, which is protecting the value of money in the pockets of ordinary Ghanaians and giving businesses the predictability space to plan and invest, thereby sowing the seeds for economic growth and jobs creation. The broad agenda for next year is to translate the stability achieved into shared growth with aggressive policies aimed at creating more opportunities for jobs.
14. The President is determined to reverse the trend of the last few years where businesses operated merely and mainly to service loans, pay taxes and electricity bills. In line with this, for 2018, we will continue to stabilize the economy, offer reliefs, including reducing electricity tariffs to make the private sector truly competitive and create more employment.
15. Our job creation agenda will be driven by investments in (i) Human Capital, (ii) Strategic Infrastructure, (iii) Agriculture and (iv) Agribusiness, (v) Entrepreneurship and (vi) Innovation Programmes.
16. Specifically, we will vigorously continue with and heavily invest in our key policy initiatives and flagship projects, such as:
 - Planting for Food and Jobs
 - Stimulus Package for distressed industries
 - One District One Factory
 - Zongo Development Fund
 - National Entrepreneurship and Innovation Programme
 - Free SHS
 - National Identification Scheme, and
 - National School Feeding Programme
17. Mr Speaker, we have prioritized investments in these areas to ensure that we establish a fair and inclusive society, which creates life-transforming, productive opportunities for every able Ghanaian.
18. We are confident that these priorities will not only deliver jobs, but will improve the security and wellbeing of Ghanaians and communities across the country by increasing agricultural growth and development, providing decent work through skill and entrepreneurship development and industrialization, as

well as increasing opportunities for all through the provision of quality education and health delivery.

19. Mr. Speaker, our policy priorities for 2018 and beyond promise two vital ingredients for any serious progressive society: opportunity and prosperity. For us the fight against poverty and unemployment is not optional. It is a national security issue. We intend to pursue this goal of building a society of equal opportunity responsibly, by protecting our natural endowments and, at the same time, adding value to the exploitation of these rich resources under our custody.
20. Given that the President has been honored to co-chair the UN advocacy group for the Global Sustainable Development Goals (SDG), Ghana is taking a leadership role, with this budget, in driving this sustainable transformational agenda, particularly, in Africa.
21. Mr. Speaker, for a successful implementation of the SDGs, we need to involve all sectors of society. Let us move beyond this budget cycle and make the SDGs flow through the DNA of Ghanaians in our efforts to meet the 2030 targets for the Sustainable Development Goals and the embedded Paris Agreement for climate action.
22. Mr. Speaker, the theme for the 2018 Budget is “Putting Ghana Back to Work”. This theme reflects the tools provided in the 2018 budget to energize the entrepreneurial spirit within every Ghanaian. The job of the Akufo-Addo Government is to assist the people with the tools and the environment to go out there to work and earn a decent living and improve their lives. We plan on providing opportunity for as many Ghanaians as possible to initiate projects on their own.or us.’
23. Mr. Speaker, it is time for Ghanaians to arise and build. It is time for all Ghanaians to put their shoulders to the wheel and to speak the same “language” – ‘then nothing will be impossible for us.’ We must come together in a new partnership with our faith-based institutions, civil society, businesses and government to create a powerful locomotive for transformation so that our President’s coordinated program of economic and social development policies will create ‘an optimistic, self-confident and prosperous nation through the

creative exploitation of our human and natural resources and operating within a democratic, open and fair society in which mutual trust and economic opportunities exist for all.'

24. Mr. Speaker, I believe that the Budget should not simply be a statement to divide the national cake between different groups but it should capture how a nation comes together to meet the challenges of our times and our circumstances. We should understand our shared sociology and values in order to discover a modern view of our Ghanaian citizenship.
25. Mr. Speaker, in August 1950, J B Danquah said, "We had neither an excessive means to suffer waste nor anytime to wait. The call to relief our country and people from a wretched existence is urgent and our watchword is this urgency for an early answer." Mr. Speaker, we must as a matter of urgency, create an enterprise culture so that we can transform our newfound stability into a productive, industrialized, dynamic, open and responsible market. A society that eschews poverty of aspirations and with deliberateness celebrates, prepares and challenges the youth to discover and achieve their full potential. Mr. Speaker, the President seeks to do this in this Budget.
26. Mr. Speaker, my presentation today will follow this outline:
 -) I will present a short brief on how the global economy performed in 2017, the medium-term outlook and the expected impact on the Ghanaian economy.
 -) This will be followed by the Macroeconomic Performance for 2017 against the target sets.
 -) I will then present the President's Macroeconomic Targets for 2018 and the Medium-Term Targets.
 -) In addition, I will briefly talk about some key sector deliverables for 2018 under each of our policy goals.
 -) Then provide you with the key policy initiatives for 2018; and
 -) Finally conclude with highlights of the key messages in the Budget.

GLOBAL ECONOMIC PERFORMANCE AND OUTLOOK

Global Output

27. Mr. Speaker, global growth is projected to remain strong at 3.6 percent at the end of 2017 from the outturn of 3.2 percent in 2016, according to the October 2017 edition of the World Economic Outlook (WEO). The pickup in growth is projected to be broad-based, reflecting economic expansion in the three global economic blocs—Advanced Economies, Emerging Markets and Developing Economies.
28. For emerging and developing market economies, growth is projected to improve to 4.6 percent in 2017 from an outturn of 4.3 percent in 2016, and further to 4.9 percent in 2018. Much of this growth will emanate from China, where growth is expected to peak at 6.5 percent.
29. In sub-Saharan Africa, growth is projected to increase from 1.4 percent in 2016 to 2.6 percent in 2017 and further to 3.4 percent in 2018 with significant variations across countries. Although commodity price slumps, and delays in implementing policy adjustments continue to negatively impact the Region's economic expansion, the African Development Bank predicts that strong domestic demand, improved macroeconomic governance fundamentals and a friendlier business climate will continue to sustain the region's growth resilience.

Commodity Prices

30. Mr. Speaker, crude oil prices are projected to end 2017 at US\$50.3 per barrel from the realised price of US\$43 per barrel in 2016. Crude oil prices in 2018 are projected to stay around US\$50.3 per barrel reflecting the higher-than-expected US shale production and production recoveries in Libya and Nigeria.
31. According to the World Bank's Commodity Markets Outlook, Gold prices will end 2017 at US\$1,250 per fine ounce and further decline to US\$1,238 per fine ounce in 2018 partly due to anticipated US interest rate hikes.
32. Cocoa prices are projected to end 2017 at US\$2,050 per tonne, down from US\$2,890 per tonne due to strong West African output and increased production in Latin America. Cocoa prices in 2018 are projected to increase to US\$ 2,110 per tonne.

MACROECONOMIC PERFORMANCE FOR 2017

33. Mr. Speaker, our prudent management of the economy under the able leadership of President Akufo-Addo is yielding positive results. Provisional data on the performance of the economy from January to September, 2017 show that nearly all the macroeconomic indicators are on target. Please permit me to provide a summary of these performances:

Growth

34. Mr. Speaker, we are witnessing a return to robust growth after 2016 recorded the lowest growth performance in almost two decades.

35. The real GDP growth for 2017 is provisionally estimated at 7.9 percent, with non-oil GDP growth of 4.8 percent. This compares extremely favorably with a real GDP growth target of 6.3 percent and a 2016 outturn of 3.7 percent. At the sectoral level, the Industry Sector recovered from a negative growth of 0.5 percent and is expected to grow by 17.7 percent in 2017 due to increased production in upstream oil and gas. Growth in the Agriculture sub-sector is expected to be broad-based, despite the initial alarm associated with the army worm invasion. The Services Sector remains the dominant sector with an estimated share of 55.9 percent.

Inflation

36. Mr. Speaker, inflation continued to decline in 2017 mainly on account of exchange rate stability, tight monetary policy and fiscal consolidation. Inflation declined from 15.4 percent in December 2016 to 11.6 percent in October 2017, despite the occasional marginal upticks.

Monetary Aggregates and Credit Developments

37. Mr. Speaker, broad money supply (M2+) grew by 20.0 percent in September 2017, on account of growth in the Net Foreign Assets (NFA) of the Bank of Ghana. This compares with a growth of 22.3 percent in 2016.

38. Total credit to the private sector and public institutions recorded a growth of 16.8 percent in September 2017, of which the private sector accounted for 87.9 percent. This compares favourably with the 13.0 percent recorded in the same period of 2016. In real terms, this translates into a growth of 4.2 percent in 2017 compared with a contraction of 3.6 percent in 2016.

Interest Rates

39. Mr. Speaker, interest rates in 2017 continued to decline in response to the gradual improvement in the macroeconomic fundamentals, easing inflation and exchange rate stability. The Monetary Policy Rate (MPR) was reduced from 25.5 percent in January 2017 to 21.0 percent in July 2017. Similarly, money market interest rates broadly declined.
40. The average lending rates of banks, responded to the downward revision in the BoG's policy rates, and eased to 28.9 percent in September 2017 from 31.7 percent in December 2016.

Exchange Rate

41. Mr. Speaker, the cedi remained relatively stable against the major currencies on account of improved liquidity in the foreign exchange market. As at October 2017, the Ghana cedi had cumulatively depreciated by 4.0 percent against the US dollar, compared to 4.3 percent in the same period last year.

External Developments

42. Mr. Speaker, the Balance of Payments (BOP) recorded a surplus of US\$379.3 million for the first three quarters of 2017, compared with a deficit of US\$1.3 billion in 2016. This improvement was mainly driven by higher export earnings and private transfers.
43. The Gross International Reserves as at end September 2017 stood at US\$7.2 billion, equivalent of 4.1 months of import cover. This compares favourably with an outturn of US\$4.8 billion, equivalent of 2.5 months of import cover for the same period last year.

Fiscal Developments

44. Mr. Speaker, the thrust of fiscal policy for the 2017 Budget was to restore confidence in the economy, ensure fiscal and debt sustainability, and promote overall macroeconomic stability through a number of bold initiatives.
45. Preliminary data for September 2017 indicate that fiscal outturn was broadly in line with expectations despite revenue shortfalls. Total Revenue and Grants for the period fell short of target by 9.3 percent (an actual of GH¢28.4 billion, against a target of GH¢31.3 billion), while Total Expenditure (including arrears clearance) fell

short of target by 8.1 percent (an actual of GH¢37.7 billion, against a target of GH¢41 billion). This resulted in an overall fiscal deficit on cash basis of 4.6 percent of GDP against a target of 4.8 percent of GDP.

46. Mr. Speaker, reasons behind the lower-than-anticipated revenue performance was mainly due to delays in implementation of tax compliance and administrative measures as well as slow real GDP growth in the non-oil sectors of the economy, particularly the Services sector.

47. Mr. Speaker, despite the revenue shortfalls, it is encouraging to note that the outturn for the period represents an annual growth of 16.2 percent compared to 4.1 percent during the same period in 2016.

48. Mr. Speaker, expenditures were generally controlled to minimize overruns due to the strict usage of the GIFMIS as well as the implementation of quarterly cash allotments to MDAs. We are also seeing a new commitment in public procurements to protect the public purse.

Arrears Management and Clearance Measures

49. Mr. Speaker, this Government was confronted with a huge stock of expenditure arrears upon taking office from our predecessors early this year. The arrears were mainly in respect of delayed payments in transfers to the statutory funds, wages and wage related arrears, road arrears, and other MDAs' expenditure. It also comprised overdue payments to energy sector State Owned Enterprises and other institutions.

50. The accumulation of expenditure arrears remains one of the major challenges to meeting the fiscal objectives of Government and the successful implementation of the Budget.

51. Given the negative impact of the build-up of arrears on the economy, Government committed to an arrears clearance programme in line with the International Monetary Fund's (IMF) Extended Credit Facility (ECF) arrangement with the Government of Ghana.

52. A total amount of GH¢3,220.3 million was programmed for clearance in 2017. Of this amount, GH¢2,287.8 million was cleared by the end of September 2017.

53. Besides the programmed stock of arrears, Government identified a buildup in outstanding payments and claims which were subjected to audit. Of the total claims audited by the Auditor General, almost 50.0 percent were rejected. This, Mr. Speaker, was the level of naked abuse that the public purse was made to endure in recent years. We have moved on. The validated claims would be cleared in line with Government's macroeconomic programme for the medium term.

54.

Petroleum Receipts in 2017

55. Mr. Speaker, as at end September 2017, GNPC had lifted six parcels of crude oil (consisting of the 36th to 39th Jubilee and the 2nd and 3rd TEN liftings) on behalf of the State and transported a total of 20,545.44 MMscf of gas to GNGC. Total crude oil lifted was 5.8 million barrels (3.8 million barrels of Jubilee oil and 2.0 million barrels of TEN oil), compared to 2.9 million barrels (all from Jubilee field) for the same period last year.

56. Receipts from crude oil liftings for the period up to September 2017 accrued from the 35th (lifted in December 2016) to the 38th Jubilee liftings and 1st (also lifted in December 2016) to 3rd TEN liftings, amounted to US\$339.3 million (GH¢1,451.4 million). Total petroleum receipts (i.e. proceeds from liftings and other petroleum receipts) as at September 2017 was US\$362.6 million (GH¢1,552.1 million), compared with the receipts of US\$172.9 million (GH¢671.5 million) for the same period in 2016.

Public Debt Development

57. Mr. Speaker, on the debt stock, I would like to recall that one of the challenging economic situations that our government inherited was a ballooning debt stock which placed undue burden on the 2017 budget. Indeed, Ghana's debt to GDP ratio had increased from 32 percent in 2008 to 73 percent by the end of 2016. This situation resulted in an increasing interest burden, with interest payments alone consuming 45 percent of tax revenue and 6.8 percent of GDP in 2016.

58. Our government through prudent management of the economy, reduction in the fiscal deficit and a policy of debt reprofiling, has successfully reduced Ghana's debt burden. The debt to GDP ratio has declined from 73 percent at the end of December 2016 to 68.3 percent as at September 2017. This is the first time since 2006, that Ghana has witnessed a year-on-year reduction in the debt to

GDP ratio. The interest burden of Ghana's debt has also been reduced. Interest payments have reduced from 45 percent of tax revenue to 43.8 percent in September 2017 with a projected 41.9 percent reduction at the end of 2017.

59. Mr. Speaker, it is important to note that the annual average rate of debt accumulation of 36 percent over the last four (4) years, has declined over the last nine (9) months to about 13.58 percent. This is the lowest annual increase in the public debt over the last decade.

60. Mr. Speaker, our prudent debt management has therefore improved the debt outlook and debt sustainability for Ghana. We will continue to keep the public debt in check and move purposefully away from the unbridled borrow and spend culture of the previous 8 years.

Energy Sector Levies

61. Mr. Speaker, almost two-years into the implementation of the Energy Sector Levies Act, 2015 (Act 899), Government is successfully executing mechanisms to streamline the operations of SOEs and make them financially viable. The ESLA has contributed to paying VRA and TORs debt owed to banks and trade creditors to the tune of GH¢1.9 billion. Government transferred an amount of GH¢484.3 million to partially settle foreign exchange under-recoveries owed the Bulk Oil Distribution Companies (BDCs), support the Strategic Stock Reserve Programme of Government, and to subsidise premix and residual fuel oil.

62. Mr. Speaker, Government also sponsored the issuance of Cedi-denominated medium-to-long-term bonds (7 and 10 year bonds) on the back of the ESLA receivables to facilitate the clearance of the sector's legacy debts. Again, the Akufo-Addo Government is determined to turn away from the mismanagement of the energy sector in the past which led to the accumulation of billions of debts by entities, such as BOST, to managing these strategic entities with integrity and efficiency.

63. Mr. Speaker, in addition to these debt clearance measures, Government has embarked on a vigorous restructuring exercise to make the SOEs more viable.

MACROECONOMIC TARGETS FOR 2018 AND THE MEDIUM TERM

64. Mr. Speaker, the 2018-2021 Budget is informed by the President's Coordinated Programme for Economic and Social Development Policies which aims at creating a conducive environment for the private sector to thrive, propel growth and create employment opportunities, especially for the youth. In this regard, Government's policy objectives for the medium term will aim at:

-) Stabilizing the economy and setting it on a path of sustained, diversified and resilient growth;
-) Optimizing the key sources of growth in the economy on sustainable basis;
-) Enhancing a competitive and enabling business environment for private sector-led growth;
-) Formalizing the informal sector;
-) Building a strong and resilient economy able to withstand internal and external shocks;
-) Promoting agro-industrial enterprises as the basis for the "One District, One Factory" initiative; and
-) Creating entrepreneurial and employment opportunities, especially for the youth.

65. Mr. Speaker, this will be underpinned by a stable macro-economic regime. The strategies for achieving these broad macroeconomic objectives include the following:

-) Promoting inclusive growth without compromising fiscal consolidation;
-) Anchoring fiscal policy on reducing the fiscal deficit to low and sustainable levels, sufficient to reduce the overall public debt burden;
-) Strengthening the inflation targeting regime and pursuing complementary monetary policy to promote monetary discipline; and
-) Pursuing complementary external sector policies to ensure exchange rate stability and favourable current account balance.

66. Mr. Speaker, consistent with our medium-term development policy framework, we have set the following macroeconomic targets for the medium term (2018-2021):

-) Real GDP to grow at an average rate of 6.2 percent between 2018 and 2020;
-) Inflation to stay within the target band of $8\pm 2\%$;
-) Overall fiscal deficit to remain within the fiscal rule of 3-5 percent;
-) Primary balance expected to improve from a surplus of 0.2 percent of GDP in 2017 and remain around 2.0 percent in the medium term; and
-) Gross International Reserves to cover at least 4 months of imports.

67.Mr. Speaker, based on our policy objective of ensuring macroeconomic stability, and growing the economy for job creation, whilst protecting social spending, the following macroeconomic targets are set for the 2018 fiscal year:

-) Overall GDP growth rate of 6.8 percent;
-) Non-oil GDP growth rate of 5.4 percent;
-) End period inflation rate of 8.9 percent;
-) Average inflation rate of 9.8 percent;
-) Fiscal deficit of 4.5% percent GDP;
-) Primary balance (surplus) of 1.6 percent of GDP; and
-) Gross Foreign Assets to cover at least 3.5 months of imports of goods and services

Fiscal Sector - 2018

68.Mr. Speaker, moving into 2018, our fiscal programme is firmly anchored on the ongoing fiscal consolidation. Our prime focus is to ensure that the fiscal deficit, which remains our principal fiscal anchor, is programed to decline to 4.5 percent of GDP from the projected 2017 end-year estimate of 6.3 percent. Over the medium term, the fiscal deficit is expected to stabilize around 3-5 percent of GDP.

69.Mr. Speaker, achieving this objective is not only critical but necessary if we are to maintain the healthy primary balance surplus required to eventually reduce the rate of debt accumulation.

70. However, some critical issues must be addressed in the process. Domestically, we are faced with rising expenditures over the short to medium term, as we invest more in programmes that will stimulate economic growth and generate jobs. We will, therefore, need to boost domestic revenue through innovative channels that will not place undue burden on the entire populace.

71. Mr. Speaker, we must make these decisions in good time to ensure that our future generations will be bequeathed with a priceless inheritance of a sustainable fiscal environment, for as the saying goes, *"let us build the roof before it rains"*. We are studying all the available feasible options carefully.

72. In this vein, optimizing resource mobilization through improved tax compliance and efficient and effective revenue administration remains an important part of our fiscal strategy to boost domestic revenue mobilization for 2018 and the medium term. Consequently, in addition to empowering the Ghana Revenue Authority (GRA) to bring to book tax evaders, we are equally investing in programmes and infrastructure to widen the tax net. This will include the implementation and rollout of a National Digital Address System (to help us track tax payers especially in the informal sector), an acceleration of the implementation of the National Identification Programme, deployment of Electronic Point of Sale devices (to ensure that vendors are not under declaring VAT), and special audits, among others.

73. At the same time, this Budget also takes bold steps to start mobilizing revenue by making concrete changes in the tax policy framework, especially in tax exemptions. At the appropriate time, we will return to this august House with our proposed legislative amendments to pave the way for the execution of our programmes. Other tax measures being considered for the 2018 fiscal year include:

-) Review of the Suspense regimes;
-) Implementation of the Excise Tax Stamp policy
-) Extension of the requirement to produce Tax Clearance Certificates for large private sector contracts; and
-) Improving Property Rate collection.

74. Mr. Speaker, on the expenditure front, we have shown our commitment to eliminate expenditure overruns and will remain committed to continue with the design and implementation of the

Public Financial Management (PFM) reforms with the aim of eliminating inefficient and ineffective allocation of resources.

75. Mr. Speaker, currently, the wage bill poses the single major risk to our budget implementation. The entire Human Resource personnel management within the public service would need to be revisited. We will be considering our options carefully within the broader framework of the new Public Sector Reform Strategy (PSRS). Other expenditure measures include:

- J Streamline the GIFMIS Business process to facilitate and expedite payments to eliminate arrears build-up to service providers;
- J Strengthening and enforcing commitment control;
- J Payroll reforms

76. Mr. Speaker, these reforms will generate fiscal space to support priority spending programmes, boost growth, improve the societal welfare of our citizenry, and guarantee the achievement of our goal of debt sustainability.

Resource Mobilization for 2018

77. Mr. Speaker, Total Revenue and Grants for the 2017 fiscal year has been conservatively estimated at GH¢51 billion based on our projection of the level of economic activity in 2018, Government's policy on taxation and donor grant disbursements.

78. Mr. Speaker, Total Receipts from upstream petroleum activities amount to GH¢3.2 billion and estimated at 6.2 percent of Total Revenue and Grants. This is about 1.3 percent of GDP and represents a per annum growth of 24.8 percent over the 2017 projected outturn.

79. Domestic Revenue is estimated at GH¢50.5 billion, representing an annual growth of 26.9 percent.

80. Mr. Speaker, Non-Tax Revenue is estimated at GH¢8.0 billion, equivalent to 3.3 percent of GDP. Of this amount, internally generated funds to be retained by IGF-generating institutions amount to GH¢3.8 billion.

81. Mr. Speaker, revenue inflows from the Energy Sector Levies, specifically, the Energy Debt Recovery Levy, and the Price and Stabilization Levy is estimated at GH¢2.1 billion. These inflows are

reported for transparency purposes and are not intended for budget utilization.

82.Mr. Speaker, Grants from Development Partners mainly in support of projects are estimated at GH¢586.8 million, equivalent to 0.2 percent of GDP. We do not expect to receive any programme grants.

83.Mr. Speaker, it is important to note that, as a Middle-income country, these donor resources will cease with time, emphasizing the urgent need to boost domestic revenue mobilization.

Resource Allocation for 2018

84.Mr. Speaker, Total Expenditure, including provision made for the clearance of arrears is estimated at GH¢62 billion, equivalent to 25.7 percent of GDP. The estimated expenditure for the year represents an annual growth of 14.5 percent.

85.Mr. Speaker, Compensation of Employees which continues to represent the single largest item of government expenditure is estimated at GH¢19.6 billion (8.1 percent of GDP). Of this amount, GH¢16.8 billion, equivalent to 6.9 percent of GDP has been provisioned for Wages and Salaries alone.

86.Expenditure on Goods and Services is estimated at GH¢3.5 billion, representing 1.5 percent of GDP. The annual growth of 56.9 percent reflects a full provision made to cater for the Government's priority programmes, including the flagship Free SHS policy which enters its second year of implementation in 2018.

87.Mr. Speaker, the debt reprofiling exercise is having a positive impact on interest payments. Interest payments are estimated at GH¢14.9 billion (6.2 percent of GDP). Of this amount, Domestic Interest Payment constitutes about 82 percent. As we consolidate our public finances, the annual growth of domestic interest payments is expected to decline considerably.

88.Mr. Speaker, transfers to Statutory Funds as well as all other earmarked funds which are backed by the relevant Laws, are estimated at GH¢12.1 billion.

89.Mr. speaker, the object of the Statutory Funds is to provide secure funding to implement critical programs and projects in the relevant sectors. Over the years, these sectors have been exerting

a lot of pressure on the limited available resources despite allocations to the Statutory Funds. In consonance with the PFM Act, 2016 (Act 921), and Earmarked Funds Capping and Realignment Act, the earmarked funds will be realigned to national priorities.

90. Mr. Speaker, allocations for development Capital Expenditure is GH¢6.9 billion. Of this amount, domestically financed Capital Expenditure is estimated at GH¢3.3 billion or 1.4 percent of GDP. This represents an annual growth of about 219 percent. An amount of GH¢3.6 billion has been budgeted from foreign financed capital expenditure and this will be funded by a combination of donor project grants and project loans.

Overall Budget Balance and Financing for 2018

91. Mr. Speaker, based on the estimates for Total Revenue and Grants And Total Expenditure, the 2018 Budget will result in an Overall Budget Deficit of GH¢10.9 billion, equivalent to 4.5 percent of GDP.

92. Financing of the fiscal deficit will be from both domestic and foreign sources. Net Foreign Financing will amount to about GH¢3 billion (including a Eurobond of up to GH¢1.0 billion), equivalent to 1.2 percent of GDP. Net Domestic Financing will constitute about 73 percent of total financing and includes financing from bank and non-bank sectors, other domestic sources such as divestiture proceeds and mineral royalty prepayment. The total NDF is estimated at GH¢8 billion or 3.3 percent of GDP.

93. Mr. Speaker, it is worth noting that in 2018, the primary balance, which is an indication of our fiscal effort will be grown to a larger surplus of about 1.6 percent of GDP from the projected 2017 outturn of 0.2 percent. This signifies our resolve to “breaking the back” of a growing public debt from previous year.

Projection of 2018 Petroleum Receipts and allocation

94. Mr. Speaker, the projected Benchmark crude oil price for 2018 is US\$57.4 per barrel with a Benchmark output of 53.25 million barrels (145,887 barrels of oil per day). Similarly, the gas price for 2018 is projected at US\$3.94 per MMBtu, up from the 2017 estimate of US\$3.03 per MMBtu. This includes gas prices of Jubilee, TEN (associated and non-associated) as well as Sankofa Gyaname Ntomme (SGN).

95. The total petroleum revenue for 2018 is estimated at US\$669.4 million, with Benchmark Revenue projected at US\$335.86 million.
96. Mr. Speaker, in line with Section 23(3) of the PRMA, we propose to this august House to cap the Ghana Stabilisation Fund (GSF) at US\$300 million. The reason for the capping is to use the excess amount over the cap to retire existing debt, in line with the Law.

The Medium Term Debt Strategy and Debt Sustainability Analysis

97. Mr. Speaker, the attainment of debt sustainability remains one of the key objectives of Ghana's debt management policy. Government will continue to pursue fiscal consolidation measures to run primary budget surpluses, as well as to smoothen bullet payments in the public debt portfolio.
98. Mr. Speaker, consistent with the approved 2017-19 Medium Term Debt Strategy (MTDS), Government will target a financing mix that minimizes cost and addresses portfolio risks.
99. Government's top priorities in 2018 include:
-) the development of a vibrant domestic capital market to support domestic financing of the 2018 budget;
 -) to continue to build benchmark securities to improve the liquidity of debt instruments in the secondary market and facilitate price discovery; and
 -) the continuation of the liability management operations to ensure orderly redemption of securities.

SECTORAL PERFORMANCE AND OUTLOOK

100. Mr. Speaker the 2018 Budget will be implemented under the theme **"Putting Ghana Back to Work"**. We will continue, as well as expand the programmes we began in 2017 and initiate other strategic programmes in 2018 to turn around the fortunes of this country. The programmes will be implemented by the MDAs under the five main sectors namely: Administration; Economic; Social; Infrastructure and Public Safety Sectors.

101. Mr. Speaker, if you permit, I will now present highlights of the performance for 2017 and outlook for 2018 for the key sectors of the economy. It is important to note that the programmes are consistent with the social, economic and environmental development goals of the SDGs.

ECONOMIC SECTOR

Agriculture

102. Mr. Speaker, our flagship **“Planting for Food and Jobs ”** Programme (PFJ) has been a tremendous success. The PFJ recruited 2,160 university graduates and 1,070 youth to register and provide extension services to farmers across the country. To date, 201,000 farmers have been registered . In addition, 121,000MT of subsidised fertilizers and 4,454.98 MT of subsidised seeds of cereal, legumes and vegetables have been distributed to beneficiary farmers.

103. The programme also registered suppliers to distribute farm produce to public institutions including the School Feeding Programme, the Free Senior High School Programme, Prisons, Defence and Police, among others to ensure availability of quality food in a timely manner in these institutions.

104. The National Buffer Stock Company was revitalised to procure, store and distribute the outputs from the Planting for Food and Jobs and other programmes of the Ministry. The company in collaboration with the Agricultural Development Bank registered 553 licensed buying companies.

105. The invasion of the Fall Army Worm (FAW) was successfully managed through distribution of chemicals to farmers; recruitment of spraying gangs; and monitoring and surveillance. This intervention recovered 123,232ha of farm lands out of 137,479ha affected. A strategic stock of insecticide and other logistics will be built to ensure ready availability of chemicals during outbreaks as well as intensification of monitoring and surveillance.

106. In 2018, to improve livelihood of livestock farmers in all 10 regions and increase meat production, 2,000 livestock farmers will be supported with 70,000 small ruminants (Sheep and Goats). The Ministry will also support six National Livestock Breeding Stations to

produce and distribute 200 crossbred heifers, 1,700 improved pigs, and 100,000 cockerels.

107. To promote agricultural mechanization, 220 tractors and accessories comprising 141 maize shellers, and 77 Multi-crop threshers were distributed to farmers and service providers. In 2018, the Ministry will distribute 200 tractors and matching implements, 1,000 power tillers and walking tractors, 30 tractor mounted rippers, 10 tractor drawn rear blade, 10 tractor mounted slasher, 60 boom and orchard sprayers, 4000 motorised sprayers, 60 mechanical and pneumatic planters, 50 cereal harvesters, 200 multi-crop threshers, 400 irrigation kits (engine and solar powered sprinklers sets), and 100 green house technology for horticulture production.

108. The Ministry in collaboration with Ghana Irrigation Development Authority (GIDA) completed the rehabilitation of the Mprumen dam and continued works on Tamne phase -1 headworks; Sakpe Zakpalsi; Kornorkle and Uasi which are at various stages of completion.

109. To facilitate the provision of community-owned and managed small-scale irrigation facilities especially in northern Ghana, the Ministry identified 192 small dams and dugouts in 64 districts for development under the **'One-Village-One Dam'** initiative beginning 2018. In addition, 30 pumping schemes and 100 boreholes will be developed and a feasibility study conducted for water transmission lines in Northern Ghana.

Cocoa Sector Loan Syndication

110. Mr. Speaker, the US\$1.8 billion syndicated loan used in purchasing 969,000 metric tonnes of cocoa for the 2016/17 cocoa season has been repaid. For the 2017/18 season an amount of US\$1.3 billion has been raised to purchase a projected crop of 850,000 tonnes.

Cocoa Producer Price

111. The average Free on Board (FOB) price of cocoa in the past season witnessed a 30 percent decline from US\$2,950 to US\$2,080.

This situation compelled other countries to reduce their producer prices of cocoa. Mr. Speaker, Government however, maintained the producer price of cocoa at GH¢7,600 per tonne to minimise the harsh effects this decline in international cocoa prices could have on the earnings of our hardworking cocoa farmers. This price represents 88.66 percent of the net FOB, a clear demonstration of this Government's commitment to enhancing the welfare of cocoa farmers.

112. Government will initiate an inducement package to take care of bottlenecks in the customary land tenure system. While Government remains committed to improving road infrastructure in cocoa growing areas, there is a 'value for money' audit to ensure that the tax payers' monies are used judiciously and efficiently. COCOBOD, over the past three years, awarded cocoa road contracts to the tune of GH¢5.1 billion against a budget of GH¢1.6 billion, resulting in excess budget of GH¢3.5 billion.

Value Addition

113. As part of measures to promote industrialization, government modified the incentives to increase processing of cocoa in Ghana, through progressive discounts that incentivize tertiary processing. Thus, raising value addition to cocoa and creating jobs.

Coffee and Shea Programme

114. To ensure the long-term sustainability of coffee production, reforms in the marketing of coffee will be strengthened to assure farmers of ready market and remunerative prices for the coffee produced.
115. The Shea unit of COCOBOD will remain pivotal in the implementation of these programmes. COCOBOD will therefore continue funding the Shea Unit as part of its operational activities to revamp the Shea industry.
116. The fight against illegal mining was initiated in March this year. The elements of the fight have included public education, suspension of small scale mining operations to allow recovery of polluted water bodies, training of 400 small scale miners in

sustainable mining practices at the University of Mines and Technology, Tarkwa and establishment of Operation Vanguard, a 400 man strong security force to maintain security in mining districts and to enforce the ban. The extent of pollution of water bodies and land degradation has been studied.

117. A register of licensed small-scale miners has been compiled with a view to regularising their operations and ensuring compliance with mining and environmental requirements. A code of practice for small-scale mining operations will be outdoored and committees will be formed in all mining Districts to fight illegal mining and address issues relating to small-scale miners

TOURISM, CULTURE AND CREATIVE ARTS

Tourism Research and Marketing Programme

118. Mr. Speaker, to boost the local economy and to enable Ghanaians appreciate their heritage, the 'See Ghana, Eat Ghana, Wear Ghana and Feel Ghana' programme was launched this year and will continue in 2018. A gastronomic festival will be organised to showcase Ghanaian foods and recipes through cooking competitions throughout the country as part of efforts to promote the local Ghanaian cuisine.
119. Government will continue its initiatives to improve the Creative Arts sector with the establishment of a fully functional Creative Arts Secretariat and the commencement of feasibility studies to set up a Creative Arts Fund.
120. The Ministry will also use international Tourism, Arts and Culture Fairs and fora and a Single Window portal to promote tourism and investment in Ghana.

ENERGY

Generation Capacity

121. Mr. Speaker, the country's installed generation capacity was increased from 4,132 MW in 2016 to 4,577MW in 2017. In 2018, Government will continue to increase the installed generation capacity by about 487MW (Cenpower; 340MW, Early Power Phase 1; 147MW) to meet the growing demand of electricity.

122. Under the Transmission System Improvement Projects, GRIDCo continued with the Transmission System Reinforcement Project to improve operational reliability, security and control among others. Key among these are:
-) Kpando-Kadjebi 161kV Transmission Line was completed;
 -) The Aboadze-Prestea and Prestea-Kumasi 330kV Transmission Lines are about 70% complete and will be completed in 2018;
 -) The Kumasi-Bolgatanga 330kV Transmission Line is about 50% complete and will be continued in 2018.
123. Under the Rural Electrification Programme, 289 out of a targeted 2,185 communities were connected to the national grid with other projects at various stages of completion. In 2018, a total of 1,796 communities will be connected to the national grid
124. Under the Energy Efficiency and Conservation programme, the Ministry will
-) distribute 12 million LED Lamps under a cost recovery programme.
 -) Street lights will be replaced with better efficiency lamps under the Regional Capitals Street Lighting Project
125. To enhance development of a competitive power market, Government approved the restructuring of Volta River Authority (VRA) to include an entity to manage the hydroelectric facilities separately and the sale to the private sector of the state-funded thermal power plants which government assigned to VRA to manage and operate. The restructuring of VRA will also enable the use of cheap electricity from legacy hydro to support government subsidy objectives to a targeted category of consumers in a transparent manner.
126. In order to align the ECG Private Sector Participation (PSP) Programme with the concerns raised, government secured key amendments to the ECG PSP arrangements. The concession period was reduced from 25 to 20 years, and Ghanaian shareholding threshold was increased from 20 percent to 51 percent.

Renewable and Alternative Energy Development

127. In line with the Ministry's goal of increasing the penetration of renewable energy in the energy mix and the promotion of distributed solar power for government and public buildings, the Ministry will embark on an MDA Solar Rooftop Programme dubbed "Government Goes Solar" to reduce Government's expenditure on utilities.
128. In 2018, a Technical and Vocational Education and Training (TVET) in oil and gas and renewable energy will be launched with the objective of training and developing technical capacities required in the Oil and Gas industry. In addition, a local content legislation for the downstream petroleum industry and procurement guidelines for the upstream sector will be developed. The Ministry will also pursue an Accelerated Oil and Gas Capacity Building Programme in 2018.

INFRASTRUCTURE SECTOR

Ministry of Works and Housing

Human Settlement and Development

Government remains committed to reducing the housing deficit through the provision of safe and affordable housing. In this regard, the second phase of the Security Agencies Housing Project comprising 368 housing units for the Ghana Navy was completed and ready for commissioning.

129. In addition, 216 of the affordable housing units at Kpone were allocated to the Ghana Police Service for completion. The stalled Government Affordable Housing Projects at Borteyman-Greater Accra and Asokore-Mampong, Kumasi were handed over to SSNIT for completion. Work resumed at the Asokore Mampong site for 1,030 housing units and the project is progressing steadily.
130. In addition, the first phase of 5,000 housing units at Saglemi–Old Ningo for 1,502 housing units is 75 percent complete. In 2018, about 10,000 housing units of various types shall be executed in all the regional capitals of the country.
131. The coastal protection works at Aboadze and Nkontompo was completed whilst the Adjoa, Blekusu, New Takoradi/Elmina Phase II and Dansoman are at 65 percent, 45 percent, 40 percent and 45

percent complete, respectively. The Ministry will commence the construction of Sea Defence Projects at Axim, Cape Coast, Ningo-Prampram, Shama and Mensa Guinea in Accra.

132. In 2018, construction of various reinforced concrete drains will be undertaken in Abuakwa South, Tano North, Subin, Effiduase in Sekyere East District, Okaikoi Central, Asutifi, Hwidiem, Tafo, Tamale, Ofoase-Korkorben, Odorkor, Bodi, Boanim, Dwinase, Asankragua, Nkrankwanta, among others.

Railway Development

133. The construction of the 10.1km double track and 4.5km single track sub-urban railway line from Sekondi to Takoradi via Kojokrom was completed. This led to the re-introduction of rail passenger services with two sets of Diesel Multiple Unit (DMU) trains.

134. Detailed designs for the section of the Western Line from Kojokrom to Kumasi commenced. Procurement for works on the Kojokrom to Eshiam section is in progress. In 2018, works on the Line, including branch lines to Dunkwa-Awaso-Nyinahin, will continue.

135. Work commenced on the 85km Akosombo- Tema railway line from the Tema Port to link the Volta Lake via the Akosombo Port, as part of a multi-modal transport system to facilitate the transfer of containerized cargo by rail to and from the Tema Port. This will be continued in 2018.

Railway Investment Management Programme

136. Feasibility Studies for the development of Boankra Inland Port and Eastern Railway Line using PPP was completed and approval granted. A market sounding event will be organised for the project to solicit investor interest.

137. In 2018, the Ministry's Railway Master Plan developed in 2013, will be reviewed and new rail line extensions incorporated to guide railway development with a focus on rail safety. In addition, the Ghana Railway Act, 2008 (Act 779) will be reviewed and the Ghana Railway Development Authority re-structured to decouple the Infrastructure development from the Regulatory functions.

ROADS AND HIGHWAYS

Road Rehabilitation and Maintenance Programme

138. The Ministry maintained its focus on routine and periodic maintenance activities to protect the huge investment made by Government in the provision of the road infrastructure. Routine maintenance were undertaken on 10,250km of the trunk road network, 10,679km on the feeder road network, and 7,000km on the urban road network.
139. In addition, periodic maintenance activities, comprising re-gravelling/spot improvement and resealing works were carried out on 199km, 205km and 390km on the trunk, feeder and urban road networks respectively. Periodic maintenance activities on the urban roads were mostly focused on resealing and asphalt overlay works which saw 100km of roads asphalted in Tema and Accra.
140. In 2018, the Ministry will undertake 11,900km, 22,500km and 6,500km of routine maintenance activities on trunk, feeder and urban road networks, respectively. In addition, periodic maintenance activities to include spot Improvement, Re-gravelling, Resealing, Asphaltic Overlay, Partial Reconstruction, Maintenance of Bridges will be undertaken. This will cover 36km, 500km, 400km of periodic maintenance activities on trunk, feeder and urban roads, respectively.

Road and Bridge Construction Programme

141. The development activities undertaken include construction, upgrading and rehabilitation of roads and bridges. The details of progress on some of the projects are shown below;

Project	2016	2017
Nsawam - Apedwa Road, Kwafokrom – Apedwa	77%	87%
Tarkwa Bogoso-Ayamfuri	96%	100%
Agona Junction – Elubo	98%	100%
Ayamfuri – Asawinso	92%	97%
Wa – Han	58%	74%
Kansaworodo Bypass Phase 3	0%	30%
Kasoa Interchange and Ancillary Works	58%	100%

Dualisation of Ho Main Road	0%	21%
Construction of Ho Bypass	9%	67%
Bolgatanga-Bawku-Polmakom	0%	13%
Nkwanta-Oti Damanko (Km0 -50)	35%	39%
Nkwanta-Oti Damanko (Km50-62.3)	13%	35%
Berekum-Seikwa	81%	88%

142. In 2018, 56km of trunk roads and 30km of urban roads will be constructed. Some of the key roads programmed for construction include;

-) Construction of Bridge on the Volta River at Volivo
-) Nsawam - Apedwa Road (Kwafokrom – Apedwa Road)
-) Tamale – Yendi Road
-) Bolgatanga – Bawku - Polmakom
-) Nkwanta - Oti Damanko Road
-) Oti Damanko - Nakpanduri Road
-) Berekum – Seikwa Road
-) Enchi - Dadieso Road
-) Kasoa Interchange and Ancillary Works
-) Dualisation of Ho Main Roads
-) Construction of Ho Bypass
-) Construction of Pokuase Interchange
-) Kumasi Roads and Drainage Extension Project

MINISTRY OF SANITATION AND WATER RESOURCES

Water Management Programme

143. The Dam Safety Regulations LI 2236 was adopted to support the development, management, commissioning and decommissioning of diverse water storage facilities throughout the country and is expected to enhance the implementation of the “One-Village-One-Dam” initiative. In addition, the Ministry continued with the management of the 10.2km buffer zone created in the White Volta basin to protect, conserve and sustain fresh water resources. In 2018, the Ministry will ensure the continuous implementation and enforcement of the buffer zone policies.

144. The Flood Early Warning System (FEWS) was improved to aid accurate flood forecasting in the White Volta basin in the course of the year. This led to the development of a new FEWS for the Oti

Basin to serve as a trans-boundary model for both Ghana and Togo.

145. The Ministry commissioned the Wa Water Supply Project and completed the Cape Coast Water Supply Project, Essakyir Water Supply Project - Addendum 1, Akim Oda, Akwatia and Winneba Water Supply Projects.
146. The Ministry through Community Water and Sanitation Agency will implement Phase 2 of the Sustainable Rural Water Supply Project, which will see to the construction of about 50 small town water pipe schemes and over 300 boreholes.
147. In 2018, the Ministry will undertake expansion works in Kpong Water Supply Expansion Project – Phase 2, Aqua Africa Water Project, Yendi Water Project, Damongo Water Project, Tamale Water Supply Project, Sunyani Water Project, Sekondi-Takoradi Water Project, Essiama Water Project, Navrongo Water Supply Project.

Sanitation Management

148. The Ministry will provide 200,000 household toilets and 20,000 Institutional latrines to selected communities under the 'Toilet for All' agenda in a bid meet the SDG on ending open defecation.
149. Six unauthorized dump sites were evacuated in the Accra Metropolis and in addition, the Ministry will acquire and develop material recovery sites such as waste transfer stations and final disposal sites in every region to ensure the sorting and temporary holding of solid waste prior to treatment at the waste processing plants.

Ministry of Communications ICT Infrastructure Development

150. The Ministry acquired land at Dawa for an ICT Technology Park to be constructed in 2018 to meet the needs of interested ICT tenants.
151. The Ministry will ensure the smooth process of migration from analogue to digital television transmission
152. To build confidence and protect the use of electronic communications for national development, the Ministry launched National Cyber Security Policy and Strategy. Implementation of the policy will continue in 2018.
153. In 2018, the Ministry through Ghana Investment Fund for Electronic Communications (GIFEC) will pursue the implementation of the digital for inclusion (D4I) programme in 50 districts by providing points of presence for internet access, use of digital financial services and 400 telephony site for under-served and unserved communities.

SOCIAL SECTOR

Education

154. The Education Sector Strategy will be guided by Global Education 2030 Agenda and Targets, defined by Sustainable Development Goal 4 “ Ensure Inclusive and Equitable Quality Education for all and promote Lifelong Learning”
155. The broad sector policy thrust for Education is Sustainable and Efficient Management of Education Service Delivery with focus on teacher development and accountability; improved Quality of Teaching and Learning at all Levels, inclusive and Equitable Access at all Levels, skills Development and Training for Employability through Quality TVET and strengthened Mathematics, Science, ICT and Technology Education.

Basic Education Curriculum Reforms

156. To improve the quality of basic education and equip the Ghanaian child with basic literacy, numeracy and critical thinking skills, the Ministry of Education commenced the process for the review of the basic level curriculum to emphasize the 4 R's (Reading, wRiting, aRithmetic and cReativity). In 2018, the Ministry will complete the curriculum reforms and define national pupil standards in literacy, numeracy and creativity. In addition, the

common national assessment system will be implemented to measure pupil achievement against set benchmarks.

Teacher Professional Development

157. In accordance with the Education Act 778, government is implementing measures to ensure Continuous Professional Development (CPD) of teachers through registration and licensing of teachers under the Pre-Tertiary Teacher Professional Development and Management (PTPDM) scheme.

Pre-Tertiary Education Bill

158. The Pre-Tertiary Bill approved by Cabinet proposes the devolution of the management of Basic Schools to the Assemblies and management of Senior High Schools at Ghana Education Service (GES) and Ministry of Education (MoE) Headquarters. In 2018, the Bill will be laid before Parliament.

Basic Education Programme

159. The number of basic schools (both public and private) increased at all levels. KGs increased by 5.4 percent, Primary 5.4 percent and Junior High Schools 7.0 percent between 2015/2016 and 2016/2017 academic years.

Capitation Grant

160. In fulfilment of government's promise to make basic education free and ensure participation by all, the Capitation Grant was increased by 100 percent from GH¢4.50 per capita to GH¢9.00 in 2017. Mr. Speaker, it is worth stressing that this increase by the Akufo-Addo Government was the first ever increase in the Capitation Grant since 2009, meaning in all the 8 years that our friends, the social democrats, were in office. I am happy to announce that there will be a further increase to GH¢10.00 in 2018 under this Government.

BECE Subsidy

161. Government absorbed 70 percent of the 2017 BECE registration fees as subsidies for all registered candidates in both public and private JHSs. In 2018, government will absorb 100 percent BECE registration fees for registered candidates from public Junior High Schools.

Basic Science Technology Engineering and Mathematics (BSTEM)

162. The Ministry will next year begin the infrastructural works towards the introduction of the Basic Science, Technology, Engineering and Mathematics (BSTEM) programme in all basic schools. This initiative is intended to strengthen the foundational skills and generate interest in mathematics, science and technology. This will involve the provision of equipment to over 38,000 public basic schools, training over 38,000 basic school teachers in the delivery of BSTEM and the establishment of 10 well-equipped Regional BSTEM centers.

Technical/Vocational Education and Training

163. TVET reforms leading to the alignment of public TVET institutions under the Ministry of Education will continue in 2018. The reforms will include developing occupational standards, training of facilitators and assessors and strengthening Competency Based Training (CBT).

Teacher Trainee Allowance

164. Government restored the Teacher Trainee Allowance covering over 49,000 teacher trainees from 41 public Colleges of Education for the 2017/18 academic year. In addition, funds were released for the payment of outstanding Feeding Grant to all public Colleges of Education for the 2015/16 and 2016/17 academic years. In the 2018/19 academic year, a projected number of over 52,000 Teacher Trainees will benefit from the allowance.

Commission of Tertiary Education

165. A report was submitted for the enactment of a law to establish a unified Commission for Tertiary Education to deal with policy formulation, implementation and accreditation, among others. In 2018, the Ministry will begin implementing recommendations that will reform university accreditation and affiliation policies towards introducing equity and fairness in the setting up of public and private universities.

Health

Management and Administration

166. Government paid GH¢600 million out of the total government indebtedness to the National Health Insurance Scheme (NHIS) and this has improved funding and smooth running of hospitals. In line with government's commitment to revive the NHIS, the Ministry setup technical teams to review the recommendations of the NHIS Review report.
167. In the area of infrastructure, construction of classroom blocks for Health training institutions at Sampa, Asankragua, Pantang and Korle-Bu Critical Care and Peri-operative Unit was completed in 2017.
168. The following projects are also at various stages of completion
-) Four District Hospitals namely Kumawu, Fomena, Abetifi and Takoradi European Hospital,
 -) Tamale Teaching Hospital Phase 2;
 -) Two Regional and six District Hospitals at Wa, Sewua, Salaga, Konongo, Tepa, Nsawkaw, Atomic and Twifo Praso;
 -) 10 Polyclinics at Bisease, Gomoa Dawurampong, Binpong Egya, Ekumfi Nakwa, Etsii Sunkwa, Biriwa, Akunfude, Jamra Mankrong and Potsin; all in the Central Region;
 -) Five Polyclinics at Oduman, Sege, Bortianor, Ashaiman and Adenta; in the Greater Accra Region.

Health Service Delivery

169. The number of institutional maternal deaths per 100,000 live births reduced from 167.5 in June 2016 to 149.7 in June 2017. However, institutional infant mortality per 1000 live births increased from 5.8 to 7.5.
170. Mr. Speaker, sector challenges affected the purchase of vaccines, resulting in lower than targeted immunization coverage in the first half of 2017.
171. In 2018, the Ministry will continue to address the vaccines challenges that the country has faced over the last eight years and develop a clear sustainability plan for vaccines and antiretroviral medicines in anticipation of our exit from GAVI.

172. Mr. Speaker, the focus of health sector activities in 2018 will be directed at reducing morbidity and mortality (especially maternal and neonatal), and improving the quality of life. This will be achieved by increasing access to quality health services and improving efficiency in the governance and management of the health delivery system.

173. In 2018, government will explore the possibility of weaning selected health agencies off Government subvention. In addition, the Ministry in collaboration with other stakeholders will develop a medical tourism policy.

Gender and Social Protection

Ghana School Feeding Programme

174. Under the Ghana School Feeding Programme, 1,677,322 pupils in the existing beneficiary schools in all 216 districts in the country were provided with one meal per school day.

175. The Ministry implemented new caterer contracting guidelines which required caterers to purchase food items from local farmers and fishermen. The new guidelines was used to recruit 5,528 caterers.

Youth and Sports Development

Management and Administration Programme

176. In 2018, the Ministry will continue the process of passing the Legislative Instruments of the National Youth and Sports Act, pursue the enactment of the draft National Sports College Bill and create a Sports Fund to improve sports development in the country

Youth Development Programme

177. The National Youth Authority launched the STEP (Steps Towards Employment and Productivity) Project which aims at equipping 5,000 young persons between the ages of 15 and 35 with artisanal skills. The Authority organised a coaching and mentorship programme for 250 students from selected Senior High Schools in Accra and also provided skills and vocational training to 1,558 trainees at the 11 Youth Leadership and Skills Training Institutes (YLSTIs).

178. In 2018, the Authority will implement the STEP Project under the Informal Youth Enterprise Development Programme and also commence the development of a National Youth Work Policy and Licensing. The Authority will establish Youth in Sports Development programme to create a platform for the youth to contribute to sports development

PUBLIC SAFETY SECTOR

Office of the Attorney-General and Ministry Of Justice

179. A legal team, with the support of technical experts successfully defended Ghana's Maritime boundary dispute with La Cote D'Ivoire at International Tribunal for the Law of the Sea (ITLOS) thereby, forestalling the loss of potential revenue from the disputed oil fields.

180. In the fight against corruption, the Office of the Special Prosecutor's Bill was just yesterday passed by this Parliament. This is a significant move in the overwhelming national desire to combat corruption. In 2018, the Office of the Attorney-General's Department will operationalise the Office of the Special Prosecutor, review all agreements for MDAs and MMDAs, with the aim to secure successful convictions in the vast majority of cases referred to the Office by the Police.

Ghana Beyond Aid

181. Mr. Speaker, at the heart of our government's vision for Ghana is an "An Agenda for Jobs: Creating Prosperity and Equal opportunity for All". We are committed to pursuing this agenda of inclusive growth by implementing strategies, policies, and programmes to grow our economy and promote the creation of good jobs at a much faster pace than ever before.

182. Mr. Speaker, to this end, we envision a Ghana beyond aid where Government and the people of Ghana take full ownership and responsibility for the nation's economic growth and transformation, in a new partnership with our development partners.

183. Mr. Speaker, while we greatly appreciate and will continue to welcome assistance from our external development partners, we envisage a new partnership:

-) where development assistance is targeted and strategically aligned with our national growth and economic transformation priorities;
-) where domestic resource mobilization is enhanced through higher private savings and higher government revenues raised in a more efficient and equitable manner;
-) where there is resolute efficiency and accountability in the use of all public resources by government, including resources from external partners;
-) where strong support is given to the private sector, both domestic and foreign, to drive economic growth and job creation; and
-) where our engagement with our external partners transitions from one based on aid to one increasingly based on trade and strategic political cooperation.

184. Mr. Speaker, we envision a Ghana beyond aid where within a generation, Ghana, through rapid and inclusive growth that respects gender equity, safeguards the environment and mitigates climate risk exposure, has attained upper middle-income status. This will be:

-) a Ghana where each child has the opportunity to graduate from at least a senior secondary school or polytechnic and be equipped with the skills to succeed in the modern workplace;
-) a Ghana with an economy based on a transformed and highly productive agriculture, a dynamic and competitive manufacturing sector, and high-value services that provide productive employment opportunities for all our young people entering the job market;

- J a Ghana where no one has to go hungry and everyone has access to the necessities of life including good health care, water, and sanitation in line with the Sustainable Development Goals (SDGs);
- J a Ghana that provides reliable and affordable supply of infrastructure, including power;
- J a Ghana that is a hub for manufacturing, financial services, and other high-value modern services; and
- J a Ghana that is a preferred location for international businesses that are operating in mutually beneficial linkages with vibrant local businesses, and serving the rest of Africa and the global market.

185. Mr. Speaker, we can do this and we will do this.

186. And we are confident we can, because we are a nation of smart, dedicated and hard-working people, blessed with abundant natural resources; and a nation that has maintained peace and political stability and earned international respect and goodwill. All we need then is a leadership of integrity, with a clear strategy and the will and determination to pursue it.

187. Therefore, Mr. Speaker, we will, through consultations inside and outside government, translate the President's "Coordinated Programme of Economic and Social Development Policies" (CPESDP) into a detailed medium-term national development policy framework for 2018-2021, for fast and sustained growth, building on the achievements of this year and the measures already contained in this budget.

188. Mr. Speaker, I have every confidence that with all of us working together under the President's leadership, we can march forward to a Ghana beyond aid in a new, more matured, and mutually beneficial relationship with our external partners, and advance towards our national vision of building: *"An optimistic self-confident and prosperous nation, through the creative exploitation of our human and natural resources, and operating with a democratic, open and fair society, in which mutual trust and economic opportunities exist for all"*.

SECTION SIX: POLICY INITIATIVES

1. Mr. Speaker, Government made a commitment in the 2017 Budget Statement and Economic Policy, to structurally transform the economy through investment in agriculture, development of strategic infrastructure, investment in human capital and a deliberate push towards industrialization with active private sector involvement to create jobs and wealth, and improve incomes, thereby improving the standard of living of the Ghanaian.

2. Mr. Speaker, to achieve this transformation we will continue with the implementation of our flagship programmes and initiatives commenced in 2017 and also outline new initiatives for implementation in 2018.

STATUS OF THE 2017 BUDGET POLICY INITIATIVES

3. Mr. Speaker, in our maiden Budget Statement and Economic Policy, we outlined a number of short to medium term policy initiatives, to set the stage for our agenda for inclusive growth and job creation.

4. Mr. Speaker, permit me to present an update on these policy initiatives.

IMPROVING THE BUSINESS ENVIRONMENT

Tax Incentives

5. Mr. Speaker, Government promised in the 2017 Budget to remove some taxes to free additional capital for businesses and provide relief to consumers. In line with this, the following taxes were abolished:
 -)] one percent Special Import Levy imposed on imported raw materials and machinery;
 -)] 17.5 percent VAT/NHIL on Financial Services;
 -)] 17.5 percent VAT/NHIL on domestic airline tickets;
 -)] Excise duty on Petroleum;

- J Import duty on specified vehicle spare parts;
 - J five percent VAT/NHIL on Real Estate sales;
 - J 17.5 percent VAT/NHIL on selected imported medicines not produced locally;
 - J Levies imposed on 'kayayei' by local authorities.
6. The following taxes were reduced:
- Special Petroleum Tax reduced from 17.5 percent to 15 percent;
- J Energy sector levy rates for National Electrification and Public Lighting also reduced from 5 percent to 2 percent and 5 percent to 3 percent respectively;
7. Others include:
- J Exemption from tax, gains from realization of securities listed on the Ghana Stock Exchange for a period of 5 years;
 - J Replacement of 17.5 percent standard rate with a 3 percent flat VAT/NHIL rate for supplies by retailers and wholesalers.
8. The following tax measures were also implemented:
- J As part of measures to streamline tax exemptions, Government piloted a refund policy. Based on the lessons learnt, structures, including a paperless system will be implemented for granting and monitoring tax exemptions. Government, in 2018, will introduce a comprehensive policy on the tax exemption regime.
 - J The Fiscal Electronic Device Bill was laid before Parliament; and
 - J The Excise Tax Stamp policy was launched.

Paperless Port System

9. To improve efficiency at the Ports, the Ministry introduced paperless transaction at the Ports. The implementation of the paperless system significantly reduced transaction time from 2 days to 8 hours (of compliant transactions) whilst revenue from the Port increased by 35.4 percent.

Banking Sector Initiatives

10. Mr. Speaker, Government resolved in the 2017 Budget Statement to address the challenges in the financial sector to enable strong private sector credit growth. In this regard, the Bank of Ghana addressed the challenge that UT Bank and Capital Bank posed to the entire banking system by facilitating to a Purchase and Assumption Agreement by GCB Bank. This intervention was made with the clear policy intent to protect the deposit public and prevent any contagion effect on the entire industry. The government is proud to announce that despite the failure of these two banks in 2017, the confidence and trust in the financial sector remain strong.
11. The Bank of Ghana increased the minimum capital requirement of universal banks from GH¢120m to GH¢400m, and all such banks have up to December 2018 to meet the minimum capital requirements. This was done to ensure that these banks have more capacity to lend to businesses, especially within the purview of their single obligor limits which the Bank of Ghana must enforce strictly.
12. Mr. Speaker, Government streamlined ESLA flows to accommodate all the existing legacy debts (about GH¢10 billion) owed by the energy sector firms to banks and suppliers, and took steps to issue an ESLA-backed bond to pay off these debts. This initiative is very important in resolving the liquidity challenges faced by the banks and will enable stronger credit to the private sector especially as banks Non-Performing Loans (NPLs) improve.
13. Government also prepared the Payment Systems and Electronic Transfer Bill to support transition from cash dominant to cash light economy. In 2018, this Bill will be laid before Parliament.

INFRASTRUCTURE DEVELOPMENT INITIATIVES

Infrastructure for Poverty Eradication Programme (IPEP)

14. Government introduced the IPEP to direct capital expenditure towards local, constituency-level specific infrastructure and economic development priorities with particular emphasis on rural and deprived communities. In this regard, the Ministry of Special Development Initiatives (MSDI) was created to provide oversight and strategic direction for the implementation of IPEP.
15. IPEP projects were selected through standardised guidelines in the categories provided below:
 -)] One Village, One Dam;
 -)] Small Business Development;
 -)] Agricultural inputs, including equipment;
 -)] “Water For All” Projects; and
 -)] Sanitation Projects.
16. A ten-member regional team was constituted for each of the 10 Regions to oversee the implementation of the IPEP. The teams conducted constituency infrastructure needs assessment to identify projects in all 275 constituencies that are consistent with government priority areas.
17. The law establishing the three Development Authorities (DAs) namely, Northern Development Authority (NDA) Middle-Belt Development Authority (MDA) and Coastal Development Authority (CDA) has been passed by Parliament.

Establishment of the Zongo Development Fund

18. In addition, Parliament passed the law establishing the Zongo Development Fund and this has been funded in the 2018 budget.

Industrialising Ghana from the Ground Up: “One District, One Factory”

19. One District, One Factory programme was launched by the President on 25th August, 2017.

20. The Ministry of Trade and Industry completed technical, financial and commercial viability analysis of 462 proposals out of which 191 covering 102 Districts were selected for implementation. It is envisaged that, these 191 District Enterprise Projects will collectively generate about 250,000 direct and indirect jobs.
21. 191 projects have been appraised and selected for implementation. 104 of these companies will be operating in the Agribusiness sector; 20 in the Meat and Poultry sector; 40 in the Construction and Building Materials sub-sector; and the remaining 27 are businesses in the Cosmetics and Pharmaceuticals sectors.
22. The regional breakdown of the companies are as follows:
- | | |
|---------------|----|
| Ashanti | 35 |
| Brong Ahafo | 19 |
| Central | 21 |
| Eastern | 34 |
| Greater Accra | 28 |
| Northern | 17 |
| Upper East | 4 |
| Upper West | 5 |
| Western | 10 |
| Volta | 18 |
23. In 2018, government will allocate a minimum of GH¢2 million to each district for the implementation of the IDIF. I am by this challenging the local authorities in the various districts, together with the private sector to take full advantage of these funds.

The National Industrial Revitalisation Programme- A Stimulus Package for Industry

24. A Stimulus Programme was designed to support viable existing local companies that are currently distressed or are facing operational challenges but are deemed viable. To date, over 350 applications from business operators have been received, out of which 80 were assessed to be eligible for support in the first phase of the programme. The second

phase will involve the provision of a stimulus package consisting of technical and financial support to these eligible companies.

25. These beneficiary firms operate in the following sectors: Agri-Business 48; Chemicals/Pharmaceuticals 10; Electrical and Electronics 3; Garment and Textiles 5; Building Materials 6; Plastics and Packaging 6; and Services 2.

Building an Entrepreneurial Nation

1. Government engaged a Private Sector Implementation Partner (PSIP) to manage the US\$10 million National Entrepreneurship and Innovation Programme (NEIP) and to raise additional funding from the private sector. This programme was launched by the President on 25th August, 2017. The Ministry for Special Development Initiatives advertised and received 5,500 applications from young Ghanaian entrepreneurs. These applications are being vetted and successful entrepreneurs will receive business advisory services. About 500 of these will receive financial support in addition. Each enterprise will employ a minimum of 12 persons.

Planting for Food and Jobs

2. Mr. Speaker, the Planting for Food and Jobs Campaign, anchored on five strategic pillars - provision of improved seeds, fertilizers, dedicated extension services, marketing and e-Agriculture was launched by the President on 19th April, 2017.
3. Major milestones achieved nationwide include:
 -) the distribution of about 80,000 bags of cereal and legume seeds, 36,000 sachets of vegetable seeds and about 2,000,000 bags of fertilizer;
 -) recruitment of 822 agricultural extension personnel;
 -) establishment of a taskforce to assess status of warehouses and storage facilities nationwide for rehabilitation;
 -) creation of market opportunities for farmers by linking them with institutional buyers such as School Feeding Programme and Prisons Service; and

J) electronic registration of over 34,000 farmers out of more than 200,000 manually registered.

National Digital Addressing System

4. Government implemented the much-awaited National Digital Addressing System on October 18, 2017 to help formalise the economy. In 2018, Government through Ghana Post will develop postal codes to feed into the National Identification System. About 4,000 National Service Personnel will be engaged to emboss digital addresses on all landed properties nationwide. Ghana Post will be established as the preferred government agency for address verification.

National Identification Programme

5. Mr. Speaker, after eight long years of inaction, the National Identification Programme was revived and on 15th September, 2017 the first card ID was issued to the H.E. the President. The National Identification Authority will commence issuing 'The Ghanacard' after the amendment of the National Identification Authority Act, 2006 (Act 707) and subsequent passage of the relevant LI. It will be the first ever multi-purpose card issued in Ghana to support government's efforts at formalising the economy. Care is being taken to ensure coordination with all other related identification initiatives to prevent waste of resources and maximise government's investment.

EXPENDITURE MANAGEMENT AND COMMITMENT CONTROL

Enforcement of the PFMA

6. Mr. Speaker, measures were put in place to strengthen commitment controls and ensure that expenditures match revenue inflows to sanitise public expenditure management. Government is committed to enforcing the PFM Act. To this end, draft regulations to operationalize the PFMA are being finalised and will be presented to this august house in 2018.

Treasury Single Account (TSA)

7. The CAGD identified a total of 12,891 bank accounts of MDAs/MMDAs, 5,500 of which were held at BoG whilst the remaining 7,391 were with Commercial Banks. As at 31st October, 2017 a total of 5,244 GoG bank accounts with both Bank of Ghana and Commercial Banks were closed, leaving 7,746 operational accounts.
8. The next phase of the TSA implementation will be to extend the transfer of GoG's bank accounts with commercial banks to cover donor funds of MDAs as well as the bank accounts of subvented agencies such as Universities and other institutions. The transfer of Donor Funds of MDAs will, however, be done after agreeing with Development Partners on modalities of transfer. The next key phase which is also to be undertaken in 2018 will be the linking of all bank accounts residing with BoG to form a comprehensive TSA to establish a consolidated view of Government's cash position.

IMPROVING DEBT AND LIABILITY MANAGEMENT

- J A maiden 15-year domestic bond was issued to lengthen maturity profile of public debt;
- J The Domestic Debt re-profiling exercise which contributed to improving the debt mix and lowered domestic interest payments will be continued; and
- J The next phase of the liability management programme will include:
 - o External debt re-profiling based on market conditions.
 - o Issuance of Euro Bond and use of some of the proceeds for reprofiling more expensive domestic debt
 - o Creation of benchmark domestic bonds through tap-ins rather than new issuances. This will improve secondary market trading.
 - o Improving liquidity and reducing yields on the domestic market.
 - o Exploring the opportunity to deepen the domestic market by making domestic bonds more tradable on the international market

FREE PUBLIC SENIOR HIGH SCHOOL

9. Mr. Speaker, in fulfillment of our pledge to provide free SHS education to every eligible Ghanaian child, the free SHS was implemented, beginning September 2017. As expected, there has been a significant increment of SHS-1 enrolment from 300,195 in the 2016/17 academic year to 396,951 in the 2017/18 academic year representing 32.2 percent. Government absorbed all fees approved by GES Council and supplied the full complement of core text books to all first year students.

FIGHTING CORRUPTION

10. Mr. Speaker, as we are all aware, a major source of corruption has been with malfeasance in public procurement and the extensive human inter-face in the provision of public services. In this regard, a number of major interventions have been undertaken, including but not limited to the following:
 -)Enhanced oversight responsibility for public procurement with the appointment of a Minister of State for Public Procurement
 -)The introduction of e-procurement by the Public Procurement Authority
 -)Implementation of a paperless system at Port
 -)Implementation of smart vehicle registration and drivers license by the DVLA
 -)Enhanced investigation of corruption in the public service by the Office of the Auditor General, EOCO, National Security, and other State Investigative Institutions. Methodical and thorough investigations are being conducted to avoid claims of witch-hunting

The Office of the Special Prosecutor is getting ready to crack the whip of justice.

POLICY INITIATIVES FOR 2018

INFRASTRUCTURE DEVELOPMENT AND JOB CREATION

The Akufo-Addo Program for Economic Transformation (AAPET)

11. The “Akufo-Addo Program for Economic Transformation (AAPET)” is a three-pronged economic development programme that will accelerate investments in Agriculture, Strategic Infrastructure and Industrialization.
12. Under the program, we will modernize agriculture, improve production efficiency, achieve food security, and increase profitability for our farmers. The plan is to invest in the entire agricultural and agribusiness value chain, which will create new businesses and job opportunities in the sector.
13. Mr. Speaker, Government will also invest in infrastructure that supports the opening up of the major agricultural zones of the country, in energy and related infrastructure to accelerate the industrialization agenda of Government. Significant investments will be made in the road and rail sectors of the economy to facilitate trade and the movement of goods and people.
14. The AAPET will:
 -) abolish duties on some agricultural produce processing equipment and machinery;
 -) Support the development of agribusiness start-ups;
 -) Provide a GHc 400 million fund to de-risk the agriculture and agribusiness sector through sustainable agriculture financing and crop insurance schemes;
 -) Increase the pace of agricultural mechanization;
 -) Provide specific technical assistance and tax incentives to support agro-processing, packaging, and market access;
 -) Launch a major pension scheme for cocoa farmers;
 -) Ramp up investments under the Planting for Food and Jobs (seeds, subsidized fertilizer, etc);
 -) Develop modern storage facilities through the “One District, One Warehouse” programme;
 -) Implement a grant funding facility for agribusiness start-ups;
 -) Launch the commodities exchange
15. Open up key food basket zones through road construction and irrigation projects.

16. Over the next three years, the following roads and bridges will be constructed:
- J Anwiankwanta-Obuasi
 - J Nyinahin-Awisesu
 - J Nyinahin-Kyekyewere
 - J Asuboni Rails-Ekutuaze-kadoaso-Akoari
 - J Kasotie Junction-Kasotie
 - J Wulugu-Kpasenke-Wa
 - J Lawra-Han-Tumu
 - J Nandom-Hamile
 - J Tamale -Karaga
 - J Karaga-Gushegu
 - J Bunkpurugu-Nalerigu
 - J Nalerigu-Gbintiri
 - J Twifo-Praso-Dunkwa on Offin
 - J Nkawkaw-New Abirem-Ofoase-Akim Oda
 - J Elubo-Asemkrom-Enchi
 - J Dome-Maamekrobo-Donkorkrom-Riverside
 - J Ewiase-Bosomoise
 - J Wiawso-Amfie-Aboyaa
 - J Asafo-Acheachen
 - J Dwenase-Nsonua-Anglo-Kwabentakwa
 - J Datano-Ahokwaa-Suhenso
 - J Asawinso-Kajina-Essakrom
 - J Kessekrom-Adiembra
 - J Penakrom-Futa
 - J Bechemaa-Nkwanta-Asuontaa-Oseikrom
 - J Akwakrom-Amisano (Ekumfi)
 - J Haveh-Hohoe
 - J Tamale-Salaga- Bimbilla
 - J Nkwanta-Damanko
 - J Attebubu-Kwame Danso-Kwadwokrom-Riverside
 - J Komfo Anokye/Bekwai Roundabout Interchanges and Apatrapa- Abuakwa
 - J Tamale Point 7 Interchange
 - J Suame Interchange
 - J PTC Interchange, Takoradi
 - J Daboya Bridge, Nawumi Bridge, Yapei Bridge, Buipe Bridge, Lawra- Dikpe bridge, Prima-Misio Bridge

Infrastructure through PPP

17. Mr. Speaker in line with our Public Investment Management Policy, we will develop the Public Investment Management Reform Strategy and Action Plan and establish a functional Public Investment Management System.
18. In furtherance of this, government will enhance the role of the private sector in the provision of the infrastructure through PPP. A new PPP Bill has been prepared and submitted to Cabinet for approval and once passed by Parliament, it will be followed by the relevant regulations.
19. In the interim, government has attracted investor interest in;
 -) Western Railway Line (Takoradi- Kumasi)
 -) Eastern Railway Line (Accra-Kumasi)
 -) Central Railway (Kumasi – Paga)
 -) Accra City Rail
 -) Kumasi City Rail
 -) Pwalugu Multi-Purpose Dam and Solar Hybrid Project
 -) Accra-Kumasi Highway
 -) Volta Lake Transportation Project
 -) Integrated Bauxite and Aluminum Development Project with aluminium refineries (and bauxite mines) at Nyinahin and Kyebi

Nation Builders Corps (NBC)

20. Mr. Speaker, the most critical economic problem of our time is youth unemployment, and in particular graduate unemployment. Available data from the Institute of Statistics, Social and Economic Research (ISSER) in March 2017 revealed that only 10 percent of graduates find jobs after their national

service and it can take up to 10 years for a large number of graduates to secure employment. This is due to varied challenges that range from the lack of employable skills, unavailability of funding capital for entrepreneurship, as well as low capacity of industry to absorb the huge numbers. We must reverse this trend.

21.

Mr. Speaker, we note that several transition programs run under the various government institutions and agencies including the Ministry of Local Government and Rural Development, the National Vocational and Technical Institute (NVTI), Council for Technical and Vocational Education and Training (COTVET), Youth Enterprises Support and the Youth Employment Authority, have targeted non-tertiary graduates. With this background, our government is proposing a new jobs program, the Nation Builders Corps, to focus on graduate unemployment.

22. The Nation Builders Corps program will be a major government initiative to address livelihood empowerment and graduate unemployment to solve economic and social problems. The focus of the initiative will be solving public service delivery in health, education, agriculture, sanitation and drive revenue mobilization and collection.

The objectives of the program would be to:

- J Provide employment to unemployed graduates
- J Improve skills and employability
- J Improve public service delivery
- J Improve government revenue mobilization.
- J Under the Nation Builders Corps program, graduates will be trained, equipped with the necessary work tools and deployed around the country to be engaged as:

23. Graduate Teachers in a "Teach Ghana" program focused on Science, Technology, Engineering and Technology and Mathematics (STEM) and other relevant subjects in primary and secondary schools across the country.

Sanitation Inspectors in a "Clean Ghana" program focused on enforcing sanitation laws and inspection to ensure clean communities.

Trained nurses and other healthcare workers in a “Heal Ghana” program that will provide healthcare delivery to deprived and rural communities across Ghana.

Trained Agricultural extension and other allied workers in a “Feed Ghana” program that will provide extensive support to farmers along the agriculture value chains.

24. Tertiary graduates in a “Revenue Ghana” program that will mobilize the youth to collect taxes that have been difficult to mobilize and enforce collection for the development of Ghana.
25. Mr. Speaker, the Nation Builders Corps program will hire 100,000 graduates in 2018 to be posted to various districts across the country. On average, under this program every district should be able to provide jobs for 462 graduates.
26. Mr. Speaker, the Nation Builders Corps It will be housed under the Office of the President as a special initiative.

Collaboration with Faith Based Organisations:

27. Mr. Speaker, Faith Based Organisations (FBOs) are a significant part of our economic and social construct. Indeed, across the length and breadth of the country, they have more visible presence than our state institutions. Every hamlet has an FBO of one form or the other. It is our considered view that engaging them to invest in viable economic ventures in our communities will be an effective way to expedite business development and job creation, especially for the youth.
28. In 2018, government intends to partner these FBOs not only to delivery critical social services in education, health and water, but also to support provision of skills and entrepreneurial training for the youth and the establishment of commercial enterprises.

ENERGY SECTOR POLICY INITIATIVES

Electricity Tariff Reforms

- 29. Mr. Speaker, we have all too soon forgotten how the menace of dumsor from 2012- 2016 crippled the economy. It contributed to the lowest growth rate recorded in the past decade, the loss of jobs, reduced economic output and the loss of consumer and investor confidence in the economy. Dumsor was also compounded by high electricity tariffs, increasing the cost of doing business in the country.
- 30. Mr. Speaker, during the 2016 election campaign, H.E. the President, Nana Addo Dankwa Akufo-Addo, promised Ghanaians that with prudent management of the economy, the NPP government would ensure that electricity tariffs are reduced. In fulfilment of this promise, government has reviewed the tariff setting methodology and cost structure of power production. This review has resulted in recommendations that will be made to the PURC for consideration.
- 31. In this regard, in 2018, efforts will be geared towards keeping the lights on at affordable rates to consumers, particularly industries and small businesses through reform and policy interventions over a two-year period. The electricity tariff structure will be realigned with government's developmental goals of industrial transformation, growth and job creation.
- 32. To give relief to the poor whose individual consumption actually falls in the subsidised life-line category but who live in a compound house, the existing 4-tier tariff classification of residential consumers will be collapsed into Lifeline and Non-Lifeline consumers in phases.
- 33. On the basis of these interventions, if government recommendations to PURC are accepted, consumers will be expected to benefit from reductions in electricity tariffs. The expected average tariff reductions across various customer categories will be as follows:

2018 Electricity Tariff Proposals	
Customer Category	Average Reduction
Residential	13%

Non Residential	13%
Special Load Tariff- Low Voltage	13%
Special Load Tariff -Medium Voltage	11%
Special Load Tariff -High Voltage	14%
High Voltage Mines	21%

Renewable and Alternative Energy Development

34. In line with the Ministry's goal of increasing the penetration of renewable energy in the energy mix and the promotion of distributed solar power for government and public buildings, the Ministry will embark on an MDA Solar Rooftop Programme dubbed "**Government goes Solar**" to reduce Government's expenditure on utilities.

REVENUE MEASURES

Improving Domestic Resource Mobilisation

26. Mr. Speaker, consistent with Government's objective of ensuring fiscal consolidation without compromising growth as well as our resolve to consolidate our LMIC status and move towards a Middle Income country, and eventually wean ourselves from donor dependency, the need to significantly improve our domestic resource mobilisation has become imperative. There is, therefore, the need to reverse the flat trend on tax-to-GDP ratios in the last few years. Mr. Speaker, in doing so we will keep balance across all sources of revenue and improve burden sharing across tax payers using the most equitable and efficient administrative procedures and make the tax system more transparent and fair.
27. Against this background, Government will embark on the following measures to improve domestic resource mobilisation:
- i. create fiscal space by reducing budget rigidities. In this light, the Earmarked Funds Capping and Realignment Act was passed this year to cap all earmarked funds to 25 percent of tax revenues to free resources for priority programmes;
 - ii. broaden the tax base to rope in more tax payers into the tax net. The implementation of the National Identification Scheme, the National Digital Addressing System, Tax Identification Number System, and the Presumptive Tax System, among others, will significantly contribute to the broadening of the tax base;

- iii. improve tax compliance through the review of suspense regimes, special audits, use of fiscal electronic devices, implementation of the excise tax stamps, and the implementation of common reporting standards for exchange of information, among others;
- iv. strengthen the design and administration of property taxes;
- v. rationalize taxation of the mining sector. We intend to preserve our commitment to secure a level-playing field for investors, while tackling discretionary application of taxes that are not justified on economic terms;
- vi. examine the design of our VAT system, and address any significant policy shortcomings that might be identified; and
- vii. overhaul the exemptions system to curtail large revenue losses which occur due to special regimes, reduced tax rates, and other exemptions which do not serve social or economic purpose and are exploited by insiders.

28. Mr. speaker, as these policy changes require careful study and preparations, we plan to come back to this august House in the course of 2018 to make additional proposals to make the requisite proposals for enactment of the appropriate laws to pave way for implementation.

Tax Compliance Measures

35. Mr. Speaker, government's strategy to shift the focus of economic policy from taxation to production must necessarily come with greater need to broaden the tax base and ensure compliance. That is the only way to spread the national tax burden evenly across the population and lessen the tax burden on compliant tax payers. Accordingly, in 2018, the following tax compliance measures, among others, will be applied with greater urgency:

J) **Reform of the Customs Suspense and Transit Regimes:** The customs suspense regime permits importers to suspend payment of import duties because the imports are to be kept in bonded warehouses. There is evidence that these trade facilitation arrangements are being abused. To remedy this and reduce the risk to revenue, importers will be required to submit Letters of Credit (LC), guarantees or insurance cover from participating financial institutions before their goods are warehoused. The duties paid on goods removed from the warehouses will be set-off against the LC sum. Further to this new policy, current defaulters will be required to settle all their arrears including penalties before they will be permitted to warehouse additional goods.

- J The transit regime permits the clearing of transit goods without payment of duty. Modalities will be developed to ensure that transit importers pay the duties on imports in Ghana which will be transferred to the designated destination country.
- J **Deployment of Fiscal Electronic Device:** the frequent audit (or control verification) of businesses has been a source of concern for the businesses community. In response to these concerns, government, in 2018, will deploy the Fiscal Electronic Device to VAT registered businesses. This will have the effect of VAT compliance and record keeping.

Improving Property Tax Collection

36. The Constitution enjoins MMDAs to mobilise revenue for provision of services. A major source of revenue is property tax, collection of which is low due to insufficient valuation capacity and the high cost of valuation.
37. To enhance efficiency both in the valuation of properties and revenue collection process from this source, in 2018, GRA will collaborate with the Ministry of Local Government and Rural Development (MLGRD) to support the MMDAs in the assessment and collection of property taxes.

Tax Initiatives for Economic Growth

38. Mr. Speaker, in the 2017 Budget Statement and Economic Policy, Government stated its intention to use tax policy as a tool to stimulate investment and to shape economic behaviour. In furtherance of this objective, the following policies will be introduced in 2018:
- J **Tax Breaks to help Position Ghana as a Higher-Education Hub:** The education sector represents a high growth potential with multiplier effects on the economy as confirmed by a recent “Country Private Sector Diagnostic” study by the World Bank Group. This is also borne out by the rapid growth in privately-owned and managed universities

as well as in the inward flow of students from the West Africa sub-region. It is government's intention to support the sector in order to position Ghana as the premier higher education hub of the sub-region and to attract critical foreign direct investment into the sector. In view of this, and also as part of government's strategy for the long-term development of a local human capital base fit for a changing world, we will grant relief from corporate income tax paid by privately-owned and managed universities to the extent that profits are ploughed back to expand or maintain facilities. We would work to do the same for privately-owned SHS in the near future.

- J **Tax Incentives for Young Entrepreneurs:** As a further commitment to creating a supportive ecosystem for young Ghanaian entrepreneurs of age 35 years and below who start their own businesses, government will, through the National Entrepreneurship and Innovation Plan (NEIP), grant tax holidays based on the number of persons employed by a start-up or early-stage business. A preferential tax rate of between 3 to 5 years will be granted after the tax holiday. They will also be allowed to carry forward losses for five years.

- J **Income Tax Threshold:** To protect low-income earners and ensure fairness in our income tax administration, government will review the current income tax thresholds by pegging the tax-free threshold to the current minimum wage. In effect, government will abolish income tax on the incomes of minimum wage earners.

- J **Taxation of Lottery:** The ongoing reform of the lotteries industry will continue, and the measures against illegal lottery business intensified. To remove the incentives for people to engage in illegal lottery, the 7.5% income tax on the commission of lotto marketing companies will be abolished and the 5% withholding tax on lotto prizes removed.

- J **Tax Amnesty:** In 2018, parliamentary approval will be sought to exempt taxpayers who register and file returns within a targeted period from paying penalties and interests for late or non-submission of returns and late payments. This includes exemption from prosecution. GRA will, after the amnesty period, wage an intense campaign to prosecute continuing defaulters and offenders.

- J **Extension of National Fiscal Stabilization Levy (NFSL) and Special Import Levy (SIL):** Government removed and reduced some taxes in 2017 to support businesses and provide relief to individuals. Government is still committed to carrying out social interventions to improve the well-being of her citizens especially the poor and the vulnerable. As such, some tax handles have to be maintained in the short term as we make efforts to improve compliance. In this regard, the NFSL and SIL will be extended to the end of 2019.

FINANCIAL SECTOR INITIATIVES

- 39. A strong and efficient financial sector is fundamental to realising “Ghana Beyond Aid”. This requires innovative and long term financing instruments to support economic development for higher productivity, jobs and inclusive growth.

- 40. Mr. Speaker, to achieve this, Government will design the requisite financial architecture that is capable of mobilizing resources to help rapidly advance our country’s development through the following:
 - J Launch of a national development bank, with the capacity to mobilize private capital towards agricultural and industrial transformation, among others. Government has set-up a task force to develop a roadmap for its establishment
 - J Restructure the Ghana Infrastructure Investment Fund (GIIF) with the capability to mobilise foreign private capital for critical infrastructure development using a private sector model.

J Enhancing the capacity of Ghana Exim Bank to support agriculture and industrialisation for export.

41. Mr. Speaker, the financial sector of our country remains heavily dominated by banks. The total banking sector assets to GDP ratio as at September 2017 is 50 percent. This compares unfavourably with the total market capitalization of the Ghana Stock Exchange (GSE) to GDP ratio of 30 percent as well as the total corporate debt to GDP ratio of 0.36 percent on the Ghana Fixed Income Market (GFIM), for the same period.
42. Mr. Speaker, in effect, access to long-term funds by the private sector is not sufficient to drive accelerated economic growth of the country. To address this challenge, Government will strengthen the pensions, insurance and securities industries, which are the key agents of providing long term capital for the economy.
43. Mr. Speaker, the following specific reforms will aim to address some of these challenges in 2018.

National Pensions, Insurance and Securities Industry Reforms

Initiate reforms to the investment guidelines of pensions, insurance and collective investment schemes to enable them support capital market growth. This reform will encourage Banks to issue fixed income securities through the capital market instead of private placement in fixed deposits. Additionally, pensions and insurance firms will be encouraged to invest in private equity, Real Estates Investment Trusts (REITs).

National Informal Sector Pension Scheme

44. Mr. Speaker, the Cocoa Board Law, 1984 (section 26) enjoins the Board of Directors of the Ghana Cocoa Board to establish a contributory pension scheme for the nation's Cocoa, Coffee, and Sheanut farmers. In this regard, government has started a process of setting up a broader Informal Sector Pension Scheme under the third tier of the National Pension

Scheme to cover cocoa farmers among others. The framework to operationalise the scheme will be developed in 2018.

45. Mr. Speaker, this scheme will complement the effort of private sector corporate trustees, provide social protection for a large segment of Ghanaians who are in the informal sector especially our hardworking cocoa farmers.

Establishment of an Agriculture Commodities Exchange

46. Mr. Speaker, work on setting up the Ghana Commodity Exchange (GCX) and Warehouse Receipt System has been on-going for a decade. The Exchange, is expected to enable easy access to markets, fair pricing for smallholder farmers and formalise informal agriculture trading activities. Government's priority is to operationalise the Commodities Exchange in 2018 to support agriculture transformation including the Planting for Food and Jobs initiative.

Development of the Housing and Mortgage Finance Industry

47. Mr. Speaker, developing a vibrant mortgage and housing finance market is key for social equity and economic development and job creation. To support private sector efforts in expanding access to housing, the Ministry of Finance will partner with banks, pension trustees and securities market players to start a process of developing and deepening the local mortgage and housing finance market to offer affordable mortgages at subsidized interest rate beginning with public sector workers. The policy objective is to reduce the cost of local currency mortgage offered by banks and to encourage the use of technology to lower the cost of housing by the private sector. This is expected to contribute to the reduction of Ghana's housing deficit which currently stands at about 1.7 million.

Positioning Ghana as a Regional Financial Services Hub

48. Over the past decades, Ghana has positioned itself as a pillar of stability in the sub-region, with relatively strong institutions and entrenched democracy. Government intends to

capitalise on this success by positioning Ghana as a regional financial services hub.

49. Mr. Speaker, positioning Ghana as an international financial services centre is intended to make it the preferred headquarters for all international banks operating in the sub-region. Ghana also becoming the hub for the financial technology and payment systems for the region. The Hub is also intended to host the international private equity and venture capital firms to support entrepreneurship and access to long term capital by the private sector in the sub-region.
50. Mr. Speaker, a special task force will be set up to provide Government with a strategy and framework for the establishment of Ghana as a regional financial services hub.

National Health Insurance Scheme

51. Mr. Speaker, provision of health services is essential for a productive economy. The National Health Insurance Scheme exists to ensure that citizens obtain quality health care at all times. Mental Health is also of paramount importance to Government. Studies have indicated that the current revenue sources do not guarantee the sustainability of the Fund given that enrolment to the Scheme has increased over the years. To ensure sustainability of the Scheme there is the need to review the sources of funding to increase the revenue flow into the Fund. We will consult the relevant stakeholders and make proposals based on the consultations.

Voluntary Education Fund

52. Mr. Speaker, with the successful launch of the **FREE SHS**, Government has received proposals from the public, several of which encourage the establishment of a fund to receive voluntary contributions to support education. Thankfully, the GET FUND Law allows for the setting up of other education-related funds.

53. In 2018, the Ministry will work with GET FUND to set up this education fund to enable Ghanaians make voluntary contributions to support education.

Promoting Economic Opportunities for Women

54. Mr. Speaker, empowering women and achieving gender equality is fundamental to the realization of the SDG goals. The President is committed to empowering women and creating opportunities for their participation in the job and wealth creation agenda. In order to promote economic opportunities for women, special considerations will be given to women in Government's procurement.

SECTION SEVEN: CONCLUSION

CONCLUSION

189. Mr. Speaker, we have very good reasons to be optimistic about our country again. Government has shown and will continue to demonstrate through its actions that the welfare of the Ghanaian is paramount. Plans to restore and sustain faith with Ghanaians and external partners. This is evident in our decision to extend the IMF ECF Program to December 2018 to ensure that all our targets are met.
190. Mr. Speaker, we would like to assure Ghanaians that the government of Nana Addo Dankwa Akufo-Addo is a government which delivers on its promises:
- J We promised to implement a free senior high school policy and we have delivered.
 - J We promised to restore nursing training allowances, and we have delivered.
 - J We promised to restore Teacher training allowances and we have delivered
 - J We promised to end dumsor and we have delivered
 - J We promised to reduced fertilizer prices by 50% and we have delivered
 - J We promised to establish a Ministry of Zongo and Inner City Affairs and we have delivered
 - J We promised to increase and pay peacekeeping allowances increased from \$31 to \$35 and we have delivered
 - J We promised to increase the share of the DACF to persons with disabilities from 2% to 3% and we have delivered
 - J We promised a stimulus package to support local industry and we have delivered
 - J We promised to implement a National Entrepreneurship and Innovation Plan and we have delivered

- J We promised a more efficient port system and we have delivered
- J We promised to reduce the rapid rate of borrowing and accumulation of the public debt and we have delivered
- J We promised to restore economic growth and we have delivered
- J We promised to reduce inflation and we have delivered.
- J We promised to reduce interest rates and we have delivered
- J We promised to Improve Ghana's sovereign credit rating and we have delivered
- J We promised to enhance fiscal discipline in the management of our economy and we have delivered
- J We promised to reduce taxes and we have delivered
- J We promised to stay current on its statutory obligations like the NHIS, DACF, GETFUND, SSNIT and we have delivered
- J We promised a National Digital Property Address System and we have delivered
- J We promised to institute measures to deal with corruption (including the Office of the Special Prosecutor) and we have delivered
- J We promised to issue National ID Cards and we are delivering
- J We promised to establish a Zongo Development Fund and we are delivering
- J We promised to establish 3 Development Authorities – Northern, Middle Belt, and Coastal, as vehicles for the allocation of the \$1 million per constituency, and we are delivering
- J We promised to revive the collapsed the railway sector and we are delivering
- J We promised One District One Factory and we are delivering
- J We promised to reduce electricity tariffs and we are on course to deliver
- J We promised to implement a strategy to curb the menace of galamsey and we are delivering
- J We promised to pursue policies that will create jobs in the economy and we are delivering. This budget, by the grace of God, will deliver massively on jobs!

“Putting Ghana Back to Work”

1. Planting for Food and Jobs	GH¢700 million
2. Stimulus Packages for Industrialization	GH¢236 million
3. One District One Factory	GH¢40 million
4. National Digital Property Addressing System	
5. Zongo Development Fund	GH¢100 million
6. Development Authorities	GH¢1.26 billion
a. One Village One Dam	
b. Water For All	
c. Toilets For All	
d. Sanitation	
7. NEIP	GH¢50 million
8. Akufo-Addo Plan for Economic	

Transformation	
a. Roads – 1,600 Km Of Roads	GH¢500 million
b. Bridges – 110 Bridges	
c. GIRSIL	GH¢400 million
d. IDA Credit	GH¢100 million
e. Establishment of an Agriculture Commodity Exchange	
f. One District One Warehouse	
9. Improved Business Environment	
a. Taxes – Education	
b. Zero Taxes	
10. Lower Electricity Tariffs	
11. Nation Builders Corps – 100,000	GH¢600 million
12. Digitization of the Economy	
a. National ID	GH¢200million
b. Address Sites	
c. Paperless Ports	
d. Tax Incentives for Young Entrepreneur Tax Holidays and Preferential Tax Rate	
e. DVLA e-Registration	
13. Tax Incentives	

a. Higher Education – Elimination of Taxes on Private Universities	
14. Enhancement Of Property Tax Collection	
15. Positioning Ghana as a Regional Financial Hub	A multi-billion dollar industry
16. Infrastructure through PPP –	US\$8 billion
a. Western Railway	
b. Eastern Railway	
c. Central Railway	
d. Accra City Railway	
e. Kumasi City Railway	
f. Pawlugu	
g. Volta Lake	
h. Integrated Bauxite Aluminum	US\$2 billion
17. Collaboration with Faith-Based Organisations	

Mr. Speaker, in my debut appearance in this august House, my backbencher friends across the aisle traded Bible quotations with me, as I invoked the miracle of Jesus feeding the 5,000 with five loaves of bread and three fish (Mathew 13), they responded with Philipines 4:19 “And my God will meet all your needs according to the riches of His glory in Christ Jesus.” Mr. Speaker, with the little inherited from the Mahama Government, our performance these ten months are indeed nothing less than a miracle as evidenced by the blessings and achievements I have just enumerated. I can only add

Mr Speaker, that the combination of Philipines 4:19 and Mathew 13, hard work and obediance have greatly benefited our dear country.

Mr. Speaker, *'Adwuma re ba*. Mr. Speaker, I present to you the *'Adwuma' Budget*.