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## SECTION ONE: INTRODUCTION

1. Rt. Hon. Speaker, Honourable Members of Parliament, on the authority of President 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 2017.

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 maiden Budget of the President of the Republic of Ghana.

3. This presentation is an abridged version of the 2017 Budget Statement and I would like to request the Hansard Department to capture the entire Budget Statement and Economic policy

4. I also submit before this august House the following reports:

- The 2016 Annual Report on the Petroleum Funds, in accordance with Section 48 of the *Petroleum Revenue Management Act, 2011 (Act 815), as amended;*
- The 2016 Annual Debt Report, in accordance with Section 72 of the *Public Financial Management Act, 2016 (Act 921)*, and
- The 2016 Energy Sector Levies Report, in accordance with Section 6 of the *Energy Sector Levies Act, 2015 (Act 899)*.

5. Mr. Speaker, let me first thank you and the house for approving my nomination as Finance Minister. My profound gratitude to both sides of the isle. Thanks for the dry run of 3 hours 45 minutes; I pray that I will be let off sooner this time. Mr Speaker, I also stand here humbled by the President's courage and confidence to elevate me to this very weighty and high office of Finance Minister of the Republic of Ghana, a nation with a manifest destiny for greatness, a nation with very high expectations for President Akufo-Addo's government, a nation that is 60 years old, remains a diamond in the rough and therefore needs more than a shine.

6. Mr. Speaker, it is at this providential point in our history that I have been given this grave but exciting responsibility to participate in sending Ghana beyond aid and to realise our birth right as the Black Star of Africa. I, Mr. Speaker, accept this role with all the solemnity and reverence that it deserves.

7. Mr. Speaker, I would like to assure this house as I also did with the Finance Committee that I will work with members with utmost candour and respect. You are first and foremost the legislative, the representatives of our people and I have been privileged to witness the sacrifices you have gone through to be here. Ayekoo. Secondly, Mr. Speaker, I am standing in the rather large size shoes of a legacy of family members such as Dr. JB

Danquah, Mr. William Ofori-Atta, Honourable Amoako-Atta, Dr. Jones Ofori-Atta (my father), President Nana Addo Dankwa Akufo-Addo and Honourable Atta Akyea. I have, Mr. Speaker, been brought up to respect this house and I will also like to honour my forbears. Finally Mr. Speaker, let me freely admit, that this battle ahead is indeed the Lord's and I humbly confess before this august house and the nation, of my inability to accomplish this enormous task without the help and the leading of the Almighty; through Jesus Christ we can resolve these challenges and establish a righteous and just Society for all.

8. Mr. Speaker, nine (9) days ago, the President presented the State of the Nation Address to this august House. His address, in addition to presenting the state of the economy, also broadly outlined the vision and policy direction of his Government. A vision of hope, of jobs and wealth creation, and of a robust economy that supports a thriving private sector. With this Budget, I present to you the policies, strategies and actions we will undertake to deliver the President's vision.

9. Mr. Speaker, let us acknowledge that we have inherited a challenged economy in which we are all stakeholders in:

- considerable debt overhang and rising interest payments caused by excessive borrowing;
- expenditure overruns and accumulated arrears caused by

excessive sole sourcing, lax fiscal policies and weak commitment controls,

- revenue underperformance caused by leakages, loopholes and tax exemptions;
- slowdown in economic growth caused by energy challenges and a lack of an enabling environment for the private sector;
- limited capital investment, among others, due to rigidities from earmarking of revenues that severely limit the fiscal space and undermines the prioritisation of government policies; and.
- urgent need to collaborate with our work force and build a shared partnership to enhance training and improve productivity

10. The country's debt stock has reached a level of about 73 percent of GDP at end-December 2016, which is in excess of the debt sustainability threshold of 70 percent. This has resulted in high debt service costs with interest payments alone taking up nearly 42 percent of tax revenue. This, together with Compensation of Employees and Statutory Payments, is more than total domestic revenue, leaving no fiscal space for growth enhancing policies/programmes/expenditures.

11. Total expenditures at end-December 2016 stood at 30.3 percent of GDP against a target of 26.4 percent of GDP, with an outstanding stock of arrears of nearly GH¢7 billion. This is at variance with the Performance Criteria on the non-accumulation of arrears for the 2016 fiscal year under the IMF-supported Extended Credit Facility (ECF) Programme.

12. Mr. Speaker, the large fiscal slippages resulted in a fiscal deficit of 8.7 percent of GDP on cash basis and 10.3 percent on commitment basis. This is a sharp deviation from the IMF program fiscal target of 5.3 percent of GDP. We intend to reverse this trend and restore fiscal discipline.

13. Mr. Speaker, the rate of economic growth has slowed down in recent times, with 2016 growth estimated at 3.6 percent, the lowest in over two decades. Of particular concern is the erratic performance of the Agriculture Sector and the continuing energy challenges which have negatively affected the industrial sector. The effect of this is a struggling private sector and rising unemployment.

14. Mr. Speaker, while inflation and interest rates have recently been on the decline, we still have to fix the underlying macroeconomic fundamentals to ensure that this trend is sustainable.

15. Mr. Speaker, the economic challenges we face require deliberate but urgent, well thought out strategic steps and the backing and total support of the Ghanaian people. I am confident that we have the human resource, especially in this House and in our Diaspora Community, the experience, and most importantly the resounding mandate of the people to guide and inspire us.

16. This budget presents a clear roadmap on how we will move this economy from its current state into a full-fledged middle income economy – a Ghana beyond Aid.

17. Mr. Speaker, our goal is to build the most business-friendly and people-centred economy in Africa, which will translate into job creation and prosperity for all Ghanaians. We will strike the right balance between fiscal consolidation and growth, by making credible policy choices that will create the fiscal space to implement growth enhancing initiatives. Mr. Speaker, we intend to build a partnership with labour that will result in a social contract to mark an era of peace in which we will mutually enhance the productivity of our labour force.

18. This commitment however, is hampered by five constraints which we need to overcome:

- low revenue collection;

- expenditure overruns and corruption;
- high wage bill;
- rigidity of fiscal structure caused by heavy earmarking of tax revenue; and
- high debt service payments.

19. This budget presents a proposal to address these issues permanently and I hope I can secure the support of this august House in that regard.

20. Revenue administration remains a challenge. To boost revenue streams, we will strengthen tax administration, reduce tax exemptions, plug revenue loopholes and leakages and combat tax evasion especially at our ports. We will broaden the tax base whilst reducing and abolishing some taxes and levies. The National Identification Scheme, a priority project of this administration, which we intend to re-launch this year, will support our efforts to rope in the economically active but undocumented citizens and the informal sector of the economy thereby broadening the tax base and accelerating financial inclusion.

21. Mr. Speaker, we will adhere to and maintain good economic governance principles of fiscal discipline, accountability and transparency. To reiterate what the President said, we will protect

the public purse by guaranteeing value for money in all public transactions, and exercising prudence and discipline in our fiscal management to deliver on the aspirations of the Ghanaian people. Inefficiencies and waste in government spending will not be tolerated and there will be strict enforcement of all relevant laws and regulations, especially the new Public Financial Management Act, 2016 (Act 921).

22. Government will pursue an effective debt management strategy to ensure debt sustainability. We will also adopt global standards of risk and treasury management to ensure accountability in the use of state resources. In addition, we will work to reduce the amount of government borrowing and the resulting crowding out of the private sector. Mr. Speaker, as an example, In the 2016 budget statement, the entire allocation for the Ministries of Roads and Highways, Trade and Industry, Food and Agriculture, Water Resources, Works and Housing, Youth and Sports and Ministry of Transport amounted to a total of GHC2.2 billion. Interest payments in 2016 (GHC10.8 billion) would be nearly 5 times what was allocated to the six key ministries combined. This is how pernicious our debt stranglehold is.

23. Mr. Speaker, the Budget will set the pace for job creation and accelerated growth by empowering the private sector. To accomplish this, we will shift the focus of economic

management from taxation to production. This will reduce the cost of doing business and create a conducive climate for investment and job creation. In this regard, a number of taxes that impede growth will be reviewed, and if necessary, abolished. Government will reverse the recent low growth trend by boosting agriculture and industrial productivity.

24. Mr. Speaker, the 2017 Budget will set in motion the following key policy priorities and flagship projects:

- establishment of the Infrastructure for Poverty Eradication Project (IPEP). Under this project, every constituency will be allocated the cedi equivalent of US\$1 million to combat poverty and improve the lives of rural dwellers and deprived communities;
- implementation of the “One District One Factory” programme;
- establishment of the Zongo Development Fund to support the provision of critical infrastructure and services;
- roll-out of the National Identification Scheme to facilitate the efficient delivery of public and private services and help formalise the economy;
- roll-out free SHS to ensure equal opportunities for all and enhancement of human capital for the country;
- roll-out of a national digital addressing system to provide

unique addresses for all properties in Ghana; and

- restoration of teachers and nurses training allowances.

25. Mr. Speaker, despite significantly missing the 2016 the set targets, I want to assure my fellow Ghanaians, investors and external stakeholders that we are committed to continue with the Extended Credit Facility (ECF) Programme with the IMF. We will, however, review some of the targets and structural reform benchmarks to accommodate our priorities of tax reliefs and other positive measures to boost the private sector.

26. Mr. Speaker, Government will implement measures that will unleash the creative abilities of Ghanaians, and facilitate increased economic activity which will lead to the improvement in people's lives.

27. Mr. Speaker, there are exciting times ahead and there is every good reason to be optimistic that our country is ready to work again. Our government looks forward to a partnership of progress with our honourable colleagues across the aisle.

28. Mr. Speaker we must as a nation come together to confront our reality. The President did mention nine days ago that he was in a hurry... Mr. Speaker, we must all be in a hurry, we must trigger a national sense of urgency to deal with our deficit. It's

continual presence curtails our capacity to leverage our many opportunities and resources that we have as a nation. Let me stress, Mr. Speaker, we cannot borrow our way out of these challenges. This will be tantamount to creating and sharing poverty, which only leads to a loss of our fiscal sovereignty; so like the President, we must all be in a hurry to grow our way into Prosperity. This budget, Mr. Speaker, seeks to do this.

29. Mr. Speaker, my presentation today will follow this outline:
- I will present a short brief on how the Global economy performed in 2016, the medium-term outlook and the expected impact on the Ghanaian economy;
  - This will be followed by the Macroeconomic Performance for 2016 against the target sets;
  - I will then present the President's Macroeconomic Targets for 2017 and the Medium-Term Targets;
  - In addition, I will briefly talk about some key sector deliverables for 2017;
  - And then provide you with the key policy initiatives for 2017; and
  - I will finally conclude with highlights of the key messages in the Budget.

## **GLOBAL ECONOMIC PERFORMANCE AND OUTLOOK**

### **Global Output**

30. Mr. Speaker, the global economy is expected to witness some improvement in growth in 2017 and the medium term after a lackluster performance in 2016. The January 2017 Update of the IMF's World Economic Outlook (WEO) projects a global growth of 3.1 percent in 2016. This is expected to improve marginally to 3.4 percent in 2017 and further to 3.6 in 2018.

31. For emerging markets and developing economies growth is expected to remain unchanged at 4.1 percent in 2016, and is projected to recover to 4.5 percent in 2017 and further to 4.8 percent according to the WEO.

32. The downside risks to the global outlook, according to WEO, include, increased restrictions on global trade and migration and its negative impact on productivity. In addition, high corporate debt, declining profitability, weak bank balances, and thin policy buffers in emerging market economies may lead to capital flow reversals and depreciation of the local currency.

## **Commodity Prices**

33. Mr. Speaker, oil prices have picked up in recent weeks resulting mainly from an agreement among major producing countries to reduce supply. Crude oil prices are expected to

average \$55 per barrel in 2017, about 28 percent increase over the 2016 levels.

34. Gold prices are expected to decline from an average of US\$1,249 per fine ounce in 2016 to US\$1,219 in 2017 due largely to an expected strengthening of the US dollar. According to the Commodity Markets Outlook by the World Bank, Cocoa price is projected to average about US\$2,940 per tonne in 2017 up from US\$2,850 in 2016.

### **Implementation of ECOWAS Common External Tariff (CET)**

35. Mr. Speaker, Ghana joined nine other member state to implement the ECOWAS Common External Tariff (CET) effective 1st February, 2016. The ECOWAS CET is considered a major platform for the establishment of Customs Union that will facilitate free trade and advance greater economic integration within the region. The tariff is expected to help address problems such as cross-border smuggling and dumping in the sub-region. Government is currently monitoring and evaluating the impact of the new regime on various sectors of the economy.

## **Implications of Global Developments for Ghana's Economy**

36. Mr. Speaker, we address the risk of commodity price volatility, Government will work towards diversifying the economy. We will add significant value to our exports and support local manufacturing of imported goods, which can be produced locally in partnership with the private sector.

## **MACROECONOMIC PERFORMANCE FOR 2016**

### **Growth**

37. Mr. Speaker, growth has remained subdued over the period. The 2016 GDP, based on the provisional outturn for the first three quarters of the year, is estimated at 3.6 percent, with the non-oil real GDP estimated at 4.6 percent, same as target. At the sectoral level, the Industry Sector, specifically, mining and quarrying underperformed due to a contraction in upstream petroleum output, which constitutes the bulk of the Mining and Quarrying Subsector. All the subsectors in the Agriculture Sector, however, recorded positive growth rates. The Services Sector continues to dominate the sectors with a share of 54.3 percent in 2016.

### **Inflation**

38. Mr. Speaker, inflation, which remained elevated for most

part of 2016, began to slow-down towards the end of the year. Inflation began the year at 19.0 percent, peaked at 19.2 percent in March and ended the year at 15.4 percent.

## **Monetary and Credit Developments**

39. Mr. Speaker, the key monetary aggregates and credit to the private sector recorded slower growth in 2016, in line with the tight monetary policy stance. The broad money supply (M2+), at the end of December 2016, recorded an annual growth of 22.0 percent compared with 26.1 percent in the same period of 2015. This was mainly driven by a moderate growth of 19.5 percent in Net Domestic Assets (NDA) and a Net Foreign Assets (NFA) growth of 29.8 percent in December 2016.

40. Growth in total outstanding credit to the public and private institutions moderated further in December 2016, a reflection of a higher incidence of non-performing loans and the tight monetary policy stance. The annual growth in total credit slowed to 17.6 percent at the end of December 2016 from 24.9 percent recorded in 2015.

## **Stock Market Developments**

41. Mr. Speaker, annual changes in the Ghana Stock Exchange

Composite Index (GSE-CI) remained negative, generally reflecting investor preference for higher yielding money market instruments. The GSE Composite Index (GSE-CI) lost 15.3 percent (305.82 points) year-on-year in December 2016 to close at 1,689.09 points from 1,994.91 points in December 2015. Total market capitalization stood at GH¢52,690.99 million at the end of December 2016, showing a year-on-year decline of 7.8 percent.

## **Interest Rate**

42. Mr. Speaker, interest rates in 2016 exhibited mixed performance. The Bank of Ghana Policy Rate was kept at 26 percent until October 2016 as risks to inflation and growth were assessed as balanced. The policy rate, however, was reduced to 25.5 percent, as inflation pressures eased while domestic growth conditions continued to deteriorate. Yields on short-term Government securities decreased, while those of medium to long-term GOG bonds increased in line with Government's policy to properly align the yield curve and extend the maturity profile.

## **Exchange Rate**

43. Mr. Speaker, the Ghana cedi remained relatively stable against the major currencies in the currency market, on account of tighter monetary policy and improved foreign exchange inflows. However, this trend was reversed in the run-up to the December elections, as demand pressures mounted. The Ghana cedi recorded a cumulative depreciation of 9.6 percent and 5.3 percent against the US dollar and the euro, respectively, but appreciated by 10.0 percent against the pound sterling in the interbank market in 2016.

## External Sector

44. Mr. Speaker, the balance of payments (BOP) turned surplus for the first time since 2011 due to improved current account balance. Accordingly, there was a build-up in gross foreign assets, which supported the relative stability in the exchange rate. The BOP surplus was US\$247 million, compared to a deficit of US\$129 million in 2015. The trade balance improved from a deficit of US\$3.1bn in 2015 to a deficit of US\$1.7bn in 2016 due to increased exports receipts by 7.2 percent and a decline in imports by 5.3 percent.

45. The gross foreign assets at the end of December was estimated at US\$6,161.80 million, from US\$5,884.70 million at the end of December 2015, representing a build-up of US\$277.07 million. This was sufficient to provide cover for 3.5 months of imports of goods and services, same as in December 2015.

## Fiscal Developments

46. Mr. Speaker, the main objective of fiscal policy, as envisioned in the 2016 Budget, was to consolidate Government's finances by reducing the fiscal deficit from 6.3 percent of GDP in 2015 to 5.0 percent of GDP in 2016.

47. Provisional data for 2016, however, indicates that the envisioned fiscal consolidation was not achieved. As a result, total domestic revenue and grants was 11.1 percent below target (an actual of GH¢33.7 billion, against a target GH¢37.9 billion), while total Expenditure (including outstanding expenditure claims) exceeded the target by 16.2 percent. These slippages resulted in a fiscal deficit on commitment basis of 10.3 percent of GDP. On cash basis, the fiscal deficit was 8.7 percent of GDP against a target of 5.0 percent of GDP. The primary balance for the period, recorded a deficit of 1.4 percent of GDP, against a targeted surplus of 1.2 percent of GDP.

48. Mr. Speaker, the shortfall in total Revenue and Grants was broadly attributed to the impact of energy challenges on households and firms, lower than anticipated receipts from oil due to both lower-than-programmed benchmark crude oil price and production, and non-realisation of proceeds from both tax and non-tax categories. In addition, tax compliance was relatively weak.

49. Mr. Speaker, total expenditures (incl. outstanding obligations) amounted to GH¢51.1 billion at end-December

2016. Outstanding obligations of GH¢5 billion, comprise MDA obligations with MoF, which had not yet been captured on the GIFMIS as well as outstanding payments to Statutory Funds. The outstanding obligations relate mostly to Compensation of Employees, Goods and Services, and domestically financed Capital Expenditure..

### **Petroleum Receipts in 2016**

50. Mr Speaker, in 2016, GNPC lifted six parcels of crude oil (consisting of the 31st to 35th Jubilee and 1st TEN liftings) on behalf of the State, and exported a total of 21,580 MMscf of gas to Ghana National Gas Company (GNGC). Total crude lifted was 5,856,921 barrels of oil (4,860,462 barrels of Jubilee oil and 996,459 barrels of TEN oil). Receipts from crude oil liftings for 2016 included revenues from the sale of 4,824,417 barrels of oil from the 30th (lifted in December 2015) and the 34th Jubilee liftings, which amounted to US\$207.79 million (GH¢811.68 million). The proceeds from the 35th Jubilee and 1st TEN liftings in December 2016 were received in the first quarter of 2017. Mr. Speaker, actual petroleum receipts for 2016 fell short of the 2015 performance by 29.1 percent due to the continuous decline in crude oil prices, the decline in Jubilee production and lower TEN production.

## **Public Debt Development**

51. Mr. Speaker, total public debt stock as at end 2016 stood at almost 73 percent of GDP up from 71.63 percent in 2015. This was due to the larger than expected fiscal deficit and financing requirement in 2016. Domestic and external debt stood at 31.7 percent of GDP and 40.8 percent, respectively. In nominal terms, the public debt stock as at end 2016 stood at GH¢122.3 billion (US\$29.2 billion), with domestic and external debt of GH¢53.4 billion (US\$12.8 billion) and GH¢68.9 billion (US\$16.5 billion), respectively.

52.

## **Energy Sector Levies**

53. Mr. Speaker, the Energy Sector Levies Act, 2015 (Act 899) was enacted to “consolidate existing energy sector levies to ensure efficient utilisation of proceeds generated from the levies, impose a price stabilisation and recoveries levy to facilitate sustainable long term investments in the energy sector, and to provide for other related matters”.

54. Mr. Speaker, the law requires the utilisation of the energy sector levies mainly for the clearance of legacy debts of SOEs operating in the energy sector, to support power generation and power sector infrastructure, subsidy for premix fuel, and

the stabilisation of petroleum prices.

55. A total amount of GH¢3.2 billion was programmed to be collected as total Energy Sector Levies (ESL) for the year 2016. Actual collections at the end of the year was GH¢3.3 billion. A breakdown of the utilization of the levies is provided in this Budget Statement.

56. Mr. Speaker, a few challenges have been encountered in the utilization of the proceeds and we will have to come to this august House for an amendment of the Act.

## **MACROECONOMIC TARGETS FOR 2017 AND THE MEDIUM TERM**

57. Mr. Speaker, Government's policy objectives for the medium term among others will be to:

- build the most business-friendly and industrialized economy in Africa, capable of creating decent jobs and prosperity for all Ghanaians;
- modernize agriculture, improve production efficiency, achieve food security, and profitability for our farmers with special emphasis on value-addition;
- develop leadership skills, quality education,

entrepreneurship, job skills and creative skills; and

- ensure a functioning social protection system which addresses the needs of the weak, marginalized, vulnerable and socially excluded; among others.

58. Mr. Speaker, to achieve our broad macroeconomic objectives, our policy direction will be to:

- restore and sustain macroeconomic stability;
- shift the focus of economic management from taxation to production;
- manage the economy competently; and
- make the machinery of government work to deliver the benefits of progress for all Ghanaians.

59. Mr. Speaker, prudent monetary and external sector policies will also be pursued by the Bank of Ghana to complement the fiscal policy stance to ensure price and exchange rate stability.

60. Mr. Speaker, we are confident that the above highlighted policies which are discussed in detail in the Budget Statement will contribute to the achievement of the following macroeconomic targets for 2017:

- overall real GDP growth of 6.3 percent;
- non-oil real GDP growth of 4.6 percent;

- end-year inflation of 11.2 percent;
- average inflation of 12.4 percent;
- overall fiscal deficit of 6.5 percent of GDP;
- primary surplus of 0.4 percent of GDP; and
- Gross Foreign Assets to cover at least 3 months of imports of goods and services.

61. Mr. Speaker, we believe strongly that our medium-term policies, anchored on fiscal discipline, a broadened tax base, elimination of wasteful expenditures, prudent debt management strategies, complementary monetary policy, and sustainable external balance will ensure even better macroeconomic outcomes in the medium-term. Consequently, the macroeconomic targets for the medium-term (2017-2019) include the following:

- overall real GDP growth to average 7.4 percent;
- non-oil real GDP growth to average 5.6 percent;
- inflation to be within the target band of  $8 \pm 2$  percent in the 2018-2019 period;
- overall fiscal deficit to reduce to 3 percent by the end of 2019;
- current account deficit projected to decline to 4.8 percent of GDP in 2018 and further to 2.7 percent of GDP in 2019; and

- Gross Foreign Assets to cover not less than 3.5 months of import of goods and services in the medium-term.

62. Mr. Speaker, consistent with Section 16 of the PFM Act, 2016 (Act 921), we have also set the following targets on primary and secondary fiscal indicators to monitor the fiscal health of the economy towards the achievement of our fiscal policy objectives in 2017:

- non-oil primary deficit of 0.8 percent of GDP;
- public debt stock equivalent to towards trend 70.9 percent of GDP;
- capital spending of 12.6 percent of total expenditures; and
- (domestic) revenue-to-GDP ratio of 21.4 percent

### **Resource Mobilization for 2017**

63. Mr. Speaker, total Revenue and Grants, including programmed receipts from petroleum for the 2017 fiscal year, is estimated at GH¢44.9 billion (22.1 percent of GDP), indicating a 33.5 percent increase over the provisional outturn in 2016. Total non-petroleum Revenue and Grants is estimated at GH¢42.6 billion (21.4 percent of non-oil GDP) representing 29.2 percent increase over the provisional outturn in 2016.

64. Mr. Speaker, total receipts from petroleum is estimated at 1.2 percent of GDP and amounts to GH¢2.4 billion, representing a 231.2 percent increase over the outturn in 2016.

65. Domestic revenue is estimated at GH¢43.4 billion or 21.4 percent of GDP and is expected to be 33.5 percent higher than the provisional outturn in 2016.

66. Mr. Speaker, total tax revenue is estimated at GH¢34.4 billion, representing 6.9 percent of GDP. Of this amount, non-petroleum tax revenue is estimated to grow by 32.4 percent and this amounts to GH¢33.8 billion equivalent to 16.9 percent of non-oil GDP.

67. Taxes on Income and Property is estimated to increase by 47.7 percent to GH¢13.4 billion in 2017, accounting for 39.1 percent of total tax revenue. Of this amount, Royalties from petroleum is estimated at GH¢616.8 million.

68. Taxes on Goods and Services are estimated at GH¢13.9 billion, representing 13.3 percent increase over the provisional outturn in 2016 and 40.3 percent of the estimated total tax revenue for 2017.

69. International Trade taxes, are estimated at GH¢7.1 billion, representing 3.5 percent of GDP and 20.6 percent of total tax revenue. This estimate represents a 61.1 percent increase over the provisional outturn for 2016.

70. Mr. Speaker, the significant growth of this tax type emanates mainly from additional GH¢1.0 billion in tax measures that will be realised as savings from the reduction in the amount of import exemptions that will be granted in the 2017 fiscal year.

71. Mr. Speaker, Non-tax revenue, is estimated at GH¢6.7 billion (3.3 percent of GDP), representing 15.3 percent of domestic revenue. An amount of GH¢3.4 billion is expected to be retained by MDAs for the funding of their activities and the rest lodged into the Consolidated Fund. Of the total amount estimated for Non-tax revenue, an amount of GH¢1.7 billion is estimated as non-tax petroleum revenue.

72. Mr. Speaker, grants from Development Partners is estimated at GH¢1.5 billion, equivalent to 0.8 percent of GDP.

## **Resource Allocation for 2017**

73. Mr. Speaker, total expenditure, including provision made for the clearance of arrears and outstanding commitments in 2017 is

estimated at GH¢58.1 billion, equivalent to 28.6 percent of GDP. The estimated expenditure for the year represents a 13.7 percent increase over the provisional outturn for 2016. Of this amount, GH¢3.7 billion, equivalent to 1.8 percent of GDP and 6.4 percent of total expenditure will be used for the clearance of arrears and outstanding commitments.

74. Mr. Speaker, provision has been made for the clearance of up to 20 percent of the outstanding claims from previous years whiles we await the outcome of a special forensic audit of these outstanding claims.

75. Mr. Speaker, Compensation of Employees is estimated at GH¢16.0 billion (7.9 percent of GDP). Of this amount, GH¢14.0 billion, equivalent to 6.9 percent of GDP.

76. Expenditure on Goods and Services is estimated at GH¢3.5 billion, representing 1.7 percent of GDP.

77. Total Interest Payment estimated at GH¢13.9 billion, represents 23.9 percent of total expenditure and is equivalent to 6.9 percent of GDP. Of this amount, domestic interest payment constitutes 80.5 percent of the total Interest Payment and

amounts to GH¢11.2 billion.

78. Mr. Speaker, the existing legislation that have underpinned the estimation of Grants to other Government units over the years is being reviewed to break the cycle of rigidities in the Budget. Consequently, Grants to other Government units, comprising statutory payments into the National Health Insurance Fund, Ghana Education Trust Fund, the District Assemblies Common Fund, Road Fund, Energy Fund, transfer to the Ghana National Petroleum Company, retention of internally-generated funds by MDAs and other earmarked Funds has been constrained to a ceiling of 25 percent of tax revenues. The total allocation for grants to Other Government Units is GH¢9.7 billion.

79. Mr. Speaker, in addition to the significant tax incentives granted in this year's Budget, an amount of GH¢241.2 million has been budgeted in Social Benefits to assist lifeline consumers of electricity and transfers for social protection.

80. A total amount of GH¢7.1 billion has been allocated for capital expenditure. Of this amount, 38.9 percent will be financed from domestic sources and the remaining from foreign sources.

## Overall Budget Balance and Financing for 2017

81. Mr. Speaker, based on the revenue and expenditure estimates, the 2017 budget will result in an overall budget deficit of GH¢13.2billion, equivalent to 6.5 percent of GDP.

82. Financing of the deficit will be from both domestic and foreign sources. Net Domestic Financing is estimated at GH¢14.6 billion, equivalent to 7.1 percent of GDP, and includes financing from divestiture proceeds of GH¢1.8 billion. Net foreign financing is estimated to constitute a net repayment of GH¢1.3 billion, equivalent to 0.6 percent of GDP. An amount of GH¢300.7 million, equivalent to 0.1 percent of GDP is estimated to be saved in the Ghana Petroleum and Contingency Funds while the Sinking Fund is expected to be drawn-down by GH¢716.1 million.

## Projection of 2017 Petroleum Receipts and allocation

83. Mr. Speaker, the estimated Benchmark Revenue (BR) price for crude oil is US\$56.142 per barrel for 2017 with a benchmark output of **43,875,920 barrels (120,208 bopd)** and **32,512,497 MMBtu** for oil and gas, respectively.

84. The petroleum revenue for 2017 is estimated at **US\$515.64 million**, with BR projected at **US\$242.08 million**.

85. Mr Speaker, the second 3-year cycle for the review of the petroleum revenue distribution formula, as stipulated in the PRMA, has elapsed. We would like to request this august House to maintain the existing distribution formula as follows:

- 30 percent of the net Carried and Participating Interest to GNPC;
- 70 percent of net receipts (after GNPC's) to the ABFA;
- 30 percent of net receipts (after GNPC's) to the Ghana Petroleum Funds;
- 30 percent of the amount allocated to the Ghana Petroleum Funds to the Ghana Heritage Fund; and
- 70 percent of the amount allocated to the Ghana Petroleum Funds to the Ghana Stabilisation Fund.

86. We would also like the House to approve the following priority areas for the spending of the ABFA for 2017-2019, in line with the PRMA:

- Agriculture;
- Physical Infrastructure and Service Delivery in Education;
- Physical Infrastructure and Service Delivery in Health;

and

- Road and Rail Infrastructure Development.

## **The Medium Term Debt Strategy and Debt Sustainability Analysis**

87. Mr. Speaker, the debt strategy for the medium term would be to manage the public debt at the lowest cost and at prudent levels of risk to bring our debt to GDP ratio to 65 percent over the medium term.

88. Consequently, in accordance with the requirement of the Public Financial Management Act, 2016 (Act 921), my Ministry will conduct and publish a Debt Sustainability Analysis (DSA) and update the MTDS to guide the borrowing plan and operations. The reports will inform policy decisions, leading to the reduction in the debt burden and insulation against other fiscal vulnerabilities.

## **SECTORAL PERFORMANCE AND OUTLOOK**

89. Mr. Speaker, the sectoral policies are designed to achieve our broad objectives of jobs and wealth creation and macroeconomic stability while ensuring compliance with the PFM Act. Permit me to update this august House on the performance of some key sectors of the economy and the

outlook for 2017 and the medium term. I will begin with this August House;

## **PARLIAMENT OF GHANA**

90. Mr. Speaker, Parliament continued to discharge its mandate through the consideration of 181 Papers including 25 Bills, four Legislative Instruments (L.Is), eight Constitutional Instruments (C.Is), 19 Loan Agreements and 39 Committee Reports. Out of the 25 Bills laid, 18 were passed into law.

91. Parliament also facilitated the establishment of the Scrutiny Office to provide expert analysis of policy measures on Bills, the budget, loan agreements and international financial transactions brought before the House for approval. In 2017, the Office will be strengthened to undertake pre-legislative scrutiny of bills through research and information pursuant to the PFM Act.

92. Mr. Speaker, Parliament will complete the review of its Standing Orders to open up committee meetings to the public and empower committees to undertake independent investigations, and summon witnesses and government officials to appear before it.

93. The Parliamentary Training Institute established in 2016

will be strengthened to undertake and promote research in parliamentary democracy. A Strategic Plan for the take-off of the Institute will be developed in 2017.

## AGRICULTURE

94. Mr Speaker, the government recognizes agriculture as the main anchor of the country's economy. Unfortunately we have witnessed a steady decline in the sector and production levels have fallen consistently over the years. In the medium term, we intend to modernize the sector to improve productivity and achieve food security and profitability for our farmers.

95. Mr Speaker, in 2017 government will launch the **"Planting for Food and Jobs"** campaign.

96. The campaign is designed to encourage all citizens (both urban and rural) to take up farming as a full or part-time activity. It is intended to structure it along the lines of the erstwhile "Operation Feed Yourself" (OFY) programme in the 1970s. The campaign will involve the production of maize, rice, soybean, sorghum and vegetables. Other crops will be adopted in subsequent years.

97. The campaign will be anchored on five pillars namely:

- Provision of improved seeds;
- supply of fertilizers;
- provision of dedicated extension services;
- marketing and
- E-Agriculture and Monitoring.

98. This initiative is expected to increase the production of maize by 30 percent from current production levels, rice by 49 percent, soybean by 25 percent and sorghum by 28 percent. This will create 750,000 jobs in both direct and indirect employment.

99. The Ministry will import improved seeds to augment any shortfall for the “Planting for Food and Jobs” campaign.

100. Mr. Speaker, in 2017, the Ministry will continue the Fertilizer Subsidy Programme to help increase the productivity of farmers. To this effect, we intend to distribute nationwide, an expected 180 thousand metric tonnes of subsidized fertilizer.

## **FISHERIES**

101. Mr. Speaker the fisheries subsector employs a significant number of our people especially along the coastal areas. Over

the past years, efforts have been made to also boost both marine and inland fishing and support aquaculture development. However we believe that we need to modernize the artisanal fishing methods to ensure sustainable fishing and also improve production levels.

102. To modernize and transform the industry, the Ministry will complete phase one of the Anomabo Fisheries College to enhance research and knowledge-base in fisheries technology for all operators. It will also collaborate with relevant institutions and the private sector to develop modern landing sites and storage facilities at James Town, Cape Coast, Axim and Mumford.

## **TRADE AND INDUSTRY**

103. Mr. Speaker the country's industrial sector faces significant challenges. The principal ones of which are lack of access to finance, high interest rates, inadequate and poor quality raw materials for industrial processing, poorly developed domestic trade and an unreliable and expensive power source.

104. The goal of government over the medium term is to address these challenges in ways that enable industry to thrive and become a major source of jobs especially for the youth. A number of major policy interventions will be initiated this year

as part of this strategy.

105. In 2017, the Ministry will roll out its district level component of the National Export Strategy to develop one export commodity in every district.

106. In 2017, the Ghana Commodities Exchange (GCX) project will establish a state-of-the-art, transparent, and professional market institutions to create an orderly, transparent and ready market for goods that are produced by farmers in the country.

## **TOURISM, CULTURE AND CREATIVE ARTS**

107. Mr. Speaker, Tourism, Culture and Creative Arts remains one of the most underdeveloped sectors in our economy despite the immense growth potential and opportunities for job creation.

108. When developed, the sector can positively impact the lives of many individuals, families, communities and small enterprises in our country and providing needed jobs for our teeming youth. Our objective is to transform the country into a major Meeting, Incentive Conference and Exhibition center (MICE). To facilitate this we will aggressively develop our

tourist sites to bring them to world class standards.

109. In 2017, the Government will kick start the Marine Drive Tourism Investment Project covering the over 240 acres of land from Osu Christiansborg Castle to the Arts Center. This project will transform the beach area into a tourism enclave to create jobs for our teeming youth.

110. The Ministry will partner the private sector to develop the Efua Sutherland Park into an ultra-modern world class Park. Specifically for 2017, Mr. Speaker, we will use IT to promote and market tourism via the single portal window.

111. Mr. Speaker, the Ministry will also undertake a food festival to showcase the diverse rich Ghanaian foods through cooking competition throughout the country.

## **ENERGY**

112. Mr. Speaker, this government intends to ensure that Ghanaians enjoy reliable, efficient and affordable power to provide comfort in their homes and support the development and growth of their businesses.

113. In 2016, significant efforts were made to address some of

the challenges in the sector. This include an increase in the total installed generation capacity by 880MW. In 2017, Government will continue to increase the installed generation capacity of the country to meet the growing demand for electricity. A total of 1227MW of installed capacity scheduled to be added include: 370MW AKSA project, 107MW GPGC project, 350MW CenPower Project and 400MW Early Power Project among others.

114. Mr. Speaker, ECG and NEDCO will continue with system upgrade projects to improve the quality of power supply to customers. Furthermore, steps would be taken to ensure that outstanding issues surrounding the implementation of the Ghana Compact II are addressed, to allow for its implementation, in order to achieve the desired objectives.

115. Mr. Speaker with regards to oil and gas, Government will work with the Jubilee Partners to address the shortfall in oil and gas production resulting from the 2016 damage on the turret bearing on FPSO Kwame Nkrumah and will adopt a three phase approach to convert the FPSO Kwame Nkrumah to a permanently spread-moored. First gas from the TEN field to the Gas Processing Plant (GPP) is expected in the first half of 2017. GNPC is engaging with the partners to develop an integrated technical and commercial schedule that will target gas start-up

in the 2<sup>nd</sup> quarter of 2018.

## **Railway Development**

116. Mr. Speaker, this government believes that rail will be a major catalyst to drive the growth that we envisage in the coming years. Rail transportation provides safer, cheaper and faster way of moving goods and people to facilitate trade and support economic activity. Our vision is to open up the country and provide new opportunities to our people to do business and trade among themselves.

117. In that regard, government will complete the Sekondi to Takoradi via Kojokrom section and continue with the section from Kojokrom to Tarkwa through Nsuta. This will help improve the operational performance and revenue of Ghana Railway Company Limited (GRCL) and enable the Company wean itself from Government support. In addition, it will enhance the performance and competitiveness of the manganese mine located on the corridor.

118. Work will commence on The Western Line which starts from Takoradi and terminates at Kumasi having two branch lines namely; Dunkwa to Awaso and Kojokrom to Sekondi, covering a distance of 340km. The corridor when completed, will facilitate the haulage of manganese, bauxite, cocoa and

other bulk commodities. The Feasibility Studies and Front End Engineering Design (FEED) have already been done on the Line.

119. We will also initiate discussion to secure funding for other major projects, such as, the Central Spine which stretches from Kumasi to Paga covering a distance of 700km. The corridor is a greenfield and will be developed in sections. The sections are Kumasi to Buipe and Buipe to Paga. A prefeasibility study was undertaken on the line, and in 2017, we plan to undertake full feasibility studies to enable the Ministry to invite developers and source funding for the development.

120. The Eastern Railway Line will cover a distance of 330km and starts from Accra to Kumasi with a branch line from Achimota to Tema. When the line becomes operational, it will decongest the port and facilitate the movement of cargo and passengers to Kumasi and its environs.

121. The Central Railway Line will cover a distance of 200km and spans from Kotoku on the Eastern Line to Huni Valley on the Western Line. It will have a branch line from Achiase to Kade and we plan to undertake feasibility study on the line and extend it to Kibi.

## **HOUSING**

122. Mr. Speaker, government recognizes that the dream of all Ghanaians, is to own a home or at least to have decent rental accommodation. There are, however, major constraints to this dream. These include:

- The high cost of buying and renting a home;
- Undersupply of annual requirements of housing units;
- Lack of long term financing for real estate development; and
- Lack of appropriate financing arrangement.

123. To reduce the housing deficit, government will use appropriate mix of public policy and public private investment to deliver quality, affordable, housing solutions that meets the needs and financial capacity of ordinary Ghanaians.

## **Water and Sanitation**

124. Mr. Speaker, major water project to be undertaken in 2017 would include, the continuation of the Greater Accra Metropolitan Area (GAMA) water extension projects as well as those of Kumasi and Cape Coast. The Kpong, Akim Oda and Ho water expansion projects, Tono Water Treatment project for

the Upper East Region in Navrongo, as well as those of the Yendi and Damongo will be undertaken whilst the Wa project will be completed. Preparatory works for the Sunyani and Techiman as well as the Sekondi-Takoradi water supply projects will be finalized.

125. In addition, Mr. Speaker, will complete the ongoing 1,000 boreholes projects and also initiate the construction of at least 2,000 boreholes across the country as part of the drive to get us closer to the desired goal of 'Water for All'.

126. In 2017, the Ministry will pursue a Comprehensive Sludge Management Programme (CoSMaP) targeted at constructing 2No. Faecal Sludge Treatment Plants in Sekondi-Takoradi and Tamale Metropolitan Areas with the objective of stemming the disposal of faecal matter into water bodies and drains. The Ministry will also provide appropriate uniform and identification for 4,500 Environmental Health Officers nationwide to ensure visibility and enforcement of environmental sanitation and basic hygiene bye-laws.

## **Roads and Highways**

127. 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. In 2016, routine maintenance activities were undertaken on 10,723.49km (90 percent of the approved work plan) of the trunk road network; 16,183km (72 percent of the approved work plan) on the feeder road network; and 9,384km (94 percent of the approved work plan) on the urban road network.

128. Mr Speaker, inspite of the major investments made in the road sector, we continue to have major challenges. The past few years has recorded a significant increase in the award of contracts, leading to a large portfoli of projects that are in excess of what our budget can accommodate. This has led to delayed payments and the resultant penalty payments, accumulation of arrears and unacceptable poor quality but costly road construction.

129. There are also the issues of limited contractor capacities leading to substandard work, encroachment of right of way and lack of maintenance and care. In 2017 government will undertake a review to of existing projects to bring them to more sustainable levels and within available funding. Monitoring will be strenghtened and efficiency measures followed. New peojects will only be accomodated after this

review and within the allowable fiscal space

130. In the meantime maintenance work will be continued. These will include 11,900km, 22,950km and 10,200km of routine maintenance activities (grading, pothole patching, shoulder maintenance, vegetation control) on trunk, feeder and urban road networks respectively.

131. The Ministry will also undertake minor rehabilitation works on 60km of trunk roads, 350km of feeder roads and 100km of urban roads.

132. In 2017, 195km of trunk roads and 25km 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 Obetsebi Lamptey Interchange
- Construction of Pokuase Interchange
- Kumasi Roads and Drainage Extension Project

## **EDUCATION**

133. The mandate of the Ministry is to provide equitable access and quality education to all Ghanaians to make them functional citizens in order to contribute to the growth and development of the country.

134. Over the medium term, Government aims is to shift the structure and content of Ghana's education system away from merely passing examinations to building character, nurturing values and raising literate, confident and engaged citizens who can think critically.

135. To overcome this challenge, Government will also redefine basic education to include secondary education, covering technical, vocational and agricultural education.

136. As part of this initiative, Basic Education Certificate Examinations (BECE) will be used as a tool for placement of students into second cycle schools and not for certification.

137. To improve the quality and relevance of education, and further make the products of our school system competitive, Government will review the Basic level curriculum to focus on the four R's (Reading, wRiting, aRithmetic and Recreation to include life skills and creative skills). Government intends to ensure that all our children have these basic skills when they exit the Primary School system.

## **HEALTH**

138. The health sector continues to grapple with the challenge of bridging the equity gap in access to healthcare between urban and rural as well as the rich and poor, production and distribution of health personnel, high under five and maternal mortality rates and neglect of the mental health subsector resulting in huge unmet need for mental health services.

139. In 2017 there will be improved coverage of antenatal care services and delivery by skilled attendants is expected to increase from the 2016 targets of 78 percent and 53 percent to 80 percent and 55 percent, respectively. The target for fully immunized children will be maintained at above 90 percent in 2017.

## **GENDER AND SOCIAL PROTECTION**

140. Gender and Social Protection

Mr. Speaker, following the conclusion of the Millennium Development Goals (MDGs) in 2015, Ghana joined the world in developing the Sustainable Development Goals (SDGs) which was endorsed by the United Nations at its 70th session in September, 2015. The SDGs is adopted globally to end poverty, protect the planet and ensure prosperity for all.

In order to fight extreme poverty and vulnerabilities and ensure that no group is disadvantaged and left behind in the development process, government is committed to improve on social protection policy implementation and systems.

The Ministry of Gender, Children and Social Protection will facilitate the passage of the Affirmative Action Bill and the Domestic Workers Bills. We will refocus the LEAP programme and adopt effective means of targeting and enrolling

beneficiary households. The School Feeding Programme will also be reviewed to make it more transparent and effective and linked to the agriculture sector initiatives.

## **YOUTH AND SPORTS DEVELOPMENT**

141. Mr. Speaker, the youth will drive the discovery of new technologies, innovation and growth in the future. Our focus over the medium term is to create an enabling environment to build the capacity of our youth to take on more active roles in our country's future and its development. A number of policy initiatives we are rolling out are targeted at the youth.

142. In the area of sports development feasibility studies will be completed to facilitate the expansion of the infrastructure stock and transform the National Sports College into a Centre of Excellence, through Public Private Partnership (PPP) arrangements. Additional efforts will be made to support other disciplines starting from our school.

## **SECTION SIX: POLICY INITIATIVES**

143. Mr. Speaker, despite the major macroeconomic and structural challenges we face as a nation, we believe that with the appropriate policy interventions, we will set the stage for

job-creation opportunities, ease hardships and secure a bright future for our families, businesses and industries. The following policy initiatives are therefore designed to help improve the business environment, instill fiscal discipline and promote investment in critical infrastructure especially in rural and deprived communities.

## **IMPROVING THE BUSINESS ENVIRONMENT**

### **Tax Incentives**

144. Mr. Speaker, a number of tax measures have been introduced in recent years in an attempt to deal with revenue shortfalls. Some have proven to be nuisance taxes. They have low revenue yielding potential and at the same time impose significant burden on the private sector and on the average Ghanaian. As part of our commitment to reenergize the private sector, Government has decided to review these taxes to provide relief for businesses. The following specific measures shall be implemented in the short to medium term:

- abolish the 1 percent Special Import Levy;
- abolish the 17.5 percent VAT/NHIL on financial services;
- abolish the 17.5 percent VAT/NHIL on selected imported medicines, that are not produced locally;
- initiate steps to remove import duties on raw materials and

machinery for production within the context of the ECOWAS Common External Tariff (CET) Protocol;

- abolish the 17.5 percent VAT/NHIL on domestic airline tickets;
- abolish the 5 percent VAT/NHIL on Real Estate sales;
- abolish excise duty on petroleum;
- reduce special petroleum tax rate from 17.5 percent to 15 percent;
- abolish duty on the importation of spare parts;
- abolish levies imposed on kayayei by local authorities;
- exempt from taxation, the gains from realization of securities listed on the Ghana Stock Exchange or publicly held securities approved by the Securities and Exchange Commission (SEC);
- reduce National Electrification Scheme Levy from 5 percent to 3 percent;
- reduce Public Lighting Levy from 5 percent to 2 percent;
- replace the 17.5 VAT/NHIL rate with a flat rate of 3 percent for traders; and
- implement tax credits and other incentives for businesses that hire young graduates.

## **REVIEW OF IMPORT DUTY AND TAX EXEMPTIONS**

145. Mr. Speaker, while Government's focus is on reducing taxes

to enhance production, we are also determined to tackle the systemic abuse in the exemptions regime. There shall be a comprehensive review of the regime on import duty exemptions and tax reliefs with a view to eliminating abuses and improving efficiency in the applications of these incentives. To this end, the review will cover, among others, the following exemptions and tax reliefs as a matter of urgency:

- import duties, taxes and levies payable by MDAs and other government departments;
- import duties and all forms of taxes and levies payable by both domestic and foreign companies, suppliers and contractors executing projects and contracts in the country;
- import duties and all forms of taxes and levies payable by employees, directors and senior officials of both domestic and foreign companies, suppliers and contractors executing projects in the country;
- import duties and all forms of taxes and levies payable by both domestic and foreign companies and investors doing business in the country; and
- import duties and all forms of taxes and levies payable by non-governmental and charity organisations.

146. Mr. Speaker, as a transition arrangement, henceforth, applicants for these import duty exemptions and tax reliefs shall be required to, except in exceptional circumstances to be determined by the Minister for Finance, pay fully all applicable import duties and taxes, and apply with justification for refund.

## **LOCAL CONTENT**

147. Government believes in empowering the local private sector and will pass legislation to require that over time, at least 70 percent of all government projects and procurement are executed by local corporations and enterprises, with set asides for entities owned by women, persons with disability, and those established under the Youth Enterprise Fund (YEP), among other initiatives.

148. Government will introduce and enforce a local content policy, for government projects and procurement that will focus on job creation and local value addition, with emphasis on skills improvement. To ensure the success of this policy, Government will require, among other things, a job impact analysis of all qualifying projects that must demonstrate clearly, positive job creation with skills improvement, and other local value addition that must pass strict criteria established by government. LI 2204, which was passed in 2013 to maximize

value addition and job creation through local value addition, will be expanded and legislated as local country content for the country.

## **Job Impact Analysis**

149. In the push towards job creation and skills development, Government will introduce a mandatory job impact assessment for all public-sector projects or initiatives. Job impact assessment will also be required of private-sector entities that access government projects or contracts. In other words, all public-sector projects whether it is executed by the public-sector or the private-sector contractors must undergo a job impact assessment to evaluate the potential job creation impact. This will enable Government to analyze how various jobs are being created so as to better structure incentives and stimuli for higher skill jobs and opportunities for Ghanaians.

## **Banking Sector Initiatives**

150. Mr. Speaker, banks play an important role in our economy. Despite past interventions, the banking sector still faces major challenges. We are committed to working with the financial sector to resolve these challenges. A strong private sector credit growth is needed to support our medium-term GDP growth to increase productivity and create jobs.

151. We will harmonize and streamline some of the existing policies to make the sector more efficient. Policy interventions will focus on improving liquidity for banks through the payment of SOE related debt due banks over the short to medium-term in line with our debt sustainability framework.

152. Specific measures to be implemented in 2017 and the medium term include:

- streamline the Energy Sector Levy Act, 2015 (Act 899,) (ESLA) to accommodate all the existing legacy debts for the banking and the private sector, which include energy sector debt, Bulk Distribution Companies (BDCs), and other energy sector related debts;
- ensure that revenue streams from ESLA are properly used to ensure certainty of cash flow for the payments of all corresponding debts; and
- work with commercial banks to ensure that they are able to issue bonds on the back of the streamlined ESLA revenue for immediate liquidity.

153. In addition, the Bank of Ghana in collaboration with Government, will undertake the following structural reforms to the banking sector:

- Increase the banking industry's minimum capital

requirements and strengthen the licensing and regulatory framework.

- Introduce risk capital requirements in addition to minimum capital requirements for banks;
- Strengthen corporate governance by enforcing the term limits for Board Chairmen and Managing Directors of commercial banks in accordance with the Banking Act;
- Enhance enforcement of single obligor limit for commercial banks; and
- support mobile money and mobile banking businesses to enhance and expand financial inclusion.

154. We believe that all these measures will help minimize systemic risks in the banking.

### **Capital Market Development Initiatives**

155. Mr. Speaker, the growth of Ghana's capital market is impeded by lack of depth and liquidity. Addressing these challenges require the implementation of decisive measures in the short to medium term to deepen the capital markets, increase liquidity and trading activities and encourage more companies to list.

156. The specific measures to be implemented to improve

capital market performance in 2017 and the medium term, include the following:

- exempt from taxation, the gains from realization of securities listed on the Ghana Stock Exchange or publicly held securities approved by the Securities and Exchange Commission (SEC);
- exempt the financial services industry from stamp duty for 2 years to enable the re-capitalization of the industry as per the new SEC law;
- encourage a capital market local content policy that enjoins companies operating in the energy, oil and gas, financial services, telecommunications, and mining sectors to list a minimum percentage of their shares on the Ghana Stock Exchange within 5 years of commencement of operations; and
- Divest Government's holdings in some SOEs with a view to ensuring efficiency. This will include the sale of government shares in some SOEs and companies via a listing on the Ghana Stock Exchange.
- We will work with the Securities and Exchange Commission (SEC) to develop the regulations governing Asset-backed instruments including Real Estate Investment Trusts (REIT) and mortgage-backed securities and enable the pensions industry to support the development of these assets classes

and other alternative investment schemes.

157. Mr Speaker, the National Pensions Regulatory Authority (NPRA) will be moved back to be under the Ministry of Finance and the Ministry of Employment and Labour Relations. This is because, just like the SEC, the NPRA is a financial service regulator but of the pensions industry that also deals with a lot of Labour issues. Pensions are about finance:

- Financial contributions;
- Financial investments; and
- Benefit payout.

158. All the above are financial decisions affecting employees hence the decision to have joint oversight by the two ministries. Additionally, NPRA will be completely weaned off in 2017.

### **Building an Entrepreneurial Nation**

159. Mr. Speaker, this government seeks to build an entrepreneurial nation. The National Entrepreneurship and Innovation Plan (NEIP) is a flagship initiative which will be the primary vehicle for providing an integrated, support for early-stage (start-ups and small) businesses, focusing on the provision of business development services, business incubators, and funding for youth-owned businesses.

160. The NEIP will enable qualified new businesses to emerge and give them the space to grow, position them to attract financing, and provide business development support services. The programme will assist these businesses to secure markets during the critical formative years, and tap into a wide supply chain and network during their growth years.

### **National Industrial Revitalization Programme – A Stimulus Package for Industry**

161. Growth in the industrial and manufacturing sector has significantly declined over time, contributing to an unprecedented level of unemployment. This situation could be attributed to a variety of factors including, but not limited to the high cost of capital; limited access to medium to long term financing; high cost of electricity and unreliable power supply; limited access to land for industrial activity as well as weak logistic and infrastructure support for industrial development.

162. It is against this background that a National Industrial Revitalization Programme with a stimulus package for industry will be established to provide technical and financial support to existing companies that are currently distressed or are facing operational challenges, but are deemed to be viable to benefit

from the stimulus package which will put them in operation in the shortest possible time.

## **Industrialising Ghana from the Ground Up: One District, One Factory**

163. “One District, One Factory”, implementation of which will commence this year and be closely intertwined with our “National Industrial Revitalization Programme”, is designed as a comprehensive programme for rural industrialisation, driven by the private sector and involving the setting up of at least one medium to large scale factory in each of the administrative districts of Ghana.

164. It is aimed at creating massive youth employment, especially in rural and peri-urban communities, add value to the natural resources of each district, ensure even and spatial spread of industries to stimulate economic activity in different parts of the country, enhance the production of local substitutes for imported goods, and promote exports and increase foreign exchange earnings.

165. It has the potential of transforming the industrial landscape of Ghana, and will contribute significantly to the socio-economic development agenda of the country. We estimate that over 350,000 direct and indirect jobs would be created

from all parts of the country, as a result of the implementation of the programme.

### **National Identification Programme**

166. Mr. Speaker, the benefits of having a modern, reliable and unique national identification system are enormous and imperative for the development of our nation. A robust identification system and the issuance and use of integrated, multipurpose national identification cards would enable us to advance economic, civic and social activities in Ghana and to target particular developmental programs.

167. It is against this background that the National Identification Authority (NIA) was established in 2007 to oversee the registration of all residents in Ghana. However, a decade later, the NIA has made limited progress. In consonance with Government's commitment to reenergise the NIA to fulfil its statutory mandate, the new leadership of the NIA will be supported and resourced to be more effective.

168. Government has commenced stakeholder consultations to revive and roll-out the National Identification Scheme in 2017. All registered persons will be provided with a Unique Identification Number, and an ID Card. Subsequently, a national

ID Card shall be required for the provision and efficient delivery of public and private services, including financial services, mobile banking, m-commerce, social safety nets, health insurance, and revenue collection among others.

### **National Digital Addressing System**

169. Mr Speaker, the last time the whole country was mapped was in 1974. The lack of modern property addressing system in Ghana is a serious impediment to our developmental agenda. As part of our plans to enhance economic development and growth, Government has commenced stakeholder consultation to develop and implement a National Digital Property Addressing System for the country in 2017.

170. The aim of the National Property Addressing System is to have digital addresses for parcels of land and properties of the entire country. Every land or property will be assigned a unique identifier. This is aimed at facilitating improved ownership data and unique identification of properties. A proper addressing of properties will ensure efficient delivery of services for economic development.

## **E-Services Portal**

171. In order to improve efficiency of service delivery by government institutions with regard to acquisition of licenses and payment for services, Government established the e-services portal (<http://www.eservices.gov.gh/>) in 2012. This platform has helped in the delivery of government services (licenses and permits, etc.). Government will expand coverage to all parts of the country and improve efficiency of service delivery through private sector participation in the e-services portal. This is expected to help reduce corruption, promote compliance and improve the tracking of government resources.

## **EXPENDITURE MANAGEMENT AND COMMITMENT CONTROL**

172. Mr. Speaker, our country continues to grapple with weak expenditure management and budgetary controls leading to excessive expenditure overruns and payment arrears resulting in persistent fiscal deficit. Prudent expenditure management and commitment controls are, therefore, very crucial in order to achieve the goals and objectives of the budget.

## **Enforcement of the PFMA**

173. Mr. Speaker, the Public Financial Management Act, Act 921, passed by Parliament and enacted into law in August 2016 has the sole objective to strengthen the public financial management system in the country. The Act regulates the

financial management of the public sector within a sound macroeconomic and fiscal framework; defines the responsibilities of persons entrusted with the management and control of public funds, assets, liabilities and resources in a manner consistent with the level of public debt; provides for the accounting and audit of public funds; and provides for more robust sanctions and penalties.

174. The effectiveness of the law depends to a large extent on strong enforcement and compliance with its sanctions regime. Government will ensure that the robust sanctions regime provided for in the law is complied with by all Public Institutions. The required institutional arrangements, including functional independent Audit Committees, will be addressed to promote and enhance the effectiveness of the law.

175. Mr. Speaker, in addition to the assignment of responsibilities and enforcement of sanctions, two provisions are crucial for the effective implementation of the law. First, is the Commitment Control provisions to curb the build-up of expenditure arrears. Second, is the provisions that prohibit MDAs from entering into agreements with financial commitments that bind Government for more than one financial year or that results in contingent liability, unless approved by the Minister of Finance and authorized by

Parliament. These we must strictly adhere to if we are to ensure sound public financial management.

176. To fully operationalize the law to enhance budget credibility, Government will ensure the introduction of the necessary regulations to support implementation of the law, in collaboration with PFM stakeholders for effective implementation of the Act. Government through the Ministry of Finance will strengthen oversight of SOEs and Public Corporations, as well as, Local Government, to help mitigate fiscal risk emanating from contingent liabilities.

177. Mr. Speaker, to facilitate adherence to the provisions of the law, the Ministry will continue with the sensitization programme for Public Institutions at the National and Sub National levels as well as for key Stakeholders including CSOs, media, professional bodies and the public at large.

### **Establishment of the Fiscal Council**

178. Ghana has been faced with significant, long-term fiscal slippages and an escalating public debt stock leading to a high risk of debt distress. This is principally due to the fact that our fiscal policy implementation lacks a transparent institutional arrangement for providing quality fiscal information to the public, a mechanism for ensuring accountability in

implementing optimal fiscal policies to guarantee the stability of the system, and an institution to ensure the credibility of fiscal projections provided by the Government.

179. To address this, Government will initiate the process towards the establishment of a Fiscal Council that will adopt and implement rules to anchor fiscal policy implementation. The Fiscal Council will contribute to the accountability of Government, responsible for setting up medium-term fiscal policy anchors to guide fiscal policy as well as monitor compliance. The principal objectives for the formation of the Fiscal Council are to:

- ensure the credibility of our fiscal projections,
- set up medium-term fiscal policy anchors to guide fiscal policy, and
- monitor compliance of fiscal policy rules.

180. Legal backing will be given to the Fiscal Council through an amendment of the Public Financial Management Act, 2016 (PFMA), Act 921, to inter alia capture all the elements of a fiscal responsibility law.

### **Re-alignment of Statutory Funds**

181. Mr. Speaker, as the President noted in his State of the

Nation Address on the 21<sup>st</sup> February 2016:

182. “[T]he reality of the state of Ghana’s public finances today are quite stark. Today, as a result of policy choices, we find ourselves in a situation where Ghana’s total revenue is consumed by three main budgetary lines: wages and salaries, interest payments and amortization, and statutory payments. These three items alone account for 99.6 percent of government revenue. This means that anything else that government has to do outside of these lines, will have to be financed by borrowing or aid. The persistent resort to borrowing for any additional expenditures to meet the aspirations of our people is also not sustainable. We cannot continue this way with our public finances” (State of the Nation Address, 2017).

183. Indeed, this problem of lack of fiscal space in the current budget architecture and the problems associated with earmarking was rightly recognized by the NDC Government in the 2010, 2011, 2015 and 2016 budget statements. In these budget statements, the then Ministers for Finance noted the following:

- “Statutory funds introduce extreme inflexibility in the management of the budget, giving no room for policy

manoeuvre. Given the important social interventions that need to be scaled up and/or implemented, some key government programmes will have to be offloaded from the core budget to the statutory funds, in order to create space for the utilisation of discretionary expenditure in other priority areas.” – **2010 Budget Statement.**

- “...over 75 percent of the total wage bill and the associated increases resulting from the Single Spine Salary Structure goes to employees in only three MDAs, namely the Education, Health and Local Government, which ironically are the very sectors with the statutory funds that introduce rigidities in the budget structure and leaves no revenue space for the sustainable implementation of the Single Spine Salary Structure.” - **2011 Budget Statement.**

- “Mr. Speaker, the national budget is increasingly becoming inflexible to manage as well as to accommodate shocks and changes in government priorities. These are mainly due to the earmarking of a huge component of the budgetary resources as statutory transfers in addition to existing statutory liabilities, such as wages and salaries, amortisation, and interest payments.... Mr. Speaker, in the medium term, government will realign expenditures under the Statutory Funds hitherto being catered for under the Consolidated Fund. Starting with the 2015 Budget and as a transitional arrangement, government will enhance the administrative

process for aligning statutory fund expenditures to national policies and priorities.” - **2015 Budget Statement.**

- “To address the increasing rigidities in the budget that limits the room for policy manoeuvre, Government announced a policy of aligning the statutory and internally generated funds to national fiscal goals in the 2014 Budget. Consequently, in 2016, Statutory Funds expenditures totalling GH¢564.6 million will be realigned to the central Government budget.” - **2016 Budget Statement.**

184. In 2016, transfers to the earmarked funds constituted 33.5 percent of national revenue, up from 28.2 percent in 2015. These rigidities mean that government’s ability to shift public spending from one expenditure line to another is hindered even where current exigencies require government to do so. Consequently, it has become difficult to use public spending as an instrument to respond adequately to changing public needs.

185. Further, these increasing statutory rigidities have limited our flexibility and impeded our ability to meet our commitments, especially capital expenditure. As such, we continue to miss our obligatory disbursements to the Statutory Funds due to wishes to fulfil other commitments.

186. Mr. Speaker, in sum, we have been unable, as a nation, to

comply with our statutory and budget requirements in respect of earmarked funds because they impose unhelpful rigidities in our public expenditure and development strategies.

187. Notwithstanding the recognition of the underlying problem with the lack of flexibility and space in the budget as a result of the earmarking of funds, we have not tackled the problem. After many years of talking about it, this budget is finally going to tackle this problem.

188. Mr. Speaker, starting this year, government will propose a cap of 25 percent of tax revenue to all Earmarked Funds for the approval of this august House. The capping of transfers to Earmarked Funds to 25 percent of tax revenues in any particular year will allow a realignment of budget revenues to government priorities and in fact make possible increased expenditure on government priorities such as education, health, agriculture and infrastructure. However, we will make adjustment for constitutionally-mandated earmarked funds to make them whole.

### **Treasury and Risk management**

189. Mr. Speaker, efficient budget implementation requires a proper alignment of cash inflows and outflows. This will improve the predictability of budget implementations and cash

allocations. In line with this, Government will strengthen its treasury management functions by creating a Treasury Management Unit in the Ministry of Finance to handle all treasury management and related functions.

190. The current PFM law will be enforced with regards to the utilization of the Treasury Single Account (TSA). To this end, the bank accounts of all government institutions will be transferred to the Central Bank for ease of management and monitoring.

191. Additionally, Government will eliminate all payments in cash at service delivery points in public service institutions, including MDAs and MMDAs, in order to improve efficiency in service delivery and revenue collection to support the TSA.

### **Improving Payroll Management**

192. Mr. Speaker, the size of the public-sector compensation bill (wages, salaries, & other costs), which accounts for a significant proportion of domestic revenue, is a major concern for Government. It is one of the 'Big-Three' budget line items that continue to narrow Government's choices in pursuing higher economic growth and development programmes.

193. The SSNIT database will be used as a filter for the payment of public sector workers. Starting in April, all workers who have not been biometrically registered with SSNIT will be taken off Government payroll.

### **Recruitment and Promotion Related Arrears**

194. Mr. Speaker, in spite of the Public Services Commission policy on recruitments and promotions, we continue to see delays in the processing of recruitments and in promotions. These delays create frustrations for new recruits and serve as demotivation for serving officers due for promotion. Further, these delays lead to unexpected accumulation of arrears that hurt the integrity of our fiscal planning.

195. Mr. Speaker, in order to control the wage bill, and avoid compensation arrears that have not been provided for in our budgets, Government will from 2017 strictly enforce the policy and guidelines on the effective dates of promotions and recruitments within the Public Services. Substantive effective dates of recruitments and promotions shall not be backdated without the explicit permission of the Minister for Finance in writing.

### **Enforcement of the Public Procurement Act**

196. Mr. Speaker, as part of our expenditure management framework, Government will strictly enforce the provisions of the Public Procurement Act, 2003 (Act 921) as amended by Public Procurement (Amendment) Act, 2016 (Act 914), especially with regard to sole sourcing, which has proven to pose significant risks to fiscal policy management. To ensure that public procurements are done within budgetary constraint, we intend to strengthen the procurement process by introducing another level of approval for MDAs and MMDAs. To this end, sole sourced procurements by MDAs and MMDAs beyond the threshold of **GH¢50 million** will be subject to explicit approval by Cabinet before submission to the Public Procurement Authority for consideration and approval.

## **IMPROVING DEBT MANAGEMENT**

197. Mr. Speaker, as a sign of Government's commitment to ensuring public debt sustainability within the framework of the PFMA, the debt management strategy in 2017 envisages the introduction of new instruments to further lengthen the maturity profile of public debt, reduce cost/risk factors associated with the debt portfolio through effective liability management, and support the development of the capital market.

### **Liability Management**

198. Mr. Speaker, to improve the structure of public debt, Government will continue to implement sound liability management initiatives aimed at reducing interest cost and mitigating interest rate risk associated with the current debt portfolio. This will involve the implementation of a wide variety of operations, including the buy-back of existing debt using Sinking Fund Account, interest rate hedging and the use of structured financial instruments, as market conditions permit.

### **Implementation of a Credit Risk Assessment Framework for SOEs**

199. Mr. Speaker, the current financial state and governance structures of the SOEs, particularly, in the Energy Sector, is worrying. This continues to pose challenges for fiscal policy outcomes. In this regard, Government will implement a credit risk assessment framework to guide SOE borrowing and continue to ensure that necessary security structures and instruments are put in place by the SOEs to ensure they honour their debt obligations.

200. In addition, Government intends to establish a Single Entity with oversight responsibility of the SOEs. This forms part of broader SOE reforms aimed at consolidating the State's ownership role, improve performance and ensure effective and

efficient service delivery by SOEs.

## **INFRASTRUCTURE FOR POVERTY ERADICATION PROGRAMME**

201. Mr. Speaker, Government intends to pursue an inclusive development strategy aimed at radically improving the state of basic infrastructure at the constituency level, especially in rural and deprived communities. The Infrastructure for Poverty Eradication Programme (IPEP) will be our main vehicle for tackling these challenges. The IPEP is designed to direct our capital expenditure towards local, constituency-level specific infrastructure and economic development priorities, with particular emphasis on rural and deprived communities.

202. Mr. Speaker, under IPEP, every one of our 275 constituencies will be allocated the equivalent of US\$1 million (GH¢4.39 million) annually. It is expected that the project selected, under standardised guidelines, will fall in the following categories:

- One District One Factory;
- One Village One Dam;
- Small Business Development;
- Agricultural inputs, including equipment;

- “Water For All” Projects; and
- Sanitation Projects.

### **Establishment of Development Authorities**

203. Mr. Speaker, in order to ensure that IPEP and other local initiatives are implemented in a well-coordinated manner, Government will set up three (3) **Development Authorities**, namely, Northern Development Authority (NDA), Middle Belt Development Authority (MBA), and Coastal Development Authority (CDA).

204. The Development Authorities will be the main economic development implementing agencies in the areas they cover.

205. Mr. Speaker, Government will restructure and transform the Savannah Accelerated Development Authority (SADA) into a more focused *Northern Development Authority (NDA)* as originally envisaged. We will make the NDA a flagship programme which will serve as the vehicle for delivering our economic transformation agenda in the three northern regions.

206. Mr. Speaker, the Middle Belt Development Authority (MBA) will serve as the main development agency for the middle belt of the country. The Coastal Development Authority (CDA) will

serve as the principal development agency for the coastal regions of the country.

### **Zongo Development Fund**

207. Mr. Speaker, as part of our efforts to develop Zongo communities, government will set up a Zongo Development Fund (ZDF) with seed money of GH¢219.5 million. The Fund will support the provision of critical infrastructure in education and training; health and sanitation; local businesses and centres of culture, as well as improve security in the Zongo communities. The ZDF is expected to leverage its seed fund to attract additional funding from Development Partners, private sector institutions, civil society organizations, and other non-governmental organizations.

### **FREE PUBLIC SENIOR HIGH SCHOOL**

208. Mr. Speaker, as part of our commitment to improve access to education at all levels, Government will implement the comprehensive free public Senior High School (SHS) programme starting with the 2017/2018 academic year. This will include technical and vocational institutes.

209. Mr. Speaker, adequate provisions have been made for the funding of this monumental social intervention programme

which is set to begin in September, 2017, from the ABFA and other domestic revenue sources.

## **OTHER INITIATIVES**

210. Other special initiatives that will be implemented in 2017 are as follows:

### **Establishment of Airport Free Zone**

211. Mr. Speaker, airports all over the world are becoming increasingly multimodal, multi-functional enterprises creating considerable opportunities for commercial developments in areas they are located. Available evidence suggests that airports tend to attract investment and therefore generate jobs. Many countries are considering airport cities, or aerotropolis (airport-centred urban economic regions) as a vital means of expanding opportunities and creating jobs.

212. Mr. Speaker, Government has identified the establishment of sector-targeted Free Zones as a major driver for capital inflows and jobs for Ghanaians starting, this year, with the preparatory work for attracting private investment into an Airport Free Zone (AFZ). The AFZ will be purely a private sector investment with government only facilitating the process. Government will explore several options with potential

investors.

213. It is expected that the preparatory work for the AFZ will be completed by the end of this fiscal year.

### **Financial Stability Council**

214. Mr. Speaker, exposure to debts from Bulk Distribution Companies, State-Owned energy entities, as well as non-performing private sector loans continues to exert enormous pressures on the banking sector, posing a systemic risk to the entire economy. A significant number of banks have capital adequacy ratios below the required 10 percent even after restructuring of the VRA and TOR debts.

215. To address this over the long term, the government will establish a Financial Stability Council that will be mandated, among others, to continuously assess the vulnerabilities affecting the stability of the financial system and provide oversight over the steps taken to avert these risks.

### **Optimizing Energy Assets**

216. Mr. Speaker, as a government, we are committed to achieving a least-cost power generation infrastructure through accelerated private sector participation. This will partly involve

the restructuring of the power sector by bringing all hydro generation exclusively under the Volta River Authority (VRA) and creating a separate thermal market.

217. A new entity will hold the thermal assets which are currently held by VRA and make available a significant portion of this entity for private sector investment in pursuit of its private sector participation policy.

### **Ghana Infrastructure Investment Fund (GIIF)**

218. Mr. Speaker, in 2007, the then NPP government announced its intention to set up what was to be the Ghana Investment Corporation (GIC) as its principal sovereign wealth fund vehicle. In pursuing this, in April of 2008, the late Kwadwo Baah-Wiredu presented a memo to cabinet for approval to commence the processes of forming the GIC which was approved. A draft bill was prepared but could not be passed before we exited government.

219. Mr. Speaker, Government intends to review the GIIF law to make it consistent with the original objectives of the Ghana Investment Corporation (GIC). This has become imperative as we seek to take a more aggressive posture in leveraging the assets side of our balance sheet to create wealth to support

the development of the country.

220. Mr. Speaker, the GIC will manage the National Asset Protection Project (NAPP), a programme designed to conduct a physical and financial audit to locate, identify and value uncompleted Government assets.

### **International Financial Services Centre**

221. Mr. Speaker, the Banking (Amendment) Act, 2007 (Act 738) was passed to make way for the establishment of the International Financial Services Centre (IFSC) by the Government. The purpose is to attract foreign direct investment, income from license fees payable in foreign currencies, create employment, enhance local skills and knowledge, strengthen the financial sector through expansion in the use of investment banking instruments, and to increase the general competitiveness of financial sector.

222. Mr. Speaker, Government will reactivate the process started by the Ministry of Finance and the Bank of Ghana as far back as 2007 to establish the International Financial Services Centre (IFSC).

### **MILLENNIUM CHALLENGE CORPORATION**

223. Mr Speaker, the Ghana Compact II programme has officially come into force. Both parties to the Compact, the Governments of Ghana and United States of America, are committed to complying with their obligations. However, the implementation of Ghana's commitments has faced some challenges due to disagreements between stakeholders, particularly between labour, ECG and the Millennium Development Authority (MiDA). We need further dialogue on the key issues that have generated these disagreements. We are aware that these discussions should be concluded urgently in order to arrive at the decisions that will allow for its implementation.

224. Mr. Speaker, Government will reactivate the dialogue on the key issues that have generated these disagreements to ensure that all concerns are adequately addressed and that the resolution will ensure the centrality of Ghanaian leadership.

## **EDUCATION FUND**

225. Mr. Speaker, we will initiate discussions with all stakeholders interested in the performance of their senior high schools in their communities; Parents, school alumni, religious organisations, the diaspora, will be encouraged to establish a funding mechanism to support high schools of their choice. This will reinforce community involvement in governance and

improve the quality of education in our senior high schools. It is time we all participated in ensuring that Ghana's education regains its status of excellence.

## **INTEGRATED ALLUMINIUM INDUSTRY**

226. Ghana has since 1962, been contemplating the establishment of an integrated aluminum industry, using its natural resources in bauxite, hydro, gas and its existing smelter. The closest that the country got to realizing this was in 2008, under President J A Kufuor. Thankfully, President Akufo-Addo has made the rapid and sustainable establishment of an integrated aluminium industry a top economic priority. This is line with his vision for industrialization and transformation of the Ghanaian economy, with a deliberate focus on value-addition to the country's vast mineral wealth to significantly expand the capacity of the economy to create jobs and wealth for the people.

A lot of feasibility studies have been done in the area. The 2017 budget seeks to revive this critical game-changer and has, accordingly, made provisions to see to the implementation of an integrated aluminium industry. The development of the industry will require 6 main components:

- First, the development of the bauxite mines which are located in Awaso, Nyinahin and Kyebi.
- Second, the establishment of a refinery at one of the bauxite sights, preferably in Kyebi, because of its closet proximity to Tema, where the Valco smelter is located.
- The allocation of a dedicated, reliable and affordable source of power supply for the smelter.
- The development of a rail way infrastructure between the mines and Tema.
- The conversion of the alumina to aluminium at the current Valco plant.
- The establishment of an industrial park dedicated to manufacturing aluminium related products to complete the value chain of what is potentially a multi-billion local industry.

The President intends to introduce a Bill to this House this year to oversee the urgent development of this critical industry.

## **FIGHTING CORRUPTION**

227. Mr. Speaker, as we have said severally, “corruption holds back economic growth, increases the cost of doing business, reduces revenue to the state, leads to capital flight, and inflates

the cost of running government. It also results in a loss of legitimacy and respect for legally constituted authority”.

228. In this regard, Government will continue the implementation of National Anti-Corruption Action Plan. Additionally, Government will pursue a combination of institutional and legislative reform as part of our anticorruption policy, including establishing the Office of the Special Prosecutor, strictly applying the provisions in the PFM and PPA Acts, as well as amend, in particular, sections 3, 151 and 239-257 of the Criminal Offences Act, 1960 (Act 29), which will make corruption a felony instead of a misdemeanour.

229. Mr. Speaker, this government is committed to passing the Right to Information Bill as part of our tools in fighting corruption. We will not pay lip service to fighting corruption.

## **JOB CREATION**

230. Mr. Speaker, the centrepiece of this budget is to create an environment that will stimulate the private sector to create jobs, especially for the youth. It seeks to create an enabling environment to build the capacity of our youth to take on more active roles in our country’s future and its development. This has been reflected in the key policy initiatives announced in this budget, such as:

- Tax policy measures

- Financial sector initiatives
- Entrepreneurship development
- One district one factory
- One village one dam
- Small Business Development
- Stimulus package for industries
- Planting for food and jobs
- Sanitation

## SECTION SEVEN: CONCLUSION

### CONCLUSION

231. Mr. Speaker, Ghana turns 60 in a few days and there have been arguments whether it is worth celebrating this milestone given the sombre state of affairs. I believe we must. This anniversary provides us, not only the opportunity to reflect but also the challenge to chart a new and enduring course.

232. Ghana is seen as a bastion of democracy and stability in Africa. As a country, we have deepened our democracy especially in the fourth republic. We have had three (3) peaceful and successful transfers of power. Our love for education and our national character of friendliness and peace loving sets us apart.

233. Our economic challenges, have however, been the bane of our development aspirations. The policy actions spelt out in this Budget Statement seek to fix the economy and change the narrative to put the economy on the right path of phenomenal growth. We believe that this budget sows the seeds for growth, jobs, and the economic transformation agenda outlined in the vision of the President, Nana Addo Dankwa Akufo-Addo.

234. Ours, Mr. Speaker, is a government of destiny which will

unite our people; and together, including all the people in this Chamber, we will create a climate of social solidarity, a society where the preferential option for the poor is at the core of a private sector led growth to transform our society and achieve social justice, inclusive growth and restore human dignity and prosperity for all citizens. Poverty, Honourable members is not natural. Our challenge as we sit in these hallowed halls is to liberate ourselves from a rigged and unjust economic, political and social system that we have helped to impose on our nation. The democratic dividends of prosperity and equity are thus currently eluding us.

235. Mr Speaker, this government will take deliberate and strategic steps to fundamentally change the structure of this economy bequeathed to us 60 years ago and we are committed to implementing the measures I have outlined.

- We will restore and sustain macro stability.
- We will provide the environment for private sector to grow and thrive,
- we will improve public services and tackle corruption.
- We will support small businesses in rural and deprived areas
- We will ensure that every Ghanaian has equal opportunity and right to lead a productive and dignified life, being able to

fully develop their God-given capabilities.

236. Our rural communities will begin to see a more purposeful and sustained effort at transforming their lives through the introduction of various district level industrial and agricultural initiatives as well as improved education and health facilities and services. Mr. Speaker, I see our nation with this overwhelming election mandate as all having decided to withdraw in unison like Jesus to a remote place, Mr. Speaker, only to discover that we have five loaves of bread and two fishes to feed our 25 million plus fellow citizens. But herein lies the genius of the Ghanaian "for we are God's handiwork created in Christ Jesus to do good works which God prepared in advance for us to do."

As you can see, Mr. Speaker, with 5 loaves and 2 fishes, President Akufo-Addo's budget has tackled the five structural pillars of revenue, expenditure, earmarked funds, labour and our debt. Budgetary allocations have been made from tax revenue, ABFA and the realignment of statutory funds to fund these priority programmes. The breakdown of the funding sources are, ABFA GH¢342.0 million, tax revenue GH¢785.0 million, and realignment of statutory funds GH¢1.08 billion. This has been done through prioritization of expenditures and planned improvement and efficiency in government spending.

Mr. Speaker, in addition to funding these significant number of programmes with lesser resources than was spent last year, we have allocated over GHs 700million for capital expenditure seven times more than was allocated last year, funded NHIS and free SHS, provided tax relief for the private sector and all other socio economic classes, reduced levies on petroleum products, reduced electricity prices, provided a stimulus for the private sector and agriculture and brought down the deficit from 8.7 percent to 6.5 percent. But that is not all Mr. Speaker, for a heritage of 12 baskets full of fish and loaves is yet available to further sow for growth and jobs.

237. Our aim is to restore hope and steer the country onto a sustainable and inclusive growth path.

A country that is reenergized to redefine and reorient itself to confront the challenges ahead;

- A country in charge of its own destiny;
- A country where the private sector is well equipped to invest in the economy and be the catalyst for growth;
- A country where our youth have access to the requisite education which will expand their horizon and give them the opportunity to dream and express their creativity, talents and abilities and
- A country where each and every citizen is proud to be a

Ghanaian and to call this country home.

238. Mr. Speaker, let me take this moment as we near the end of this great privilege to present President Akufo-Addo's first budget to this august house, to reflect on one of the finest moments in the history of our democracy on July 23<sup>rd</sup> 1981. As you all know, during the third republic, the country was in economic crisis under the government of the PNP. I am proud to say that my father, Dr. Jones Ofori-Atta, in opposition with an amendment motion, co-sponsored by Dr. GK Agama successfully got this august house to support an amended motion to save the country. Honourable Members, we do have a crisis which we can handle and I will call on you, Honorable Minority Leader Haruna Iddrisu, the Honourable Minority Whip Alban Bagbin, honourable ranking members Ato Forson and Fiifi Kwetey of the Finance Committee to join us in the great example of the 3<sup>rd</sup> Republic to salvage and build our economy.

239. We believe with the help of the Almighty God we can deliver on all the well thought out programmes and policies, and build a business friendly and prosperous economy. Mr. Speaker, "God did not give us a Spirit of timidity but of power, love, sound judgment and self discipline"

MR. Speaker, we can do it, I personally pledge to work with you,

with candour, with transparency, respect and a deep commitment to protect this public purse. Let us go forth together.

240. God Indeed bless our homeland Ghana and make our nation great and strong.

241. Mr. Speaker, I beg to move.