

The Budget Speech

of the Government of Ghana for the

2019 Financial Year

Presented to Parliament on
Thursday, 15th November 2018

By

Ken Ofori-Atta
Minister for Finance

Theme: "A Stronger Economy for Jobs and Prosperity"

"MPONTUO BUDGET"



Theme: “A Stronger Economy for Jobs and Prosperity”

***The 2019
Budget Statement
and
Economic Policy
of Government***



Theme: “A Stronger Economy for Jobs and Prosperity”

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Section One: Introduction

1. Right Honourable Speaker, Honourable Members of Parliament, today the fifteenth day of November 2018, on the authority of the President of the Republic of Ghana, His Excellency Nana Addo Dankwa Akufo-Addo, I beg to move that this august House approves the Financial Policy of the Government of the Republic of Ghana for the year ending 31st December, 2019.

2. Mr. Speaker, on the authority of His Excellency the President, and in keeping with the requirement under Article 179 of the 1992 Constitution of the Republic of Ghana, may I respectfully present the Budget Statement and Economic Policies of Government for 2019 to this Honourable House.

3. Mr. Speaker, this statement is an abridged version of the 2019 Budget Statement. 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 2018 Annual Report on the Petroleum Funds, in accordance with Section 48 of the Petroleum Revenue Management Act, 2011 (Act 815), as amended.

5. Mr. Speaker, the theme of this year's budget is "A Stronger Economy, for Jobs and Prosperity". The budget represents the third of four annual budget statements of the government. It, therefore, offers us an opportunity to take a mid-term review of the performance of the Government in managing the economy and how we intend to accelerate the programme of growing the economy, modernising agriculture, industrialising our society, protecting the vulnerable, and creating jobs and prosperity for the Ghanaian people over the next financial year.



6. I do not take lightly the significance of this moment and opportunity we are granted annually to determine how the precious assets of Ghana — our people, our land, our natural resources and our treasury — should be stewarded for national growth and human development. Who are we, Mr. Speaker, that we should be given this great responsibility and opportunity?

7. Despite the challenges, we approach this process with genuine humility and gratitude to a great God. We recognize that while current resources are insufficient to meet every need and every demand of every Ghanaian, there are no limitations on our collective potential, our will and our hope that the sacrifices we make and the seeds we sow today will achieve sustainable results that will put Ghana on an irreversible path of enviable, broad-based empowerment.



8. Mr. Speaker, I stood here in March 2017 and asked that the country's paltry 2 fishes and 5 loaves be multiplied. And, indeed, as the young boy gave all he had to the multitude, so have we and the Lord, in response, has, indeed, blessed our nation.

9. With all the humility I can muster, Mr. Speaker, permit me to say that I am proud to say that the Akufo-Addo government is delivering on this four-year resounding mandate that the people of Ghana has given us. This is evident in the impressive strides the nation has made in the past 22 months alone.

10. Mr. Speaker, on behalf of the President, I wish to thank you all, the citizens of this country, for your patience, perseverance, sacrifices, activism and partnership that you have extended to this government. It is a social contract that we do not take lightly, at all. So far-reaching and non-partisan have these national sacrifices been, that even now, some members



of the Minority in Parliament have decided to lead the campaign for cleaner environment by dumping their gas-guzzling Toyota Land Cruisers to ride bicycles to work. For example, Mr. Speaker, a former Deputy Minister for Power, during the unforgiving 'Dumsor' era under President John Dramani Mahama, was seen just two evenings ago riding his bicycle to a luxury furniture shop on the Spintex Road. This is how far the Lord has taken us.

11. Yes, Mr. Speaker, we have, in the last two budget years, taken some tough decisions to get the country out of some very rough seas. We are not proud of the fact that there is still hardship in the country. But we are comforted by the fact that we have managed, yes, we have, Mr. Speaker, to ease the impact of the hardships that the Ghanaian people had been resigned to prior to December 7, 2016. We are not there yet. We still have a long way to go in fulfilling the manifest destiny



of this blessed land. Indeed, we are being repaid for “the years the locusts have eaten”.

12. So, Mr. Speaker, what is, however, clear is that the nation is moving forward under this government and moving forward in the right direction.

13. We are now on course to exit the IMF programme by the end of this year. It has been a collective effort by all of us—Government, for exercising the kind of macro-economic competence and discipline that was evidently lacking in the past; and, the people for their patience, understanding, and keeping faith with their government. The programme may have had its critics because of the constraints it imposed. But it was a necessary pill to swallow because by 2014, the government then had lost its fiscal discipline, confidence in the economy had completely slumped and President John Dramani Mahama had very little choice but to seek the bailout. We are grateful to the



IMF and are determined to maintain a combination of eternal economic discipline and vibrancy that will ensure that we will not have to be rescued in that manner in the future. As our President said: "Never again!"

14. Mr. Speaker, the philosophy of this government has not been to throw our hands in the air and offer excuses. The President, of course, set the standard in his first State of the Nation address. He said: "I was not elected by the overwhelming majority of the Ghanaian people to complain. I was elected to get things done. I was elected to fix what is broken and my government and I are determined to do just that."

15. Mr. Speaker, it is important to remember what it was—how things were—in order to appreciate the work that has been done to fix the mess. Ghana's economy was effectively in a recession and would have even worsened without the



intervention of the IMF. Even then, the previous government left office under the following circumstances only 22 months ago, lest we forget, Mr. Speaker:

- Declining economic growth that fell from 14 percent in 2011 to 3.7 percent in 2016— the lowest for two decades;
- Declining growth in agriculture and negative growth in industry, which led to significant job losses and brought about untold hardships;
- Rising unemployment that resulted in the formation of the Unemployed Graduates Association, which I understand was disbanded this year;
- High Fiscal Deficits reaching 9.3 percent of GDP in 2016;
- Fast rising Public Debts which pushed the debt-to-GDP ratio to 73.1 percent at the end of 2016;
- Fast-falling Cedi, affecting even the meagre profits that street hawkers struggle daily to make;



- High interest rates killing businesses and discouraging entrepreneurs from unleashing their creativity;
- Effective return to “Cash and Carry” under NHIS as a result of mounting Government arrears
- Weak Banking System and unstable financial system;
- And, lest we forget, Mr. Speaker, Ghanaian businesses, big and small, were working only to pay electricity bills or to buy diesel for the generator, which was no longer on standby. We cannot forget so soon the havoc that five years of ‘*Dumsor*’ caused to all households, all businesses and all, up and down the country.

16. These are just some items on the long list of things that were broken, disjointed, neglected, and needed to be fixed.

17. Mr. Speaker, within two years of the change in government, below are just some of the problems we have fixed:



- a change in the management of the economy— a change which has deleted “in” as prefix to the word “competence”;
- a change from macroeconomic instability to macroeconomic stability;
- a change from a rising debt-to-GDP ratio of 73.1% to a declining debt-to-GDP ratio of 55.6%;
- changing from a weak banking system to a strong, well-capitalised and better supervised banking system;
- a change from taxation that undermines production;
- a change from a predominance of sole sourcing to competitive tendering in procurement; this change, Mr. Speaker, has seen the Public Procurement Authority making total savings of GH¢1.8 billion from January 2017 to October 2018. It is important to recognize that not a single pesewa was saved all the years under the previous government until 2017. Let me repeat, not a single pesewa



was clawed back from the billions of cedis of the many contracts secured either through sole sourcing or restrictive tendering in all the years under President John Mahama.

- a change from the manual process of clearing goods, with its attendant corruption at the ports to a paperless process;
- a change that has delivered a reduction in electricity tariff across board;
- a change from *Dumsor* to reliable power;
- a change in access to and cost of education, to introduce social justice with free Senior High School education that should ensure that no child born to this land will be denied secondary education;
- a change from the abolition of teacher training allowances to a restoration of teacher training allowances;



- a change from Cash & Carry in NHIS to a functioning national health insurance system, where all arrears from 2014 have been cleared and confidence is returning;
- a change from the abolition of nursing training allowances to a restoration of nursing training allowances;
- a change to increase the share of the DACF to persons with disabilities from 2 percent to 3 percent;
- a change in a neglected, moribund private sector to a vibrant, job creating private sector;
- a change from rising graduate unemployment to reducing graduate unemployment;
- a change from a dying colonial railway network system, that had been neglected to a re-energised, comprehensive railway sector redevelopment that will transform our society forever;



- a change from a stagnant agricultural sector to a revitalised agricultural sector, where the positive problem now is how to manage this new culture of bumper harvest;
- a change from destructive galamsey activities to a regulated small-scale mining activities;
- a change from the opaque allocation of Ghana's oil blocks to non-performing cronies to a transparent allocation of oil blocks to investors with the capacity to work the fields.

18. Mr. Speaker, the President continues to respond to the concerns and aspirations of the people and is delivering on his many promises, such as:

- an innovative change to bring jobs and income to every district through One District One Factory;
- an innovative change to bring development to our rural areas through One Village One Dam under IPEP;
- an innovative change to Mobile Payment Interoperability;



- an innovative change to set up three Development Authorities as vehicles for accelerated development and the allocation of capital expenditure in a fair and equitable manner across every habitable community in Ghana;
- an innovative change to the establishment of the Zongo Development Fund as a vehicle to focus on the development needs of Zongo communities; and
- an innovative change to the approach of entrepreneurship development through the establishment of the National Entrepreneurship and Innovation Programme (NEIP).

19. A major focus of the Government in the last 22 months has been to clean the economic troubles we inherited with the restoration and sustainability of macroeconomic stability as the anchor for economic growth. Fiscal policy has been underpinned by increased revenue mobilisation, fiscal consolidation, and expenditure prioritisation, as well as moving Government policy



from a focus on taxation to a focus on production. In this regard, Government has implemented the following policies and measures:

- Abolished excise duty on petroleum;
- Reduced special petroleum tax rate from 17.5 percent to 15.0 percent and further reduced to 13 percent, converted from ad valorem to specific tax. In fact, it is important to note that petroleum taxes as a percentage of the total price build up for petroleum prices has reduced from 40.0 percent in March 2017 to 26.0 percent today;
- We abolished levies imposed on 'kayayei' by local authorities;
- Abolished the 1 percent Special Import Levy;
- Abolished the 17.5 percent VAT/NHIL on domestic airline tickets;
- Abolished the 17.5 percent VAT/NHIL on financial services;



- Abolished the 17.5 percent VAT/NHIL on selected imported medicines, that are not produced locally;
- Abolished the 5.0 percent VAT/NHIL on Real Estate sales;
- Abolished import duty on the importation of spare parts;
- Reduced National Electrification Scheme Levy from 5.0 percent to 2.0 percent and
- Reduced Public Lighting Levy from 5.0 percent to 3.0 percent.

20. After 22 months of disciplined economic management, the results have been quite remarkable:

- Economic growth increased from 3.7 percent in 2016 to 8.5 percent in 2017;
- Agriculture growth increased from 3.0 percent in 2016 to 8.4 percent in 2017;
- Industry growth rose from negative 0.5 percent in 2016 to 16.7 percent in 2017;



- Services Sector grew at 4.3 percent in 2017 compared to 5.7 percent in 2016;
- The fiscal deficit was reduced from 9.3 percent of GDP in 2016 to 5.9 percent of GDP in 2017 (the first time since 2006 that a government has met the deficit target)— at 2.8 percent of GDP in June 2018, within the target of 4.5 percent of GDP for December 2018;
- Inflation declined from 15.4 percent in 2016 to 11.8 percent in 2017 and now stands in single digits at 9.8 percent (September);
- The Bank of Ghana Monetary Policy Rate saw a year-on-year reduction from 25.5 percent by end-2016 to 20 percent by end-2017 and currently stands at 17 percent. This is the longest 18-month reduction in the monetary policy rate since 2001— an easing of 850 basis points;



- Interest rates on the 91-day treasury bills declined from 16.8 and now stands at 13.4 percent;
- Ghana's trade position with the rest of the world has strengthened. The trade account recorded a deficit of US\$1.4 billion in June 2016, improved significantly to a surplus for the first time in two decades to US\$1.1 billion as at June 2017 and another surplus of US\$1.1 billion as at June 2018;
- Our gross international reserves increased from \$6.2 billion in December 2016 (3.5 months of imports) to US\$7.3 billion as at June 2018 (3.9 months of imports);
- Ghana's debt to GDP ratio, which increased from 32 percent in 2008 (in President Kufuor's last year in office) to 73.1 percent in 2016 (in President Mahama's last and final year), declined for the first time since 2007, from 73.1 percent of GDP in 2016 to 67.3 percent in June 2018 (before rebasing); and



- For the first time in almost a decade, Standard and Poor's (S&P) upgraded Ghana's Sovereign Credit rating from B negative to B with a stable outlook, in September 2018.

21. These are remarkable achievements which we are determined to build on in order to improve the lives of Ghanaians. Ghana is changing, Mr. Speaker, and for the better. A change, Mr. Speaker, that we can feel!

22.

23. In preparing this budget, we undertook broad consultations with various stakeholders across the nation. Consequently, I present to this august house and to the people of our great country:

- *a budget that delivers on the hopes and expectations of Ghanaians;*
- *a budget that speaks to the needs of hardworking Ghanaians;*



- *a budget that enables us to face the future with confidence;*
- *a budget that reflects Government's commitment to building human capital through improvements in health and education;*
- *a budget that continues to deliver on job creation;*
- *a budget that provides opportunity for wealth creation;*
- *a budget that supports the industrial transformation vision;*
- *a budget that helps build industries;*
- *a budget that builds infrastructure;*
- *a budget that builds and connects the agro-business value chain;*
- *a budget that rebuilds and stabilises our banking system;*



- *a budget that promotes the culture of entrepreneurialship*
- *a budget that follows through on our promise to protect the public purse;*
- *a budget that small businesses will be happy with;*
- *a budget that enjoins our citizens to uphold the Republic and to at all times fulfil their civic duties as citizens of the Republic;*
- *a budget that promotes our commitment to the Sustainable Development Goals (SDGs), and takes fundamental steps towards Ghana Beyond Aid.*

24. This will be the first budget in Africa and second in the world, after Mexico to fully integrate the SDGs framework, enabling us to track our financial performance in order to ensure progress on these important targets that affect lives of our fellow Ghanaians.



25. Mr. Speaker, our 2018 “Adwuma” Budget aimed to build on our 2017 “Asempa” Budget achievements and put the country back to work; to grow the economy, create jobs and improve the lives of Ghanaians. Economic growth remains strong, and we are on track to achieve our key macroeconomic targets for 2018 and the medium term. This is progress we can all be proud of.
26. Mr. Speaker, the Ghana Statistical Service (GSS) completed the GDP rebasing exercise in September 2018. As a result, our economy is 24.5 percent larger. This increase reflects economic activities that hitherto were not captured (e.g. natural gas production), or were captured with insufficient data (e.g. fruits, vegetables, mining and manufacturing activities).
27. The rebasing resulted in a number of changes in some economic indicators. The good news is that per capita GDP rose from GH¢7,110 to GH¢8,863. On the other hand, with the expanded GDP base, the 2017 GDP growth rate of 8.5 percent was revised



down to 8.1 percent, which is still the highest in recent years. We are fully aware of what happened the last time Ghana's economy was rebased, in November 2010, resulting in a 63 percent upward change. It gave the then managers of the economy a false sense of security, as the debt-to-GDP ratio was significantly reduced. They went on a borrowing spree, forgetting that rebasing also exposed how very little revenue we raise through taxation.

28. Mr. Speaker, during the first half of 2018, real GDP grew by 5.4 percent, reflecting slower growth in the oil sector compared to 2017, but we are still on track to achieve our revised target of 5.6 percent growth this year. Much of the higher growth in the past 2 years reflects our prudent economic management and flagship programmes that respond to the realities of the majority of our citizens



29. In addition to significant achievements in stabilising the economy, we are on course to achieve our fiscal deficit target of 4.5 percent for the year (3.7 % in the rebased series). This will be the 2nd consecutive year this Government has achieved its fiscal deficit target. Last year target of 6.3% was surpassed to 5.9%.
30. Mr. Speaker not only are we growing the economy, the Bank of Ghana has also done an excellent job in implementing monetary policy. This has resulted in inflation dropping to single digit, lower interest rates, and a relatively stable currency, despite recent turbulence in emerging markets, and a strengthening US Dollar.
31. The financial system is critical to the functioning and development of the economy and, banks are central to our financial system. In addition to providing employment to a large segment of the population, the role of banks as the provider of



credit and liquidity to the economy remains critical to the functioning of our economy.

32. Mr. Speaker, weak macroeconomic conditions coupled with poor corporate governance and risk management in a number of banks, over the past few years, led to high levels of non-performing loans (NPLs) and abuse of depositors' funds through related parties and affiliates in breach of regulatory requirements. In addition, the lack of enforcement of the rules contributed to liquidity and solvency challenges in the banking sector. As a result, we inherited a number of weak banks and specialised deposit-taking institutions (savings and loans companies, Finance Houses, Rural and Community Banks, and microfinance institutions). This eventually led to the assumption and consolidation of seven banks, with potentially adverse consequences for depositors, creditors, employees, suppliers, and other stakeholders. It was critically important that these



failed banks be made to exit the financial system in a timely and orderly fashion to avoid contagion for the rest of the financial system.

33. Mr. Speaker, since the assumption of office by the current administration of the Bank of Ghana, bold measures have been taken to restore the health and resilience of the banking sector and to clamp down on unlicensed deposit-taking financial houses. In addition to the two insolvent banks that were closed last year by the Bank of Ghana, five more were closed in August this year for insolvency and other infractions of the law. Rescuing the situation regarding these seven banks has, so far, cost some GH¢9.9 billion in monies that Government had not budgeted for and could have surely been put in good use to fix our numerous infrastructural needs, such as roads, bridges, hospitals, schools, housing, etc.



34. The Government has continued to provide assurances to depositors and customers of licensed banks and specialised deposit-taking institutions, through demonstrable actions, that their deposits are safe. Indeed, following the creation of the Consolidated Bank Ghana Limited (a wholly owned Government of Ghana and licensed by the Bank of Ghana as a universal bank), the government capitalised it with GH¢450 million. In addition, Government had to issue a bond with a face value of GH¢7.6 billion to cover the gap, between the deposit liabilities and the remaining good assets of the five banks involved. This singular action of government has reposed confidence in the banking system because it will ensure that no deposit of any single one of the 1.2 million unsuspecting depositors will be lost, and customers will continue to access their deposits without difficulty and renew their confidence in the financial sector.



35. Through Government's intervention in August this year, deposits of some GH¢11.0 billion have been saved as well as some 2,661 jobs in addition to several hundred saved in 2017 from the insolvent 2 banks that were closed in 2017. The Government's action has also created a strong indigenous Ghanaian bank in place of the five failed banks. The Government is committed to ensuring that Consolidated Bank Ghana Limited becomes a strong customer-oriented indigenous bank, well positioned to meet the demands of all its customers and to serve as the go-to bank for financing Small and Medium Sized Enterprises (SMEs) and corporate Ghana.
36. Mr. Speaker, generally, banks have made progress in repairing their balance sheets by writing off bad loans and addressing capital needs. Banks are far advanced in executing their plans to augment their statutory capital in line with the new minimum



requirement, compliance of which is expected by end-December 2018.

37. The Bank of Ghana is also working on a comprehensive action plan for cleaning up the specialised deposit-taking institutions (SDI) sector made up of savings and loans companies, finance houses, rural and community banks, and microfinance institutions. The Government will support an orderly resolution of the difficulties and will provide the much-needed funds to facilitate prompt pay-outs to their depositors.
38. Mr. Speaker, the Government's financial interventions in the clean-up exercise have been necessary to help mitigate the socio-economic impacts arising out of the closure of the failed financial institutions. It is important that the costs of these interventions, borne by taxpayers, are recovered to the extent possible, through recoveries from debtors, shareholders, and related and connected parties, who, through unfair means,



siphoned funds, from the defunct banks to the detriment of depositors, employees, other stakeholders, and the economy as a whole.

39. In addition to all these clean-ups, Government has also taken steps to settle almost all claims of DKM customers. Mr. Speaker, you would recall that DKM Diamond Microfinance Limited had its license revoked in February 2016 with considerable suffering imposed on depositors, without any meaningful response from the previous government. That has significantly changed. The official liquidator received 99,858 claims and the validated claims amounted to GH¢502 million. I would like to inform the country that out of the 99,858 claims, 79,708 (80 percent) have been settled and depositors have been paid. The Government has set aside funds at the Bank of Ghana to pay the remaining 20 percent of depositors upon validation. An additional 12,612 claims have been fully provided for, but the customers have not



as yet been able to show proof of deposit. This means that 92 percent of DKM claims from depositors have been paid or provided for. Depositors for the remaining 7,568 claims of above GH¢10,000 are yet to reach agreement with the liquidators.

40. Mr. Speaker let me say how pleased His Excellency the President is, that in 2018, 270,000 young Ghanaians (90,000 in 2017/2018 and 180,000 in 2018/2019) who would not have been able to access secondary education were able to attend to do so because of Free SHS. We cannot downplay how significant this is to build a future for every citizen of this land.
41. Mr. Speaker, the days of an ailing National Health Insurance Scheme are behind us. We have re-energised the scheme which is now able to settle its bills, thereby ensuring that many more Ghanaians have access to quality healthcare across the country.
42. For our Government, support for the private sector is a top priority. Our efforts to improve the business environment were



duly recognised in the 2019 World Bank Ease of Doing Business Report, in which our position improved from 120th to 114th, out of 190 countries. This is just the beginning, as we strive to continually improve the business climate in Ghana. We can and will do much better.

43. Government has provided strong support to stimulate the private sector. In addition to bringing down interest rates, we provided direct support to the sector, through the Stimulus and 1D1F programmes. The 1D1F programme has generated strong interest from several banks. Fifty-five (55) companies have been funded, with several others in the pipeline.
44. Mr. Speaker, Government's Planting for Food and Jobs programme (PFJ) is yielding impressive results. In order to consolidate the gains achieved under programme, Government, last week, operationalised the Ghana Commodity Exchange, the first electronic commodity exchange in West Africa. Going



forward, there will always be a ready market for farmers who produce grains such as corn and soya, among others.

45. Through this exchange an estimated 200,000 skilled jobs will be provided not only in Accra but in key agriculture production and trading centres including Wenchi, Tamale and Sandema which host warehouses to support the exchange. Some of the jobs to be created include commodity brokers, data analysts, credit officers and grain pickers.
46. Mr. Speaker, Ghana's credibility in the international capital market is on the rise. As a testament to the prudent fiscal and monetary policies of this Government, in May 2018, The Akufo-Addo Government successfully issued its first Eurobond, with shining success: a hat trick of 3 Ls:
- *Largest Eurobond issuance of \$2 billion;*
 - *the Longest maturity period of 30 years; and*



- *the Lowest pricing in Ghana's history--8.627 percent for the 30-year bond!*

47. Mr. Speaker, 2018 Ghana's appeal as the preferred investment destination has grown significantly and we have attracted global industry giants such as Volkswagen, Nissan, Sinotruck and Siemens to establish local assembly plants.
48. Mr. Speaker, our policies have improved the business environment and the private sector has responded by increasing jobs. Based on SSNIT data, the private sector added 208,620 formal jobs in the first 10 months of 2018, an increase on the 197,000 formal jobs registered in 2017. We have resourced the Ghana Statistical Service and the Ministry of Employment and Labour Relations to develop a more robust system to track employment on a quarterly basis.
49. Government is also doing its part on job creation. Over the period 2017 and 2018, the Ministry of Finance granted financial



clearance to various agencies to recruit 88,719 Ghanaians into critical sectors of agriculture, health, and education to enable us to improve service delivery. In addition, the Nation Builders Corps (NABCO), a three - year transitional job opportunity for young graduates has enrolled 100,000 young graduates to support the delivery of critical public services.

50. Mr. Speaker, this is a monumental achievement as it is the largest single jobs and skills development programme in the last 50 years. The testimonies from the beneficiaries and their families have reaffirmed Government's commitment to transform our society.
51. Mr. Speaker, in recent times, the NPP Government has had to inherit an IMF programme from our friends across the aisle which we have successfully completed. Notwithstanding exiting this current programme after successful completion, we will continue with our prudent management of the economy and



buttress that with legal and institutional measures to ensure irreversibility of the gains made so far. However, as a member in good standing, we will continue our productive policy and technical collaborations with the IMF.

52. Mr. Speaker, Ghana can look forward with renewed confidence. This seminal 2019 budget, which comes at the mid-term of our administration aims to consolidate the gains from tough reform measures taken so far and surge boldly forward in growing our economy especially as we successfully exit the ECF programme with the IMF, our trusted advisors in the past three years. Under the ECF programme, we jointly made some difficult decisions, which have enabled us to improve our macroeconomic situation.
53. Mr. Speaker, we would like to acknowledge the role and contributions of the IMF in our achievements in macroeconomic stabilisation and growth. As a member of the IMF, Ghana will continue to engage the IMF through Article IV consultations and



other arrangements even after its exit from the current ECF Programme.

54. As we complete and exit the programme in December 2018, we are also instituting measures to ensure irreversibility of the macroeconomic gains we have made. Consequently, we will, among others:

- legislate a fiscal responsibility rule to cap the fiscal deficit to no more than 5% of GDP as part of measures to promote budget credibility and fiscal sustainability;
- strictly enforce the PFM Act to promote efficient and effective public financial management;
- continue with the zero central bank financing arrangement with the BoG to curb fiscal dominance as part of measures to rein in on inflation;



- maximize domestic resource mobilization and increase Tax Revenue-to-GDP ratio to levels in line with our peer Lower Middle-Income countries;
- implement expenditure efficiency and rationalisation measures to increase efficiency in public spending and free more fiscal space for growth oriented and job-creating programmes;
- enforce the Public Procurement Act and ensure sole sourcing is minimized to promote competition and efficiency in public spending, thereby, promoting value for money; and
- institute risk management framework to mitigate macro-fiscal risks. In view of this a Fiscal Risks Unit has been established at the Ministry of Finance.

55. God has demonstrated countless times that He can use ordinary people, ordinary nations in ordinary times to do extraordinary



things. Ghana has a history replete with “extraordinary” achievements – nationally, regionally and internationally. These achievements were the result and culmination of right choices.

56. Mr. Speaker, having set the tone for this budget, in accordance with the Public Financial Management Act, I will proceed to provide details of Government’s plans for 2019, focusing on:

- Recent global macroeconomic developments, and their implications for Ghana;
- Ghana’s macroeconomic performance in 2018, and our targets for 2019 and the medium term; and
- Sectoral performance, Government’s key programmes and policy initiatives, and the consequent deliverables.



Section Two: Global Economic Developments and Outlook

Growth

57. Mr. Speaker, according to the IMF's October 2018 World Economic Outlook (WEO), global growth momentum moderated in the first half of 2018, compared to the same period in 2017. This reflected greater than expected moderation of activity in some advanced economies, particularly, in the euro area and United Kingdom. Global growth is projected to be maintained at 3.7 percent in 2018 and 2019, same as in 2017.
58. Growth in advanced economies expected to increase very marginally from 2.3 percent in 2017 to 2.4 percent in 2018, largely on the back of strong growth in the US economy, which benefited from sizable fiscal stimulus. Growth in emerging markets and developing economies was steady in the first half of 2018, supported by continued stronger growth in emerging Asia, despite the moderation of activity in China. Growth in the



emerging markets and developing economies is projected to remain steady at 4.7 percent in 2019, same as in 2018 and 2017. In sub-Saharan Africa, growth is expected to increase from 2.7 percent in 2017 to 3.1 percent in 2018, and further to 3.8 percent in 2019, boosted by oil-exporting economies which benefited from higher oil prices.

Inflation

59. Mr. Speaker, global inflation increased in the second quarter of 2018, largely reflecting higher energy prices. Core inflation, excluding food and energy, remains below target in most advanced economies while in emerging markets and developing economies, core inflation has inched up in recent months.

Commodity Prices

60. Mr. Speaker, commodity prices generally continued to strengthen in the third quarter of 2018; oil prices increased to



about US\$76 a barrel in the first half of 2018, the highest since November 2014, but declined to about US\$71 in October 2018, following increased oil production by the major exporters.

61. Mr. Speaker, the world market price of cocoa beans is estimated to reach US\$2,200 per metric tonne in 2018 compared to US\$2,025 in 2017. Gold prices are also projected to increase from US\$1,293/toz in 2017 to an average of US\$1,3460/toz in 2018 before falling slightly to US\$1,302/toz in 2019.

Financial conditions

62. Mr. Speaker, the monetary policy normalisation in the US led to a stronger US dollar and rising yields on US treasuries, resulting in tighter financing conditions and capital flow reversals in a number of emerging markets and frontier economies, including Ghana. Despite these developments, global financial conditions remain generally supportive of growth.



SECTION 3: DOMESTIC MACROECONOMIC PERFORMANCE FOR 2018

63. Mr. Speaker, the performance of the economy for the first nine months has been impressive. To properly assess this performance, let me first re-state the macroeconomic targets set for 2018 as presented in the 2018 Budget:

- Overall Real GDP growth rate of 6.8 percent (5.6 % in the rebased series);
- Non-Oil Real GDP growth rate of 5.4 percent (5.8 % in the rebased series);
- End-period inflation of 8.9 percent;
- Fiscal deficit of 4.5 percent of GDP (3.7 % in the rebased series);
- Primary surplus of 1.7 percent of GDP (1.4 % in the rebased series); and



- Gross International Reserves to cover not less than 3.5 months of imports of goods and services.

64. Mr. Speaker, data as at the end September 2018 shows that, the economy is in good shape and we are on track to meet our targets:

- Real GDP grew by 5.4 percent (using rebased series) in the first half of 2018 compared to the annual target of 5.6 percent. Non-oil real GDP grew by 4.6 percent compared to the 2018 target of 5.8 percent;
- End-period inflation rate declined from 11.8 percent at the end of 2017 to 9.8 percent at the end of September 2018; and further to 9.5 percent as at October 2018;
- The fiscal deficit was 3.0 percent of rebased GDP at the end of September 2018 compared to a target of 2.7 percent;



- The primary balance was a surplus of 0.5 percent of rebased GDP compared to a target of 0.9 percent of rebased GDP for the period;
- The public debt including the financial sector bailout costs at the end of September 2018 was 57.4 percent of rebased GDP. Excluding bailout costs, the debt was 53.9 percent of rebased GDP;
- The monetary policy rate dropped from 20 percent at the end of 2017 to 17 percent at the end of October 2018;
- The provisional trade balance for the period recorded a surplus of US\$1,617.81 million compared to a surplus of US\$777.82 million recorded for the same period in 2017;
- Gross International Reserves accumulated to US\$6,756.43 million sufficient to cover up to 3.6 months of imports, ahead of our 2018 target of 3.5 months;



- The exchange rate, which appreciated against the US Dollar up to May 2018, depreciated by 7.57 percent at the end of Sept 2018 largely on account of external pressures including the strengthening of the US dollar, the US-China trade war, and the US Fed policy rate hikes. Compared to other emerging economies, Ghana has been able to weather the storm a lot better, primarily due to strong economic fundamentals.

65. Mr. Speaker, the detailed performance in the real, monetary, external, and fiscal sectors of the economy is provided below.

Growth

66. Mr. Speaker, the 2018 Budget envisaged a 6.8 percent GDP growth rate. However, with the rebasing of the GDP, there has been the need to revise the 2018 growth projection. Thus, the overall GDP growth target has been revised to 5.6 percent, taking account of the base effect of the GDP rebasing and half-



year performance. Non-Oil GDP is projected to grow by 5.8 percent.

- 67.** Mr. Speaker, provisional estimates by the Ghana Statistical Service show that economic growth remains strong in 2018. Real GDP grew by 5.4 percent during the first half of 2018. The non-oil economy grew by 4.4 percent and 4.3 percent in the first and second quarters of 2018, respectively.

Monetary Aggregates and Credit Developments

68. Mr. Speaker, broad money supply, including foreign currency deposits (M2+) grew by 24.1 percent year-on-year at end September 2018 compared with 23.1 percent over the same period in 2017. The pace of expansion in banks' total outstanding credit increased in the 12-month period to September 2018. Total outstanding credit increased by 13.0 percent (GH¢4.7 billion) compared with 7.9 percent (GH¢2.6 billion) in September 2017. Most of the credit to the private



sector was absorbed by the commerce and finance, services, transport and storage, communication, and manufacturing sub-sectors.

Interest Rates

69. Mr. Speaker, money market interest rates generally trended downwards in 2018, reflecting the reduction in the monetary policy rate and general improvements in macroeconomic fundamentals. However, the 91-day Treasury bill rate increased to 13.37 percent in September 2018, from 12.8 percent a year ago, while the 1-year note firmed up to 18.0 percent in September 2018. Deposits and lending rates of the Deposit Money Banks also went down generally.

Exchange Rate

70. Mr. Speaker, the Ghanaian Cedi, came under pressure in the second quarter of 2018, following the strengthening of the US



dollar in international markets. These developments resulted in tighter financing conditions and capital flow reversals in a number of emerging markets and frontier economies, including Ghana. Domestic demand pressures for foreign exchange, as well as, speculative trading were also contributory factors. Mr. Speaker, the Cedi, however, stabilised in the third quarter, benefiting from positive sentiments on the market as a result of the cocoa syndicated loan inflow.

International Reserves

71. Mr. Speaker, these external sector developments resulted in a drawdown of the country's gross international reserves by US\$798.41 million to US\$6.8 billion at the end of September 2018. This was sufficient to provide for 3.6 months of imports cover compared with 3.9 months of imports cover as at December 2017.



Fiscal developments

72. Mr. Speaker, our overarching fiscal policy objective over the past two years has been to consolidate our public finances as a surer path to a declining debt burden. With this in mind, the 2018 Budget set the overall fiscal balance as the primary anchor and targeted a reduction in the fiscal deficit from 4.8 percent of rebased GDP (5.9 % of old GDP) in 2017 to 3.7 percent of rebased GDP (4.5 % of old GDP) in 2018. At the same time, the fiscal framework was calibrated to yield a larger primary surplus relative to the 2017 outturn and ultimately lower the rate of debt accumulation.
73. Mr. Speaker, to safeguard our fiscal policy objectives for 2018, Government presented a package of revenue measures to this august House during the Mid-Year Fiscal Policy Review of the 2018 Budget Statement and Economic Policy. These measures took into consideration, the need; first, to improve the sluggish



revenue performance of the first five months of the year and, second, to address the low non-oil tax-to-GDP ratio as compared to peer middle income economies.

74. Specifically, a) GETFund and NHIL were decoupled from the Input-Output VAT mechanism and converted into straight levies with rates remaining at 2.5 percent each; b) a Luxury Vehicle Levy; and c) an additional Personal Income Tax band of income in excess of GH¢10,000 with 35 percent tax rate.
75. Mr. Speaker, provisional data on Government's fiscal operations from January to September 2018, indicates that, domestic revenues grew by 15.9 percent on an annual basis and reached GH¢31.7 billion compared to GH¢27.3 billion during the same period in 2017. However Total Revenue and Grants was 9.5 percent below target. On the other hand, expenditures were generally lower than programmed although some overruns were observed on specific expenditure lines including Use of



Goods and Services and Wages and Salaries. These operations resulted in a fiscal deficit of 3.0 percent of rebased GDP compared to a deficit target of 2.6 percent of rebased GDP for the 9 months.

76. Mr. Speaker, the fiscal deficit was financed from both domestic and external sources and included a drawdown in government deposits with the Bank of Ghana. Total Domestic Financing amounted to GH¢4.2 billion of which net financing from domestic market operations amounted to GH¢6.5 billion. Total Net Foreign Financing amounted to GH¢4.9 billion and included inflows from the issuance of the 2018 Eurobond.
77. Mr. Speaker, the primary balance recorded a surplus of GH¢1.5 billion, 0.5 percent of rebased GDP, albeit lower than the target of GH¢2.8 billion, 0.9 percent of rebased GDP.



Petroleum Receipts

78. Mr. Speaker, Government receipts from crude oil liftings for the first 9 months of 2018, from Jubilee, TEN and Sankofa Gye Nyame (SGN) fields, amounted to US\$604.09 million (GH¢2.72 billion).
79. Mr. Speaker, out of petroleum receipts (i.e. proceeds from Liftings and other petroleum receipts) of US\$723.55 million, GNPC (the NOC) was allocated a total of US\$223.43 million, comprising Equity Financing Cost (US\$149.72 million) and its share of the net Carried and Participating Interest (US\$73.71 million). The ABFA received a total of US\$176.33 million, while the GPFs received US\$323.79 million

Public Debt Development

80. Mr. Speaker, the nominal public debt stock as at end September 2018 was GH¢170.8 billion, comprising external and domestic



debt of GH¢86.6 billion and GH¢84.1 billion, respectively. The overall rate of debt accumulation in 2018 is 19.8 percent, driven primarily by the cost of the clean-up of the financial sector, involving resolution of the seven (7) defunct banks. The rate of debt accumulation would have been 11.5 percent without the clean-up exercise.

81. Mr. Speaker, public debt (including financial sector bailout) as a percentage of GDP stood at 70.7 percent at the end of September 2018 compared with 69.2 percent during the same period in 2017. The public debt stock (excluding the financial sector clean-up cost) as a ratio of GDP is 66.5 percent. In terms of the rebased GDP, the public debt to GDP ratio is 57.2 percent (including financial sector clean-up cost) and 53.9 percent (excluding clean-up cost).
82. Mr. Speaker, in 2018 we continued the clean-up of a heavily indebted energy sector. Following the establishment of the ESLA



bond programme in 2017, Government has steadily settled over GH¢5 billion in legacy debts and aged payables towards the goal of a financially viable and competitive power sector. An audit exercise is currently underway to validate the aged payables that were not considered under the ESLA bond. Once confirmed, government will intervene with a combination of cash and bonds to pay off the valid debts. This measure will improve the liquidity position of the energy sector SOEs and ensure long-term financial viability.

Energy Sector Levies

83. Mr. Speaker, a total amount of GH¢3.5 billion was programmed to be collected in energy sector levies in 2018. At the end of September 2018, an amount of GH¢2.3 billion was collected and lodged into the established, and other, ESLA accounts.



Energy Sector Bonds

84. Mr. Speaker, from January to August 2018, a re-tap on the 10-year ESLA bonds was effected with GH¢615.0 million and GH¢264.0 million respectively, bringing the total value of ESLA bonds issued to GHC5.8 billion. Energy-sector SOE debts, amounting to approximately GH¢5.6 billion have been settled to date from the proceeds.

Petroleum Risk Management

85. Mr. Speaker, the 2018 Budget announced the development of a petroleum risk management programme to mitigate the economic impacts of global crude price volatility. In the last year, a strong recovery in global crude prices has brought to bear the full brunt of Government's 2015 price deregulation policy. The Ministry of Finance, Ministry of Energy, and the NPA have worked closely over the past months to develop a strategy



to reduce volatility in pump prices by limiting consumers' expenditure against upward price movements.

Partial Securitisation of Mineral Royalties

86. Mr. Speaker, the 2018 Budget announced Government policy of securitising future mineral royalties to support current developmental needs. In September, Parliament passed the Minerals Income Investment Fund Bill into law. The objective is to hold and manage the equity interests of Government in mining companies and receive mineral royalties and rents due Government. Accordingly, the Fund will set up a SPV to raise funds by way of an Initial Public Offering ("IPO") through a dual listing on the Ghana and London Stock Exchanges. Government expects to raise up to US\$750.0 million from the IPO. The transaction advisors for the IPO have begun work in earnest.



2019 AND MEDIUM-TERM MACROECONOMIC TARGETS

87. Mr. Speaker, I turn now to the medium-term macroeconomic targets.
88. Following our significant achievements in stabilising the economy, Government will continue to pursue prudent macroeconomic policies to provide a stable environment for expanding economic opportunities, and for promoting inclusive and job-creating growth and development.
89. Mr. Speaker, consistent with the Public Financial Management Act, 2016 (Act 921), we will pursue our growth objectives without compromising fiscal consolidation. We will reduce the fiscal deficit to make the overall debt burden sustainable. We will pursue prudent monetary and external sector policies to keep inflation under control and achieve favourable current account balance to underpin exchange rate stability.



90. Mr. Speaker, we have set the following medium term (2019-2022) macroeconomic targets consistent with our objectives:

- Overall Real GDP to grow at an average of 7.0 percent;
- Non-Oil Real GDP to grow at an average of 6.6 percent;
- Inflation to be within the target band of 8 ± 2 percent;
- Overall fiscal deficit to remain within the fiscal rule of 3-5 percent of GDP;
- The primary balance to be in a surplus of at least 1 percent of GDP; and
- Gross International Reserves to cover at least 4 months of imports of goods and services.

91. Mr. Speaker, based on the overall macroeconomic objective of sustaining and restoring macroeconomic stability and pursuing inclusive growth, and job-creating programmes, the following targets have been set for the 2019 fiscal year:

- Overall Real GDP growth of 7.6 percent;



- Non-Oil Real GDP growth of 6.2 percent;
- End-period inflation of 8.0 percent;
- Fiscal deficit of 4.2 percent of GDP;
- Primary surplus of 1.2 percent of GDP; and
- Gross International Reserves to cover not less than 3.5 months of imports.

92. Mr. Speaker, we now provide details of the medium-term outlook for the real, fiscal, monetary, and external sectors of the economy

Real Sector

93. Mr. Speaker, overall GDP is projected to grow by 7.6 percent in 2019 while non-oil GDP is projected to grow at 6.2 percent. In terms of sectoral growth, the Agriculture Sector is expected to grow by 7.3 percent, the Industry Sector (9.7 %), and the Services Sector (6.1 %).



Fiscal Sector

94. Mr. Speaker, to bolster our resolve to maintain fiscal discipline, Government will soon submit a bill to this august House with the main objective of ensuring that the fiscal deficit is capped at 5 percent of GDP. Additionally, Government will institute a Fiscal Council to further strengthen fiscal management.

Resource Mobilisation for 2019

95. Mr. Speaker, total revenue and grants for 2019 is estimated at GH¢58.9 billion, 17.1 percent of the rebased GDP, up from a projected outturn of GH¢46.8 billion, 15.7 percent of rebased GDP in 2018.
96. Domestic revenue is estimated at GH¢57.8 billion, representing an annual growth of 25.5 percent over the projected outturn for 2018. Of this amount, non-oil Tax Revenue will constitute about 74.2 percent of domestic revenue and amount to GH¢42.9 billion. This estimate reflects the impact of expected



improvements in tax compliance and reforms in revenue administration.

97. Non-Tax Revenue, excluding oil, will amount to GH¢6.5 billion (1.9 percent of GDP) in 2019, equivalent to 11.3 percent of Total Domestic Revenue. Of this amount, GH¢4.4 billion is expected to be retained by institutions as internally generated funds (IGF). In addition, as a result of the IGF capping, an amount of GH¢282.2 million is expected to be paid into the Consolidated Fund.
98. Receipts from upstream petroleum activities are projected at GH¢5.4 billion in 2019, equivalent to 1.6 percent of GDP, and representing 30.3 percent growth over the projected outturn for 2018.
99. Grants disbursements from Development Partners are estimated at GH¢1.1 billion, up from the projected outturn of GH¢773.2 million in 2018.



Resource Allocation for 2019

100. Mr. Speaker, Total Expenditure (including clearance of Arrears) is estimated at GH¢73.4 billion, equivalent to 21.3 percent of GDP, representing a growth of 27.0 percent above the projected outturn for 2018.
101. Expenditure on Wages and Salaries is forecasted at GH¢19.4 billion representing about 26.5 percent of Total Expenditure. The wage bill is anticipated to reduce to 5.6 percent of GDP from the 5.9 percent projected outturn for 2018.
102. Expenditure on Goods and Services is projected at GH¢6.3 billion, representing 1.8 percent of GDP. The annual growth of 38.8 percent reflects a full provision made to cater for the Government's priority programmes, including the flagship Free SHS policy.
103. A total amount of GH¢18.6 billion has been estimated for Interest Payments of public debt. Of this amount, domestic



interest payments will constitute about 77.8 percent and amount to GH¢14.5 billion.

104. Government in 2019 will continue to implement the Earmarked Funds Capping and Realignment Act, 2017 (Act 947) to reduce budget rigidities and create fiscal space to fund growth enhancing expenditures. In this regard, transfers to Statutory Funds as well as all other earmarked funds, are estimated at GH¢13.8 billion, equivalent to 4.0 percent of GDP, compared to 3.5 percent in 2018.
105. Capital Expenditure is projected at GH¢8.5 billion, equivalent to 2.5 percent of GDP and a growth of 55.7 percent over the 2018 projected outturn. Of this amount, domestically financed Capital Expenditure is estimated at GH¢3.2 billion or 0.9 percent of GDP. An amount of GH¢5.3 billion has been budgeted for Foreign Financed Capital Expenditure and this will be funded by a combination of Project Grants and Loans.



Budget Balances and Financing Operations for 2019

106. Mr. Speaker, based on the estimates for Total Revenue & Grants and Total Expenditure, the 2019 fiscal operations will result in an overall budget deficit of GH¢14.5 billion, equivalent to 4.2 percent of GDP.
107. Financing of the fiscal deficit will be from both domestic and foreign sources. Net Foreign Financing will amount to GH¢9.7 billion, including a planned sovereign bond issuance of GH¢9.6 billion. Total Domestic Financing is estimated at GH¢4.8 billion. This will result in a Primary Surplus of 1.2 percent of GDP.

Petroleum Revenue for 2019

108. Mr. Speaker, the Benchmark crude oil price for 2019 has been projected at US\$66.76 per barrel in line with the Petroleum Revenue Management Act (Amendment), 2015 (PRMA, Act 893). The gas price for 2019 is also projected at US\$3.99 per



MMBtu. The 2019 Benchmark Revenue crude oil output is 63.4 million barrels (173,764 barrels of oil per day).

109. Mr. Speaker, the Ministry is proposing to this august House to allow it to exclude gas revenues to the tune of US\$181.80 million from the projected petroleum revenues for 2019, as we devise ways of getting VRA to pay for the gas supplied it by Ghana Gas. Furthermore, as a measure to minimise the amount of gas produced in the SGN Field for power production, Government has decided to postpone the extraction of its share of the gas resource (Royalties, and Carried and Participating Interest (CAPI), until such a time that we line up off takers to consume the gas in-year. These are prudential measures and should not be misconstrued to mean that the Ministry will not be pursuing the VRA's gas bills, as required by the PRMA.
110. Mr. Speaker, if this House grants us this request, the projected petroleum revenue for 2019 will amount to **US\$1.1 billion.**



This is made up of Royalties (US\$227.10 million), Carried and Participating Interest (US\$602.80 million), Corporate Income Tax (US\$249.60 million) and Surface Rentals (US\$1.10 million).

111. Of this amount, US\$404.90 million will be ceded to the NOC for its Equity Financing Cost (US\$320.10 million) and share of the Net Carried and Participating Interest (US\$84.80 million), US\$473.0 million allocated to the Annual Budget Funding Amount (ABFA), while the GPFs receive US\$202.70 million. The GPFs' receipts will be distributed between the Ghana Stabilisation Fund (US\$141.90 million) and the Ghana Heritage Fund (US\$60.80 million)

Strategic Pillars of the 2019 Budget

112. Mr. Speaker, consistent with H.E. the President's vision of transforming the Ghanaian economy, creating prosperity and job opportunities for all, and moving us to a Ghana Beyond Aid, in 2017 and 2018 we launched a number of flagship programs



that have yielded significant results. In 2019, Government will consolidate and build on these programs. Mr. Speaker rather than the traditional presentation of *Sectoral Performance and Outlook*, the rest of my presentation is organised so as to highlight the key pillars of our 2019 budget, which takes bold and fundamental steps towards the President's vision.

113. Mr. Speaker, *The Budget Statement and Economic Policy for the 2019 Financial Year* provides a detailed account of sectoral performance in 2018 and outlook for 2019. Here, I focus on 6 strategic pillars that build on the flagship programmes and our achievements over the past two years. Mr. Speaker, the strategic pillars of the 2019 budget are:

- Infrastructure;
- Agricultural Modernisation;
- Industrialisation;
- Entrepreneurship;



- Improving Efficiency in Revenue Mobilisation and Protecting the Public Purse.
- Social Intervention
- The Akufo-Addo government's commitment to market-driven policies is delivering results in the oil and gas sector and we aim to hit the one million barrels per day production mark very much within the next two electoral cycles, if I may stress, making Ghana one of the world's major oil producers. This, like the decision under President John Agyekum Kufuor to make Ghana strike oil in commercial quantities, will not happen by chance, just as it was not by chance that not a single oil well was developed as a result of any of the licenses granted under President John Dramani Mahama. The one million barrel target is happening as a result of deliberate interventions by this government. The transparent approach to contract awards – coupled with a stable fiscal policy, strong governance and stable regulatory regime – is attracting long-term investment and high-profile partners. Let me repeat, Mr Speaker, the



previous government saw no new exploration wells since 2014. This government's policies have been a catalyst, attracting capital to Ghana in a competitive global environment and revamping activity.

In the current year alone, BP, China's CNOOC, and ExxonMobil have all shown interest in Ghana. There is renewed activity on our basins. Aker Energy has committed to an extensive drilling and development programme in the prolific Tano Basin which will deliver an additional 200,000 bpd very soon. Both Tullow and ENI are drilling new wells. GNPC has accelerated seismic works in the Voltaian basin. With exploration in close proximity to existing discoveries, Ghana is poised to become one of the leading oil province and we are determined to achieve this and invest the revenues wisely for the benefit of the Ghanaian people.

Following the dip in Ghana's upstream petroleum sector, the Akufo-Addo Government has generated renewed interest in the industry through strategic interventions.



Strong Investor interest in last month's launch of Ghana's first licensing round for new exploration rights and the associated commitment to invest specifically in exploration is confirmation that the government's policies have brought about a renewal in investor confidence in the sector.

The entry of giants such as ExxonMobil, BP, CNOOC, Total and ENI attests to the success of our strategy. We are confident that our objectives will be met to accelerate exploration, maximise oil field recovery and open up new areas, including the onshore Voltaian Basin, which may lead to discoveries in oil fields in the Northern part of Ghana. By the Grace of God, Mr Speaker, we are pushing to increase our reserves and achieve our medium-to-long-term target of a million barrels of oil per day.

Our commitment to local content and local capacity building remains unrelenting. The Akufo Addo government will continue to establish a regulatory and fiscal environment that ensures that more of the value created



through the development and sale of our hydrocarbons is retained in Ghana for the benefit of Ghanaians. We will also ensure that the people of Ghana are at the forefront of this important sector, building capacity to create new jobs. Next year, we are determined to expand opportunities for training Ghanaians under the Accelerated Oil and Gas Capacity Programme. This will position Ghanaians to play leading roles in the industry and expand the reach of Ghanaian content in the global oil and gas business. We are preparing to establish a National Petroleum Institute, with a federal structure and central co-ordinating campus. It will develop a curriculum in line with international standards, facilitate research and technology transfer, and link trained Ghanaians with international market opportunities. Mr Speaker, the future is certainly brighter for Ghana.

INFRASTRUCTURE

114. Mr. Speaker, infrastructure, both hard and soft, is the backbone of economic development and growth, as well as a source of



jobs and wealth for a majority of people. In a rapidly changing global marketplace, traditional infrastructure like electricity and power, transport and logistics, water and sanitation, roads, highways, and railways have combined with new, mostly soft infrastructure like digitisation of government services to enable emerging economies like ours leapfrog the development path to prosperity.

115. Mr. Speaker, this Government, is committed to embarking on an integrated infrastructural development programme across the country that will move goods, food items and people from one location to another that will create jobs and prosperity and ensure value for money for Ghana as well as position Ghana as the transportation, energy and logistics hub in the region.
116. Mr. Speaker, to ensure efficient management of infrastructure, we will soon submit a bill to set up the Ghana Asset Management Corporation. Mr. Speaker, with your permission I



will like to inform Ghanaians on what we have done so far on infrastructure and the massive investments commencing in 2019.

117. Mr. Speaker, in 2019, we will invest massively in the development of road and infrastructure, from a variety funding sources and the following projects have been identified to commence in 2019:

Region	Project
Ashanti	
	Ahiankwanta-Obuasi
Ashanti	Datano-Ahokwaa-Suhenso
Ashanti (Bauxite Road)	Nyinahene - Awisesu
Ashanti (Bauxite Road)	Nyinahene - Kyekyewere



Ashanti	Okomfo Anokye - Abuakwa
Ashanti	Suame Interchange
Ashanti	Oforikrom Interchange
Kumasi Inner City Roads	
	Manhyia Sub-Metro
	Suame Sub-Metro
	Tafo Pankrono Sub-Metro
	Asokwa Sub-Metro
	Kwadaso Sub-Metro
Ashanti	Oforikrom Sub-Metro



	Subin Sub-Metro
	Nhyiaeso Sub-Metro
	Bantama Sub-Metro
	Mampong Inner City Roads
Brong Ahafo	Atebubu - Kwamedanso - Kojokrom - Riverside
Brong Ahafo	Sunyani Inner Ring Road
Brong Ahafo	Sunyani Inner City Roads
Brong Ahafo	Tepa Bomaa - Yamfo
Brong Ahafo	Berekum Inner City Roads
Brong Ahafo	Duayaw - Nkwanta



Brong Ahafo	Odumasi - Seikwa Nkwanta
Brong Ahafo	Bediako - Kasapi - Camp 15
Eastern	Kwabeng - Abomosu - Asuom
Eastern	Kwabeng - Akropong
Eastern	New Abirem-Ofoase-Akim Oda
	Akyem - Ankaase town Roads
	Akyem Fremponso
	Mampong - Kofiase
	Anwiankwanta - Obuasi
Eastern	Kessekrom-Adiembra



Eastern	Koforidua Interchange
Eastern	Akroso - Asamankese
Western	Prestea Inner City Roads
Western	Benchema - Adwofia
Western	Asankragua - Agona - Sefwi Bekwai
Central	Awakrom-Amisano(Ekumfi)
Central	Twifo Praso -Esikuma- Dunkwa on Offin
Central	Akotokyir Road
	Amamoma Area Roads
Western	Abura New Community Area



	Cape Coast Polytechnic Road
Western	Apawusika Road and Links
Central	Agona Swedru Inner City Roads
Central	Ankamu - Achiase - Swedru
Central	Swedru - Bawjiase - Adeiso
Central	Other Selected Cape Coast Inner City Roads
Northern	Tamale Interchange
Northern	Nalerigu - Bunkpurugu Road
Northern	Tamale - Salaga - Bimbilla



Northern	Yendi - Tatale
Northern	Karaga - Gushegu
Northern and Upper West	Wulugu - Kpasenpke - Wa
Upper West	Lawra- Han-Tumu
Upper West	Lawra-Dikpe Bridge
Upper East	Tutulega-Sandema-Wiase
Upper East	Navrongo -Naga
Volta	Jasikan - Dodo Pepesu - Nkwanta



Volta	Have - Hohoe
Volta	Hohoe Inner City Roads
Accra Inner City Roads	
Greater Accra	Taifa-Burkina-Nkatia Burger-Dome- Kwabenya Mosque
	Christo Asafo Area Roads-Taifa
	Pure Water Roads and Links- Kwabenya
	Fan Milk Area Road-Anyaa
	Adu Gyamfi Road-Anyaa
	Selected Roads in Anyaa



	Apostle Sarfo Onyinase Road
	Pentecost University Road
	Omanjor to Olebu Road
	Abease Road to Ablekuma
	A lang Area Road-Sowotuum
	Race Course Medical Centre Road
	Selected Roads in Gbawe
	Nanakrom-Santeo Ashaiman Road
	Adenta-Dodowa Road (Dualisation)
	Ofanko Hospital Link Road
	Abensu Afiana Taxi Road (Trobu)



	Israel Junction Sound Foundation- Blue Gate and Yeboah Street-Nii Ankraman (Trobu-Amasaman)
	Partial Construction of North Ofanko John Teye Bypass
	Partial Construction of Yellow House and Links (Trobu-Amasaman)
	Partial Construction of AsofanAmamorle Road and Links (Trobu-Amasaman)
	Poultry Farm Road (Trobu- Amasaman)



	Drainage Construction -Confidence and Veterinary-South Ofankor
	Demo Road (Ledzokuku)
	Allowayto Malik Road (Ledzokuku)
	Baptist School Area Tebibiano Road (Ledzokuku)
	Sea Lady Road (Ledzokuku)
	Teshie North By Pass Road (Ledzokuku)
	GIBADA Office Complex



118. Mr. Speaker, in line with our commitment to complete projects commenced under the previous administration, the following ongoing projects will also be financed:

1	Bridge on the Volta River at Volivo
2	Nsawam - Apedwa Road (Kwafokrom – Apedwa Road)
3	Bolgatanga – Bawku – Polmakom
4	Nkwanta - Oti Damanko Road
5	Oti Damanko - Nakpanduri Road
6	Berekum – Seikwa Road
7	Enchi - Dadieso Road



8	Dualisation of Ho Main Roads
9	Ho Bypass
10	Kumasi Roads and Drainage Extension Project

119. Mr. Speaker, in addition to the above, in 2019 Government in partnership with the private sector through PPP arrangements will undertake various projects including Accra–Takoradi Highway Dualisation, Accra – Tema Motorway and Accra – Kumasi Highway Dualisation.

120. Mr. Speaker, now let me turn my attention to the development of Railway infrastructure. Government, in 2018, commenced the rehabilitation of the existing 56 km narrow gauge line from Kojokrom to Tarkwa through Nsuta corridor to restore



passenger rail and freight services for the first time since 2007. This will be completed in 2019.

121. Mr. Speaker, work also commenced on rehabilitation works on the 70.8km narrow gauge sections of the Eastern Railway Line from Accra to Nsawam and Accra to Tema. The Achimota to Tema section is 90 percent complete and Achimota to Accra Central and Achimota to Nsawam will be completed by end of 2018. Rehabilitation will continue to Koforidua in 2019.
122. Mr. Speaker, the feasibility studies for the proposed 596km Greenfield Railway Line from Kumasi to Paga, popularly known as the Central Spine, has been undertaken. Phase 1 from Kumasi to Buipe section will commence in 2019.
123. Mr. Speaker, the following feasibility studies commenced and will be pursued in 2019:
 - a. rail link on BOT basis between the Tema Port and Ouagadougou, Burkina Faso;



- b. Development of Metro / Light Rail Transit Systems in Accra and Kumasi such as the recently signed Accra Sky Train project;
- c. Trans-ECOWAS line from Aflao through Cape Coast to Elubo; and
- d. Re-development of the Central Line from Kotoku in the Greater Accra Region to Huni Valley in the Western Region.

124. Mr. Speaker, the Railway Location Workshop, also at Essikado, is being modernised and equipped, and will be completed in 2019 to become a one-stop workshop to serve the railway, mining, petroleum and agricultural industries. We are confident, 2019 will witness the relaunch of the railway system in Ghana.

125. Mr. Speaker, it is of major concern to Government that in this day and age, many of our people do not have access to potable water. As such, under the “Water for All” agenda, we will ensure the continuous expansion of urban water systems in the



country. Systems to be expanded in 2019 and over the medium term include the Kpong Water Supply Expansion Project – phase 2, Aqua Africa Water Project, Yendi Water Project, Damongo Water Project, Wenchi Water Project, Tamale Water Supply Expansion Project, Sunyani Water Project, Sekondi-Takoradi Water Project and Essiama Water Project.

126. In 2019, Government will lay 190 km of pipelines across the country. We will also construct 9 water systems each in the Northern Region and Central Regions, 5 in Brong-Ahafo Region and 2 in the Upper West Region. Additionally, Government will construct 12 fully reticulated small towns pipe systems and 6 limited mechanised systems in the Volta Region.
127. Mr. Speaker, as part of the overall strategy to position Ghana as a transport and logistics hub, Government continued to develop the port infrastructure through the construction of new container terminals at the Tema Port to increase container



handling capacity, provide additional berths, reduce waiting time and ensure quick access to the Port. The first berth with a depth weight capacity of 16.0 metre is 42 percent complete and is scheduled to be operational by 2019.

128. Mr. Speaker, to develop the Takoradi Port as an Oil and Gas hub, Government commenced the development and operation of an on-dock container multi-purpose terminal with a container quay of 16-metre draft to accommodate bigger vessels. The first phase of the Dry Bulk Jetty which involves the construction of the 600m quay wall was completed. The second phase of an additional 200m quay wall will commence in 2019.

129. Government also facilitated the construction of the Anloga fish landing site to enhance the productivity of fishers. In addition, detailed construction designs and Environmental Impact Assessment studies were completed for landing sites at Teshie, Axim, Winneba, Mumford and a fishing harbour complex at



James Town. Actual construction on these landing sites as well as the Phase II of the Anomabo Fisheries College will commence in 2019.

130. Government has completed the first phase of the Elmina Fishing Port Rehabilitation and Expansion project which includes upgrading the existing fishing port as well as the construction of a new port with a basin area and a quay wall for vessels to moor and offload. The second phase of the project which will commence in 2019 will entail the construction new facilities such as shed for the fish market, fishing net mending and the construction of a new slipway for bigger vessels with a boat refurbishment area.
131. To complement the multi-modal transport system and support the movement of people and goods within the sub-region, the Ministry commenced work on the Kumasi Airport Phase II Project to upgrade it to a real international airport. The works



include extension of the runway from the current 1,981 metres to 2,300 metres, construction of new terminal building to handle 1 million passengers per year and other ancillary works. The project is expected to be 30 percent complete by the end of 2018. Implementation will continue in 2019.

132. Mr. Speaker, work on Tamale Airport Phase II received regulatory approvals for the construction of a new Terminal building and will serve the Sahelian region. In 2019, the contract agreement will be finalised, and construction works commenced. The project is expected to be 65 percent complete by the end of 2019.

133. Finally, Mr. Speaker, Cabinet has given approval for the establishment of a Home-Based Airline with private sector participation to provide regional and inter-continental services for efficient movement of people, goods and services as well as



promote tourism. Strategic investors will be engaged, and the airline is expected to commence operations in 2019.

134. Mr. Speaker, to address the inadequate health facilities that continue to bedevil our fellow Ghanaians, Government has:

- a. received Parliamentary approval for a USD50m loan to complete Phase II of the University of Ghana Medical School which is awaiting the conclusion of a Value for Money audit;
- b. converted the Ho Regional Hospital to a teaching hospital;
- c. commenced the process for upgrading the Hohoe Municipal Hospital to a Regional Hospital.
- d. will construct a total of 15 CHPS compounds; 2 in Greater Accra Region, 5 in Brong-Ahafo Region, 2 in Ashanti Region, 3 in Eastern Region and 3; and



e. will construct 1 District Hospital and 5 Polyclinics in Western Region and equip 4 selected facilities at Aburi, Kyebi, Atibie and Mampong.

135. Mr. Speaker, structural work on the new 500-bed military hospital at Afari, near Kumasi, is about 65 percent complete, and full completion expected in 2019. In 2019, work will also start on the 3rd phase of the 37 Military Hospital project in Accra.

136. Mr. Speaker, to boost housing supply and strengthen coastal protection, Government will continue to work on several projects, such as the Saglemi Housing project, where 4,100 of 5,000 homes will be completed in 2019, and the Cape Coast, Anomabo and Anyanui-Keta coastal protection works. Government Affordable Housing Project at Asokore-Mampong for 1,030 housing units is 90 percent complete.



137. As announced in the 2018 Budget statement, work has been completed for the start of the pilot phase of the Mortgage and Housing Finance Market Scheme in November 2018. An amount of GH¢40m has been released for the pilot phase which will leverage additional private sector funds of GH¢40m from pensions, insurance and collective investment schemes through selected commercial banks. Mr. Speaker, a vibrant mortgage and housing finance ecosystem is key for social equity, economic development and job creation.
138. To scale up this initiative in 2019, Government had committed to a GH¢1 billion mortgage and housing finance fund which will be seeded with a minimum of GH¢100m every fiscal year over the next 5 years. This effort will support private sector in expanding access to housing and deepen the local mortgage and construction finance market. The focus on fixing the financial system to support home-ownership by large segment



of the populace is critical in government effort to enter into a social compact with labour.

139. Government through SHC is looking to partner with private sector developers to deliver housing across the country in every region and to complete all the uncompleted housing projects across the country.
140. By encouraging the delivery of more homes under a variety of demand driven initiatives, such as lower mortgage interest rates, rent-to-own schemes, dedicated income deductions for home ownership, and lowering the cost of home delivery; we can create a housing market that works for everyone, meeting the diverse housing needs of our country.
141. Mr. Speaker, a total of 50 units of townhouses and 24 units of flats at Roman Ridge will be completed by the end of the year for Public and Civil Servants under the Redevelopment Programme. Starting in 2019 and over the medium-term, about



200,000 housing units of various types will commence in all the regional capitals of the country towards reducing the national housing deficit.

142. To mitigate accommodation and housing deficit in the military, the Government continued the SSNIT Housing Projects at various Garrisons in Accra, Tema, Ho, Tamale and Sekondi Takoradi, and expects completion in 2019. The first phase of the four 16 units Housing Projects under the Barracks Regeneration Project will be completed and commissioned before the end of this year, and the second phase will commence in 2019. The second phase of the Security Agencies Housing Project comprising 368 housing units for the Ghana Navy has been completed. The Phase III comprising 320 housing units for the Ghana Police Service has commenced and will continue in 2019.



143. Mr. Speaker, in connecting Ghana through digitisation and communication, Government established 400 telephony sites to provide voice signals to 2,000 unserved communities to bridge the digital divide and ensure nationwide coverage by 2020. In 2019, government will deploy an additional 600 telephony sites to provide voice signals to 1800 communities where coverage is limited or non-existent due to the inability of existing license operators to expand their networks.
144. The construction of the ICT Technology Park to provide multi-tenant infrastructure at Dawa through a PPP arrangement is ongoing and is expected to be completed in 2019.
145. Mr. Speaker, a Concessionaire has been selected to assume responsibility of ECG's core business of power distribution and shall be required to invest half a billion dollars in the network to improve efficiency and reduce commercial and technical losses.



146. Mr. Speaker, the rural electrification programme will be continued in 2019 using electrical conductors and cables, exclusively from local manufacturing companies. The move is to support the local manufacturing industry and boost employment.
147. Government undertakes to complete the extension of electricity to the whole country and is committed to work with local banks and entrepreneurs that are ready to invest in the energy sector.
148. Mr. Speaker, in line with our belief in investing in human capital, education is about to witness the largest capital expenditure in the sector for any single year in the last 50 years. Government will continue to ensure that these investments lead to an increase.
149. Government has presented to Parliament, a proposal to secure up to US\$1.5 billion long-term financing for GETFUND on the back of a portion of VAT receivables as prescribed in Act 581,



and which will be issued in three (3) tranches of US\$500.00 million. This will be used for critical education infrastructure, especially to complete the numerous uncompleted buildings in secondary and tertiary institutions around the country.

150. Mr. Speaker, in 2019 government will commence work to upgrade 10 Technical Universities /Polytechnics and 13 Technical Institutes with modern equipment and also train selected lecturers of these institutions.
151. To further develop the TVET sub-sector, we will commence the construction of 20 state-of-the-art TVET Centres as well as upgrade and retool 34 Vocational Training Institutes in 2019. In addition, two new centres in foundry and machining will be constructed.
152. Mr. Speaker, as part of its drive to promote Science, Technology, Engineering and Mathematics (STEM) education across all levels, Government will in 2019 roll out the BSTEM



programme in 7,000 basic schools across the country; construct 10 STEM Centres; initiate the development of a knowledge cloud to make educational materials content accessible to all; and provide multimedia laboratories as well as internet connectivity to cover many more schools.

153. Mr. Speaker, in 2018, Government also cut-sod for the construction of a multi-purpose Youth Resource Centres in every region of the country. Construction work has started at all the sites and are at various levels of completion. The centres will provide space for youth engagement, recreation, centres of learning and sports.

154. Mr. Speaker, Under the Zongo Development Fund, five Astro turfs (with spectator stands and dressing rooms) were constructed at Madina, Kyebi and Walewale. In addition, five recreational parks were completed for use at Bolgatanga, Salaga, Yeji, Tafo-Kumasi and Akim Oda.



155. Mr. Speaker, in addition to the several projects in agricultural warehouses, dams and dugouts, supply of ambulances, building of water and sanitation facilities, and markets, in 2019, IPEP, through the Development Authorities, will go into full drive in the supply and delivery of constituency-specific Infrastructure, including drainage systems, footbridges, renovation of schools, community town centres, reshaping of roads, among others.
156. **National Cathedral:** Mr. Speaker, on March 6, 2017 - the 60th year of our independence - the President cut the sod for the construction of a National Christian Cathedral for the country that will provide the space for national events of a religious nature. A National monument, the Cathedral will house impressive chapels and baptistery, 5000-seat main auditorium, expandable to 15000 people for national events and celebrations. It will include among others, a grand central hall, a music school, and will house Africa's first-ever Bible Museum



and documentation centre, The National Cathedral project will also bequeath to the country a gracious national park for all Ghanaians; bring new skills, technology and jobs to the country; and will act as a beacon to national, regional and international tourists. Mr Speaker, the state is facilitating this process by providing the land, the Secretariat, and seed money for the preparatory phase.

157. Mr. Speaker, the President is determined that the building of the National Cathedral would not put undue financial burdens on the state. He has therefore proposed a partnership between the State and the Ghanaian Christian community both at home and in the Diaspora. The formal launch of this national fundraising campaign is slated for December 28, 2018 in Ghana, and February 2019 in the United States. This National Cathedral partnership framework operationalizes, and indeed is a practical



expression, of the social partnership envisaged to foster participatory development of country as our collective goal.

158. Mr. Speaker, the Creative Arts Industry Bill is now in Parliament for deliberation and passage into Law. The Creative Arts Fund is incorporated in the Bill to ensure the economic viability of the Creative Arts Sector in the economy. In addition, Government in 2019, will pursue the passing of a Legislative Instrument to establish a Secretariat for the National Film Authority" and will also facilitate the construction of an ultra-modern Film Production Studio to attract the international film community."
159. To commemorate the 400 years of slavery, a delegation led by His Excellency, the President, Nana Addo Dankwa Akufo-Addo went to the USA to declare 2019 as the YEAR OF RETURN in September this year. The Ghana Tourism Authority is leading this campaign that will see a great number of African Diaspora from the United States of America, the Caribbean and the United



Kingdom return to Ghana on a pilgrimage to promote heritage tourism in 2019.

160. Mr. Speaker, in 2019, the Government will support the Development Authorities to deliver the following projects:

- The Northern Development Zone will benefit from the construction of 20 irrigation dams to support all year round farming, 15 warehouses for storage of grains and cereals; 200 culverts; rehabilitation of 200km of farm roads; 170 tricycles to transport shea-nuts; 85 new 6-unit classroom blocks with ancillary facilities; renovation of 114 classroom blocks and provision of 162 units of motor tricycle ambulances and 28 rural health centres.
- The Middle Belt Development Zone will also implement the following projects: Construction of 30 small town water system; 300 culverts; establishment of 33 industrial enclaves; 30 small town markets; 15 small irrigation dams;



15 warehouses; rehabilitation of 300km farm access roads; establishment of 18 agriculture and business incubation centres and 30 community development centres.

- In the Coastal Development Zone, the following projects will also be delivered: the establishment of 10 agricultural centres; four fish and shrimp farming enclaves; provision of street lights; construction of 10 small town water systems; 100 culverts; and provision of 200,000 school furniture. In addition, the four regions (Volta, Greater Accra, Central, Western Regions) within the zone will benefit from the construction of 20 teachers' quarters; 20 small bridges; five drainage systems; four waste recycling plants; 10 Rural Health Centres; and rehabilitation of 300 km farm roads and feeder roads.

Youth and Sports



161. Mr. Speaker, sports continue to be one of the key unifying factors in our country, bringing all of us together as one irrespective of our differences. I am pleased to announce Mr. Speaker that Ghana is currently hosting the Confederation of African Football Women's Nations Cup and we have also won the bid to host the 2023 All African Games. Mr. Speaker, the Accra Sports Stadium has been renovated after a decade of neglect; finally, sports loving Ghanaians can go to the stadium and safely watch their favourite teams play. Government has additionally invested in 10 youth and sports centres of excellence in each of the 10 regions of Ghana which are at various stages of completion.

Agricultural Modernisation

162. Mr. Speaker, 34 percent of our workforce is in agriculture. Therefore, if we can raise productivity and incomes in agriculture, we can positively impact the lives of millions of



Ghanaians. Expanded and reliable production of agricultural produce will form a very important base for our industrialisation drive, create modern jobs, expand our exports, and reduce the amount of foreign exchange we spend on food imports.

163. Following a year of implementation of the Planting for Food and Jobs (PFJs) Programme, the agricultural sector witnessed a growth rate of 8.4 percent in 2017. This was after almost a decade of erratic sector performance with an average growth rate of 3.4 percent.
164. On account of this massive success, Government implemented an expanded version of the PFJ in 2018 with more ambitious targets. Compared with a target of 500,000 farmers, a total of 577,000 farmers were supplied with subsidised fertilisers and seeds for the 2018 cropping season and we expect another highly successful year. In 2019, we plan to expand the program to cover a million farmers.



165. In 2019, Government will launch the livestock model of Planting for Food and Jobs called “Rearing for Food and Jobs” (RFJ) with the objective of increasing the production of selected livestock, especially poultry.
166. Mr. Speaker, we believe we can leverage the PFJ and RFJ programmes and our other efforts in agriculture to reduce our large food imports. As a country, we spend over \$2 billion every year importing food. For example, we import over a billion dollars of rice, \$ 320 million of sugar, and \$374 million of poultry. Most of these we could produce here; creating jobs and saving foreign exchange. It is therefore a key goal of Government to replace a significant fraction of these imports with domestic production in the medium term.
167. Mr. Speaker, in the case of rice, the strategy is to increase volumes through increased yields of rice by expanding production areas in irrigated schemes, valleys and low lands



around the country. This strategy will be underpinned by making available to farmers, improved and certified seeds, subsidized fertilizers, enhanced access to mechanized harvesters to reduce post-harvest losses due to traditional labour-intensive threshing, and encourage private sector investment in milling facilities. This will ensure that the quality of locally processed rice will be at par with imported rice.

168. In the case of poultry, about 70 percent of the cost of production comes from feed, which in turn is primarily determined by the cost and availability of maize and soya bean. So, in order to bring down the cost of feed and make poultry production in the country competitive, the Ministry of Food and Agriculture is working on a programme to sustainably boost soybean production in the country through the provision of improved and certified seeds, subsidized fertilizers and harvest equipment to reduce field losses.



169. Mr. Speaker, adequate good storage for agricultural produce is a challenge that we must address to avoid a situation where the increased agricultural production arising from our support to farmers ends up going to waste. In 2019, Government expects to increase its warehouse storage capacity by around 80,000 metric tons.
170. Mr. Speaker, world cocoa prices remain low after declining by about a third in the 2017/2018 season. Despite the significant decline, Government maintained the producer price at GH¢7,600.00 per tonne to ensure that farmers did not suffer loss of income and purchased 904,000 metric tonnes of cocoa in the 2017/18 season. This season, Government maintained the producer price at GH¢ 7,600.00 per tonne and plans to purchase 900,000 tonnes.
171. We need to add value to our cocoa output. Ghana and our neighbour Cote D'Ivoire produce around 60 percent of the



world's cocoa. But we earn only \$6 billion of the world cocoa value chain earnings of \$125 billion—just about 5 percent. Through the Ghana-Cote D'Ivoire Cocoa Initiative, Government is working on several fronts to increase the value that we gain from our cocoa. They include: vigorously promoting both domestic and international cocoa consumption; and initiatives for market expansion for exports of cocoa products to Asia; and provision of incentives to the private sector to set up cocoa processing factories.

172. Mr. Speaker, we have as part of our strategy to revamp the agricultural sector also placed focus on the tree crop subsector. I am pleased to announce that Cabinet has approved the formation of a Tree Crop Development Authority (GTCTDA) to regulate and create a favourable environment for the growth and development of that sector. The Authority will initially regulate the cashew, shea nut butter, oil palm and rubber crop



sub-sectors in Ghana with other tree crops added as and when necessary. The technical committee constituted to lead this, has commenced work and is expected to submit a draft bill for Parliament's consideration at the end of the 1st quarter 2019.

173. In addition to the efforts under the Ministry of Food and Agriculture, our One-Village-One-Dam project under our IPEP programme, which provides dams and dugout irrigation schemes, will help expand agricultural production, particularly in the North. In 2019, we will continue the construction of the 570 small dams and dugouts under IPEP.

174. I am pleased to inform this august House that, President Nana Akufo-Addo launched "The Ghana Commodity Exchange" with the state-of-the-art trading system linked to warehouses located in rural communities" on November 6, 2018. The Exchange, as a new pillar of the financial system, will promote private sector investment in industry and agriculture sectors. It



is the first in West Africa and one of three in Africa and will establish linkages between Agricultural Commodity producers and buyers; to secure competitive prices for their products; to assure the market quantity and quality of products; and timely settlement of trade. This is to support the Government of Ghana's drive to promote agriculture through the "Planting for Food and Jobs & One District one factory". The associated warehouse receipts can also develop into a tradable security and we are hopeful our financial system will take up that initiative.

175. Mr. Speaker, to help manage the risks in agriculture and stimulate private sector lending to the agricultural sector, Government is establishing the Ghana Incentive Base Risk Sharing System for Agricultural Lending (GIRSAL). An amount of GH¢400 million with an additional funding of US\$14.0 million from the AfDB has been set aside to operationalise GIRSAL in



2019. GIRSAL aims to provide guarantees to promote commercial bank lending to the agricultural sector.

Industrialisation

176. Mr. Speaker, our industrialisation efforts are aimed mainly on at adding value to our agricultural produce and natural resources, and on leveraging our comparative advantage based on our growing and increasingly educated youthful population.
177. We will support the development of agro-processing mainly through the One-District-One-Factory Programme, taking advantage of the increased agricultural production engendered by the PFJ and RFJ programmes. By the end of the year, a total of 79 factories, in 9 regions of the country, will be at various stages of construction or operation under the 1D1F scheme. Many of the supported factories are processing our agricultural produce into ready-to-consume forms that have previously largely been imported. In 2019, the scheme will continue to



partner with private financial institutions to fund more factories and expand the geographic reach of the programme. In particular, 1D1F will support feed mills and chicken processing facilities in the poultry industry.

178. On adding value to our natural resources, our main focus will be on leveraging our huge bauxite resources to develop a comprehensive aluminium industry and also starting development of a PetroChemicals industry to add value to our oil and gas output.
179. Mr. Speaker, Ghana has long produced aluminium at VALCO, but imports the alumina - the middle step between bauxite and aluminium. To remove this anomaly, Government is spearheading the establishment of the Ghana Integrated Aluminium Development Corporation (GIADEC). GIADEC will identify strategic partners for the extraction and refining of our bauxite reserves, creating an integrated aluminium industry.



180. Mr. Speaker, in line with this vision, VALCO will next year fully run two out of its five pot lines to increase output from 40,000 to 80,000 tons with associated revenue of US\$160 million. This output will represent 40 percent utilisation of the 200,000-ton per annum installed capacity of the smelter - enough to, at least, break-even and to serve as an off-taker alumina from the GIADEC down the line. Government will also restructure VALCO to bring in private sector participation.
181. We exported over \$2.8 billion worth of crude oil in 2017, but still imported \$1.7 billion of refined petroleum products such as petrol. Government will in 2019 begin the groundwork for the establishment of a petrochemicals hub. The hub will process our gas into petrochemical products, including fertilizer, for the domestic and West African sub-regional markets. This will be accomplished by developing major infrastructure for refining,



discharging, storing, distributing, and trading petroleum products.

182. Mr. Speaker, Government will provide further support for industrialization, through the One Region One Park Programme. Government will be partnering with the private sector through PPPs to develop a number of industrial parks, including the Greater Kumasi Industrial City and a Special Economic Zone, which will cover 5,000 acres, and incorporate the inland port at Boankra.
183. Over the past 2 years, Government has laid strong foundations for industrialisation through critical infrastructure investments and industrial programmes such as the One District One Factory (1D1F) programme, and the stimulus package for distressed industrial businesses.
184. Mr. Speaker, in 2018, Government worked with private financiers to provide additional support for industrialisation



through the stimulus package for distressed industrial businesses. In 2018, the Ministry of Trade and Industry, and the participating financial institutions, disbursed GH¢ 227 million to several companies. Additional companies are under consideration for this programme in 2019.

185. Mr. Speaker, in addition to these, Government will further pursue industrialisation along a 10-point plan that prioritises key industrial sub sectors for investment. These include: automotive and vehicle assembly; pharmaceuticals; garments and textiles; vegetable oils and fats; industrial starch; industrial chemicals including fertiliser; iron and steel. Government has already signed MOUs with 3 automobile companies: Volkswagen, Nissan, and Sinotruk, towards the establishment of assembly plants in Ghana.
186. Additionally, the Ministry of Trade and Industry in collaboration with the Government of Poland under the African-Polish



Cooperation Framework will benefit from a US\$100 million concessionary credit facility to establish an assembly and manufacturing plant for tractors, and modern agricultural equipment and machinery, for both the Ghanaian and ECOWAS markets. This will support the Government's Industrial Transformation Agenda particularly in respect of rural industrialization.

187. The 1D1F programme is a key pillar of agro-industrialisation. Many of the supported factories are processing our agricultural produce into ready-to-consume forms that have previously largely been imported. We will continue to scale the programme's impact: in 2019, 1D1F will enhance the PFJ and RFJ efforts in poultry by ensuring that there are feed mills and chicken processing facilities to industrialise the value chain.
188. Ghana used to have a textile industry that employed around 30,000 people, but in recent years the industry has fallen on hard



times, and now the number employed is only around 5,000. It is Government's aim to help revive this industry, which could be a big source of employment. So, in order to curtail smuggling and counterfeiting, which have been undermining the industry, we will extend the tax stamp policy to the textile products. Further, to make industry price-competitive, Government will zero-rate VAT on the supply of locally made textiles for a period of three years.

189. Mr. Speaker, work on the establishment of a National Development Bank to focus on industry and agriculture progressed steadily in 2018. A technical committee appointed by Government has completed its work and has proposed, among others, that the institution should be set up as a completely new institution. Government has accepted the recommendations and set-up a project team to operationalise the recommendations in order to launch the bank in 2019.



190. **Supports to Textile Industry:** Mr. Speaker, in order to curtail smuggling and counterfeiting in the textile industry, it is proposed that the tax stamp policy be extended to the textile industry. The local textile industry is further faced with high cost of production which have resulted in high prices at the retail level. In order to support the local industry and make them price-competitive, Government proposes to zero-rate VAT on the supply of locally made textiles for a period of three years.
191. **Support for Renewable Energy:** Mr. Speaker, Government will encourage and promote Ghanaian participation in the renewable energy sector with focus on assembling and manufacturing. The ministries of Finance and Energy will collaborate and present proposals for incentives for consideration by this House.

AGENDA 2030 FOR SUSTAINABLE DEVELOPMENT



192. Mr. Speaker, the Agenda 2030 for Sustainable Development is expected to address the three interconnected elements of sustainable development; economic development, social inclusion and environmental sustainability and calls for deliberate steps to ensure that Ghana will be fully Agenda 2030 compliant, leading to the accelerated and transformative general wellbeing of every Ghanaian. As Co-Chair of the UN Eminent Group of SDG Advocates, His Excellency the President is keen to ensure that Ghana leads the way in achieving Agenda 2030 through developing policies that promote sustainability.
193. Among other green initiatives, we will, in 2019, work with the Ministry of Energy, to introduce tax free solutions for Full Electrical Vehicles in order to promote a technology shift from fossil fuel based vehicles, which is a major global source of climate change gasses, and from diesel vehicles which is a significant source for local air pollution and poses significant



health challenges to our people. Globally, Mr. Speaker, cities such as Hamburg, Oslo and London are introducing car and diesel free zones, to improve quality of life. The UK, India, France, and other countries are planning a ban on the sale of new petrol and diesel vehicles from 2030. A successful transition will require a Public-Private partnership in installing necessary infrastructure for electrical charging. Mr. Speaker, Ghana cannot be left behind to become the dumping site for environmentally harmful products. We must be bold in developing policies that embrace these technological shifts.

194. Mr Speaker, plastic waste continues to be a major challenge in the area of sanitation. To address this, the Ministry of Environment, Science Technology and Innovation (MESTI) is in the process of finalizing a new National Plastic Waste Policy, which will focus on strategies to promote reduction, reuse and recycling. I urge our industrial sector to work with us to come



up with alternative eco-friendly products from our natural resources.

195. The Integrated E-waste Management program has been launched and will, among other things, ensure the management of E-waste in an environmental sound manner and turn the challenges of e-waste management in Ghana into green business opportunities.
196. The program will lead to the creation of over 20,000 direct jobs through the establishment of a national e-waste recycling facility, associated holding centres in each regional capital and collection centres in each of the 216 districts.

Private Sector & Entrepreneurship Development



197. Mr. Speaker, our economic transformation agenda continues to have the private sector at its core and we have in the past 22 months built the fundamental structures to support a buoyant and flourishing private sector. We have provided a stable macroeconomic environment with interest rates averaging 27.49 percent, improved access to credit with credit to the private sector increasing by 13.0 percent (GH¢4.7 billion) compared with 7.9 percent (GH¢2.6 billion) in September 2017, ensured stability in exchange rates and stabilized electricity supply, reducing the per kw/h charge to industries.
198. We are resolved to do more to support the private sector. This is in recognition of the fact that, a thriving private sector means more job opportunities for our youth, more tax for Government and ultimately, a buoyant and prosperous economy. We will continue with our prudent economic management in order to



ensure an even more stable environment for private sector growth in 2019.

199. Mr. Speaker, this Government continues to improve the attractiveness of Ghana as an investment destination. Our efforts to improve the business environment are being recognised. Ghana's ranking on the World Bank Ease of Doing Business report rose 6 places from 120 to 114 out of 190 countries, and we maintained our status as the highest ranked West-African nation.
200. In 2019, the Ministry of Trade will prioritize and fast-track the implementation of the Business Regulatory Reform programme including the Legislative and Administrative reforms to further improve Ghana's performance in the Doing Business Index. In addition, an online Electronic Registry will be launched in 2019. It will document all business-related laws, regulations,



administrative notices, procedures and fees. This will provide open and transparent access to business regulations in Ghana.

201. We continue to achieve marked success in our investment promotion drive. As at September, this year, the Ghana Investment Promotion Centre had registered 93 percent of its target of 126 businesses with foreign participation for the year. These businesses represented US\$ 2.0 billion of Foreign Direct Investment, and in 2019 the Centre is aiming to register 130 new businesses with foreign participation, attracting FDI of US\$2.3 billion.
202. Mr. Speaker, attracting foreign direct investment into our country is critical for growth and regional competitiveness. To make the country more attractive for FDI, Government intends to make Ghana a member of the Africa Trade Insurance Agency. This will provide opportunities for investors to benefit from



investment, trade and political risk insurance when investing in the country.

203. This membership will also lessen the request for sovereign guarantee by some institutional investors from government, as they now have the option to access risk cover through the ATI. Government has approved this initiative and the membership treaty is before Parliament for ratification. As part of the Compact with Africa, Government has secured a grant of US\$18.4m from kfw to pay for our shares.
204. In addition, GIPC registered 47 wholly-owned Ghanaian businesses this year, with an estimated value of GH¢ 716 million, and aims to increase this to 52 businesses worth GH¢ 787 million in 2019.
205. Mr. Speaker, our Government is also deepening our regional and global trade links, and believes increased trade is a means to boost industry and economic growth in Ghana and across the



continent. To this end, in March, Ghana signed the African Continental Free Trade Agreement (AfCFTA), which seeks to create a single market for goods and services in Africa. Parliament has ratified the agreement.

206. Mr. Speaker, the National Board for Small Scale Industries (NBSSI), with support from the Rural Enterprise Programme (REP), assisted 1,078 Micro and Small Enterprises (MSEs) to access institutional credit whilst 2,259 training programmes were organized for 45,022 MSEs. In 2019, NBSSI will complete the construction of 67 Business Resources Centres (BRCs) in various districts. In addition, an in-house Business Incubator is to be established, and 94 Business Advisory Centres (BACs) upgraded.

207. Mr. Speaker, in 2018, GRATIS Foundation continued to execute its mandate of providing training to the youth in various engineering and processing fields. Out of 471 youth, 43 were



trained in metal machining, 224 in welding and fabrication as well as 204 in motor vehicle technology. In addition, 137 students from engineering institutions on attachment were trained while 4 master craftsmen received training.

208. In addition, GRATIS manufactured 86 agro-processing equipment, including equipment for processing grains and cereals; shea nut, groundnuts; cassava and oil palm. In addition, GRATIS undertook 1,763 repair and maintenance, and spare parts manufacturing activities.

209. In 2019, GRATIS will complete the construction of 5 new Rural Technology Facilities (RTFs). This will add to the existing stock of 26 RTFs to support rural industrialization, including 1D1F.

210. Mr. Speaker, a very important part of our modernization of agriculture is to attract some of our youth to go into farming and related agricultural value-chain activities. To this end, the Ministry of Food and Agriculture is piloting a Youth in Agriculture



programme in seven regions, which involves a nucleus-outgrower scheme in rice, maize and soybean. Through a Greenhouse programme, at Dawhenya, Government is also creating opportunities for our youth to get into agriculture while also boosting the production and supply of vegetables to reduce imports and provide the opportunity for exports. The programme is being expanded to two regions, Central and Ashanti Region and will be operational at the end of 2019.

211. Mr. Speaker, under the National Entrepreneurship and Innovation Support Programme, 7,000 entrepreneurs were trained and 1,350 successful entrepreneurs who presented innovative and bankable business plans were provided with financial support. It is expected that each of these entrepreneurs will create a minimum of two jobs, totalling at least 2,700 direct jobs. In 2019, another set of 10,000



entrepreneurs will be trained and financial support will be provided to about 2,000 beneficiaries.

MICROFINANCE & SMALL LOANS CENTRE (MASLOC)

212. For both 2017 and 2018, the Akufo-Addo government tasked MASLOC to focus more on strengthening the capacity of this important financial services centre to manage the funds it controls and disburses, rather than expecting more money to be simply thrown at it. This was mainly informed by the unprofessional and wasteful manner that the centre was run before 2017. The centre also had a very bad recovery rate that made it unsustainable.

213. We are happy to say that the measures put in place since 2017 are yielding results. The new MASLOC has significantly strengthened its recovery rate to over 85%.

214. Government is fully aware of the strategic role MASLOC can play in extending cheaper, small credit to small businesses in



districts nationwide. It is with this in mind that a total of GH¢200 million will be allocated to the programme in 2019.

215. Government is determined to see MASLOC grow in order to help more and more individuals and groups undertaking small scale enterprises. But the only way this can be achieved is if we respect the culture of paying back what is borrowed.

Improving Revenue Mobilisation and Protecting the Public Purse

216. Mr. Speaker, in our drive towards Ghana Beyond Aid, it is imperative that we significantly increase domestic revenue, raise efficiency in the use of public resources, and protect the public purse from leakages.

Responsible Citizenship

217. Mr. Speaker, citizenship goes with responsibilities and as we strive to propel Ghana beyond Aid, we need to find innovative



ways to widen our tax net and to bring in the huge informal sector.

218. Mr. Speaker, we as Ghanaians need to engage in a social compact with Government whereby, we all play a role. A partnership where Government makes a commitment to provide the citizenry with basic social interventions and services to improve the livelihood of our people and to educate our youth who are Ghana's future. In exchange, Government expects the citizenry to play their part by registering for TIN numbers, paying their taxes, keeping their environment clean, reducing waste and being their brother's keeper.

219. Mr. Speaker, Government will then broaden the tax net by Simplifying payment of taxes through different routes under the guidance of GRA include the elimination of paying for Government services with cash, Requiring that citizens show their TIN before accessing social services like free health care



under the National Health Insurance Program, free secondary school education under the Free SHS program beginning in September 2019 and other services like vehicle licensing and registration, passport services, banking service as well as mobile money services.

220. Giving all persons and entities regardless of residence status an opportunity to honour their moral tax obligations that justify their access to public goods.
221. In 2019, Government will focus its revenue mobilization efforts on reforming our revenue institutions, intensifying compliance measures and broadening the tax net. We will further accompany these with some reliefs in 2019.

Tax Reliefs

222. **Review of the Income Tax Band:** Government in the mid-year review introduced an additional personal income tax band of GH¢10,000 and above per month at a rate of 35 percent. We



have listened to the feedback from the public and come to the conclusion that some relief from this tax measure is justified. Accordingly, Government proposes to review this band to impact monthly income above GH¢20,000 at a rate of 30 percent. Mr. Speaker, we will bring the necessary changes to this august house to be legislated.

223. **Relief from Tax for Minimum Wage Earners:** In view of the recent wage increases, wages around minimum wage levels have become partly taxable. In keeping with government commitment to lighten the tax burden of wage earners at the lower levels of the wage ladder, minimum wage will attract no income tax.

224. **Withholding Tax on Small Scale Mining:** To simplify the collection of withholding tax for both small scale mining operators and tax authorities, the point of collection of the tax will be shifted to the point of export. Mr Speaker, in the bill to



effect this, the exact details of the new arrangement and the benefits to both small scale mining operators and other industry operators will be clearly captured.

225. **Reform of Revenue Institutions:** The Ghana Revenue Authority has come a long way from the amalgamation of the three revenue agencies, VAT Service, Internal Revenue Service and the Customs Excise and Preventive Service, to the unified tax authority we have today. Almost a decade along this journey, it is time to take a closer look at the institution and to retool it for the critical task of mobilizing revenue to finance improvements in the lives of our people.

226. To achieve this, important changes will be made to both the management and personnel of the Ghana Revenue Authority. These interventions will seek to improve the quality of the leadership of GRA and boost the performance, responsiveness and work ethics of the entire GRA workforce. The rigorous



performance management tools we have started deploying will be driven to the end.

227. Irregularities and revenue leakages arising out of the dishonest behaviour of revenue officers will be addressed frontally. And Mr. Speaker, Government will make it regular practice to prosecute offending revenue officers for criminal collusion with unscrupulous tax payers. In this, we will be resolute.

228. Mr. Speaker, Government will deploy similar strategies towards the National Lotteries Authority. For a long time, NLA has underperformed its potential. The reforms of lotteries in Ghana that started more than a decade ago have not yielded the expected outcomes. There is the need for re-awakening. As a start, we have initiated steps for a full and comprehensive technical audit of the NLA. Once this has been completed, government will pursue changes (similar to what has been mentioned in respect of GRA) for both management and



personnel of the National Lotteries Authority. In this again, we will be resolute.

229. **Intensified Tax Compliance:** Mr. Speaker, tax evasion is a crime. Deliberate undervaluation of import values, the ex-warehousing of imports from the bonded warehouses without prior payment of customs taxes, the suppression of sales, the non-issuance of VAT receipts for registered VAT businesses, the diversions of goods cleared as transit goods into the domestic market, and many other irregularities are all crimes. In 2019, we treat these offences for what they really are: crimes that must be prosecuted.

230. In respect of tax debt recovery, we have already prepared files to enable us to bring legal action against big tax defaulters. We will use various distress actions to retrieve tax liabilities from tax payers who have a habit of defaulting on their tax obligations. Mr. Speaker, in this, there will be no sacred cows.



231. Additionally, we will speed up the implementation of various automated systems to reduce human involvement in tax administration. These include Electronic Devices to deepen VAT penetration, the Excise Tax Stamp Policy, the harmonization of the automated systems at our ports of entry, and other key systems the implementation of which will be intensified in 2019.
232. **Compliance Measures for the Mining Industry:** A key challenge in optimizing mining revenues for the state is the verification, assessment and collection of what is due the state. In spite of work done to address these challenges some loopholes, escape hatches, implementation weaknesses, and administrative lapses still exist. Government will intensify measures to address these challenges in the short to medium term. Additional measures will be aggressively deployed to enforce existing legislation and regulations.



233. The strategies to be adopted will be most intensive in the following areas:

- Ensuring greater scrutiny of the quantity and quality of minerals produced in Ghana as the basis of revenue determination and export valuation;
- Curbing base erosion as a source of systemic under-valuation of royalties and profits;
- Tightening the regime that governs foreign exchange repatriation through the Bank of Ghana;
- Capitalizing Tax Expenditures (Exemptions) and recognizing them as additional government equity holdings in mining companies; and
- Revitalising the Inter-Agency Technical Committee on Mining

234. **Broadening the Tax Net:** Mr. Speaker, the need to broaden the tax base has never been lost on us as a country. Some



efforts have been even other previous administrations, but too many individuals and businesses still operate outside the tax net. This challenge calls for more creative strategies and new approaches to achieve the needed results. In 2019, we will do the following:

- Tax Identification Number: Mr. Speaker, the Revenue Administration Act, 2016 lists many services and transactions that cannot be accessed by individual without TIN. Unfortunately, compliance with these requirements have been low. In 2019, we will begin to apply sanctions to state and private entities that fail to enforce these TIN requirements. Additionally, government, in providing social services and benefits provided by the state, will require beneficiaries or their guardians to have a TIN. These will complement the current efforts by the GRA to get more persons and businesses on their radar.



- **Use of Third-Party Data:** Mr. Speaker, the National Identification Scheme when fully deployed, will provide government with a database to help with revenue administration. But even before that, and to add to the benefits from the NIA, we will in 2019 make use of third-party data sitting in various databases in both private and public sector for tax administration purposes. The DVLA, the Lands Registry, the Courts, the Financial Institutions, the Law Enforcement Agencies, SSNIT, to mention a few, are repositories of useful tax data. We will use these databases to rope more persons into the tax net and tax them accordingly.

235. **Local Government Revenues and Finances:** Mr. Speaker, in 2019, the central Government will partner MMDAs to enhance revenues mobilised at the local Government level. This partnership will be in the following areas:



- property registration, and property data management;
- the use of a simplified inexpensive tool for property valuation;
- the setting up of a system for the generation and distribution of bills; and
- the setting up of a system for the efficient collection of property rates and other rates.

236. In additions, the Ministry of Finance will strengthen its oversight over public revenue management in our MMDAs. An electronic payment platform will be put in place to automate the collection and administration of rates in all local government entities and to give central government a comprehensive view of the finances of MMDAs.

237. **Internally Generated Funds of MDAs:** Mr Speaker, improved governance of internally generated funds of ministries, departments, agencies and all statutory and constitutional bodies is still top of government priority. As



provided for in the new Fees and Charges Bill that will be placed before Parliament before close of the year, the fees and charges of all MDAs and regulators will come under greater scrutiny of Central Government. At the moment, some MDAs receive their fees and charges through commercial banks that lodge these revenues in full at the BoG. The BoG then transfers the appropriate amounts to the relevant MDA. In 2019, government will expand this arrangement to all fees and charges on behalf of the MDAs and regulators.

238. Government's digitisation and Cashless initiative continues. All Government Entities will be able to receive electronic payments by the end of Q2 next year. This is a pre cursor to all Government Entities making payments electronically on the journey to the Government going cashless. This will greatly increase transparency and efficiency of cashflows to and from



Government and better aid cash management of all Government Entities.

239. **Deployment of Nation Builder's Corps (NABCO):** Mr. Speaker, the implementation of many of the interventions mentioned above will require more energetic hands. As part of our strategy to enhance revenue mobilisation, GRA has been assigned ten thousand officers from the NABCO who will be deployed to support the implementation of these measures and strategies. In particular, they will be helpful in identifying and registering potential taxpayers, collection of property rates, and follow up on debtors. The young men and women of NABCO will in the process become a pool of officers from whom government could recruit substantive officers to support revenue mobilisation.
240. Mr. Speaker, the numbers on tax exemptions in Ghana's economy are disturbing. In the last eight (8) years, tax



exemptions (import duty, import VAT, import NHIL and domestic VAT) in the economy have grown from GH¢391.90 million (0.9% of GDP) in 2010 to GH¢5,269.99 million (2.6% of GDP) in 2017.

241. It is important to indicate that these figures do not include exemptions from the payment of corporate and individual income taxes, concessions on tax rates, petroleum tax reliefs, customs tax exemptions enjoyed by diplomatic missions, and processing charge exemptions at the ports.
242. Over the same period, about six different studies have been conducted into Ghana's tax exemptions regime by the Revenue Policy Division of the Ministry of Finance, International Monetary Fund (IMF), Organisation for Economic Cooperation & Development (OECD), GIZ and the World Bank. All these studies have concluded that, (1) the growth in Ghana's tax exemptions



and reliefs is unsustainable, and (2) the benefits Ghana's economy gets from these exemptions and reliefs are doubtful.

243. Worse still, Mr Speaker, tax exemptions in Ghana have invariably provided the opportunity for abuse. But even without the irregularities, the exemptions in themselves, deny the country of much needed revenue, resulting in low revenue collection and reporting. These cannot be allowed to continue, which is why we have committed to reform the tax exemptions regime. The draft policy has been completed and will be presented to Parliament during 2019 to be passed into law.

244. Mr. Speaker, in 2019 in accordance with the Earmarked Funds Capping and Realignment Act, 2017 (Act 947), the Ministry of Finance will review all our earmarked funds and update them to bring them in line with our current economic realities and priorities.



Expenditure Management Programme

245. Mr. Speaker, extensive stakeholder consultations on the draft regulations for the Public Financial Management Act, 2016, (Act 921) (PFMA) are underway. The regulations will include explicit provisions for numerical fiscal rules and it is expected that the regulations will be passed in 2019.
246. Mr. Speaker, the Ghana Integrated Financial Management Information System (GIFMIS) utilisation expansion programme was pursued in earnest this year. The GIFMIS financial module was expanded to cover four Statutory Fund Agencies and has also been deployed to 216 MMDAs. The budget module (Hyperion) has also been coded to track the SDGs.
247. To improve overall efficiency in payroll management, Government has initiated procurement processes to outsource payroll management. Pilot implementation will begin with one MDA in 2019.



248. Mr. Speaker, to strengthen cash and treasury management, Government is in the process of designing a cash management solution that will provide an automated cash flow forecasting model to assist MDAs/MMDAs in forecasting their cash requirements and broaden Government's utilisation of the Treasury Single Account (TSA).

Protecting the Public Purse

249. Mr. Speaker, a key priority of H.E. the President is to protect the public purse by, among others, enforcing resolute efficiency in expenditure of public resources. To this end, Government has recently released guidelines regulating Board allowances for State Enterprises and Agencies. The guidelines eliminate monthly allowances for Board members and provides caps on sitting allowances.

250. Mr. Speaker, Government under the leadership of the Office of the Vice-President and Office of the Senior Minister, and in



consultation with the relevant professional institutions, has produced standardised designs and costs of various public infrastructure projects in **Health**, (such as CHPS, Polyclinics, District Hospitals and Regional Hospitals); **Education** (school classrooms, dormitories, and science laboratories); as well as in **Roads**. The standardised designs and costs will guide procurement of contractors for the delivery of these categories of infrastructure in order to ensure value for money.

251. Furthermore, Mr. Speaker, in 2019 the Ministry of Finance will operationalise an **Efficiency and Innovation Unit** to lead an effort in Government to introduce efficiencies and control costs in important cost drivers, including: standardisation and centralisation of vehicle and IT procurement, travel expenditure, and allowances to public officials.
252. Mr. Speaker, our nation has invested huge amounts of money in State-Owned Enterprises, but we have not been reaping



benefits commensurate with our investment, due mainly to inefficiencies and weak governance in the sector. To frontally turn around this situation, Government after a comprehensive study of the sector will soon present to this august House, a draft bill to address the problems in sector.

Fighting Corruption

Office of the Special Prosecutor

253. Mr. Speaker, in line with Government's promise to protect the public purse, His Excellency the President remains committed to the fight against corruption. The Special Prosecutor's Office which is established under the Office of the Special Prosecutor Act 2017 (Act 959) is one of the highest priorities of government. In this budget, the Special Prosecutor's Office has been allocated an amount of GH¢180 million from GoG with a commitment to provide additional resources during the course



of 2019 to enable the Special Prosecutor's Office to carry out its mandate.

254. Mr. Speaker, as I noted in the Mid-Year Fiscal Policy Review Statement to this august House, there is the need to restructure and strengthen the Internal Audit Function in the public sector to play its expected role in ensuring effective risk management, control and improvements in governance processes in the public sector.
255. The Ministry of Finance is currently supporting the Internal Audit Agency to conduct extensive stakeholder consultations as part of the key processes that will lead to restructuring the Internal Audit Agency. This will help to align the activities of Internal Auditing to national objectives.

Capping the Ghana Stabilisation Fund

256. Mr. Speaker, Government seeks the approval of Parliament to maintain the cap on the Ghana Stabilisation Fund at US\$300



million, in line with Section 23(3) of the PRMA, to continue with the liability management strategy.

Securitisation of GETFUND's Receivables

257. Mr. Speaker, Cabinet has given no-objection for GETFUND to secure up to US\$1.5 billion long-term financing, and same has been laid before Parliament. The amount will be used for critical education infrastructure, on the back of a portion of VAT receivables as prescribed in **Act 581** and will be issued in three (3) tranches of US\$500.00million.

2019 Sovereign Bond Issuance

258. Mr. Speaker, Government is committed to its objective to borrow at "least cost" and at the minimum prudent level of risk. Consistent with this, Government intends to issue sovereign **bonds** of **up to US\$3 billion**, to be used to finance critical infrastructure projects and for liability management.



Government will explore the possibility of issuing one or a combination of the following bonds based on market conditions: Eurobond, and Green bond.

Century Bond

259. Mr. Speaker, Government announced its intention to issue longer dated sovereign bonds this year as part of our bilateral engagement with other countries. Our phase of massive economic transformation requires a more ambitious financing arrangement, and the capacity to retire about half of the country's existing debt which were issued during a high interest rate environment during the previous administration.
260. The decision to raise these ultra-long-term bonds is not intended to derail our debts sustainability path, but rather to enhance it. If we really want to uplift ourselves out of this hand-to-mouth existence and put our country Ghana on a firm trajectory of growth and prosperity, we will need to source long



term affordable financing to invest in strategic infrastructure over the medium to long-term.

261. We shall issue sovereign bonds of longer tenor either as green bonds or Eurobonds on the international capital markets and also structure a Sovereign Century Fund for our bilateral investor partners.
262. The Sovereign Century Fund shall engage on a bilateral basis to raise long term concessional financing to underwrite our other commercial infrastructure needs through GIIF, GIADEC, PPP projects and other entities as well as liability management.
263. We inherited over GH¢120 billion of debt at very high interest rates. Even though we have brought down interest rates considerably we are still saddled with a sizeable amount of expensive debt. As such, in 2019, we will spend over GH¢16 billion of our revenue (over 26.6%) on interest payments. This amount can be considerably reduced if we refinance our debt at



much lower interest rates. A ten percent reduction in the interest rates translates into over GH¢1.6 billion in savings; almost enough to pay for Free SHS in 2019.

264. Mr. Speaker, the Ghana Century bond program will help provide us with the wherewithal to refinance these expensive liabilities. It is an important bulwark for Ghana's post IMF status; it indicates a country with a long-term plan, a country that can program its infrastructure needs, a country that can provision for adequate foreign exchange reserves.

SOCIAL INTERVENTION POLICIES

265. Mr. Speaker, our focus in Government over the last 22 months has not just been restoration of macroeconomic stability. We have implemented a number of flagship policies as well as social intervention policies that have reduced the suffering as well as enhance the aspirations and opportunities of ordinary Ghanaians.



266. The Akufo-Addo Government has eased the burden of hundreds of thousands of Ghanaians and invested in the future of our children with the introduction of the Free Senior High School program. For the first time in our history, the whole of Ghana is enjoying Free SHS. Under free SHS, students are entitled to;
- Free Meals (Both boarding and day)
 - Free boarding accommodation
 - Free textbooks
267. Mr. Speaker, the Free SHS in 2017 provided over 90,000 additional teenagers an opportunity to get senior high school education and improve their opportunities for work in the future.
268. Mr. Speaker, in 2018, as a result of the innovative double track system, we have been able to accommodate 181,000 more students who otherwise could not have access to secondary education.



269. Mr. Speaker, the introduction of free SHS has also provided immediate cash benefits to the parents:

- For a parent with a boarding SHS student, you save GH¢2,015.22
- For a parent with a boarding TVET student you save GH¢ 2,115.22
- And over a 3-year period a parent with a boarding SHS student would have saved nearly GH¢ 6,045. (or about 60 million old Cedis). The savings is about 120 million old Cedis if you have 2 children going through the free SHS.

270. Mr. Speaker, we increased the school feeding programme from 1.6 million children to 2.1 million children, and also increased the amount spent on each child by 25 percent.

271. Mr. Speaker, in the area of LEAP, we have added more than 150,000 households to the programme thereby improving their livelihoods.



272. Mr. Speaker, Furthermore;

- We have increased the share of the DACF to persons with disabilities from 2 percent to 3 percent
- We have more than doubled the Capitation Grant (From GH¢4.5 to GH¢10.0)
- We have Restored Teacher Training Allowances
- We have Restored Nursing Training Allowances
- We have reduced Electricity tariff - 17.5 percent for households and 30 percent for businesses
- We have cleared the GHC 1.2 billion arrears inherited under the NHIS and the NHIS is working again.
- We have provided food crop farmers with subsidised (50 percent subsidy) fertiliser under the planting for food and jobs program. This has resulted in increased output and lower food prices.



- We have provided jobs to 100,000 graduates under the Nation Builders Corps (NABCO) across every constituency in Ghana

Expanding Social Security Coverage to the Informal Sector

273. Mr. Speaker, retirement income security is a right of every Ghanaian and not only formal sector workers. His Excellency, the President has demonstrated his commitment to expanding social security to cover the informal sector by charging the Board of SSNIT to ensure the inclusion of informal sector workers. I am pleased to announce Mr. Speaker that SSNIT is working with Government to develop a policy framework to provide informal sector workers with a voluntary fully funded personal pensions scheme to be launched in 2019.
274. Mr. Speaker, I would like to ask one question. Can anyone recall the social intervention policies that the social democratic NDC



introduced in its last eight years in government to mitigate the hardships of Ghanaians?"

275. Mr. Speaker, the evidence shows that when it comes to social policies to protect the poor and vulnerable in Ghana the Government of Nana Addo Dankwa Akufo Addo has indeed a remarkable record.



SECTION SIX: CONCLUSION

Marching Boldly Towards Ghana Beyond Aid

276. Mr. Speaker, with December, 2018 as the last test date, we are on track to successfully complete and exit the IMF ECF programme. We have clearly demonstrated our competence in managing Ghana's economy in the past two years that we have been in Government. We will remain steadfast in this resolve. To this end we are putting in place a number of legal and institutional measures to ensure we do not revert to the bad days of macroeconomic mismanagement.
277. Mr. Speaker, one of the key measures we are institutionalising is the **Social Partnership** among Organised Labour, Ghana Employers Association, and Government which we believe will provide avenue for the partners to deliberate on significant development matters and providing relevant solutions.



278. Further, the 6 Strategic Pillars in the 2019 budget put us in a position to advance boldly towards Ghana Beyond Aid. In this budget we are:

- making an unprecedented push in infrastructural expansion;
- modernising agriculture, increasing production, and reducing our dependence on imports for food;
- forging ahead with a bold and comprehensive industrialization plan that adds value to our agriculture and natural resources, and leverages our rising population of educated youth;
- strengthening our domestic revenue mobilization and taking strong measures to enforce efficiency in public expenditures and protect the public purse; and
- building on and strengthening our social interventions in order to ensure that no one is left behind as we transform our economy and march boldly to a Ghana Beyond Aid.



279. Mr. Speaker, the future is indeed very bright as we embark on big ticket projects and programmes as part of our resolve to transform the economy and better the lives of Ghanaians. Mr Speaker:

- we are implementing the Sinohydro project which will provide additional US\$2bn in road, rail, and other infrastructure;
- the Aker oil Field will start producing in 2021 and will eventually add about 100,000 barrels of oil per day to Ghana's crude oil production. In addition, ExxonMobil is coming on board soon to explore and produce crude oil in the Deep Water Cape Three Points;
- the Ghana Integrated Aluminium Development Corporation (GIADEC) will be established to develop an integrated aluminium industry;



- Ghana is attracting international car manufacturing giants such as Nissan, Volkswagen, SinoTruk to set up auto assembly plants to produce vehicles.

280. Mr. Speaker, as you know, H.E. the President constituted a Committee to draw up a Ghana Beyond Aid Charter. The Committee comprises representatives from a wide cross-section of Ghanaians, including Government, organised labour, the private sector and employers, and the youth. Work on the Charter and on the detail contours of the Ghana Beyond Aid agenda is well advanced, and the Committee will present its report to the President before the end of the year. Following that there will be consultations with Ghanaians before revising the Committee's work for eventual submission to Parliament for debate.



281. Mr. Speaker in March 2017, I presented the first budget of a President who had re-energised the nation and inspired hope in:

- The millions of Ghanaians who went to the polls and voted him into power;
- Youthful Ghanaians who believed that their lives would be turned around;
- Expectant Parents who believed that their burdens will be eased;
- Hundreds of children who believed and hoped that they will have opportunity to improve their lives through education;
- University graduates who believed that they might have opportunity to wake up in the morning, dress up and show up for work;



- Businesses who believed that interest rates would come down so that they can borrow and expand their businesses and employ more people;
- Dying businesses that required some stimulus to live again like the bones in Ezekiel;
- Ghanaians who had sat in darkness and wanting to see light;
- Our Development partners who believed that they can revitalise their partnership with us; and
- The international investor community and also in the IMF, whose programme with Ghana had derailed.

282. Mr. Speaker, I am happy to announce that those who believed, have seen their dreams and aspirations come to fruition:

- 100,000 trained graduates who have been home for years, despondent without hope, now have the opportunity to contribute to our national development;



- 271,000, 16 -18-year olds who would have been thrown onto the streets but for free SHS are now seated in classrooms getting an education and gaining training to give them a better future;
- And as the Bible says, for those who sat in darkness, they have seen a great light. This is in spite of the deep challenge and the grievous harm that has been done through questionable take or pay contracts, for which we will have to pay some \$600 million annually whether we switch on the light or not. But we have resolved to do so;
- Nurses and teachers who believed that the government will come to their aid, we have met their aspirations and hope; and
- Over 1.5 million depositors who but for the timely intervention of Government would have lost their businesses and their life savings and deposits of over GH¢ 9 million.



283. Ghana's international profile is now on the rise; in the last year, the President has hosted several Heads of State and Governments, as well as high profile international dignitaries. Global Leaders and investors are lining up now to pay serious attention to Ghana.
284. Mr. Speaker, we are proud of what we have accomplished in 22 months and are certain and resolved to deliver a future that meets the hopes and aspirations of our people through this budget and into the medium term.
285. Mr. Speaker, this story of hope continues. This budget meets the expectations of Ghanaians for better infrastructure and housing, increased economic activity through unprecedented investment in industrialization and agriculture, expanding job opportunities for entrepreneurs, and rising incomes.
286. In the next 26 months, we are determined to address:



- The hope of farmers whose food crops are getting rotten through expanded storage facilities; improved marketing and the intervention of the Ghana Commodity Exchange;
- The challenges faced by communities that lack access to potable water and continue to drink water from streams;
- The lack of ambulances for our pregnant mothers and sick relatives;
- Transportation challenges through better roads and rail networks;
- The challenges faced by our market women who have to sell their wares on the dusty ground and in the scorching sun by providing improved markets and stalls;
- The difficulties faced by fisher folk by providing them with landing beaches, cold storage facilities and thereby improving their incomes;



- Meeting the spiritual needs of our people with the promotion of the Ghana National Cathedral.
287. Through this budget, we will frontally address the sanitation challenges faced by many of our towns and cities.
288. In this 2019 budget we have chosen to sacrifice and build for the future; we have chosen to invest in people; we have chosen to boldly tackle the infrastructural needs of the people with a \$2 billion facility next year. We have chosen to make our rich oil resources more accessible to credible investors through competitive bidding and we aim to hit, God willing, a million barrels of crude oil production within a matter of a decade. It may sound ambitious, but we are confident in the plan that we have. We know that Ghana's rich bauxite resources have the potential to deliver over \$500 billion in revenue and create tens of thousands of jobs along the value chain, if we stick to the President's vision and commitment to build an integrated



aluminium industry, as spelt out in the law. We know that the Ghana industrialisation project is ready for that long-awaited big take-off. It is not by sheer accident that the big multinationals in the automobile industry are signing up to set up manufacturing hubs in Ghana. It is not by accident that we were the fastest growing economy in the world last year and still growing strong.

289. We have chosen 2019 as the year to begin some landmark redevelopment projects that will stamp Accra's growing reputation as the main city for business and holiday travellers in our region and beyond. Three of these major multi-billion cedi redevelopment projects are namely the Marine Drive, Trade Fair Redevelopment and the Energy City. Ghana, Mr Speaker, is working again and will work for the benefit of the people and to the Glory` of God.



290. We have chosen to be bold in devising a budget that deals with the past; delivers opportunity in the present, while investing responsibly into the future. We will not heed the voices encouraging us to eat the seeds that need to be harvested for the future. We shall not be discouraged by the voices that seek to play down the gains that we constantly continue to make. We pledge not to repeat the mistakes of the past; so long as the majority of Ghanaians continue to keep faith with our leadership.
291. The 2019 National Budget addresses the past. Exiting the IMF programme is a great achievement towards fiscal sovereignty but not from eternal fiscal discipline; expenditures on SHS is expensive but a responsible investment that provides incalculable future returns on our greatest asset – our children – the next generation of Ghanaians who will inherit the future that we create today. In this budget, we have invested in



MASLOC so that small businesses up and down the country can have additional cheaper access to credit. We were also challenged that in looking at the past and into the future we could not ignore the urgency of today—the development and delivery of electricity, inputs for agricultural expansion, health care and better roads and infrastructure. 2019 is a budget that better enables us to balance the decisions of the past and the needs of today with the pillars and foundation needed to build a better tomorrow.

292. We also recognize that building national prosperity is not the exclusive domain of Government. If, we are to win in pushing Ghana Beyond Aid then every single one of us must own it; be citizens in developing our nation and not just mere spectators with strong opinions only as our contribution. I thank all the productive communities of Ghana and all Ghanaians for the epic sacrifices and contributions you make every day. I particularly



thank the community of faith whose intercession and prayers for this nation are unceasing. The Government recognizes and appreciates the role you play in fulfilling the biblical mandate in Matthew 25 to “feed the hungry, clothe the naked, take care of the sick and visit the prisoner.” Government’s partnership with you to lift the vulnerable and needy is steadfast and immovable.

293. I believe, that with faith as our shield and God-loving Ghanaians as partners, the promise of God in Genesis 12:2-3 will also be ours: “I will make you a great nation; I will bless you and make your name [Ghana] great... And in you all the families of the (earth) [Ghana] shall be blessed”
294. Mr. Speaker, in the Spirit of the season, I declare that by this budget, we bring Glad Tidings of Great Joy, of Hope, Relief and a Renewed strength. Indeed, Emmanuel God is with us!!!
295. God Bless us all and our dear country, Ghana!



296. Rt Hon. Speaker I so move.

