MID – YEAR FISCAL POLICY REVIEW OF THE 2018 BUDGET STATEMENT AND ECONOMIC POLICY

PRESENTED TO PARLIAMENT ON
THURSDAY 19TH JULY 2018

BY

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(MINISTER FOR FINANCE)

In Accordance with Section 28 of the Public Financial Management Act, 2016 (Act 921)

THE

2018 MID-YEAR FISCAL POLICY REVIEW

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ACRONYMS AND ABBREVIATIONS

1D1F	One District-One Factory
ABFA	Annual Budget Funding Amount
BOP	Balance of Payments
bps	basis points
CAPEX	Capital Expenditure
CAPI	Carried and Participating Interest
CAR	Capital Adequacy Ratio
CIF	Cost, Insurance, Freight
CIS	Collective Investment Scheme
CPI	Consumer Price Index
CRT	Credit Rating Team
CSD	Central Securities Depository
CTN	Cargo Tracking Note
DACF	District Assemblies Common Fund
DMBs	Deposit Money Banks
DVLA	Driver and Vehicle Licensing Authority
ECF	Extended Credit Facility
EXIM Bank	Export-Import Bank
FPSO	Floating Production Storage and Offloading
GDP	Gross Domestic Product
GETFund	Ghana Education Trust Fund
GFIM	Ghana Fixed Income Market
GHF	Ghana Heritage Fund
GIBADA	Ghana Integrated Bauxite and Aluminium Development Authority
GhIPSS	Ghana Interbank Payment and Settlement Systems
GNGC	Ghana National Gas Company
GNPC	Ghana National Petroleum Corporation
GRA	Ghana Revenue Authority
GSE	Ghana Stock Exchange
GSE-CI	Ghana Stock Exchange Composite Index
GSF	Ghana Stabilisation Fund
GSS	Ghana Statistical Service
HRMIS	Human Resource Management Information System
IAA	Internal Audit Agency
IAI	Integrated Aluminium Industry
IGF	Internally Generated Funds
IMF	International Monetary Fund
IPEP	Infrastructure for Poverty Eradication Programme
LEAP	Livelihood Empowerment Against Poverty

M2+	Broad Money Supply
MDAs	Ministries, Departments and Agencies
MFIs	Microfinance Institutions
MMDAs	Metropolitan, Municipal & District Assemblies
MMScf	Million Standard Cubic Feet
MPC	Monetary Policy Committee
mt	metric tonnes
MTDS	Medium Term Debt Management Strategy
NABCO	Nation Builders Corps
NDA	Net Domestic Assets
NEIP	National Entrepreneurship Innovation Programme
NFA	Net Foreign Assets
NHIF	National Health Insurance Fund
NHIL	National Health Insurance Levy
NIR	Net International Reserves
NOC	National Oil Company
NPLs	Non-Performing Loans
OMCs	Oil Marketing Companies
P&A	Purchase and Assumption
PFM	Public Financial Management
PHF	Petroleum Holding Fund
PRMA	Petroleum Revenue Management Act
RCBs	Rural and Community Banks
SDGs	Sustainable Development Goals
SEC	Securities and Exchange Commission
SHS	Senior High School
SOEs	State-Owned Enterprises
SSNIT	Social Security and National Insurance Trust
T-Bill	Treasury Bill
TELCOs	Telecommunications Companies
TIN	Taxpayer Identification Number
VAT	Value Added Tax
WAEMU	West African Economic and Monetary Union

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SECTION ONE: INTRODUCTION

1. Right Honourable Speaker and Honourable Members of Parliament, in accordance with Section 28 of the Public Financial Management Act, 2016 (Act 921), I stand before this august House, to present a Mid-Year Fiscal Policy Review of the 2018 Budget Statement.

2. Mr. Speaker, permit me to convey our sincere appreciation once again to this august House, on behalf of His Excellency, President Nana Addo Dankwa Akufo-Addo, for the continued cooperation and support of Honourable Members in the management of the economy since the New Patriotic Party (NPP) assumed office in January 2017. It is our fervent wish that this cordial relationship between the Executive and Parliament continues to promote the attainment of our collective development aspirations and goals.

3. Mr. Speaker, on 15th November 2017, I came to this august House and presented a report on our continued efforts to resolve the many economic challenges we face and our strategies to improve the socio-economic conditions of our people, as part of the 2018 Budget Statement.

4. As you may recall, in April 2015 the NDC government had sought and received approval to bring in the IMF to redeem them from the economic distress they had put the country in. Mr. Speaker, in October 2016, after a year and half under the program, this was the IMF's assessment of their performance:

   "…Economic outlook remains difficult and fiscal challenges are mounting. The growth outlook for 2016 and 2017 has weakened… Revenues are underperforming and the deteriorated financial situation of some SOEs in the energy sector is posing fiscal risks. The authorities will cut spending to offset revenue shortfalls and have taken steps to address the financial situation of SOEs, including with new levies on petroleum products… Domestic revenues are underperforming-reflecting lower-than-projected oil prices, weak economic activity with lower business profits and personal incomes, as well as lower-than-expected revenue impact from several measures implemented so far..."

5. It therefore should come as no surprise to you all that shortly thereafter, in January 2017, we inherited an economy in distress: with a debt overhang which had exceeded 73 percent of our GDP; GDP growth which had declined to 3.7 percent of GDP, the lowest in twenty-three (23) years; a fiscal deficit which had risen to 9.3 percent of GDP, and a Monetary Policy Rate(MPR) of 22.5 percent which had

led to a crowding out of the private sector making it difficult for entrepreneurs and businesses to grow and expand to create jobs. The IMF programme had also derailed.

6. Mr. Speaker, the NPP government managed to bring the programme back on track and after one year of managing the economy, the same IMF had this to say in April 2018, and I quote:

> "Implementation of the ECF-supported programme has significantly improved in 2017. Growth has rebounded, the fiscal deficit has declined, leading to a primary surplus for the first time in fifteen years, the external position has strengthened, generating a build-up of external buffers, and key steps have been taken to address fragilities in the financial sector. Reforms should continue to entrench these hard-won gains...."

7. Mr. Speaker, I am pleased to report that, by the end of 2017, in less than one (1) year, our collective effort had put the economy back on track evidenced by the following indicators:

- Reduced the fiscal deficit from 9.3 percent at the end of 2016 to 5.9 percent;
- Reduced inflation from 15.4 percent as at the end of 2016 to 11.8 percent;
- Reduced gross public debt to GDP ratio from 73.1 percent as at the end of 2016 of 69.8 percent;
- Grew GDP from 3.7 percent as at the end of 2016 to 8.5 percent; and
- Reduced interest rates (91-day treasury bills) from 16.4 percent as at the end of 2016 to 13.3 percent.

8. In addition, we managed to pay off over GH¢6 billion (including ESLA payments) of outstanding claims that we inherited.

9. On the socio-economic front, the Akufo-Addo Government has eased the burden of hundreds of thousands of Ghanaians and invested in the future of our children and our country:

- We implemented the Free SHS programme that has provided over 90,000 additional teenagers an opportunity to access high school education and improve their future prospects. This major flagship program has saved parents a minimum of GH¢3,000 and GH¢1,950 per student per academic year for boarding students and day students respectively.
- We increased the school feeding programme from 1.6million children to 2.1million children, and also increased the amount spent on each child by 25 percent;
- We added more than 150,000 households to the LEAP programme thereby improving their livelihoods;

- We have and continue to provide over 49,000 teacher trainees and 51,000 nursing trainees with GH¢480 every month without which most of them would have dropped out;
- We have supported over 200,000 farmers with fertilizer and seeds to help increase production and improve their incomes and create employment;
- We have been more diligent with payment of Statutory Funds unlike under the previous government when they could be in arrears for three quarters or more;
- We have given tax relief of over GH¢800 million to businesses and households through the abolishment of nuisance taxes; and
- Electricity tariffs have been reduced by 17.5 percent - 30 percent for the various customer classes leading to savings of approximately Gh¢1.8 billion per year for businesses and households. In addition, we continue to make significant investments and renegotiate Power Purchasing Agreements (PPA) to avert defaulting on unconscionable financial transactions in the energy sector inherited from the NDC, and also to ensure that we do not go back to the dark days of "Dumsor".

10. Mr. Speaker, after seven years of agitation by public sector workers demanding that their pension funds be transferred to their schemes to be managed, we transferred the total amount of GH¢3,001.73 million being the total value of funds in the Temporary Pension Fund Account (TPFA) and restored workers pension funds to the five (5) public sector pension schemes something that the previous regime had been unable to do for seven years.

11. Mr. Speaker, that is how we have prudently utilised the very limited resources that we have had these last 18 months; to stabilize the economy; invest in our people and ease their heavy burden, which translate into money in the pockets of our fellow Ghanaians.

12. As I indicated in my Budget Statement last year, it is so rewarding when you hear from numerous beneficiaries of these programmes recount how these interventions have changed their lives. I have heard many more in the past 18 months and also some difficulties facing especially our small indigenous contractors. We are as such taking steps to clear the rest of the outstanding validated claims on Government.

13. Mr. Speaker, as a country we continue to face many challenges that we must address. These include:
- Low domestic revenue mobilisation;
- Illicit financial flows;

- Impact of recent oil price increases;
- The high and increasing wage to tax revenue ratio;
- Currency volatility;
- Relatively high debt burden and the related interest expense;
- Sticky bank lending rates.

14. Mr. Speaker, in spite of these domestic and international headwinds, we have competently managed the economy and put in place structures to build a robust and resilient economy for sustainable growth:
    - Provisional first quarter GDP estimates indicate that real GDP grew by 6.8 percent for the first quarter of 2018 compared to 6.7 percent for the same period in 2017. The non-oil GDP grew by 5.4 percent up from 4.0 percent same period in 2017;
    - The fiscal performance for Jan-May 2018 shows that both revenue and expenditures were below their respective targets but the shortfall in revenues (GH¢1.43 billion) was much greater than the shortfall in expenditures (GH¢797 million), leading to a fiscal deficit of 2.6 percent of GDP compared to a target of 2.4 percent;
    - Headline inflation declined to 10 percent in June 2018 from 11.8 percent in Dec 2017, driven by moderation in both food and non-food inflation and in response to exchange rate stability, fiscal consolidation and prudent monetary policy, among others;
    - The trade account recorded a surplus of US$1.35 billion (2.6% of GDP) compared with a surplus of US$1.27 billion (2.5% of GDP) over the same period in 2017;
    - Gross International Reserves was US$7.8billion (4.2 months of import) by end-May 2018 compared to US$8.1 billion (4.6 months of import) in the end-May 2017;
    - On year-to-date basis, the Ghana cedi depreciated against the US$ by 0.2 percent compared to 2.0 percent depreciation same period in 2017; appreciated against the Pound Sterling by 1.4 percent compared to 6.1 percent depreciation during the same period in 2017; and appreciated by 2.6 percent against the Euro compared to depreciation of 8.0 percent during same period in 2017.

15. Mr. Speaker, despite the strong fundamentals we have seen the cedi come under pressure primarily due to external pressures. In fact, aside from the short transitory volatilities recorded in June this year the performance of the cedi relative to the dollar has been one of the best in recent years.

16. Mr. Speaker, the performance of the Ghana cedi has been impressive during the 18 months of the Akufo-Addo government, compared to the last six (6) years. These are the facts; the year-on-year depreciation of the Ghana cedi against the

US dollar stood at 4.9 percent (2017), 9.7 percent (2016), 15.7 percent (2015), 31.3 percent (2014), 14. percent5 (2013) and 17.5 percent (2012). A further interrogation of the data from Bank of Ghana shows that, the depreciation for the first half (6 months) of 2018 has been the best since 2012.

17. It is instructive to note that from January 2018 to June 2018 the cumulative depreciation of the cedi against the dollar was 2.4 percent as against 17.2 percent in 2012, 3.4 percent in 2013, 26.7 percent in 2014, 26.1 percent in 2015, 3.3 percent in 2016 and 3.7 percent in 2017. If this is anything to go by it means that the performance of the cedi is likely to be better than even the 2017 performance which was an all-time low compared to the four years of the Mahama administration.

18. Relative to the Pound Sterling and the Euro, the domestic currency cumulatively appreciated by 1.40 percent and 2.6 percent respectively. This compares favourably with a depreciation of 6.13 percent and 7.99 percent against the Pound and the Euro respectively during the same period in 2017.

19. Mr. Speaker, based on the fiscal performance for the first five months of 2018, we have programed the underlisted measures to ensure that we meet our fiscal deficit target of 4.5 percent of GDP to end the year:
    - Conversion of National Health Insurance of 2.5 percent to a straight levy of 2.5 percent;
    - Conversion of GETFund value added tax rate of 2.5 percent to a straight levy of 2.5 percent;
    - Imposition of luxury vehicle tax on vehicles with capacity of 3.0 litres and above;
    - review of Personal Income Tax to include an additional band of GH¢10,000 and above per month at a rate of 35 percent; and
    - Intensify tax compliance measures;

20. Mr. Speaker, as part of efforts to improve revenue performance, we will intensify tax compliance and plug existing revenue leakages. Investigations we have undertaken show inbound leakages on goods arriving in the country, significant outstanding tax debts, abuse of suspense regime in the area of warehousing, transit trade, and free zones, and tax audit issues such as limited coverage, low auditor productivity, and low audit yields. Mr. Speaker, we are rolling out major initiatives to address these tax compliance issues. Mr. Speaker, these initiatives will include prosecutions of tax evaders and corrupt tax officials, a special VAT

Attack force to ensure enforcement and deepen VAT penetration from the current low levels of 11 percent, and institutional reforms at GRA.

21. Mr. Speaker, tax compliance will also be boosted by the implementation of the Common Platform for Communications Traffic Monitoring, revenue assurance, mobile money monitoring, and fraud management. The Common Platform will provide government with an accurate and comprehensive view of telecom revenues in order to verify tax compliance and to ensure the comprehensive billing and collection of all telecom-related taxes, levies, and regulatory fees.

22. Mr. Speaker, in accordance with the PFM Act, 2016 (Act 921) my presentation on this Mid-Year Fiscal Policy Review will focus on the following broad thematic areas:

- An overview of recent macroeconomic developments;
- An analysis of the revenue, expenditure and financing performance;
- A presentation of a revised 2018 fiscal outlook; and
- Key highlights of 2018 budget implementation and key policy initiatives.

SECTION TWO: OVERVIEW OF RECENT MACROECONOMIC DEVELOPMENTS

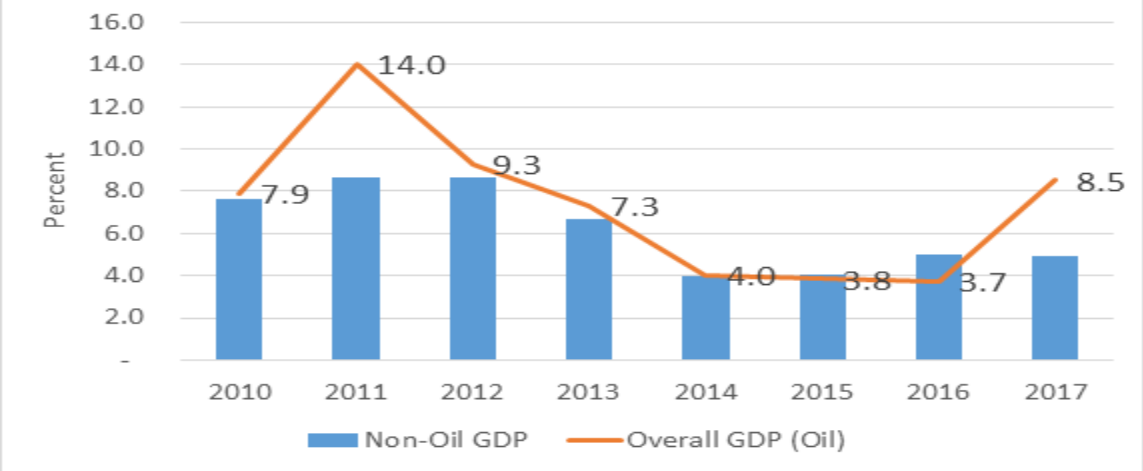
Updates on Macroeconomic Developments in 2017

23. Mr. Speaker, at the time of presenting the 2018 Budget to this august House, we provided information on macro-fiscal developments for the first nine months of the 2017 fiscal year. Since then, we have updated information through to end-December 2017. With your permission, I will proceed to present a summary of macroeconomic developments in 2017.

GDP Growth

24. Mr. Speaker, provisional data released by the Ghana Statistical Service (GSS) in April 2018 show that overall real GDP growth (including oil) was 8.5 percent for 2017, up from the original projection of 6.3 percent, and the 3.7 percent growth recorded in 2016, as in Figure 1. Industry was the best growth performer in 2017, recording a growth of 16.7 percent, driven primarily by increased crude oil production. This was followed by Agriculture with a growth of 8.4 percent and Services with an outturn of 4.3 percent. The non-oil real GDP, however, grew by 4.9 percent in 2017, compared with 5.0 percent in 2016, as in Figure 1.

Figure 1: GDP Growth, 2012 - 2017



Source: GSS

25. The strong growth recorded in 2017 was largely on account of a strong performance of the petroleum subsector, which grew by 8.4 percent, compared with a contraction of 16.9 percent in 2016. The Services Sector remained dominant but its share of GDP declined slightly from 56.8 percent in 2016 to 56.2 percent in 2017, while that of Agriculture also declined from 18.9 percent to 18.5 percent.

26. The performance of annual GDP was due to robust quarterly GDP growth in 2017. In the first quarter of 2017, GDP grew by 6.7 percent year-on-year basis. The second quarter grew by 9.4 percent, the third quarter by 9.7 percent, and the fourth quarter by 8.1 percent.

Inflation

27. Mr. Speaker, headline inflation declined from 15.4 percent in December 2016 to 11.8 percent in December 2017. This was supported by appreciable fiscal consolidation, the monetary policy tightening over the past years, relative stability of the exchange rate for most of 2017, as well as the easing of underlying inflation pressures. The slowdown in inflation was driven by both food and non-food inflation. Food inflation declined to 8.0 percent in December 2017, from 9.7 percent in December 2016, driven largely by domestic food components. Similarly, non-food inflation declined from 18.2 percent in December 2016 to 13.6 percent in December 2017, supported by the relative stability in the domestic currency and favourable base effects.

Monetary and Credit

28. Mr. Speaker, in spite of the fact that Bank of Ghana's Monetary Policy Committee (MPC) maintained a relatively tight policy stance throughout 2017 with the objective of anchoring inflationary expectations and ensuring stability of the domestic currency, the policy rate was lowered by 550 basis points (bps). The policy rate was gradually lowered from 25.5 percent from the beginning of the year to 23.5 percent in March 2017, 22.5 percent in May, 21.0 percent in July and 20 percent in November, as inflationary pressures eased, while growth, particularly in the non-oil sector, remained modest.

29. Broad money supply growth, including foreign currency deposits (M2+), declined in year-on-year terms. At the end of December 2017, M2+ recorded an annual growth of 16.7 percent, compared with 22.0 percent in the same period of 2016. This was mainly driven by a moderate growth of 9.0 percent in Net Domestic Assets (NDA), against 19.5 percent recorded in December 2016. The moderate pace of growth in the NDA also moderated the higher Net Foreign Assets (NFA) growth of 38.4 percent in December 2017 (29.8% in December 2016).

30. Growth in banks' outstanding credit to the public and private institutions moderated further in December 2017 on the back of rising non-performing loans

(NPLs) and tight credit conditions. Banks' total outstanding credit growth slowed to 12.8 percent from 17.6 percent, recorded in the same period in 2016.

31. Mr. Speaker, Private Sector Credit growth was 12.8 percent on year-on-year basis, against 17.6 percent recorded in 2016. In real terms, private sector credit grew by 0.9 percent in December 2017, an improvement from the contraction of 0.9 percent recorded in December 2016. Total outstanding credit stood at GH¢33,819.3 million at the end of December 2017, of which the private sector accounted for 89.8 percent.

32. Interest rates broadly trended downwards in the money market during 2017. The interbank weighted average rate declined to end December 2017 at 19.3 percent, from 25.3 percent in December 2016. Both short-dated treasury securities and medium-term money market instruments declined significantly at end-December 2017. On year-on-year basis, the 91-day, 182-day, 1-year and 2-year rates declined respectively to 13.3, 13.8, 15.0, and 17.5 percent in December 2017 from 16.81, 18.50, 21.50 and 22.50 percent respectively in December 2016. Similarly, the rates on 3-year, and 5-year securities declined, respectively, to 18.3 and 17.6 percent, compared with 24.0 and 24.8 percent, in December 2016. However, rates on the 7-year bond went up to 19.8 percent from 18.0 percent, while the 10-year bond yield remained unchanged at 19.0 percent, over the same comparative period.

33. Deposit Money Banks' average 3-month time deposit rate remained unchanged at 13.0 percent on annual basis, while the savings rate, went up on annual basis by 150bps to 7.6 percent in December 2017. The average lending rate also declined to 25.0 percent in December 2017, from 31.7 percent in December 2016.

Capital Market Developments

34. Mr. Speaker, in 2017, Government introduced a number of initiatives, in an attempt to deepen the capital market, increase liquidity and trading activities as well as encourage more companies to list.

35. Government issued a 15-Year Fixed bond, as part of efforts to lengthen the maturity profile of the domestic debt market. This currently serves as a reference benchmark for pricing of corporate issuances. The Ghana Stock Exchange (GSE) completed an interface of the E-bond Trading platform, used for trading fixed income securities, with the depository system of the Central Securities Depository (CSD) to facilitate straight processing of E-Bond transactions. In 2017, listed fixed

income securities on the Ghana Fixed Income Market (GFIM) recorded GH¢28.71 billion in value traded, compared with a value of GH¢15.60 billion in 2016. Out of the 2017 value of GH¢28.71 billion, six (6) percent was executed on the E-Bond Trading Platform, compared to 10 percent in 2016.

36. On the back of positive macroeconomic indicators in 2017, the GSE was rated among the best performing markets in the sub-region, recording a Composite Index of 52.73 percent, compared with the -15.33 percent at the end of 2016. Market capitalisation of all listed equity on the GSE increased by 11.48 percent in 2017, compared to -7.75 percent in 2016. The year ended with 36 equities on the main equity market, four (4) equities on the Ghana Alternative Market, one (1) preference share, one (1) exchange traded fund and one (1) Depository share.

37. Mr. Speaker, the Collective Investment Scheme (CIS) funds under management recorded a rise of 91.5 percent from GH¢1.13 billion in 2016 to GH¢2.2 billion in 2017. Government has also amended the Income Tax (Amendment) Act, 2017 (Act 941), to exempt gains on investment from taxation for 2 years. The Securities and Exchange Commission (SEC), together with Ministry of Finance, has developed relevant guidelines to strengthen SEC's capacity to effectively supervise activities of the capital market industry.

Banking Sector Developments

38. Mr. Speaker, as at December 2017, the number of licensed banks dropped to thirty-four (34), after the licenses of two insolvent banks (UT and Capital Banks) were revoked in July 2017. This was part of reforms meant to strengthen the industry after it was realized that these banks had severe capital impairment. Notwithstanding the drop in number, the industry recorded a significant growth of 13.29 percent with a branch network of 1,483 distributed across the ten (10) regions of the country.

39. Total assets of Rural and Community Banks (RCBs) was GH¢3,643.96 million as at December 2017, against GH¢3,052.76 million in 2016, even though the average Capital Adequacy Ratio (CAR) of RCBs which was 7.9 percent as at December 2017, was below the statutory requirement of 10 percent. Microfinance Institutions' (MFIs) total assets increased by GH¢14.49 million as at December 2017. Average CAR for MFIs was 31.5. Despite the boost, some faced solvency challenges having CAR below 10 percent. The percentage share of MFIs to industry total assets is 1.2 percent.

Balance of Payments (BoPs)

40. Mr. Speaker, the external sector performance improved significantly in 2017. The overall BoP recorded a surplus of US$1,091million (+2.3% of GDP) in 2017, compared with a surplus of US$362.1million (+0.6% GDP) in 2016. This largely reflected an improvement in the trade balance driven by increased crude oil and gold export receipts coupled with a decline in imports. The trade balance improved from a deficit of US$1.8 billion in 2016 to a surplus of US$1.1 billion in 2017, due to increased exports receipts by 23.5 percent and a contraction in imports by 1.8 percent. The improvement in the trade surplus translated into an improved current account balance, which combined with the significant increase in the capital and financial accounts resulted in a significant build up in international reserves.

41. The services and income accounts recorded net outflows during the year, which was compensated for by the transfers account as remittance inflows improved significantly. Consequently, the provisional estimates of the current account deficit improved to US$2.1 billion in 2017, compared with US$2.8 billion in 2016. The capital and financial account surplus went up by 17.9 percent, due to a significant increase in portfolio investments during the period.

International Reserves

42. Mr. Speaker, the Gross International Reserves at the end of December 2017 was estimated at US$7,554.8 million, from a stock position of US$6,161.8 million at the end of December 2016, representing a build-up of US$1,393.0 million. This was sufficient to provide cover for 4.3 months against 3.5 months of imports over the comparative period.

Exchange Rate

43. Mr. Speaker, in the currency market, the Ghana cedi remained stable against the major currencies, on account of improving macroeconomic fundamentals and higher foreign exchange inflows. However, the foreign exchange market witnessed some volatility in December 2017, in line with the seasonal demand pressures.

44. Cumulatively, on the interbank market, the Ghana cedi depreciated by 4.9, 12.9, and 16.2 percent against the US Dollar, British Pound Sterling and Euro, respectively, in 2017, compared to the same period in 2016, the Cedi depreciated cumulatively by 9.7 and 6.4 percent against the US Dollar and the Euro, respectively, but appreciated by 8.3 percent against the British Pound Sterling.

Updates on Fiscal performance in 2017

45. Mr. Speaker, Government's overarching fiscal policy objective of consolidating its public finances received a significant boost in 2017, having outperformed the fiscal deficit target and moving the primary balance into a surplus. The cash fiscal deficit declined from 9.3 percent of GDP in 2016 to 5.9 percent at the end of 2017, 0.4 percentage point lower than the original forecast of 6.3 percent, as in Table 1. Although, revenue performance improved significantly in the last month of the year, the fiscal outturn was driven mainly by constraining expenditures through the budget allotment system, which matches cash availability to spending. A primary surplus of 0.6 percent of GDP was recorded in 2017, higher than the projected surplus of 0.2 percent of GDP.

Table 1: Summary of Fiscal Performance in 2016-2017

Description	2016 Provisional Outturn		2017 Revised Budget		2017 Provisional Outturn			% change over 2016
	Amt. (Mil GH¢)	% of GDP	Amt. (Mil GH¢)	% of GDP	Amt. (Mil GH¢)	% of GDP	% Dev.	
Total Revenue & Grants	33,678.2	20.1	43,096.7	21.3	41,497.9	20.2	-3.7	23.2
Total Expenditure	51,883.6	31.0	52,173.1	25.8	51,985.9	25.2	-0.4	0.2
Overall Fiscal Balance (Cash excl.discrepancy)	-15,608.0	(9.3)	-12,819.0	-6.3	-12,246.1	-5.9	-4.5	-21.5
Overall Fiscal Balance (Cash incl.Discrepancy)	-13,922.5	(8.3)	-12,819.0	-6.3	-12,244.7	-5.9	-4.5	-12.1
Total Financing	13,922.5	8.3	12,819.0	6.3	12,244.7	5.9	-4.5	-12.1
Foreign (Net)	2,960.3	1.8	-1,317.4	-0.7	-47.4	0.0	-96.4	-101.6
Domestic (Net)	10,962.2	6.6	14,136.4	7.0	12,292.2	6.0	-13.0	12.1
Primary Fiscal Balance	-2,393.5	(1.4)	464.6	0.2	1,327.4	0.6	185.7	-155.5

Source: MoF

46. Mr. Speaker, Total Revenue and Grants for the period amounted to GH¢41,497.9 million (20.2% of GDP), 3.7 percent lower than the budget target of GH¢43,096.7 million (21.3% of GDP). Overall, the outturn for Total Revenue and Grants constituted 96.3 percent of the target. However, on per annum basis, the performance represents a 23.2 percent growth over the 2016 outturn compared to a per annum growth of 12.3 percent during the same period in 2016. The revenue shortfall is mainly attributed to lower-than-anticipated non-oil tax revenues which alone accounted for about 55 percent of the total revenue shortfall. The shortfall in expected receipts from international trade taxes alone, explains about 76 percent of the total revenue shortfall, which resulted mainly from the non-realisation of GH¢1 billion in anticipated receipts from the limitation of import exemptions. Other factors that contributed to the shortfall include the non-realization of anticipated cocoa export duties, delayed rollout of the electronic

point of sale devices to augment Value Added Tax (VAT) collection and non-realisation of proceeds from the capping of Internally Generated Funds (IGFs).

47. Mr. Speaker, expenditures were mainly adjusted to correspond to the revenue inflows for the period using the system of budget allotment. However, the payment of unbudgeted allowances, especially to Article 71 Holders, impacted adversely on the wage bill in 2017. Consequently, total Expenditure, including clearance of arrears, amounted to GH¢53,742.6 million (26.1% of GDP), against a target of GH¢55,915.6 million (27.7% of GDP). The outturn was 3.9 percent below the budget target and 2.1 percent higher than the outturn for 2016.

48. The wage bill amounted to GH¢14,444.8 million and constituted 44.8 percent of tax revenues, indicating a decline from the 47.1 percent recorded in 2016. As a share of GDP, the wage bill in 2017 declined from 7.2 percent in 2016 to 7.0 percent in 2017, which is in line with the target for the year. Use of Goods and Services amounted to GH¢2,482.1 million, against a budget target of GH¢2,651.5 million. Interest payments amounted to GH¢13,572.1 million (6.6% of GDP) against a budget target of GH¢13,283.5 million (6.6% of GDP). Transfers to Other Government Units, comprising transfers to Statutory Funds and other earmarked funds, fell below target by about 1.9 percent, due the shortfall in tax revenues. Driven by lower than anticipated domestic financed CAPEX, capital expenditures fell short of target by 1.8 percent.

49. The resulting fiscal deficit of GH¢12,244.7 million, equivalent to 5.9 percent of GDP, was financed largely from domestic sources. Domestic Financing of the deficit amounted to GH¢12,292.2 million and constituted about 100.4 percent of total financing, while Foreign Financing constituted a net repayment of GH¢47.4 million.

50. Mr. Speaker, the reduction in the fiscal deficit led to a primary surplus of GH¢1,327.4 million against a targeted surplus of GH¢464.6 million - a key factor in the decline in growth of the public debt in 2017.

Public Debt Developments in 2017

51. Mr. Speaker, Ghana's gross public debt stock in nominal terms stood at GH¢142.6 billion (US$32.3 billion) as at end 2017. In real terms, the gross public debt, as a percentage of GDP, declined from 73.1 percent in 2016 to 69.8 percent in 2017, based on the revised GDP announced in April 2018, as in Table 2. Over the same period, the rate of debt accumulation declined from 22.0 percent in 2016 to 16.6

percent in 2017 on account of prudent Government macro-fiscal and debt management policies.

52. Mr. Speaker, the share of external debt declined from 56.3 percent in 2016 to 53.2 percent in 2017, whereas that of domestic debt increased from 43.7 percent to 46.8 percent over the same period as a large part of the budget financing for 2017 was from domestic sources. In addition, as you may recall, we also used a portion of the domestic financing for liability management. The decline in the share of external debt is also attributable to the full redemption of the maturing Eurobond of about US$199 million in 2017.

Table 2: Gross Public Debt Developments (2014 – 2017)

Debt Type	2014	2015	2016	2017 Prov.
		(in millions of GH¢)		
External Debt	44,530.0	59,912.8	68,859.6	75,787.20
% of GDP	39.3	43.2	41.2	37.1
% of Total Debt	56.0	59.8	56.3	53.2
Domestic Debt	35,040.20	40,322.10	53,403.40	66,768.9
% of GDP	30.9	29.1	31.9	32.7
% of Total Debt	44.0	40.2	43.7	46.8
Total Public Debt	**79,570.2**	**100,234.9**	**122,263.0**	**142,556.1**
% of GDP	70.2	72.2	73.1	69.8
% of Total Debt	100.0	100.0	100.0	100.0
		(in millions of US$)		
External Debt	13,871.8	15,781.9	16,461.0	17,160.4
Domestic Debt	10,915.6	10,621.4	12,766.2	15,118.4
Total Public Debt	**24,787.4**	**26,403.3**	**29,227.2**	**32,278.8**

Source: MoF

Liability Management and Debt Re-Profiling Programme

53. Mr. Speaker, Government in 2017 followed through with the implementation of a liability management programme to actively manage the public debt portfolio and minimise refinancing risk, in line with the approved debt strategy. Leveraging on an improved macroeconomic environment, Government issued relatively less costly longer dated bonds to refinance existing shorter dated and more expensive bonds under an inverted yield curve at the time. Consequently, the tenor of the domestic debt was extended to the longer end with an amount of GH¢4.2 billion.

Updates on Macroeconomic Developments in 2018

54. Mr. Speaker, the economy continues to remain robust, in spite of observed ~~headwinds~~, particularly, with domestic revenue mobilisation and volatilities in the domestic currency market.

55. At the time of presenting this mid-year fiscal policy review, we have provisional macroeconomic data spanning the period January to May 2018. We will, however, present June 2018 data when it becomes available.

56. Mr. Speaker, before providing an update on the performance of the economy for the first five (5) months of the year, we first outline the main macroeconomic targets for 2018. The macroeconomic targets for the 2018 fiscal year, as presented in the 2018 Budget are:

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

Growth

57. Mr. Speaker, provisional first quarter GDP estimates released by the GSS in June 2018 indicate that real GDP grew by 6.8 percent for the first quarter of 2018, compared to 6.7 percent recorded for the first quarter of 2017. The Industry Sector recorded the highest growth rate of 9.6 percent, compared to 11.8 percent in the same period in 2017. The Services Sector followed with a growth of 5.2 percent, higher than the 3.3 percent recorded in the same period in 2017, whilst the Agriculture Sector grew at 2.8 percent, compared to the 8.4 percent recorded in same period in 2017. The expanding sub-sectors for the quarter include Mining and Quarrying (28.0%), Information and Communications (25.9%), Water & Sewerage (9.2%), Real Estate, Professional, Administrative and Support (7.7%), Education (2.8%), Livestock (5.4%), and Crops (4.6%). The Fishing, Construction, and Finance and Insurance sub-sectors contracted at 8.1 percent, 0.8 percent and 7.9 percent, respectively.

Monetary Aggregates and Credit

58. Mr. Speaker, in the domestic economy, monetary policy was supportive of economic activity during the first five (5) months of 2018 due to relative stability in the macroeconomic environment. The Monetary Policy Rate was cumulatively

reduced by 300 basis points (bps) from 20 percent in January 2018 to 17 percent in May 2018.

59. Growth in monetary aggregates slowed during the first four months of 2018. Broad Money, including foreign currency deposits (M2+), recorded a year-on-year growth of 17.5 percent at end of April 2018, compared with a growth of 26.6 percent at the end of April 2017. The slowdown in M2+ growth was driven mainly by a contraction of 24.4 percent in NFA which was moderated by 42.2 percent increase in NDA.

60. Mr. Speaker, the annual growth in banks' outstanding credit to the public and private institutions in April 2018 on year-on-year basis reduced significantly, compared to what was recorded in 2017, driven mainly by the takeover of UT and Capital Banks by GCB and slowdown in bank credit allocation, due to high NPLs of Deposit Money Banks (DMBs).

61. Total outstanding credit stood at GH¢36,587.1 million at the end of April 2018, compared with GH¢35,974.8 million in 2017. The nominal outstanding credit growth slowed significantly from 16.5 percent in April 2017 to 1.7 percent in April 2018. In real terms, credit from banks contracted by 7.2 percent as at end of April 2018, compared with a growth of 3.0 percent in the same period of 2017. The private sector accounted for 89.2 percent of the total outstanding credit at the end of April 2018, compared with 85.9 percent in April 2017.

Money and Capital Markets

62. Mr. Speaker, interest rate on the money market for the first five months of 2018 generally trended downwards on year-on-year basis. In the review period, the average interest rates on the 91-day T-Bill declined from 13.69 percent in May 2017 to 13.35 percent in May 2018, whilst the 182-day T-Bill declined from 15.35 percent in May 2017 to 13.85 percent in May 2018. The spread between the borrowing and lending rates widened by 26 bps year-on-year from 14.79 percent in May 2017 to 15.05 percent in May 2018, while the average base rate of banks declined by 389 bps, year-on-year, from 26.25 percent recorded in May 2017 to 22.36 percent in May 2018.

63. The performance of the stock market improved during the first five months of 2018 largely attributed to the decline in rates on the money market instruments and general improvement in macroeconomic conditions. The GSE-Composite Index (GSE-CI) grew by 22.8 percent (587.8 points) during the first five months of 2018,

compared with a growth of 13.7 percent (230.6 points) recorded for same period in 2017. Total market capitalisation of the GSE also increased by approximately 8.3 percent from January to May 2018.

Price Developments (Inflation)

64. Mr. Speaker, the disinflationary trend experienced in 2017, continued during the first five (5) months of the year, largely supported by stability in the foreign exchange market and generally favourable macroeconomic developments. Headline CPI inflation declined from 12.6 percent in May 2017 to 11.8 percent in December 2017 and trended further down in the first five months of 2018 to 9.8 percent in May 2018. The continued downward trend in inflation is consistent with the central bank's forecast and market expectations. The Bank's latest forecast suggests that inflation will remain within the medium-term target of 8±2 percent in the last three quarters of 2018, barring unanticipated shocks.

Exchange Rate

65. Mr. Speaker, the Ghana Cedi remained relatively stable, both on the interbank and forex markets, largely due to improved macroeconomic conditions and strong market sentiments during the first five months of the year.

66. On the Inter-Bank Market, cumulatively, the Ghana cedi depreciated by 0.2 percent against the US dollar during the first five (5) months, compared to a depreciation of 2.0 percent during the corresponding period in 2017. Relative to the Pound Sterling and the Euro, the domestic currency cumulatively appreciated by 1.40 percent and 2.6 percent respectively. This compares favourably with a depreciation of 6.13 percent and 7.99 percent against the Pound and the Euro, respectively, during the same period in 2017.

67. On the Forex Market, the Ghana cedi weakened by 0.8 percent and 1.3 percent against the US dollar and the Pound Sterling, respectively, but strengthened by 0.5 percent against the Euro.

External Sector Developments

68. Mr. Speaker, the provisional trade balance for the period January to May 2018 recorded a surplus of US$1,354.89 million, 6.59 percent higher than the surplus of US$1,271.09 million recorded during the same period in 2017. The improvement in the trade balance was as a result of higher export earnings, driven by oil and non-traditional exports which outweighed the value of imports.

69. The value of merchandise exports for the first five months of 2018 was provisionally estimated at US$6,910.36 million, indicating an increase of 10.5 percent, compared with US$6,253.46 million recorded in the same period in 2017. High receipts from oil exports accounted for the improvement in export earnings.

70. Mr. Speaker, gold exports during the review period amounted to US$2,316.66 million, compared to US$2,668.01 million during the same period in 2017. The fall in receipts was as a result of a decline in the volume of exports, which was moderated by favourable developments in gold price. The volume of gold exported declined by 20.01 percent to 1,733,243 fine ounces. The average realised price increased by 8.56 percent to settle at US$1,336.60 per fine ounce.

71. The value of crude oil exported in the review period was US$1,908.22 million, compared to US$1,033.35 million recorded in the same period 2017. The increase in the value of the oil export was due to both price and volume effects. The average realised price of oil continued to increase and settled at US$70.38 per barrel, compared to US$53.02 per barrel recorded for the same period in the previous year, partly due to geopolitical tensions. Volume exported also increased by 39.13 percent to 27,114,807 barrels despite a planned Floating Production Storage and Offloading (FPSO) maintenance shut down in February and May, compared to 19,489,201 barrels in the same reporting period of 2017.

72. Earnings from the exports of cocoa beans and products totaled US$1,402.72 million, compared to US$1,612.76 million for the same period in year 2017, representing a 13.02 percent decline.

73. Mr. Speaker, total value of merchandise imports for the period January to May 2018 amounted to US$5,555.48 million, up by 8.88 percent compared to US$4,982.37 million recorded in 2017. The increase in imports was as a result of an increase in both oil and non-oil imports. The total non-oil merchandised imports (including electricity) for the period January to May 2018 is provisionally estimated at US$4,423.99 million, compared to an outturn of US$4,063.23 million recorded in the same period in year 2017, representing an increase of 8.88 percent.

74. The stock of Net International Reserves (NIR) at the end of May 2018 was estimated at US$4,649.71 million, indicating a build-up of US$127.23 million, from a stock position of US$4,522.48 million at the end of December 2017.The country's NIR increased by US$280.29 million to US$7,835.13 million, from a stock position of US$7,554.84 million at the end of December 2017. This was sufficient to provide for 4.2 months of import cover, compared with 4.6 and 4.3 months of import cover as at May 2017 and December 2017, respectively.

SECTION THREE: FISCAL PERFORMANCE FOR JANUARY-MAY 2018

Fiscal Policy Objectives and Target

75. Mr. Speaker, the overarching goal of our macro-fiscal policy as set out in the 2018 Budget and guided by H.E. President Akufo-Addo's Coordinated Programme of Economic and Social Development Policies (2017-2024), is to deepen macroeconomic stability, grow the productive sectors of the economy, create jobs and ultimately move the economy 'Beyond Aid'. Consequently, our fiscal policy has been designed to reduce the fiscal deficit to ensure debt sustainability without compromising growth. It has also been designed to be growth friendly, reformative and flexible to enable a quick adaptation to an evolving economy.

76. Mr. Speaker, to achieve our fiscal objectives, the fiscal deficit has been set as the primary anchor and aims to reduce the overall fiscal deficit from 5.9 percent of GDP (recorded at the end of 2017) to 4.5 percent, sustain a primary surplus of about 1.6 percent of GDP, ultimately leading to a decline in the rate of debt accumulation. Continued fiscal consolidation is expected to be achieved through improvement in domestic revenue mobilisation and stricter spending controls and rationalisation.

Summary of 2018 Fiscal Performance: Jan-May

77. Mr. Speaker, provisional data for the period indicates that Total Revenue and Grants amounted to GH¢17,384.7 million (7.2% of GDP), against a programmed target of GH¢18,813.5 million (7.8% of GDP). Despite observed overages in some expenditures, Total Expenditure (including the clearance of arrears) also fell below its target and amounted to GH¢23,756.5 million (9.8% of GDP), against a target of GH¢24,553.0 billion (10.2% of GDP). This resulted in a fiscal deficit on cash basis of GH¢6,371.8 million (2.6% of GDP), against a target of GH¢5,739.5 billion (2.4% of GDP).

Revenue Performance

78. Mr. Speaker, the Total Revenue and Grants amount of GH¢17,384.7 million (7.2% of GDP) represents 34.1 percent of the annual target and a per annum growth of 14.8 percent despite being 7.6 percent below the programmed target of GH¢18,813.5 million.

79. Of the provisional outturn for Total Revenue and Grants, non-oil Tax Revenue accounts for 73.7 percent, petroleum receipts from upstream petroleum activities

(12.1%), non-oil Non-tax revenue (7.7%), receipts from Energy Sector Levies (2.9%), Grants (2.2%) and SSNIT contribution to NHIL (1.4%).

80. Mr. Speaker, the outturn for three of the main sources of revenues, namely, petroleum receipts, SSNIT contribution to NHIL and grants, were above target, while the outturn for non-oil tax revenues, non-oil Non-Tax revenues and Energy Sector Levies were below their respective targets.

81. Mr. Speaker, Non-Oil Tax Revenue amounted to GH¢12,807.1 million (5.3% of GDP), compared to a programmed target of GH¢14,308.4 million (5.9% of GDP). The outturn constitutes 32.8 percent of the annual target and a per annum growth of 11.4 percent, compared to 12.4 percent during the same period in 2017. The 10.5 percent shortfall from the programmed target is largely explained by:

- lower import Cost Insurance Freight (CIF) values;
- increase in re-exports of warehoused products;
- lower VAT/NHIL receipts from Telcos;
- delays in tax stamp implementation;
- admittance of large volumes of imports into exempt or low tariff categories; and
- lower reported MDA's IGF Retention

82. Total realised inflows from petroleum receipts amounted to GH¢2,104.0 million, or 36.3 percent higher than the programmed estimate of GH¢1,544.2 million. This includes unanticipated Corporate Income Taxes from oil of about GH¢373.5 million for the period.

83. Mr. Speaker, the shortfall in non-oil Non-Tax Revenue is mainly as a result of lower-than anticipated reported MDAs' Retention from Non-Tax receipts. It is important, however, to note that, a modest inflow from the yield from MDAs' IGF capping of about GH¢5.6 million or 7.2 percent of the programmed target of GH¢77.7 million was realised for the period.

84. Inflows from the Energy Sector Levies amounted to GH¢511.1 million against a programmed target of GH¢845.7 million. The short-fall in the performance of the levies is mainly as a result of lower volumes on petroleum products lifted and the lower than estimated recovery of electricity bills.

Expenditure Performance

85. Mr. Speaker, total expenditure (including arrears clearance) amounted to GH¢23,756 million (9.8% of GDP) and constitutes 38.3 percent of the annual

budget target. Although, the outturn was 3.2 percent lower than the programmed target of GH¢24,553 million, moderate slippages were observed in the Wage Bill (GH¢279.6 million) and Goods and Services (GH¢134.1 million).

86. Mr. Speaker, expenses on Compensation of Employees amounted to GH¢8,141.2 million, exceeding the programmed target by GH¢133.9 million or 1.7 percent, of this amount, expenses on Wages and Salaries amounted to GH¢7,131.6 million, 4.1 percent higher than the programmed target of GH¢6,852.0 million and accounting for the overage in Compensation of Employees. The reason for the slippage is attributed to budget overruns recorded by the Ministries of Education and Health. Corrective measures such as the complete roll out of the HRMIS are being employed to ensure that the excess are curtailed in the second half of the year.

87. Similarly, expenses on the use of Goods and Services which amounted to GH¢1,627.0 million was about 9.0 percent higher than the programmed target. The slippage is mainly attributed to front-loaded expenditures including those for the purchase of fertilizer for the Planting for Food and Jobs programme. These overruns are not expected to recur in the second half of the year.

88. Mr. Speaker, Interest Payment remained within the programmed target for the period but is expected to pick up, given the impact of the bond issued by government on behalf of GCB Bank on the Purchase and Assumption of UT Bank and Capital Bank.

89. Mr. Speaker, Grants to Other Government Units, comprising transfers to Statutory and Earmarked Funds such as the National Health Insurance Fund (NHIF), the Ghana Education Trust Fund (GETFund), the District Assemblies Common Fund (DACF), among others, remained lower than the programmed target mainly on account of lower tax revenues and reported IGF retained by MDAs.

90. Total CAPEX, comprising Domestically Financed CAPEX and Foreign Financed CAPEX was 39.6 percent lower than target. Although Domestically Financed CAPEX was below target, it showed a stronger performance, compared to the same period in 2017 and 2016. Domestically Financed CAPEX amounted to GH¢438.4 million (or 13.1 percent of the annual target) compared to a programmed target of GH¢1,125.4 million. It should be noted, however, that commencement certificates amounting to about GH¢1,000 million have been issued for capital projects.

91. Mr. Speaker, a significant portion of programmed arrears for 2018 has been cleared compared to the programmed target. Total clearance of arrears amounted to GH¢807.4 million against a target of GH¢394.9 million. The total clearance constitutes 94.1 percent of the annual target.

Overall Balance and Financing Operations

92. Mr. Speaker, following government's fiscal operations, the resulting cash fiscal deficit amounted to GH¢6,371.8 million or 2.6 percent of GDP, against a programmed target of GH¢5,739.5 million or 2.4 percent of GDP.

93. The deficit for the period was financed mainly using inflows from foreign sources, including receipts from the 2018 Eurobond. Foreign financing constituted about 64.4 percent of total financing, while Domestic financing constituted 35.6 percent.

94. Due to lower revenues for the period, the primary balance was equivalent to a deficit of 0.4 percent of GDP, against a target surplus of 0.2 percent of GDP.

Developments in Public Debt

95. Mr. Speaker, the gross public debt stock in nominal terms stood at GH¢154 billion (US$32.00 billion) as at end May 2018, representing 63.8 percent of GDP compared to 66.8 percent in same period in 2017.

96. Of the total public debt, external debt at end May 2018 amounted to GH¢81.7 billion (US$18.5 billion), whereas domestic debt amounted to GH¢72.6 billion (US$16.4 billion), representing 53.0 percent and 47.0 percent of the total public debt stock, respectively. As a percentage of GDP, external and domestic debt represented 33.8 percent and 30.0 percent, respectively.

2018 Medium Term Debt Management Strategy (MTDS)

97. Mr. Speaker, the 2018-2021 Medium Term Debt Management Strategy (MTDS) has been prepared and published, in accordance with the Public Financial Management Act, 2016 (Act 921), and in line with the macro-fiscal framework for the period spanning 2018-2021. The strategy envisages an increase in the issuance of medium-to-long-term bonds in the domestic bond market over the strategy period. This is aimed at diversifying the instrument base and providing suitable options with which institutions like the pension and insurance companies can match their assets to their liabilities.

98. The strategy also envisions the issuance of a sovereign bond with proceeds used for liability management and budget expenditure.

2018 Eurobond Issue

99. Mr. Speaker, the Ministry of Finance had approval from this august House on March 26, 2018, to raise up to US$2.5 billion from the International Capital Market on behalf of Government for budgetary purposes and for liability management.

100. Mr. Speaker, on May 10, 2018, Government raised a total amount of US$2.0 billion in 10-year and 30-year Eurobonds of US$1.0 billion each from the international capital market. The 10-year bond was priced at 7.625 percent, while the 30-year bond was priced at 8.627 percent.

101. Mr. Speaker, Ghana achieved this in what turned out to be a week of very turbulent global capital markets, triggered by, among others, rising US interest rates and a currency crisis in Argentina, resulting in an aggressive sell-off of bonds across the board by investors.

102. Against this rather turbulent backdrop and a general sell-off of emerging market paper which saw spreads widened considerably, government decided to tender for only the higher priced 2022 US$750 million Eurobond, which was issued at an interest rate of 9.25 percent in 2016.

103. Mr. Speaker, it must be noted that the transaction was a landmark achievement in many respects:

- The first time a 'B' rated Sub – Saharan country has priced a sovereign bond at this level, indicating strong investor confidence;
- The first time Ghana has extended the tenor of its international capital market funding to 30 years, and hence, extended the yield curve by two times;
- It is also the largest Eurobond ever raised by Ghana and was 4 times over-subscribed; and
- It must also be noted that despite the size, more than half of the proceeds will be used for liability management, which will not increase the net total debt stock.

National Borrowing Guidelines

104. Mr. Speaker, Government has kick-started processes to develop guidelines to regulate borrowing by MDAs and State Owned Enterprises (SOEs) within the limit of the annual borrowing plan developed in line with Government's debt strategy

for the medium term. The guidelines are expected to be finalised by the end of the year 2018 following comprehensive stakeholder consultations and feedback.

Outlook for 2018 and the Medium Term

105. Mr. Speaker, Government will continue the course began in the 2018-2021 MTDS, aimed at extending the maturity profile of the debt portfolio through the issuance of longer-dated instruments to reduce the rollover and refinancing risks.

106. In the remaining quarters of the year, the Credit Rating Team (CRT) of Government will continue to conduct credit risk assessments on public entities in Ghana and will complete assessments for five (5) additional SOEs to ascertain their creditworthiness.

107. Government will also continue ongoing work to finalise credit risk assessment guidelines to govern credit risk assessment of public entities. Guidelines for the contracting of guarantees and for entering into on-lending arrangements, as well as fee guidelines to inform the charging of guarantee fees will also be prepared and finalised over the medium term.

108. Mr. Speaker, over the medium term, Government will continue to carry out its mandate of managing the public debt at the lowest possible cost and subject to prudent levels of risk by conducting debt sustainability analyses and revising the medium term debt strategy to guide borrowing. Recommendations from these documents will inform policy decision on reducing the debt burden and ensuring insulation against other fiscal vulnerabilities.

Resolving Challenges in the Financial Services Sector

109. Mr. Speaker, Government is confronted with one of the most difficult challenges in the financial sector in recent times due to weak regulation, market misconduct, bad corporate Governance, and accumulation of Government arrears in energy and construction related payments, which occurred mainly between 2012 and 2016.

110. Also, years of weak capitalization, poor risk management and corporate governance, as well as, the impact of macro-economic conditions, led to significant impairments to capital, persistent liquidity challenges, and solvency challenges for a number of regulated institutions.

111. Mr. Speaker, the fiscal cost of cleaning-up the financial services sector is enormous. For example, in resolving the defunct UT and Capital Bank, Government approved Purchase and Assumption (P&A) transaction in respect of UT and Capital banks on August 9, 2017. The P&A involved takeover of total deposit liabilities and some selected assets of the resolved banks. The total net liabilities of the resolved banks stood at GH¢2,201,280,634.00 as at December 2017.

112. To lessen the burden on GCB Bank Limited, government also issued a 10-year fully amortizing domestic bond, with effective date of January 1, 2018, being redeemed in 10 equal instalments, at a coupon rate of 12 percent. The bond structure, which ensures regular injection of cash, will improve the financial position of GCB Bank Limited, and will eliminate any financial strain the P&A may bring along.

Currency Stability

113. Mr. Speaker, over the past few months, Government has improved the fundamentals of the economy to stabilise the currency. This is evidenced in the positive trade balance, improved gross international reserves, declining public debt to GDP, and better liability management of the public debt.

114. Mr. Speaker, the Cedi was stable in the first quarter of 2018 with a slight year to date depreciation in April in relation to the US Dollar. However, in May and June we saw pressures on the Cedi from a strengthening US Dollar and oil prices among others, which weakened the performance of the Cedi. However, the fundamentals of the economy remain strong and BoG has built sufficient reserves due to the country's trade surplus and strong portfolio inflows and are taking measures to stabilize the Cedi, reduce inflation and interest rates.

115. Mr. Speaker, Government will take the necessary measures to strengthen institutions to enhance transparency, address issues of parallel quotes to avoid speculation and reduce information asymmetry in the forex market.

Petroleum Receipts and Utilisation

Inflows (January-May 2018)

116. Mr. Speaker, Ghana National Petroleum Corporation (GNPC) lifted four parcels of crude oil (i.e. the 42nd and 43rd Jubilee, 6th TEN as well as the 1st Sankofa liftings) on behalf of the State in the first five months of 2018, compared with three liftings in 2017 (i.e. the 36th and 37th Jubilee as well as 2nd TEN lifitngs). This involved 3.96 million barrels of crude oil, compared with 2.89 million barrels in the same period in 2017. A total of 8,881.38 MMScf of gas was delivered to

Ghana National Gas Company (GNGC) in the first five months of 2018, compared with 8,782.20 MMScf in the same period in 2017.

117. However, in terms of lifting proceeds, the volumes covered five liftings, with the 41st Jubilee and 5th TEN liftings, which were carried out in December 2017 and paid for in January 2018, adding to the number. This makes it a total of five liftings, same as 2017, involving, 4.96 million barrels (compared with 4.87 million barrels in 2017).

118. A total of US$313.34 million accrued from the five parcels of crude oil liftings in January-May 2018, compared with US$249.81 million in the same period in 2017, as shown in Table 3.

Table 3: Details of Crude Oil Proceeds on Lifting Basis for January-May 2018

Item	Unit	1st Qtr	2nd Qtr	1st Qtr	2nd Qtr	2nd Qtr	Total
		Jubilee		TEN		Sankofa	
		41st	42nd	5th	6th	1st	
Date of Lifting	dd/mm/yy	16/12/17	20/03/18	20/12/17	02/03/18	16/03/18	
Receipt Date	dd/mm/yy	16/01/18	20/04/18	20/01/18	02/04/18	16/04/18	
Volume of lift	barrels	992,459	973,730	1,007,382	994,723	995,351	**4,963,645**
Selling Price	US$	63.869	64.739	61.87	61.883	63.325	
Value of Lift	US$	**63,387,364**	**63,038,306**	**62,326,724**	**61,556,443**	**63,030,602**	**313,339,440**

Source: Ministry of Finance/Bank of Ghana

119. Mr. Speaker, total petroleum receipts (i.e. proceeds from liftings and other petroleum receipts) for January-May 2018 was US$372.30 million, as shown in Table 4. There were no gas receipts in the referenced period due to the Volta River Authority's non-payment for gas supplied it by the GNGC. However, the State received US$57.96 million in Corporate Income Taxes from the partners.

Table 4: Sources of Petroleum Receipts, January-May 2018

ITEM	UNIT	QTR 1	QTR 2	TOTAL
Jubilee Royalties	US$	17,648,002	17,550,819	35,198,821
Jubilee Carried and Participating Interest	US$	45,739,362	45,487,487	91,226,849
TEN Royalties	US$	16,188,760	15,988,687	32,177,446
TEN Carried and Participating Interest	US$	46,137,965	45,567,757	91,705,722
Sankofa Royalties	US$	-	63,030,602	63,030,602
Surface Rentals	US$	249,500	368,599	618,099
Corporate Income Tax	US$	12,043,194	45,917,136	57,960,330
PHF Income	US$	142,882	208,091	350,973
Gas Royalties	US$	-	-	-
Gas Carried and Participating Interest	US$	-	-	-
Interest on PHF Undistributed Funds	US$	31,644	-	31,644
Total Petroleum Receipts	**US$**	**138,181,309**	**234,119,177**	**372,300,486**

Source: MoF/BoG

Outflows (January-May 2018)

120. Mr. Speaker, the Petroleum Revenue Management Act (PRMA) requires that not more than 70 percent of Government's net petroleum receipts is designated as Annual Budget Funding Amount (ABFA) and not less than 30 percent designated as Ghana Petroleum Funds (GPFs). Out of the amount transferred into the GPFs, the Ghana Heritage Fund (GHF) receives not less than 30 percent, with the rest transferred into the Ghana Stabilisation Fund (GSF).

121. The January-May 2018 petroleum receipts were allocated based on the provisions of the PRMA, as amended. Total revenue distributed was US$373.30 million, compared with US$277.79 million in the analogous period in 2017. Of this amount, GNPC (the NOC) was allocated a total of US$94.26 million, compared with US$90.90 million in 2017. GNPC's 2018 transfers comprised Equity Financing Cost (US$56.26 million) and its share of the net Carried and Participating Interest (US$38.00 million), compared with Equity Financing Cost of US$51.81 million and a net Carried and Participating Interest of US$39.10 million in 2017, as in Table 5.

Table 5: Distribution of 2018 Half Year Petroleum Receipts

ITEM	Unit	1ST QUARTER			2ND QUARTER		TOTAL
		Jubilee 41st	TEN 5th	TEN 6th	42nd Jubilee Lift	1st Sankofa Lift	
Transfers to NOC	**US$**	**15,646,892**	**30,260,019**	**29,929,299**	**18,428,403**	**-**	**94,264,613**
o/w Equity Financing Cost	US$	2,750,120	23,455,185	23,227,103	6,831,653	-	56,264,060
o/w Crude Oil Net CAPI	US$	12,896,773	6,804,834	6,702,196	11,596,750	-	38,000,553
ABFA and GPFs	**US$**	**60,176,048**	**32,098,349**	**67,987,568**	**44,729,332**	**73,044,576**	**278,035,873**
o/w Annual Budget Funding Amount	US$	42,123,233	16,652,596	47,591,297	11,184,532	-	117,551,658
o/w Ghana Petroleum Funds	US$	18,052,814	15,445,754	20,396,270	33,544,800	73,044,576	160,484,215
o/w Ghana Stabilisation Fund	US$	12,636,970	10,812,028	14,277,389	23,481,360	51,131,203	112,338,950
o/w Ghana Heritage Fund	US$	5,415,844	4,633,726	6,118,881	10,063,440	21,913,373	48,145,264
Total Transfers	**US$**	**75,822,940**	**62,358,369**	**97,916,867**	**63,157,735**	**73,044,576**	**372,300,486**

Source: MoF/BoG

122. Mr. Speaker, a total of US$160.48 million was transferred into the GPFs in January-May 2018, compared with US$102.16 million in 2017. Out of the amount transferred in the period, the GHF received US$48.15 million, compared with US$30.65 million in the same period in 2017, while the GSF received US$112.34 million, compared with US$71.51 million in the same period in 2017. The total amount transferred in the first half of 2018 from petroleum liftings and related proceeds to the ABFA was US$117.55 million, compared with US$84.73 million in the same period in 2017.

Re-alignment of Statutory Funds

123. Mr. Speaker, in accordance with the PFM Act, which stipulates that expenditures of statutory funds should be aligned with the fiscal policy objectives of government and the budget, the 2018 budget aligned some expenditures under the Planting for Food and Jobs as well as the Nation Builders Corps, among others, to the District Assemblies Common Fund (DACF). However, the DACF formula approved by this august House did not cover these expenditures, compelling Government to review the expenditures.

SECTION FOUR: REVISED 2018 FISCAL OUTLOOK AND FRAMEWORK

124. Mr. Speaker, since the presentation of the 2018 Budget Statement and Economic Policy to this august House in November 2017, there have been new developments which necessitate a revision to the fiscal outlook and framework to achieve our 2018 fiscal objectives and targets. These developments include:
- lower than anticipated domestic revenue mobilisation for the first five months of the year;
- issuance of US$2,000 million Eurobond with US$750 million allocated for Budget support and the rest for liability management;
- additional Programme Loan of about GH¢915 million (US$191 million) following the successful completion of the combined 5th and 6th Reviews of the IMF-supported Extended Credit Facility (ECF) Programme. This is in line with programme arrangements agreed before the approval of the combined review by the IMF Executive Board; and
- additional domestic interest payment of GH¢125.5 million, resulting from the GCB Bond issued by Government to GCB Bank on the Purchase and Assumption of UT Bank and Capital Bank as well as an update to the domestic debt stock profile.

125. Consistent with section 28 (2d) of Act 921, we present the revised fiscal outlook and budget for the rest of the 2018 fiscal year.

126. Mr. Speaker, as already mentioned, the Jan-May 2018 fiscal performance shows that the Total Revenue and Grants fell short of target by GH¢1,428.7 million (0.6% of GDP), while total expenditures were below target by GH¢796.5 million (0.3% of GDP), resulting in a cash fiscal deficit of GH¢6,371.8 million (2.6% of GDP), against a target of GH¢5,739.5 million (2.4% of GDP).

127. Mr. Speaker, we anticipate that at this rate, if remedial actions are not taken, the end-year fiscal deficit target could widen mainly on the back of lower revenues.

128. Mr. Speaker, our analysis indicates that, without additional efforts, Total Revenue and Grants would amount to an estimated GH¢49,610.4 million (20.5% of GDP) or 2.8 percent lower than the original Budget target of GH¢51,039.1 million (21.1% of GDP). Of the Total Revenue and Grants amount of GH¢49,610.4 million, non-oil Tax Revenue is estimated at GH¢37,500.5 million (15.5% of GDP) compared to our original budget estimate of GH¢39,001.8 million (16.1% of GDP).

129. Mr. Speaker, on the other hand, Total Expenditure (including the net change in arrears clearance) would amount to an estimated GH¢61,451.6 million (25.4% of GDP), GH¢558.7 million lower than the programmed target of GH¢62,010.3 million.

130. The resulting fiscal deficit would amount to GH¢11,841.2 million (4.9% of GDP), against a programmed target of GH¢10,971.1 million (4.5% of GDP). This will derail our fiscal consolidation efforts and put our objective of reducing the public debt profile at risk. A net fiscal adjustment of GH¢870 million (0.4% of GDP) would be required to ensure that we achieve our fiscal deficit target of 4.5 percent of GDP.

131. Mr. Speaker, to ensure that the achievement of the 2018 fiscal objectives and target are not derailed, this mid-year review affords us the opportunity to propose sustainable revenue and expenditure measures for the consideration and approval of this august House. These measures include new tax measures, strengthening of tax compliance and expenditure adjustments.

Revisions to Total Revenue and Grants and Expenditure

132. Mr. Speaker, the revised 2018 fiscal outlook reflecting revenue and expenditure measures for which budget implementation will be guided by for the remainder of the 2018 fiscal year indicates an estimated, Total Revenue and Grants of GH¢50,686.2 million, 0.7 percent lower than the original 2018 Budget estimate of GH¢51,039.1 million as in Appendix 1.

133. Mr. Speaker, the achievement of this revised revenue estimate of GH¢50,686.2 million is contingent on the approval of our proposed revenue measures by this august House. The key revisions to revenues are occasioned mainly by the proposed new tax measures, enhanced tax compliance as well as expected non-materialisation of some revenues such as property taxes and yield from Capping of MDAs' IGFs.

134. Mr. Speaker, Total Expenditure (including arrears clearance) has also been revised downwards from GH¢62,010.3 million to GH¢61,657.4 million. The key revisions to expenditures are in Wages and Salaries, Goods and Services, Interest Payments (specifically domestic interest), and Domestically Financed CAPEX.

Revisions to Overall Balance and Financing

135. Mr. Speaker, these revisions in our fiscal operations are prudent and expected to safeguard the fiscal deficit target of 4.5 percent of GDP. Financing of the deficit will comprise a Net Foreign Financing of GH¢4,703.5 million and total Domestic Financing of GH¢6,267.6 million. Of the net Foreign Financing amount, borrowing from foreign sources (including the 2018 Eurobond) will amount to GH¢9,973.2 million, while Amortization will remain as programmed at GH¢5,269.7 million.

136. Mr. Speaker, the Total Domestic Financing amount of GH¢6,267.6 million includes net domestic market operations amount of GH¢6,745.1 million, deposit build-up at the Bank of Ghana of GH¢1,521.3 million, Other Domestic Financing of GH¢4,054.8 million, and deposit build-up from the Petroleum, Sinking and Contingency Funds of GH¢2,986.7 million.

137. Mr. Speaker, the resulting primary balance from the adjustments in revenue, expenditures, and financing is a primary surplus equivalent to 1.7 percent of GDP, higher than the original Budget target of 1.6 percent.

SECTION FIVE: UPDATE ON KEY POLICY INITIATIVES

Status of implementation of Flagship Programmes

138. Mr. Speaker, we crafted our policies and strategies to ensure that we accelerate growth and development without "leaving no one behind". Thus, we are implementing a myriad of growth-enhancing, job-creating and social intervention programmes to better the lives of Ghanaians as well as achieve relevant SDG goals.

139. Mr. Speaker, permit me to provide you with the status of implementation of some major programmes for the 2018 fiscal year.

Planting for food and jobs programme

140. Mr. Speaker, in the 2018 budget, a total sum of GH¢700million was allocated for the implementation of the programme, out of which GH¢365,609,010.50 has been released to fund various components of the programme.

141. During the 2018 cropping season, a range of crops was added to those cultivated in 2017. Groundnut has been added to the legumes category while cabbage, cucumber, lettuce and carrot have been added to the vegetable category. Roots and tubers have also been added as a fourth category to benefit from the programme. Cereals remain rice, maize and sorghum.

142. Mr. Speaker, a total of 6000 metric tonnes (mt) of improved seeds (70% of target) of maize, rice, soya bean, sorghum, groundnut and vegetables have been distributed across the country. In addition, 120,000 bundles of cassava sticks were distributed mainly in cassava growing areas.

143. Fertilizer companies have been engaged for the supply and distribution of 270,000mt of both organic and inorganic fertilizer at 50 percent subsidised prices. As of end June, a total of 124,000 metric tonnes of fertilizer was supplied to farmers. Biometric registration to bring farmers registered under the programme to 500,000 from the initial 201,000 registered in 2017, is currently ongoing.

144. Evaluation of bids have been completed for the construction of 30 new warehouses to be equipped with seed cleaners, dryers and weighing scales in strategic Districts in the Ashanti, Brong Ahafo, Volta, Northern, Upper East and Upper West Regions.

145. Mr. Speaker, the programme was given a further boost with the distribution of 216 pickups and 3,000 motorcycles and protective clothing to the District Agricultural

Departments and Agricultural Extension Agents across the country. Cabinet has also granted approval to recruit 2,700 Agricultural Extension Agents to augment the depleting number of Extension Agents in the system.

Infrastructure for Poverty Eradication Programme (IPEP)

146. Mr. Speaker, the main vehicle for delivering the IPEP – the three (3) Development Authorities have been established and their governing boards inaugurated.

147. For the implementation of the programme, commencement certificates amounting to GH¢548,104,163.81 have so far been issued out of the approved budget of GH¢1,237,500,000.00. An additional commencement of GH¢343,510,229.60 is being processed. This has paved way for the following projects to be implemented:
- construction of 1,000 No. community based limited mechanized solar powered water system;
- construction of 50 No. 1,000 metric tons prefabricated warehouses;
- construction of 570 small dams and dugouts in the three Northern Regions under the One Village, One Dam initiative; and
- construction of 1,000 No.10-seater water closet institutional/community toilets with mechanised boreholes and solar panels.

148. Mr. Speaker, work on the implementation of the water systems is progressing steadily across the three development zones: 119 boreholes have been drilled in the Northern Zone, representing 42 percent of the target; 264 boreholes have been drilled in the middle belt representing about 79 percent of the target whilst the Coastal Development Zone have had 156 boreholes sites drilled, representing about 40 percent of the target.

149. Mr. Speaker, the construction of small dams and dugouts across communities of the three (3) Northern Regions is the main project under the One Village, One Dam initiative. The project has identified 570 sites and carried out survey and design works for the construction of small dams and dugouts. The first batch comprising 186 projects have been awarded and contractors are mobilising to commence work.

One District-One Factory (1D1F)

150. Mr. Speaker, in order to attract more private sector investments in support of 1D1F programme, Cabinet has approved incentive packages including tax waivers, which will be presented to this august house for approval.

151. The Ministry of Trade and Industry has so far received 781 expressions of interest, out of which 632 have been reviewed and 332 are currently being processed for financial support. Of this number, implementation has commenced on 15 projects in the Eastern, Central, Brong Ahafo and Greater Accra Regions as in Table 6. A total amount of GH¢416,692,313.50 has so far been approved through the Ghana EXIM Bank to finance the projects. These projects are expected to create 13,022 number of direct and indirect jobs upon completion.

Table 6: Details of Projects Supported under the One District-One Factory Initiative

S/N	DETAILS	LOCATION	AMOUNT	ESTIMATED JOBS TO BE CREATED
AGRO PROCESSING				
1	Processing of pineapple into Juice and concentrate for local market and for export	Ekumfi District	34,000,000	1,860
2	Processing of pineapple and orange into juices	Komenda-Edina- Eguafo-Abrem (KEEA) Municipal	6,750,000	230
3	Processing of Cassava into starch for export	Fanteakwa	36,000,000	2,000
4	Cashew processing for export	Tema Municipal	21,949,000.00	2,403
5	Fruit processing	West Akim Municipal District	23,420,813.50	105
6	Processing of shea butter into cosmetics products	Accra Metropolis	9,472,500.00	300
7	Avocado processing for the local market & export	Ningo-Prampram	44,000,000.00	3000
8	Cultivation and processing of sweet potatoes into bread, chips and biscuit	Gomoa West	14,400,000	957
	Sub-Total		**189,992,313.50**	**10,855.00**
PHARMACEUTICALS				
9	Manufacturing and distribution of pharmaceuticals	Nsawan-Adoagyiri Municipality	22,750,000.00	226
10	Manufacturing and distribution of pharmaceuticals	Accra Metropolis	22,750,000.00	169
11	Manufacturer and exporter of pharmaceutical products	Accra Metropolis	44,000,000.00	144
12	Manufacturing of Pharmaceutical products	Suhum District	44,000,000.00	241
	Sub-Total		**133,500,000**	**780**
OTHER MANUFACTURING				
13	Manufacturers and dealers in inputs, import and export of agricultural inputs	Tema Metropolis	42,700,000.00	59
14	Garment manufacturing	Accra Metropolis	500,000.00	328
15	Tile and brick production factory	Tanoso District	50,000,000.00	1,000
	Sub-Total		**93,200,000.00**	**1,387.00**
	Grand Total		**416,692,313.50**	**13,022.00**

Stimulus Package

152. Mr. Speaker, in the 2018 budget, the Ghana EXIM Bank was expected to provide an amount of GH¢236m to revamp distressed but commercially viable industries. The bank has disbursed US$5.1 million to the pharmaceutical and textile industries.

The Universal Merchant bank has also disbursed GH¢2million to the aluminium industry.

Inner-City and Zongo Development

153. Mr. Speaker, following the passage of the Zongo Development Fund Act 2017, Act 964, a policy brief and draft L.I for the Act was prepared.

154. To promote economic and social development within Zongo and Inner-Cities, the following projects/activities were carried out:
- 2kms out of a target of 10kms of tertiary and secondary drains have been dredged/desilted;
- procurement works for the construction of 18 mechanized Small Town Water Systems – boreholes out of a target of 20;
- business development training for 150 selected existing businesses;
- rehabilitation of 22 schools and construction of 10 school toilet facilities;
- organization of 8 ethno-religious seminars in Inner-City and Zongo communities; and
- construction of 3 astro turf football pitches (La Nkwantanang, Walewale and Kibi) and 8 community recreational parks.

155. Preparatory works towards the construction of 5kms of access roads and 16km of tertiary drains nationwide are far advanced.

National Entrepreneurship Innovation Programme (NEIP)
Incubation & Business Support Programme

156. Mr. Speaker, the NEIP Business Support Programme aimed at supporting young entrepreneurs grow their businesses and reduce unemployment, launched on 2nd November, 2017, received applications for financial support from 7,000 businesses. These businesses benefited from a well-structured training programme in about 50 hubs across the country.

157. The incubation hubs submitted 2000 applicants for consideration. Twenty (20) proposals were selected after an appraisal process. Some of the successful applicants were given mentors and attached to various businesses, whilst others were stationed at the Ministry of Business Development's incubator hubs.

158. Mr. Speaker, a competition dubbed "The Presidential Pitch" was held on 25th June, 2018 for young entrepreneurs to showcase their business ideas to His Excellency the President for financial support. The top ten (10) winners received support from

government, ranging from GH¢30,000 to GH¢50,000, to start their businesses and, at least, employ three (3) people each.

159. A US$100 million fund for NEIP with the seed capital of US$10 million to be leveraged to raise money from private sources and public organisations has been set up.

Greenhouse Estate Project

160. Mr. Speaker, the first phase of the Greenhouse Estate project under NEIP, which involves the installation of 75 units of Greenhouses for vegetable cultivation is almost completed at Dawhenya in the Greater Accra region.

161. Each Greenhouse unit will employ 10 people on the average. In the medium term, our plan is to build 1000 Green Houses across the ten regions of Ghana (100 per each region). An expected 10,000 direct and over 30,000 indirect jobs along the value chain will be created. Upon completion of the project, about 60,000 tonnes of vegetables is expected to be produced per annum to generate approximately GH¢150 million revenue on an annual basis to the nation.

Free SHS Programme

162. Mr. Speaker, Government continued with the implementation of the Free SHS Programme after its take-off in September, 2017. The implementation of the programme created opportunity for the enrolment of an additional 90,000 students who would have otherwise dropped out of school.

163. Currently, a total of 362,118 first year students from all public SHS are benefiting from the programme. This is made up of 117,692 day students and 244,426 boarding students.

164. To date, GH¢899,524,466.30 has been released for the 2017/18 academic year. In addition, sufficient allocation has been made in the 2018 budget to cover the first term of the 2018/19 academic year.

165. To address the initial challenges identified with the implementation of the programme, 96,413 mono desks, 32,171 dining hall furniture, 3,033 tables and chairs for teachers, 12,953 bunk beds, 4,335 student mattresses, and 5,135 computer laboratory chairs were supplied to various SHS.

Nursing Trainee Allowance

166. Mr. Speaker, in consonance with the policy to reinstate the nursing trainee allowances, an amount of GH¢311,988,400.00 was allocated in the 2018 budget to pay the allowances of 68,000 trainee nurses for the 2017/2018 and 1st semester of the 2018/2019 academic year.

167. As at end June 2018, GH¢122,400,000.00 has been released to pay the allowances of 51,000 beneficiary trainees.

168. In October this year, approximately 17,000 new entrants will be admitted as first year students to the various nursing training institutions. Sufficient allocation has been made in the 2018 budget to accommodate the new entrants.

Teacher Trainee Allowance

169. Mr. Speaker, the sum of GH¢177,511,600.00 was allocated for the payment of allowances to 49,032 teacher trainees in the 41 colleges of education across the country, out of which GH¢78,451,200.00, representing 44 percent, was released to pay for the teacher trainee allowances for the second semester. Each trainee received GH¢400.00 per month for four (4) months.

National School Feeding Programme

170. Mr. Speaker, the National School Feeding Programme engaged 8,000 new caterers and introduced new caterer contracting guidelines which requires caterers to purchase food items from local farmers and fishermen. A total of 2,174,000 kindergarten and primary school pupils compared with the 1,671,777 pupils recorded in 2017, are benefiting from the programme. The difference of 501,536 additional pupils represent a 30 percent increase.

171. The Programme was allocated GH¢423,795,500.00, out of which GH¢229,310,000.00, representing 54.11 percent has been released.

Livelihood Empowerment Against Poverty (LEAP) Programme

172. Mr. Speaker, a sum of GH¢168,369,800.00 was allocated for implementation of the programme, out of which GH¢78,293,067.00, representing 46.5 percent has been released for the first and second quarters of the year.

173. To date, a total of 550,000 LEAP beneficiaries have been registered unto the NHIS or have their expired cards renewed. Three (3) successive bi-monthly payments

have been made to 213,044 households nationwide from the beginning of the year.

Nation Builders Corps

174. Mr. Speaker, the 2018 budget provided GH¢600 million for the implementation of NABCO, out of which GH¢30 million has been released to take care of the initial cost.

175. Mr. Speaker, H. E the President, Nana Addo Dankwa Akufo-Addo on May Day this year, launched the Nation Builders Corps (NABCO). The programme has received 146,968 applications for job placement opportunities across the public and private sectors. Interviews are currently being conducted, module by module, for 135,000 applicants across the country.

176. All module implementation partners have been engaged and have put in place structures for placement and monitoring of all 100,000 NABCO trainees to be engaged.

177. Mr. Speaker, for the next half of the year, the programme will hold orientations and begin placement for all successful applicants in August this year as well as hold a placement conference with all module implementation partners. All NABCO trainees will undergo module specific training once placed within their modules for the first four weeks and will be paid their first allowance of GH¢700.00 by the close of August, 2018.

178. The six-week military training component for all trainees will take place this year and regional passing-out ceremonies held to outdoor trainees.

Integrated Bauxite and Aluminium Project

179. Mr. Speaker, in the 2017 budget, government indicated its commitment to transform the Ghanaian economy, through industrialisation with a deliberate focus on value addition to the country's vast mineral wealth to create jobs and wealth for the people.

180. In the 2018 budget, a sum of GH¢13.8 million was allocated to support the development of the industry. Work has began on the review and digitization of available data to facilitate the Geological Resource and Reserve Assessment of the Nyinahin bauxite deposits.

181. Mr. Speaker, the bill for the establishment of the Ghana Integrated Bauxite and Aluminium Development Authority (GIBADA) to operationalise the Ghana Integrated Aluminium Industry (IAI) Initiative is currently before the Parliamentary Select Committee and we are counting on the cooperation of this august House to pass it into law. An amount of GH¢1,867,517 has been released to kick start activities in this area.

Road Sector

182. Mr. Speaker, works have started on the following projects:
- Pokuase Interchange under the Accra Urban Transport Project;
- Tema Motorway roundabout involving the construction of a 3–tier interchange; and
- Kasoa and Nungua bus terminals - improvement of existing parking and holding area, construction of a terminal building, walkways, paved road ways, toilets and its associated facilities.

183. As part of the Kumasi facelift projects, contracts have been awarded for projects including the asphalt overlay in Manhyia, Bantama and the road from Anloga Junction to Tech Junction.

184. Some of the development projects completed over the period include:
- construction of oil and gas enclave roads – (Construction of 10km road along the pipe line including the Amazure bridge; and
- construction of two lane underpass to link Spintex and East Legon.

185. Mr. Speaker, to protect the huge investment made in the sector, routine maintenance works have been carried out on 16,494km of trunk roads, 4,197km on feeder roads and 679km on urban roads. Periodic maintenance works, comprising re-gravelling/spot improvement and resealing works have been carried out on 17km, 60km and 30km on the trunk, feeder and urban road networks, respectively.

186. Minor rehabilitation works covering upgrading and the construction of culverts and drainage structures were carried out on 7km, 135km and 30km on the trunk, feeder and urban road networks respectively.

The US$2 Billion Sinohydro Infrastructure for Refined Bauxite Barter Arrangement

187. Mr. Speaker, Ghana faces a major infrastructure deficit in areas such as roads, water, bridges, electricity, hospitals, sanitation, estimated to be in the region of at least US$30 billion, mainly due to the inadequacy of financial resources to undertake the requisite investment.

188. To bridge this gap, a barter agreement, which aims to open up a new financing model for Ghana in undertaking future projects, has been reached with Sinohydro Group Limited of China, to provide US$2 billion of infrastructure including roads, bridges, interchanges, hospitals, housing, rural electrification, in exchange for Ghana's refined bauxite.

189. A bauxite refinery will be established within the next three years in collaboration with selected private partners including at least 30 percent local participation.

190. Mr. Speaker, I will like to assure this august House that the US$2 billion of infrastructure to be provided by Sinohydro would not add to the debt stock and will involve a moratorium period of three (3) years to give Ghana the time to establish an aluminium refinery. After moratorium period, Ghana will fulfil its part of the barter agreement over another 12-year period.

191. To begin with, the following projects have been identified to benefit from phase I of the project:

Region	Project	Length (Roads)
Ashanti	Ahiankwanta-Obuasi	40
Ashanti	Datano-Ahokwaa-Suhenso	21
Ashanti (Bauxite Road)	Nyinahene - Awisesu	51
Ashanti (Bauxite Road)	Nyinahene - Kyekyewere	16.5
Kumasi Inner City Roads		
	Manhyia Sub-Metro	9.5
	Suame Sub-Metro	8.9
	TafoPankrono Sub-Metro	9.8
	Asokwa Sub-Metro	9.72
	Kwadaso Sub-Metro	8.4
	Oforikrom Sub-Metro	9.2
	Subin Sub-Metro	7.95
	Nhyiaeso Sub-Metro	9
	Bantama Sub-Metro	7.5
Ashanti	Mampong Inner City Roads	20

Region	Project	Length (Roads)
Brong Ahafo	Atebubu - kwamedanso - kojokrom - Riverside	30
Brong Ahafo	Sunyani Inner Ring Road	10
Eastern	NewAbirem-Ofoase-AkimOda	38
Eastern	Kessekrom-Adiembra	3
Central	Awakrom-Amisano(Ekumfi)	6
Western	PTC Interchange Takoradi	
BrongAhafo	Sunyani Inner City Roads	20
BrongAhafo	Berekum Inner City Roads	8
Western	Elubo-Enchi-Kramokrom-Akotombra	78
Western	Dwenase-Nsonua-Anglo-Kwabenakwa	24
Western	Prestea Inner City Roads	15
Central	TwifoPraso -Esikuma- Dunkwa on Offin	66
Cape Coast Inner City Roads		
Central	Akotokyir Road	3
	Amamoma Area Roads	6
	Abura New Community Area	7
	Cape Coast Polytechnic Road	3
	Apawusika Road and Links	3
	Other Selected Cape Coast Inner City Roads	8
Northern	Tamale Interchange	
Northern and Upper West	Wulugu - Kpasenpke-wa	100
Upper West	Lawra- Han-Tumu	150
Upper West	Lawra-Dikpe Bridge	
Upper East	Tutulega-Sandema-Wiase	50
Volta	Jasikan-Dodo Peppesu-Nkwanta	110
Northern	Bunkpurugu-Nalerigu Road	40
Accra Inner City Roads		
Greater Accra	Taifa-Burkina-Nkatia Burger-Dome-Kwabenya Mosque	7
	Christo Asafo Area Roads-Taifa	5.7
	Pure Water Roads and Links-Kwabenya	5
	Fan Milk Area Road-Anyaa	1.9
	AduGyamfi Road-Anyaa	2.2
	Selected Roads in Anyaa	1.8
	Apostle SafroOnyinase Road	2.06
	Pentecost University Road	1.97
	Omanjor to Olebu Road	1.8

Region	Project	Length (Roads)
	Abease Road to Ablekuma	1.9
	A lang Area Road-Sowotuom	2.5
	Race Course Medical Centre Road	2.5
	Selected Roads in Gbawe	3
	Nanakrom-SanteoAshaiman Road	8.5
	Adenta-Dodowa Road (Dualisation)	22
	Ofanko Hospital Link Road	3.32
	AbensuAfiama Taxi Road (Trobu)	1.2
	Israel Junction Sound Foundation-Blue Gate and Yeboah Street-NiiAnkraman (Trobu-Amasaman)	4.01
	Partial Construction of North Ofanko John Teye Bypass	1.6
	Partial Construction of Yellow House and Links (Trobu-Amasaman)	2.74
	Partial Construction of AsofanAmamorle Road and Links (Trobu-Amasaman)	3
	Poultry Farm Road (trobuAmasaman)	2.2
	Drainage Construction -Confidence and Veterinary-South Ofankor	
	Demo Road (Ledzokuku)	1.8
	Allowayto Malik Road (Ledzokuku)	2
	Baptist School Area Tebibiano Road (Ledzokuku)	2
	Sea Lady Road (Ledzokuku)	1.8
	Teshie North By Pass Road (Ledzokuku)	1.8
	GIBADA Office Complex	

Railways Development

192. Mr. Speaker, one of the major transformational programmes of the Akufo-Addo government is to build a modern, nationwide railway network system for both passengers and cargo. Through competitive bidding, the Ministry of Railways Development has reached the final stage of procuring a strategic investor for the development of the Eastern Railway Line, from Accra-Tema to Kumasi on a BOT basis with Ghanaian participation. Out of 14 consortiums shortlisted, the preferred bidder will be chosen by the end of the year for work to begin next year.

193. The Accra to Ouagadogou rail network, another BOT project, has 11 entities shortlisted, with the procurement process scheduled to complete this year for construction to commence in the first quarter of next year. This line will serve the Eastern part of Ghana and will go through Ho, Hohoe, Yendi, Tamale, Bolgatanga and Paga.

194. Our approach is one of building an integrated infrastructural network, to facilitate industrialisation, trade and urbanization across the country. To this end, discussions have started with real estate developers to build homes along the 95km Tema to Mpakadan rail line.

195. To decongest the capital city, an amount of US$200 million has also been allocated for the immediate development of a fast train service from Accra to Nsawam and from Accra to Tema, with construction expected to start by November this year. The US$200 million forms part of the equity contribution of government to the development of the Eastern Line on a BOT basis with government participation.

OTHER INITIATIVES

National Mortgage and Housing Finance Initiative

196. Mr. Speaker, Government announced in the 2018 Budget and Economic Policy, the establishment of a national mortgage and housing finance scheme, to provide cheaper local currency mortgages and residential housing finance across the country, to promote social equity and stimulate the economy.

197. To implement this initiative, Government set up a management board to work with some banks and pension fund managers to understand the constraints of effective delivery of mortgages with the view to supporting private real estate developers with long-term loans, to make the cost of housing delivery relatively cheaper. The Board was also tasked to identify why various housing initiatives, including affordable and social housing projects have failed to achieve scale and sustainability and to address them in the new Scheme.

198. Mr. Speaker, we observed that to effectively support housing delivery, we must address both the demand and supply side of the housing market, and develop a scheme that creates an effective ecosystem for home buyers, developers and financial institutions. To make the scheme more sustainable, Government plans to learn from the Singaporean housing market experience. In this regard, our focus will be to develop the local currency and housing finance market by establishing a National Housing and Mortgage Fund that will work with banks to provide cheaper local currency mortgages and construction finance.

199. The Scheme will allow Ghanaian banks to partner with various stakeholders interested in housing delivery to build communities, while at the same time, ensuring that there is effective demand for these houses. The pilot phase of the Scheme will start in August 2018.

200. Mr. Speaker, Government will scale up this initiative in the 2019 Budget to assert a stronger social contract between the citizens and government in terms of house ownership, building new communities across the county, stimulating the economy and further deepening the financial market.

Affordable Homes

201. Mr. Speaker, the real estate sector has experienced overall growth but access to affordable housing remains a challenge to many of our citizens. The country currently has a housing deficit, with some estimates putting it in excess of 2 million units. Industry stakeholders have identified access to unencumbered land, infrastructure, construction and mortgage finance as the key challenges to address in order to accelerate the delivery of affordable housing units for the population.

202. The Akufo-Addo Government is determined to effectively address these challenges through aggressive collaboration with real estate developers. In that respect, the Government will initiate the legislative processes towards the establishment of the Ghana Housing Authority to spearhead implementation of the National Housing Policy, especially with respect to affordable housing. The Authority will also serve as the regulatory body for the housing industry to ensure conformity with housing standards.

203. Mr. Speaker, in the last quarter of the year, Government will roll out a rent-a-bed scheme for the socially marginalised manual workers, mostly female porters, in urban centres. The proposed intervention is to provide them with hostel facilities close to where they work. This secure environment will also give them the peace of mind to plan and work towards moving up the economic ladder.

204. As a matter of great urgency, the Government will also embark on an accelerated affordable housing scheme through the development of 600 acres of serviced plots near Dawa (63 kilometers from Accra) in the Greater Accra Region in partnership with real estate developers on a pilot basis, and replicate similar schemes in all regions. This project is strategically located to fit into Government's plan to development new settlements along the new road and rail transport corridors to facilitate easy access into major cities. The Government will also accelerate its programme to set up a National Housing and Mortgage Fund to provide construction and mortgage financing for the project.

Proposed Tax Measures

205. Mr. Speaker, the focus of the government's economic management is to shift emphasis from taxation to production. This strategy aims at stimulating growth in the private sector to accelerate job creation and prosperity.

206. In 2017, Government reduced the tax burden by more than GH¢1 billion through the abolishing of some taxes and the restructuring of others. Taxes abolished included the 17.5 percent VAT/NHIL on Financial Services and the one percent Import Duty on Spare Parts. Also removed was the VAT on Real Estates, domestic airlines and some imported pharmaceutical products to ease the burden on the National Health Insurance Scheme.

207. In February 2018, government further reduced the Special Petroleum Tax for consumers at a time of rising oil prices on the international market

208. Mr. Speaker, our strategy on revenue mobilisation is to enhance performance by automation of systems, plugging of leakages, improving tax compliance and administration, review of taxes, and change in culture.

209. Government is determined to widen the tax net and to make it fairer, simpler and convenient for citizens to meet the obligation of contributing towards national development.

210. To ensure that government achieves the 2018 revenue targets, we have brought a number of reforms and measures into the tax regime. These initiatives will improve the efficiency of our tax administration, reduce costs and enhance taxpayer services.

Tax Compliance Measures

211. Mr. Speaker, as part of efforts to improve revenue performance, we will intensify tax compliance and plug existing revenue leakages. Investigations we have undertaken show inbound leakages on goods arriving in the country, significant outstanding tax debts, suspense regimes in the area of warehousing, transit trade, and free zones, and tax audit issues such as limited coverage, low auditor productivity, and low audit yields. Mr. Speaker, we are rolling out major initiatives to address these tax compliance issues. Mr. Speaker these initiatives will include prosecutions of tax evaders and corrupt tax officials, a special VAT Attack force to ensure enforcement and deepen VAT penetration from the current low levels of 11 percent, and institutional reforms at GRA.

212. Mr. Speaker tax compliance will also be boosted by the implementation of the Common Platform for Communications Traffic Monitoring, revenue assurance, mobile money monitoring, and fraud management. The Common Platform will provide government with an accurate and comprehensive view of telecom revenues in order to verify tax compliance and to ensure the comprehensive billing and collection of all telecom-related taxes, levies, and regulatory fees.

213. Mr. Speaker, other tax compliance measures that will be vigorously pursued include:

Specialised Audits (Mining, Oil and Gas, Telecommunications Services, Transfer Pricing and High Net Worth Individuals)

214. Mr. Speaker, several billions of Cedis are lost every year due to transfer-mispricing and tax evasion, which leads to a lower than expected Tax-to-GDP ratio.

215. Government will commission audits of local and multinational enterprises in Mining, Oil and Gas, Telecommunications Services, Transfer Pricing and High Net Worth Individuals to address transfer mispricing and other forms of tax evasion.

Prosecution and Enforcement Actions

216. Mr. Speaker, GRA has enhanced its capacity on prosecutions and investigations and will work with relevant state institutions to intensify its investigations and prosecution on non-tax compliant persons.

Issue Audits (Withholding Taxes, VAT, NFSL, Rent Tax)

217. Institutions and businesses are required to withhold and remit to the GRA specified sums from payments made to their suppliers and service providers. Audit conducted revealed that some of these persons have failed to either make the deductions, deduct the correct amounts or remit the sums to GRA. The Authority will intensify audit activities on Withholding Taxes, VAT, NFSL, Rent Tax to ensure compliance.

Broadening the Tax base (Tax Amnesty and Registration for TIN)

218. Mr. Speaker, the campaign to increase Tax Identification Number (TIN) registered persons and encourage the voluntary filing of tax returns commenced in April 2018. Government also announced the general amnesty for taxpayers who would voluntarily register, file returns or pay outstanding arrears. The TIN registration has gone up significantly from an average of 14,000 to almost 100,000 per month and this has helped the Ghana Revenue Authority to consolidate its data on

taxpayers. The Tax Amnesty expires at the end of August 2018. The GRA will intensify education to enable as many taxpayers as possible take advantage of this window of opportunity to register and meet their obligations, to avoid prosecution after the deadline. All taxpayers are reminded to take advantage of this amnesty before the deadline.

VAT Monitoring and Deployment of the Electronic Fiscal Device

219. Mr. Speaker, due to under declaration by some suppliers and deliberate non-application of the VAT by some registered traders, among others, Ghana's domestic VAT collection efficiency is low at 28 percent compared to the sub-Saharan average of 35 percent. As part of measures to improve VAT collection efficiency, the Fiscal Electronic Device Act was passed in March 2018 and implementation of the policy will begin in the fourth quarter of 2018. The GRA has embarked on an intensive monitoring exercise and will soon commence a series of public campaigns to encourage citizens to demand VAT invoices and receipts from suppliers and service providers.

Introduction of Cargo Tracking Note (CTN)

220. Mr. Speaker, experience at the Ports indicates that clearing agents and some importers collude to provide false invoices and manifest leading to huge revenue losses. To remedy this situation, the GRA has since 1st July, 2018 been implementing the Cargo Tracking Note (CTN) system to allow it have access to cargo information for all imports before the vessels arrive in the country. This measure enables GRA to close the information gap between Ghana Customs and trade partners and ensure the correct classification and valuation of all imports. The GRA will intensify this measure to minimize abuse by importers

Downstream Petroleum Monitoring

221. Mr. Speaker, recent audits by the GRA has established that some Oil Marketing Companies (OMCs) have been under-declaring liftings. The GRA in collaboration with the NPA have developed the use of a common platform to report on oil lifting. With this development it will be possible to detect if the OMCs understate their oil lifting from the depots and tanks. Severe action including imposition of penalties and prosecutions will be initiated to collect all outstanding taxes.

Full implementation of the Excise Tax Stamp policy

222. The Excise Tax Stamp policy came into full effect in January 2018. There have been concerns from manufacturers about the implementation of the policy on 'high

speed' production lines. Government has addressed those concerns paving way for the full enforcement of the policy.

Use of electronic systems to identify taxpayers and Voluntary Compliance

223. Mr. Speaker, GRA has commenced the use of big data analytics to identify and register additional taxpayers and through that improve filing rates and revenue receipts. The project is also integrating various data sources to identify recalcitrant taxpayers for compliance and enforcement actions.

224. To improve the ease of doing business in the country, a number of electronic applications are being developed to enable taxpayers conduct business with the GRA online. The online portal for TIN registration is now available for use while contracts for development of simple applications for record keeping and computations of taxes have been awarded. Taxes can be paid through available bank transfer systems and discussions are currently ongoing with Ghana Interbank Payment and Settlement Systems (GhIPSS) for additional electronic platforms for the payment of taxes. This will enable small taxpayers pay their taxes using mobile money.

Tax Policy Measures

Luxury Vehicle Levy

225. Mr. Speaker, Government proposes to introduce a luxury vehicle levy on vehicles with engine capacities of 3.0 litres and above. The levy will be paid on first registration and subsequently at annual renewal. Commercial vehicles will be exempted from this policy.

Personal Income Tax

226. Ghana currently has a five (5) band graduated income tax rate for individuals. Government will introduce an additional band to make the rates more equitable in line with best practice.

Health and Education Levy

227. Mr. Speaker, the NHIS exists to ensure that citizens obtain quality health care at all times while the GETFund provides for educational infrastructure.

228. Studies have indicated that current revenue sources do not guarantee the sustainability of the NHIF given that enrolment to the Scheme has increased over

the years. The GETFund is also inadequate in the face of an expanding student population and need for additional infrastructure.

229. Mr. Speaker, Government is therefore consolidating contributions to the Health Insurance Fund Levy and the GETFund portion of the VAT into a separate Health and Education Levy. This will enable Government isolate and increase the budget for health and education. Both the Health Insurance Fund and the GETFund levies will continue to be 2.5 percent each, while the applicable VAT rate is 12.5 percent.

General Policy Measures on Payroll

230. Mr. Speaker, as a way to ensure an efficient payroll management system which guarantees cost reduction, quicker payroll processing, data and cost validation, accountability, payment validation and improve overall efficiency, Government is currently evaluating options to outsource the payroll processing for its employees.

231. Mr. Speaker, outsourcing government payroll is aimed at addressing the Public Sector Wage Bill and its crowding out effect on public expenditure. The overall goal is to achieve the convergence criterion of 35 percent wage bill to tax revenue, in the West African Economic and Monetary Union (WAEMU) from the current 48 percent.

Internal Audit Agency

232. Mr. Speaker, the Internal Audit function in the public sector needs to be restructured and strengthened to play its role in the fiscal consolidation efforts of Government. The current law and structure of the Internal Audit Agency (IAA) does not empower it to effectively supervise, manage and regulate the practices of Internal Auditing in the public sector.

233. Mr. Speaker, the following measures are being pursued to restructure and reengineer the practice of Internal Auditing, to enhance public financial management in Ghana:

- restructure IAA to function as a department of the MoF; and
- the Internal Audit Department will then be the Internal Auditor of Government, with all Internal Audit Units in MDAs and MMDAs directly under its control and management. This will help to align the activities of Internal Auditing to national financial priorities and strategies set by the Finance Ministry.

Medium Term Revenue Policy

234. Mr. Speaker, the Ministry is putting together a medium-term revenue policy that would outline revenue reforms targeted at ensuring that there is adequate revenue to fund Government programmes. The policy is expected to inform revenue measures for the 2019 Budget and beyond. Subsequent to the policy will be the development of a medium-term revenue strategy to act as a vehicle for the implementation of the policy. The proposed measures would feed seamlessly into the policy and strategy.

SECTION SIX: CONCLUSION

235. Mr. Speaker, Government is making significant strides in establishing a strong and prudent macroeconomic and development agenda on a solid foundation. We are confident we are now well established on a sustainable growth path. The initiatives we have undertaken are bringing greater clarity of our priorities with emphasis on spending on growth enhancing opportunities such as road and railway development and the IPEP.

236. Our vision is in line with the Sustainable Development Goals to ensure that every citizen obtains their fair share of the national pie.

237. Mr. Speaker, we are committed to providing the citizens of this country with true leadership. We are focused on partnering with the private sector and indeed with every well-meaning Ghanaian to revamp the economy in order to achieve sustainable growth and transformation.

238. Mr. Speaker, my firm assurance to you and the entire nation is that, the Akufo-Addo Government has not wavered in the commitments we made to Ghanaians. We have spent the first 18 months in Government, fulfilling the major promises we made to invest in our people;
- the promise of Free SHS we have fulfilled;
- the promise of restoration of teacher and nurses trainee allowances we have restored;
- the promise to keep the lights on and not to return to "Dumsor" we have fulfilled;
- the promise to ease the burdens of parents through the expansion of major social programs like School Feeding and LEAP, we have fulfilled;
- the promise of 1D1F we have began;
- the promise of 1 Constituency, US$1 million we are fulfilling; and
- most importantly the promise to restore hope, dignity and confidence to all Ghanaians, we are fulfilling.

239. We are preparing major infrastructure projects in Road, Rail and Housing sectors. These will be rolled out in the second half of the year. Additionally, negotiations with Sino-hydro on an infrastructure for bauxite barter deal has been laid before this House. The first tranche shall be used to finance the construction, and/or completion of key roads in all ten (10) regions. We are confident that, this new

initiative will be the catalyst to for the transformation of our economy and the lives of our people.

240. Additionally, we hope to implement a financing strategy that will facilitate the payment of a good portion of the validated claims by the Auditor General thereby getting our contractors back on site to address the tortuous road network that our people have to painfully use.

241. Mr. Speaker, in the past month, I have spent a considerable amount of time holding discussions with some stakeholders in our country. Indeed, I choose to refer to them as our "development partners" because I believe that is what they are. They include all the labour unions, business executives, traders, entrepreneurs, civil society organizations, think thanks and faith based organizations, academia, traditional leaders, businesses leaders both Ghanaians and foreign. We have begun a new conversation about how we can collaborate to develop this country. I have initiated these meetings to start a national dialogue on a new social partnership that places participatory development of our country as our collective goal. This is in line with the President's vision for a "Ghana Beyond Aid"; A social partnership that establishes a Wealthy, Inclusive, Sustainable, Empowered and Respected (W.I.S.E.R.) people, a (W.I.S.E.R.) Ghana. At the end of this year 2018, this new social partnership then, Mr. Speaker, replaces the IMF as trusted partners.

242. As difficult as it must be take in, the way forward lies in all of us, every single adult Ghanaian putting our shoulders to the wheel and pushing forward as one. Our businesses must live up to their tax obligations, as many but not all do. Our revenue authority must show greater discipline about the granting of exemptions and the plugging of the loopholes that plague the system. The Akufo-Addo government will continue to intensify its efforts to stem the corruption that bleeds the country of its hard-won revenues. In that same vein, Government is making a social compact with Ghanaians that every single Ghana Cedi, every single Ghana Pesewa that it takes in will be spent with only one objective in mind: the advancement of Ghana's great future.

243. Mr. Speaker, in the 2018 Budget we signalled Governments' commitment to successfully conclude the existing IMF ECF programme at the end of 2018. Mr. Speaker, I'm glad to inform you that we are on course to completing the programme successfully. Ghana as a Fund member country will continue to enjoy the Funds technical assistance. We have successfully completed six (6) reviews so

far, leaving us with two more reviews to go. The combined 5th and 6th Review was successfully concluded in April 2018.

244. Mr. Speaker, we are also putting in place arrangements to ensure irreversibility in macroeconomic gains, in the post IMF era. We are in the discussion with organised labour, employers association, and other relevant stakeholders to institutionalise a social partnership arrangement to discuss and form consensus on matters of national development.

245. Proverbs 24:3–4 (NKJV)—3: Through wisdom a house is built, And by understanding it is established; 4 By knowledge the rooms are filled With all precious and pleasant riches.

246. Honourable Members, the key to our development does not simply reside in our vast natural resources. Our greatness lies in the wisdom we can harness as a people to turn our rich natural resource into a huge industrial boom for our nation. That is the focus of this administration.

247. As a government, we are committed to building this Ghana project with wisdom. The wisdom of our founding fathers as well as the wisdom gained from our own experiences. We will learn from the wisdom of nations that have gone ahead of us as well as the wisdom of our own citizens – home and abroad. Above all, we will learn from the wisdom of God.

APPENDICES

Appendix 1A: Summary of Central Government Operations (2017 – 2018)

	2017 Budget	2017 Revised Budget	2017 Outturn	2018 Budget	2018 Revised Budget
I. REVENUES					
Total Revenue & Grants	**44,961,635,655**	**43,096,659,063**	**41,497,894,313**	**51,039,120,598**	**50,686,224,141**
(per cent of GDP)	22.1	21.3	20.2	21.1	21.0
Domestic Revenue	**43,430,116,179**	**41,565,139,586**	**39,963,042,097**	**50,452,353,515**	**49,925,088,601**
Tax Revenue	**34,382,052,974**	**33,017,076,382**	**32,227,583,993**	**39,881,579,378**	**40,216,325,103**
Taxes on Income and Property	**13,446,577,025**	**12,951,100,433**	**13,398,087,277**	**16,278,913,569**	**16,614,325,669**
Company Taxes	6,460,460,000	5,849,327,362	5,792,811,707	6,856,331,618	6,917,388,754
Company Taxes on Oil	0	115,656,046	224,744,578	0	373,512,126
Other Direct Taxes	6,986,117,025	6,986,117,025	7,380,530,992	9,422,581,951	9,323,424,789
Taxes on Domestic Goods and Services	**13,863,080,617**	**13,363,080,617**	**13,344,835,472**	**16,889,748,608**	**16,421,458,255**
Excises	3,263,890,617	3,263,890,617	3,090,330,475	3,836,535,633	3,643,506,052
VAT	8,833,150,000	8,333,150,000	8,549,447,863	10,834,341,878	10,646,722,070
National Health Insurance Levy (NHIL)	1,438,120,000	1,438,120,000	1,376,201,039	1,814,854,736	1,729,457,892
Communication Service Tax	327,920,000	327,920,000	328,856,095	404,016,361	401,772,240
International Trade Taxes	**7,072,395,332**	**6,702,895,332**	**5,484,661,244**	**6,712,917,200**	**6,609,710,178**
Import Duties	6,741,300,000	6,371,800,000	5,484,661,244	6,712,917,200	6,609,710,178
Export Duties	331,095,332	331,095,332	0	0	0
GETFund & NHI Levies					**570,831,000**
Social Contributions	**296,333,342**	**296,333,342**	**440,484,212**	**419,057,447**	**494,002,987**
SSNIT Contribution to NHIL	296,333,342	296,333,342	440,484,212	419,057,447	494,002,987
Non-tax revenue	**6,670,036,180**	**6,170,036,180**	**5,325,239,137**	**8,047,240,281**	**7,444,943,948**
Other Revenue	**2,081,693,682**	**2,081,693,682**	**1,969,734,755**	**2,104,476,410**	**1,769,816,564**
Grants	**1,531,519,476**	**1,531,519,476**	**1,534,852,216**	**586,767,083**	**761,135,540**
Project Grants	1,515,187,333	1,515,187,333	1,534,852,216	586,767,083	747,961,430
Programme Grants	16,332,143	16,332,143	0	0	13,174,110
II. EXPENDITURE					
Total Expenditure	**54,394,794,955**	**52,173,053,924**	**51,985,948,597**	**61,151,810,604**	**60,798,914,147**
(percent of GDP)	26.7	25.8	25.2	25.3	25.2
Compensation of Employees	16,005,515,552	16,005,515,552	16,776,240,660	19,595,126,198	19,728,998,472
Wages & Salaries	14,047,426,509	14,047,426,509	14,444,773,274	16,762,297,860	17,041,871,155
(percent of GDP)	6.9	7.0	7.0	6.9	7.1
Social Contributions	1,958,089,043	1,958,089,043	2,331,467,385	2,832,828,338	2,687,127,318
Use of Goods and Services	3,518,496,364	2,651,496,364	2,482,109,266	3,548,137,121	3,682,273,554
Interest Payments	**13,940,521,981**	**13,283,516,710**	**13,572,121,182**	**14,909,848,896**	**15,091,615,959**
Domestic	11,228,172,788	10,571,167,517	11,039,462,218	12,165,240,329	12,268,179,213
External	2,712,349,193	2,712,349,193	2,532,658,963	2,744,608,567	2,823,436,746
Subsidies	50,000,000	50,000,000	0	171,980,514	146,980,514
Grants to Other Government Units	9,930,834,660	9,377,630,939	9,197,104,268	12,030,373,884	12,197,568,091
Social Benefits	241,183,170	241,183,170	22,916,908	257,486,654	161,153,840
Other Expenditure	2,229,919,620	2,181,919,620	1,800,664,383	2,104,476,410	1,769,816,564
Tax Refunds	1,350,611,838	1,937,079,799	1,803,381,266	1,638,079,036	1,627,179,915
Capital Expenditure	**7,127,711,771**	**6,444,711,771**	**6,331,410,664**	**6,896,301,891**	**6,393,327,239**
Domestic Financed	2,779,694,661	2,096,694,661	1,020,993,593	3,339,114,808	2,674,945,808
Foreign Financed	4,348,017,110	4,348,017,110	5,310,417,071	3,557,187,083	3,718,381,430
Other Outstanding Expenditure Claims		**0**	**0**	**0**	**0**
Overall Balance (Commitment)	**-9,433,159,301**	**-9,076,394,862**	**-10,488,054,284**	**-10,112,690,006**	**-10,112,690,006**
(percent of GDP)	-4.6	-4.5	-5.1	-4.2	-4.2
Road Arrears (net change)	0	0	0	0	0
o/w ABFA	0	0	0	0	0
Arrears clearance (net change)	-3,742,557,361	-3,742,557,361	-1,758,061,868	-858,457,472	-858,457,472
Unpaid commitments	0	0	0	0	0
Outstanding payments	0	0	-510,824,630	0	0
o/w Statutory Funds	0	0	-505,727,863	0	0
Clearance of outstanding commitments	-3,742,557,361	-3,742,557,361	-1,247,237,237	-858,457,472	-858,457,472
o/w other outstanding payments/deferred payments	-1,948,332,103	-1,948,332,103	-813,705,638	-858,457,472	-858,457,472
o/w other outstanding claims	-858,457,472	-858,457,472		0	-760,224,023
o/w Utilities	-743,299,889	-743,299,889	0	0	0
o/w outstanding payments with ESLA	0	0	-169,070,372	0	0
o/w wage arrears	0	0	0	0	-47,161,073
o/w DACF	-171,516,566	-171,516,566	-164,704,926	0	0
o/w GETF	-20,951,330	-20,951,330	-84,183,539	0	0
Overall Balance (Cash)	**-13,175,716,662**	**-12,818,952,223**	**-12,246,116,152**	**-10,971,147,478**	**-10,971,147,478**
(percent of GDP)	-6.5	-6.3	-5.9	-4.5	-4.5
Divestiture Receipts	0	0	0	0.0	0.0
Divestiture Liabilities	0	0	0	0.0	0.0
Discrepancy	0	0	1,386,502	0.0	0.0
Overall balance (incl. Divestiture and Discrepancy)	**-13,175,716,661**	**-12,818,952,223**	**-12,244,729,650**	**-10,971,147,478**	**-10,971,147,478**

Source: MoF

Appendix 1B: Summary of Central Government Operations (2017 – 2018)

Financing	**13,175,716,661**	**12,818,952,223**	**12,244,729,650**	**10,971,147,478**	**10,971,147,478**
Foreign (net)	**-1,317,410,937**	**-1,317,410,937**	**-47,421,577**	**2,970,832,991**	**4,703,523,351**
Borrowing	4,662,029,777	4,662,029,777	4,865,289,625	8,240,520,000	9,973,210,360
Project Loans	2,832,829,777	2,832,829,777	3,775,564,855	2,970,420,000	2,970,420,000
Programme Loans	1,829,200,000	1,829,200,000	1,089,724,770	479,100,000	1,394,181,000
Sovereign Bond	0	0	0	4,791,000,000	5,608,609,360
Amortisation (due)	-5,979,440,714	-5,979,440,714	-4,912,711,203	-5,269,687,009	-5,269,687,009
Domestic (net)	**12,090,605,563**	**11,329,644,911**	**11,969,830,976**	**4,657,162,188**	**5,223,744,979**
Banking	12,090,605,563	11,329,644,911	-6,437,850,054	3,100,057,062	1,547,712,977
Bank of Ghana	2,467,555,682	2,467,555,682	-3,563,657,440	0	-1,521,313,383
Comm. Banks	9,623,049,881	8,862,089,229	-2,874,192,614	3,100,057,062	3,069,026,360
Non-banks	0	0	18,407,681,030	1,557,105,126	3,676,032,002
Other Domestic	0	0	0	0	0
Other Financing	**1,829,200,000**	**2,329,200,000**	**-326,623,579**	**4,054,837,427**	**4,030,553,133**
Other Programme Financing	0	0	0	2,395,500,000	2,395,500,000
Other Domestic Financing	0	500,000,000	-326,623,579	-17,512,573	-41,796,867
Divestiture Receipts	1,829,200,000	1,829,200,000	0	1,676,850,000	1,676,850,000
Ghana Petroleum Funds	**-162,107,033**	**-207,613,832**	**-230,976,170**	**-502,416,962**	**-763,072,273**
Transfer to Ghana Petroleum Funds	-162,107,033	-207,613,832	-230,976,170	-661,685,128	-763,072,273
o/w Stabilisation Fund	-59,723,644	-76,489,307	-97,959,370	-463,179,589	-534,150,591
o/w Heritage Fund	-102,383,389	-131,124,526	-133,016,800	-198,505,538	-228,921,682
Transfer from Stabilisation Fund	0	0	0	159,268,166	0
Sinking Fund	**795,152,712**	**761,621,387**	**879,920,000**	**-159,268,166**	**-2,173,601,712**
Contingency Fund	**-59,723,644**	**-76,489,307**	**0**	**-50,000,000**	**-50,000,000**
Memorandum items					
Domestic Revenue	43,430,116,179	41,565,139,586	39,963,042,097	50,452,353,515	49,925,088,601
(percent of GDP)	21.4	20.6	19.4	20.9	20.7
Domestic expenditure	36,106,255,863	34,541,520,104	33,102,023,842	39,408,616,553	38,734,556,929
(percent of GDP)	17.8	17.1	16.1	16.30	16.02
Domestic Primary Balance	7,323,860,315	7,023,619,483	6,861,018,255	11,043,736,962	11,190,531,672
(percent of GDP)	3.6	3.5	3.3	4.6	4.6
Primary Balance	764,805,320	464,564,487	1,327,391,532	3,938,701,418	4,120,468,480
(percent of GDP)	0.4	0.2	0.6	1.6	1.7
Non-oil Primary Balance	-1,593,373,000	-2,009,269,878	-1,080,321,570	731,568,160	353,487,384
(percent of GDP)	-0.8	-1.0	-0.6	0.3	0.2
Overall Balance (cash, discrepancy)	-13,175,716,661	-12,818,952,223	-12,244,729,650	-10,971,147,478	-10,971,147,478
(percent of GDP)	-6.5	-6.3	-5.9	-4.5	-4.5
Overall Balance (cash, discrepancy, financial sector cost)				0.0	-13,172,428,112.2
(percent of GDP)				0.0	-5.4
Oil Revenue	2,358,178,320	2,473,834,366	2,407,713,102	3,207,133,258	3,766,981,097
(percent of GDP)	1.2	1.2	1.2	1.3	1.6
Non-Oil Revenue and Grants	42,603,457,335	40,622,824,697	39,090,181,211	47,831,987,340	46,919,243,044
(percent of GDP)	20.9	20.1	19.0	19.8	19.4
Benchmark Oil Revenue	1,137,593,216	1,456,939,173	1,477,964,441	2,205,617,093	2,702,464,778
(percent of GDP)	0.6	0.7	0.7	0.9	1.1
Annual Budget Funding Amount (ABFA)	796,315,251	1,019,857,421	1,034,575,109	1,543,931,965	1,891,725,345
(percent of GDP)	0.4	0.5	0.5	0.6	0.8
Nominal GDP	**203,410,468,023**	**202,010,000,000**	**205,913,969,053**	**241,717,700,000**	**241,717,700,000**
Non-Oil Nominal GDP	**198,869,015,323**	**195,062,000,000**	**195,200,009,669**	**229,558,401,000**	**229,558,401,000**

Source: MoF

Appendix 2: Economic Classification of Central Government Revenue (2017 – 2018)

	2017 Budget	2017 Revised Budget	2017 Outturn	2018 Budget	2018 Revised Budget
TAX REVENUE	**34,382,052,974**	**33,017,076,382**	**32,227,583,993**	**39,881,579,378**	**40,216,325,103**
TAXES ON INCOME & PROPERTY	**13,446,577,025**	**12,951,100,433**	**13,398,087,277**	**16,278,913,569**	**16,614,325,669**
Personal	4,557,590,000	4,557,590,000	4,859,031,470	6,012,691,760	5,906,399,497
Self Employed	351,280,000	351,280,000	332,235,430	489,411,499	430,554,237
Companies	6,460,460,000	5,849,327,362	5,792,811,707	6,856,331,618	6,917,388,754
Company Taxes on Oil	0	115,656,046	224,744,578	0	373,512,126
Others	2,077,247,025	2,077,247,025	2,189,264,092	2,920,478,692	2,986,471,054
Other Direct Taxes	1,542,767,025	1,542,767,025	1,645,960,243	2,154,647,567	2,233,501,604
o/w Royalties from Oil	616,757,025	616,757,025	589,491,140	879,697,567	1,100,434,056
o/w Mineral Royalties	626,450,000	626,450,000	749,124,903	766,370,000	734,286,694
National Fiscal Stabilisation Levy	217,200,000	217,200,000	196,138,251	263,221,125	259,605,066
Airport Tax	317,280,000	317,280,000	347,165,598	502,610,000	493,364,384
TAXES ON DOMESTIC GOODS AND SERVICES	**13,863,080,617**	**13,363,080,617**	**13,344,835,472**	**16,889,748,608**	**16,421,458,255**
Excises	**3,263,890,617**	**3,263,890,617**	**3,090,330,475**	**3,836,535,633**	**3,643,506,052**
Excise Duty	385,890,000	385,890,000	338,997,837	544,935,633	475,104,862
Petroleum Tax	2,878,000,617	2,878,000,617	2,751,332,638	3,291,600,000	3,168,401,190
o/w Energy Fund levy	31,410,000	31,410,000	28,083,082	33,300,000	31,876,831
o/w Road Fund levy	1,331,420,000	1,331,420,000	1,058,114,291	1,411,310,000	1,423,754,381
VAT	**8,833,150,000**	**8,333,150,000**	**8,549,447,863**	**10,834,341,878**	**10,646,722,070**
Domestic	3,785,290,000	3,785,290,000	3,557,099,305	4,506,860,317	4,501,964,502
External	5,047,860,000	4,547,860,000	4,992,348,558	6,327,481,560	6,144,757,568
National Health Insurance Levy (NHIL)	**1,438,120,000**	**1,438,120,000**	**1,376,201,039**	**1,814,854,736**	**1,729,457,892**
Customs Collection	791,670,000	791,670,000	778,047,684	1,011,433,308	948,508,653
Domestic Collection	646,450,000	646,450,000	598,153,356	803,421,429	780,949,239
Communication Service Tax	**327,920,000**	**327,920,000**	**328,856,095**	**404,016,361**	**401,772,240**
TAXES ON INTERNATIONAL TRADE	**7,072,395,332**	**6,702,895,332**	**5,484,661,244**	**6,712,917,200**	**6,609,710,178**
Imports	**6,741,300,000**	**6,371,800,000**	**5,484,661,244**	**6,712,917,200**	**6,609,710,178**
Import Duty	6,741,300,000	6,371,800,000	5,484,661,244	6,712,917,200	6,609,710,178
Exports		**331,095,332**	**0**	**0**	**0**
o/w Cocoa	331,095,332	331,095,332	0	0	0
GETFund & NHI Levies	**0**	**0**	**0**	**0**	**570,831,000**
SOCIAL CONTRIBUTIONS	**296,333,342**	**296,333,342**	**440,484,212**	**419,057,447**	**494,002,987**
SSNIT Contribution to NHIL	296,333,342	296,333,342	440,484,212	419,057,447	494,002,987
NON-TAX REVENUE	**6,670,036,180**	**6,170,036,180**	**5,325,239,137**	**8,047,240,281**	**7,444,943,948**
Retention	3,361,624,886	3,361,624,886	2,848,510,854	3,761,240,072	3,455,236,235
Lodgement	3,308,411,295	2,808,411,295	2,476,728,283	4,286,000,209	3,989,707,712
Fees & Charges	723,370,000	723,370,000	552,512,319	577,360,214	616,245,957
Dividend/Interest & Profits (Others)	343,620,000	343,620,000	330,738,580	275,500,000	236,858,506
Dividend/Interest & Profits from Oil	1,734,577,534	1,734,577,534	1,585,615,698	1,636,112,834	1,736,903,130
Surface Rentals from Oil/PHF Interest	6,843,760	6,843,760	7,861,686	7,633,146	9,180,016
Gas Receipts	0	0	0	683,689,710	546,951,768
Taxes on Property		0		150,000,000	0
Licences		0	0	699,486,000	699,486,000
Environmental Levy		0		0	104,000,000
Sale of Shares	500,000,000				
Yield from Capping Policy		0	0	256,218,304	40,082,336
OTHER REVENUE	**2,081,693,682**	**2,081,693,682**	**1,969,734,755**	**2,104,476,410**	**1,769,816,564**
ESLA Proceeds	2,081,693,682	2,081,693,682	1,969,734,755	2,104,476,410	1,769,816,564
Energy Debt Recovery Levy	1,666,349,253	1,666,349,253	1,293,029,006	1,364,010,000	1,337,158,030
Public Lighting Levy	185,284,854	185,284,854	179,707,521	204,037,631	117,872,784
National Electrification Scheme Levy	123,014,399	123,014,399	151,079,408	134,677,146	78,507,006
Price Stabilisation & Recovery Levy	415,344,429	415,344,429	345,918,820	401,751,633	236,278,743
DOMESTIC REVENUE	**43,430,116,179**	**41,565,139,586**	**39,963,042,097**	**50,452,353,515**	**49,925,088,601**
GRANTS	**1,531,519,476**	**1,531,519,476**	**1,534,852,216**	**586,767,083**	**761,135,540**
Project Grants	1,515,187,333	1,515,187,333	1,534,852,216	586,767,083	747,961,430
Programme Grants	16,332,143	16,332,143	0	0	13,174,110
TOTAL REVENUE & GRANTS	**44,961,635,655**	**43,096,659,063**	**41,497,894,313**	**51,039,120,598**	**50,686,224,141**
Memorandum items					
Taxes on Income and Property (% of GDP)	6.6	6.4	6.5	6.7	6.9
Non-oil Taxes on Income and Property (% of non-oil GDP)	6.5	6.3	6.4	6.7	6.6
Taxes on Goods and Services (% of GDP)	6.8	6.6	6.5	7.0	6.8
Taxes on International Trade (% of GDP)	3.5	3.3	2.7	2.8	2.7
Tax Revenue (% of GDP)	16.9	16.3	15.7	16.5	16.6
Non-Oil Tax Revenue (% of non-oil GDP)	17.0	16.6	16.1	17.0	16.9
Non-Tax Revenue (% of GDP)	3.3	3.1	2.6	3.3	3.1
Domestic Revenue (% of GDP)	21.4	20.6	19.4	20.9	20.7
Non-Oil Domestic Revenue	20.7	20.0	19.2	20.9	20.3
Grants (% of GDP)	0.8	0.8	0.7	0.2	0.3
Total Revenue and Grants	22.1	21.3	20.2	21.1	21.0
Non-Oil Tax Revenue	33,765,295,949.3	32,284,663,311.3	31,413,348,275.0	39,001,881,811.1	38,742,378,920.0
Non-oil Taxes on Income and Property	12,829,820,000.0	12,218,687,362.3	12,583,851,558.6	15,399,216,002.7	15,140,379,486.4
Import Exemptions	1,341,700,000.00	1,341,700,000.00	1,341,700,000.00	2,625,964,000	2,625,964,000
Benchmark Oil Revenue	1,137,593,216	1,456,939,173	1,477,964,441	2,205,617,093	2,702,464,778
Nominal GDP	**203,410,468,023**	**202,010,000,000**	**205,913,969,053**	**241,717,700,000**	**241,717,700,000**
Non-Oil Nominal GDP	**198,869,015,323**	**195,062,000,000**	**195,200,009,669**	**229,558,401,000**	**229,558,401,000**

Source: MoF

Appendix 3: Economic Classification of Central Government Expenditure (2017 – 2018)

	2017 Budget	2017 Revised Budget	2017 Outturn	2018 Budget	2018 Revised Budget
II EXPENDITURE					
Compensation of Employees	**16,005,515,552**	**16,005,515,552**	**16,776,240,660**	**19,595,126,198**	**19,728,998,472**
Wages & Salaries	14,047,426,509	14,047,426,509	14,444,773,274	16,762,297,860	17,041,871,155
Social Contributions	1,958,089,043	1,958,089,043	2,331,467,385	2,832,828,338	2,687,127,318
Pensions	767,986,855	767,986,855	906,396,652	1,005,737,872	993,566,504
Gratuities	262,873,706	262,873,706	268,288,000	385,532,851	308,213,713
Social Security	927,228,482	927,228,482	1,156,782,733	1,441,557,616	1,385,347,100
Use of Goods and Services	**3,518,496,364**	**2,651,496,364**	**2,482,109,266**	**3,548,137,121**	**3,682,273,554**
o/w ABFA	238,894,575	305,957,226	310,372,533	463,179,589	567,517,603
Interest Payments	**13,940,521,981**	**13,283,516,710**	**13,572,121,182**	**14,909,848,896**	**15,091,615,959**
Domestic	11,228,172,788	10,571,167,517	11,039,462,218	12,165,240,329	12,268,179,213
External (Due)	2,712,349,193	2,712,349,193	2,532,658,963	2,744,608,567	2,823,436,746
Subsidies	**50,000,000**	**50,000,000**	**0**	**171,980,514**	**146,980,514**
Subsidies to Utility Companies	0	0	0	0	0
Subsidies on Petroleum products	50,000,000	50,000,000	0	171,980,514	146,980,514
Grants to Other Government Units	**9,930,834,660**	**9,377,630,939**	**9,197,104,268**	**12,030,373,884**	**12,197,568,091**
National Health Fund (NHF)	1,734,453,342	1,734,453,342	1,106,075,299	1,814,537,436	2,026,210,229
Education Trust Fund	790,224,149	644,265,463	503,499,909	928,041,133	1,004,859,630
Road Fund	873,246,012	832,888,534	905,299,335	884,501,241	954,874,397
Petroleum Related Funds	20,601,055	19,648,968	23,726,357	20,869,895	21,378,947
Dist. Ass. Common Fund	1,575,935,339	1,562,800,179	1,046,176,267	1,812,144,435	1,800,087,152
Retention of Internally-generated funds (IGFs)	2,204,808,044	2,102,911,796	2,848,510,854	3,761,240,072	3,455,236,235
Transfer to the National Oil Company from Oil R	1,220,585,104	1,016,895,192	929,748,661	1,001,516,165	1,064,516,319
Other Earmarked Funds	**1,510,981,616**	**1,463,767,464**	**1,834,067,585**	**1,807,523,508**	1,870,405,183
Youth Employment Agency	172,059,805	164,107,980	265,030,451	202,565,261	215,566,410
Student's Loan Trust	2,150,748	2,051,350	0	2,532,066	2,694,580
Export Development Levy	172,323,828	164,359,801	383,974,842	205,719,191	220,145,573
Ghana Airport Authority	317,280,000	317,280,000	347,165,598	314,997,533	330,886,440
Mineral Development Fund	82,174,665	78,376,924	15,530,029	96,060,428	98,493,332
GRA Retention	753,645,920	726,769,150	822,366,666	974,806,710	991,016,195
Plastic Waste Recycling Fund	11,346,649	10,822,259	0	10,842,318	11,602,652
Social Benefits	**241,183,170**	**241,183,170**	**22,916,908**	**257,486,654**	**161,153,840**
Lifeline Consumers of Electricity	83,474,172	83,474,172	22,916,908	89,116,853	62,938,123
Transfers for Social Protection	157,708,998	157,708,998		168,369,800	98,215,717
Other Expenditure	**2,229,919,620**	**2,181,919,620**	**1,800,664,383**	**2,104,476,410**	**1,769,816,564**
ESLA Transfers	2,081,693,682	2,081,693,682	1,800,664,383	2,104,476,410	1,769,816,564
Reallocation to Priority Programmes	148,225,938	100,225,938		0	0
Tax Refunds	**1,350,611,838**	**1,937,079,799**	**1,803,381,266**	**1,638,079,036**	**1,627,179,915**
Capital Expenditure	**7,127,711,771**	**6,444,711,771**	**6,331,410,664**	**6,896,301,891**	**6,393,327,239**
Domestic financed	**2,779,694,661**	**2,096,694,661**	**1,020,993,593**	**3,339,114,808**	**2,674,945,808**
o/w ABFA	557,420,676	713,900,195	543,151,932	810,564,282	993,155,806
Foreign financed	**4,348,017,110**	**4,348,017,110**	**5,310,417,071**	**3,557,187,083**	**3,718,381,430**
Other Outstanding Expenditure Claims	**0**	**0**	**0**	**0**	**0**
TOTAL EXPENDITURE	**54,394,794,955**	**52,173,053,924**	**51,985,948,597**	**61,151,810,604**	**60,798,914,147**
APPROPRIATION	**64,116,793,030**	**61,895,051,999**	**58,656,721,667**	**67,279,955,085**	**66,927,058,628**
Total Expenditure	**54,394,794,955**	**52,173,053,924**	**51,985,948,597**	**61,151,810,604**	**60,798,914,147**
Road Arrears	**0**	**0**	**0**	**0**	**0**
Arrears Clearance (net change)	**3,742,557,361**	**3,742,557,361**	**1,758,061,868**	**858,457,472**	**858,457,472**
Tax Refunds	**0**	**0**	**0**	**0**	**0**
Amortisation	**5,979,440,714**	**5,979,440,714**	**4,912,711,203**	**5,269,687,009**	**5,269,687,009**
Memorandum items:					
Compensation of Employees	7.9	7.9	8.1	8.1	8.2
Wage and Salaries	6.9	7.0	7.0	6.9	7.1
Wage and Salaries (% of Tax Revenue)	40.9	42.5	44.8	42.0	42.4
Goods and Services	1.7	1.3	1.2	1.5	1.5
Interest Payments	6.9	6.6	6.6	6.2	6.2
Subsidies	0.0	0.0	0.0	0.1	0.1
Recurrent Expenditure	19.6	18.9	18.7	19.1	19.1
Capital Expenditure	3.5	3.2	3.1	2.9	2.6
Total Capital Expenditure (including those under Gra	5.7	5.2	4.7	4.8	4.6
Total Expenditure	26.7	25.8	25.2	25.3	25.2
Annual Budget Funding Amount (ABFA)	**796,315,251**	**1,019,857,421**	**1,034,575,109**	**1,543,931,965**	**1,891,725,345**
Benchmark Oil Revenue	**1,137,593,216**	**1,456,939,173**	**1,477,964,441**	**2,205,617,093**	**2,702,464,778**
Nominal GDP	**203,410,468,023**	**202,010,000,000**	**205,913,969,053**	**241,717,700,000**	**241,717,700,000**
Non-Oil Nominal GDP	**198,869,015,323**	**195,062,000,000**	**195,200,009,669**	**229,558,401,000**	**229,558,401,000**

Source: MoF

Appendix 4A: Summary of Central Government Operations - 2018

	2018 Budget	2018 Jan-May Prog	2018 Jan-May Prov Outturn
I. REVENUES			
Total Revenue & Grants	**51,039,120,598**	**18,813,474,303**	**17,384,746,846**
(per cent of GDP)	21.1	7.8	7.2
Domestic Revenue	**50,452,353,515**	**18,608,105,824**	**17,005,009,910**
Tax Revenue	**39,881,579,378**	**14,758,722,279**	**13,851,637,004**
Taxes on Income and Property	**16,278,913,569**	**5,779,282,190**	**5,943,694,290**
Company Taxes	6,856,331,618	2,110,700,000	2,171,757,135
Company Taxes on Oil	0	0	373,512,126
Other Direct Taxes	9,422,581,951	3,668,582,190	3,398,425,028
Taxes on Domestic Goods and Services	**16,889,748,608**	**6,461,160,089**	**5,492,869,736**
Excises	3,836,535,633	1,611,535,633	1,418,506,052
VAT	10,834,341,878	4,036,592,632	3,348,972,825
National Health Insurance Levy (NHIL)	1,814,854,736	653,825,463	568,428,619
Communication Service Tax	404,016,361	159,206,361	156,962,240
International Trade Taxes	**6,712,917,200**	**2,518,280,000**	**2,415,072,978**
Import Duties	6,712,917,200	2,518,280,000	2,415,072,978
Export Duties	0	0	0
Social Contributions	**419,057,447**	**171,300,700**	**246,246,240**
SSNIT Contribution to NHIL	419,057,447	171,300,700	246,246,240
Non-tax revenue	**8,047,240,281**	**2,832,364,089**	**2,396,067,756**
Other Revenue	**2,104,476,410**	**845,718,756**	**511,058,909**
Grants	**586,767,083**	**205,368,479**	**379,736,936**
Project Grants	586,767,083	205,368,479	366,562,826
Programme Grants	0	0	13,174,110
II. EXPENDITURE			
Total Expenditure	**61,151,810,604**	**24,158,118,240**	**22,608,094,000**
(percent of GDP)	25.3	10.0	9.4
Compensation of Employees	19,595,126,198	8,007,282,560	8,141,154,834
Wages & Salaries	16,762,297,860	6,852,028,015	7,131,601,310
(percent of GDP)	6.9	2.8	3.0
Social Contributions	2,832,828,338	1,155,254,545	1,009,553,524
Use of Goods and Services	3,548,137,121	1,492,906,995	1,627,043,428
Interest Payments	**14,909,848,896**	**6,113,669,240**	**5,778,363,530**
Domestic	12,165,240,329	4,936,616,478	4,522,482,590
External	2,744,608,567	1,177,052,762	1,255,880,941
Subsidies	171,980,514	25,000,000	0
Grants to Other Government Units	12,030,373,884	4,498,286,391	4,364,748,774
Social Benefits	257,486,654	121,397,814	25,065,000
Other Expenditure	2,104,476,410	845,718,756	511,058,909
Tax Refunds	1,638,079,036	600,954,484	679,994,960
Capital Expenditure	**6,896,301,891**	**2,452,902,001**	**1,480,664,565**
Domestic Financed	3,339,114,808	1,125,411,420	438,381,724
Foreign Financed	3,557,187,083	1,327,490,581	1,042,282,841
Other Outstanding Expenditure Claims	**0**	**0**	**0**
Overall Balance (Commitment)	**-10,112,690,006**	**-5,344,643,937**	**-5,223,347,154**
(percent of GDP)	-4.2	-2.2	-2.2
Road Arrears (net change)	0	0	0
o/w ABFA	0	0	0
Arrears clearance (net change)	-858,457,472	-394,890,437	-807,385,097
Unpaid commitments	0	0	0
Outstanding payments	0	0	0
o/w Statutory Funds	0	0	0
Clearance of outstanding commitments	-858,457,472	-394,890,437	-807,385,097
o/w other outstanding payments/deferred payments	-858,457,472	-394,890,437	-807,385,097
o/w other outstanding claims	0	0	-760,224,023
o/w Utilities	0	0	0
o/w outstanding payments with ESLA	0	0	0
o/w wage arrears	0	0	-47,161,073
o/w DACF	0	0	0
o/w GETF	0	0	0
Overall Balance (Cash)	**-10,971,147,478**	**-5,739,534,374**	**-6,030,732,251**
(percent of GDP)	-4.5	-2.4	-2.5
Divestiture Receipts	0.0	0.0	0.0
Divestiture Liabilities	0.0	0.0	0.0
Discrepancy	0.0	0.0	-341,033,680.6
Overall balance (incl. Divestiture and Discrepancy)	**-10,971,147,478**	**-5,739,534,374**	**-6,371,765,932**

Appendix 4B: Summary of Central Government Operations - 2018

Financing	**10,971,147,478**	**5,739,534,374**	**6,371,765,932**
Foreign (net)	**2,970,832,991**	**-419,204,208**	**4,101,033,879**
Borrowing	8,240,520,000	1,122,122,102	5,845,099,520
Project Loans	2,970,420,000	1,122,122,102	675,720,015
Programme Loans	479,100,000	0	0
Sovereign Bond	4,791,000,000	0	5,169,379,506
Amortisation (due)	-5,269,687,009	-1,541,326,310	-1,744,065,642
Domestic (net)	**4,657,162,188**	**6,554,469,345**	**3,084,508,833**
Banking	3,100,057,062	1,074,454,114	-477,889,971
Bank of Ghana	0	0	-1,521,313,383
Comm. Banks	3,100,057,062	1,074,454,114	1,043,423,412
Non-banks	1,557,105,126	5,480,015,231	3,562,398,804
Other Domestic	0	0	0
Other Financing	**4,054,837,427**	**-5,368,632**	**-29,652,927**
Other Programme Financing	2,395,500,000	0	0
Other Domestic Financing	-17,512,573	-5,368,632	-29,652,927
Divestiture Receipts	1,676,850,000	0	0
Ghana Petroleum Funds	**-502,416,962**	**-181,093,965**	**-441,749,276**
Transfer to Ghana Petroleum Funds	-661,685,128	-340,362,131	-441,749,276
o/w Stabilisation Fund	-463,179,589	-238,253,492	-309,224,493
o/w Heritage Fund	-198,505,538	-102,108,639	-132,524,783
Transfer from Stabilisation Fund	159,268,166	159,268,166	0
Sinking Fund	**-159,268,166**	**-159,268,166**	**-342,374,578**
Contingency Fund	**-50,000,000**	**-50,000,000**	**0**
Memorandum items			
Domestic Revenue	50,452,353,515	18,608,105,824	17,005,009,910
(percent of GDP)	20.9	7.7	7.0
Domestic expenditure	39,408,616,553	15,515,049,451	14,768,491,390
(percent of GDP)	16.30	6.42	6.11
Domestic Primary Balance	11,043,736,962	3,093,056,373	2,236,518,520
(percent of GDP)	4.6	1.3	0.9
Primary Balance	3,938,701,418	374,134,866	-593,402,402
(percent of GDP)	1.6	0.2	-0.2
Non-oil Primary Balance	731,568,160	-1,170,024,601	-2,697,409,707
(percent of GDP)	0.3	-0.5	-1.2
Overall Balance (cash, discrepancy)	-10,971,147,478	-5,739,534,374	-6,371,765,932
(percent of GDP)	-4.5	-2.4	-2.6
Overall Balance (cash, discrepancy, financial sector cost)	0.0		
(percent of GDP)	0.0		
Oil Revenue	3,207,133,258	1,544,159,467	2,104,007,306
(percent of GDP)	1.3	0.6	0.9
Non-Oil Revenue and Grants	47,831,987,340	17,269,314,836	15,280,739,540
(percent of GDP)	19.8	7.1	6.3
Benchmark Oil Revenue	2,205,617,093	1,134,540,436	1,472,497,587
(percent of GDP)	0.9	0.5	0.6
Annual Budget Funding Amount (ABFA)	1,543,931,965	794,178,305	1,030,748,311
(percent of GDP)	0.6	0.3	0.4
Nominal GDP	**241,717,700,000**	**241,717,700,000**	**241,717,700,000**
Non-Oil Nominal GDP	**229,558,401,000**	**229,558,401,000**	**229,558,401,000**

Source: MoF

Appendix 5: Economic Classification of Central Gov't Revenue – 2018

	2018 Budget	2018 Jan-May Prog	2018 Jan-May Prov Outturn
TAX REVENUE	**39,881,579,378**	**14,758,722,279**	**13,851,637,004**
TAXES ON INCOME & PROPERTY	**16,278,913,569**	**5,779,282,190**	**5,943,694,290**
Personal	6,012,691,760	2,231,000,000	1,953,707,737
Self Employed	489,411,499	198,400,000	139,542,739
Companies	6,856,331,618	2,110,700,000	2,171,757,135
Company Taxes on Oil	0	0	373,512,126
Others	2,920,478,692	1,239,182,190	1,305,174,553
Other Direct Taxes	2,154,647,567	967,202,190	1,046,056,228
o/w Royalties from Oil	879,697,567	450,282,190	671,018,680
o/w Mineral Royalties	766,370,000	332,680,000	300,596,694
National Fiscal Stabilisation Levy	263,221,125	68,450,000	64,833,941
Airport Tax	502,610,000	203,530,000	194,284,384
TAXES ON DOMESTIC GOODS AND SERVICES	**16,889,748,608**	**6,461,160,089**	**5,492,869,736**
Excises	**3,836,535,633**	**1,611,535,633**	**1,418,506,052**
Excise Duty	544,935,633	216,055,633	146,224,862
Petroleum Tax	3,291,600,000	1,395,480,000	1,272,281,190
o/w Energy Fund levy	33,300,000	15,370,987	13,947,819
o/w Road Fund levy	1,411,310,000	513,862,728	526,307,109
VAT	**10,834,341,878**	**4,036,592,632**	**3,348,972,825**
Domestic	4,506,860,317	1,676,312,632	1,471,416,817
External	6,327,481,560	2,360,280,000	1,877,556,008
National Health Insurance Levy (NHIL)	**1,814,854,736**	**653,825,463**	**568,428,619**
Customs Collection	1,011,433,308	380,670,000	317,745,346
Domestic Collection	803,421,429	273,155,463	250,683,273
Communication Service Tax	**404,016,361**	**159,206,361**	**156,962,240**
TAXES ON INTERNATIONAL TRADE	**6,712,917,200**	**2,518,280,000**	**2,415,072,978**
Imports	**6,712,917,200**	**2,518,280,000**	**2,415,072,978**
Import Duty	6,712,917,200	2,518,280,000	2,415,072,978
Exports	**0**	**0**	**0**
o/w Cocoa	0	0	0
SOCIAL CONTRIBUTIONS	**419,057,447**	**171,300,700**	**246,246,240**
SSNIT Contribution to NHIL	419,057,447	171,300,700	246,246,240
NON-TAX REVENUE	**8,047,240,281**	**2,832,364,089**	**2,396,067,756**
Retention	3,761,240,072	1,402,213,813	1,096,209,976
Lodgement	4,286,000,209	1,430,150,276	1,299,857,780
Fees & Charges	577,360,214	194,478,328	233,364,072
Dividend/Interest & Profits (Others)	275,500,000	40,057,911	1,416,416
Dividend/Interest & Profits from Oil	1,636,112,834	952,725,084	1,053,515,380
Surface Rentals from Oil/PHF Interest	7,633,146	4,414,250	5,961,120
Gas Receipts	683,689,710	136,737,942	0
Taxes on Property	150,000,000	0	0
Environmental Levy	0	0	0
Yield from Capping Policy	256,218,304	101,736,760	5,600,792
OTHER REVENUE	**2,104,476,410**	**845,718,756**	**511,058,909**
ESLA Proceeds	2,104,476,410	845,718,756	511,058,909
Energy Debt Recovery Levy	1,364,010,000	537,910,879	511,058,909
Public Lighting Levy	204,037,631	86,164,847	0
National Electrification Scheme Levy	134,677,146	56,170,140	0
Price Stabilisation & Recovery Levy	401,751,633	165,472,890	0
DOMESTIC REVENUE	**50,452,353,515**	**18,608,105,824**	**17,005,009,910**
GRANTS	**586,767,083**	**205,368,479**	**379,736,936**
Project Grants	586,767,083	205,368,479	366,562,826
Programme Grants	0	0	13,174,110
TOTAL REVENUE & GRANTS	**51,039,120,598**	**18,813,474,303**	**17,384,746,846**
Memorandum items			
Taxes on Income and Property (% of GDP)	6.7	2.4	2.5
Non-oil Taxes on Income and Property (% of non-oil GDP)	6.7	2.3	2.1
Taxes on Goods and Services (% of GDP)	7.0	2.7	2.3
Taxes on International Trade (% of GDP)	2.8	1.0	1.0
Tax Revenue (% of GDP)	16.5	6.1	5.7
Non-Oil Tax Revenue (% of non-oil GDP)	17.0	6.2	5.6
Non-Tax Revenue (% of GDP)	3.3	1.2	1.0
Domestic Revenue (% of GDP)	20.9	7.7	7.0
Non-Oil Domestic Revenue	20.9	7.5	6.5
Grants (% of GDP)	0.2	0.1	0.2
Total Revenue and Grants	21.1	7.8	7.2
Non-Oil Tax Revenue	39,001,881,811.1	14,308,440,089.3	12,807,106,198.2
Non-oil Taxes on Income and Property	15,399,216,002.7	5,329,000,000.0	4,899,163,483.8
Import Exemptions	2,625,964,000	2,625,964,000	2,625,964,000
Benchmark Oil Revenue	2,205,617,093	1,134,540,436	1,472,497,587
Nominal GDP	**241,717,700,000**	**241,717,700,000**	**241,717,700,000**
Non-Oil Nominal GDP	**229,558,401,000**	**229,558,401,000**	**229,558,401,000**

Appendix 6: Economic Classification of Central Gov't Expenditure - 2018

	2018 Budget	2018 Jan-May Prog	2018 Jan-May Prov Outtun
II EXPENDITURE			
Compensation of Employees	**19,595,126,198.3**	**8,007,282,559.8**	**8,141,154,833.9**
Wages & Salaries	16,762,297,860.0	6,852,028,015	7,131,601,310
Social Contributions	2,832,828,338.3	1,155,254,544.7	1,009,553,524.0
Pensions	1,005,737,871.6	405,022,478	392,851,110
Gratuities	385,532,850.8	158,755,372	81,436,235
Social Security	1,441,557,616.0	591,476,695	535,266,179
Use of Goods and Services	**3,548,137,120.8**	**1,492,906,995**	**1,627,043,428**
o/w ABFA	463,179,589.4	238,253,492	0
Interest Payments	**14,909,848,896.2**	**6,113,669,239.9**	**5,778,363,530.2**
Domestic	12,165,240,329.2	4,936,616,478	4,522,482,590
External (Due)	2,744,608,567.0	1,177,052,762	1,255,880,941
Subsidies	**171,980,514.1**	**25,000,000.0**	**0.0**
Subsidies to Utility Companies	0.0	0	0
Subsidies on Petroleum products	171,980,514.1	25,000,000	0
Grants to Other Government Units	**12,030,373,883.8**	**4,498,286,390.8**	**4,364,748,773.8**
National Health Fund (NHF)	1,814,537,435.7	670,598,795	509,541,011
Education Trust Fund	928,041,132.9	343,434,276	274,927,646
Road Fund	884,501,240.9	327,321,745	308,415,428
Petroleum Related Funds	20,869,894.9	7,723,189	7,400,368
Dist. Ass. Common Fund	1,812,144,434.6	670,608,759	803,788,883
Retention of Internally-generated funds (IGFs)	3,761,240,071.9	1,402,213,813	1,096,209,976
Transfer to the National Oil Company from Oil R	1,001,516,165.2	409,619,031	631,509,719
Other Earmarked Funds	**1,807,523,507.7**	**666,766,782.6**	**732,955,742.4**
Youth Employment Agency	202,565,260.8	74,962,037	131,970,571
Student's Loan Trust	2,532,065.8	937,025	0
Export Development Levy	205,719,191.4	76,129,192	64,762,291
Ghana Airport Authority	314,997,533.3	116,569,133	194,284,384
Mineral Development Fund	96,060,428.4	35,548,471	0
GRA Retention	974,806,710.3	358,608,577	341,938,496
Plastic Waste Recycling Fund	10,842,317.8	4,012,348	0
Social Benefits	**257,486,653.8**	**121,397,813.7**	**25,065,000.0**
Lifeline Consumers of Electricity	89,116,853.4	51,243,730	25,065,000
Transfers for Social Protection	168,369,800.5	70,154,084	0
Other Expenditure	**2,104,476,409.9**	**845,718,755.8**	**511,058,909.5**
ESLA Transfers	2,104,476,409.9	845,718,756	511,058,909
Tax Refunds	**1,638,079,036.1**	**600,954,484**	**679,994,960**
Capital Expenditure	**6,896,301,891.1**	**2,452,902,001.0**	**1,480,664,565.1**
Domestic financed	**3,339,114,808.1**	**1,125,411,420**	**438,381,724**
o/w ABFA	810,564,281.5	555,924,814	0
Foreign financed	**3,557,187,083.0**	**1,327,490,581.3**	**1,042,282,841.1**
Other Outstanding Expenditure Claims	**0**	**0**	**0**
TOTAL EXPENDITURE	**61,151,810,604.2**	**24,158,118,240.1**	**22,608,094,000.2**
APPROPRIATION	**67,279,955,085.25**	**26,094,334,987.2**	**25,159,544,738.7**
Total Expenditure	**61,151,810,604.2**	**24,158,118,240.1**	**22,608,094,000.2**
Road Arrears	**0.0**	**0.0**	**0.0**
Arrears Clearance (net change)	**858,457,472.1**	**394,890,437.2**	**807,385,096.8**
Tax Refunds	**0.0**	**0.0**	**0.0**
Amortisation	**5,269,687,008.9**	**1,541,326,309.9**	**1,744,065,641.7**
Memorandum items:			
Compensation of Employees	8.1	3.3	3.4
Wage and Salaries	6.9	2.8	3.0
Wage and Salaries (% of Tax Revenue)	42.0	46.4	51.5
Goods and Services	1.5	0.6	0.7
Interest Payments	6.2	2.5	2.4
Subsidies	0.1	0.0	0.0
Recurrent Expenditure	19.1	7.7	7.3
Capital Expenditure	2.9	1.0	0.6
Total Capital Expenditure (including those under Gra	4.8	1.7	1.5
Total Expenditure	25.3	10.0	9.4
Annual Budget Funding Amount (ABFA)	**1,543,931,964.8**	**794,178,305.3**	**1,030,748,311.0**
Benchmark Oil Revenue	**2,205,617,092.5**	**1,134,540,436.2**	**1,472,497,587.1**
Nominal GDP	**241,717,700,000.0**	**241,717,700,000.0**	**241,717,700,000.0**
Non-Oil Nominal GDP	**229,558,401,000.0**	**229,558,401,000.0**	**229,558,401,000.0**

Source: MoF