



Republic of Ghana

The **Budget Speech**

2008 Financial Year



Mr. Speaker,

Introduction

1. Mr. Speaker, I beg to move that this august House approves the Budget Statement and Economic Policy of the Government of Ghana for the year ending 31st December 2008.
2. I stand before this august House to deliver the Statement for and on behalf of His Excellency, President John Agyekum Kufuor.
3. Mr. Speaker, this speech is an abridged version of the 2008 Budget Statement and Economic Policy of Ghana and I implore the Hansard department to capture the entire statement.
4. The year 2007 is historic as we celebrate our nation's 50th year of independence.
5. However, the 2008 Budget has a lot of significance, as the year marks the beginning of the next 50 years of our independence and the last budget statement to be prepared and implemented by H.E. John Agyekum Kufuor.
6. This Golden Jubilee year saw Government and the people of Ghana celebrate the 50th Independence Anniversary with much joy amidst euphoria and pride.
7. Appreciation goes to Ghanaians, our friends and well-wishers all over the world who shared in the joy of that historic day, Tuesday, 6th March, 2007.
8. Mr. Speaker, it is noteworthy that just as at independence, destiny, fate and hardwork of our forbearers brought Ghana into the leadership position as a trail blazer in the emancipation of the continent against colonial rule, in our Golden Jubilee Year, we are experiencing a gradual ascendancy of leadership in the sphere of economic development, on the continent.



9. Ghana has a **bright future**.

10. This budget statement is dubbed a "Brighter Future" Budget. A detailed and comprehensive document consisting of ten sections has been prepared which is sure to carry the spirit and enthusiasm of all Ghanaians to our 100th year anniversary as highlighted in our "2057 Budget" document.

11. The "2057 Budget" document draws our mind to the vision of Ghana in the next 50 years. We need to strive to ensure that we continue to put structures and systems in place to achieve this vision.

Development Facts

12. For the past seven years, the nation has undergone dramatic progress. What has been achieved so far required our collective sacrifices. The key areas that can be cited for mention include the following:

- The GDP growth rate of 3.7 per cent in 2000 has increased tremendously to a projected outturn of 6.3 per cent for 2007. For two consecutive years the growth rate has been above 6 per cent and accounts for one of the highest GDP growth rates in Ghana's fifty year history;
- Inflation, the measure of the rate of increase in general price levels which peaked at 40.5 per cent by end December 2000 has declined to 10.2 per cent in September, 2007. This, our Government achieved despite high crude oil prices and challenges with the electricity and water sectors;
- The cedi has significantly been stabilised against the major currencies, depreciating by only 2.0 per cent in September 2007 against the US dollar as compared to a depreciation rate as high as 49.5 per cent as at start January 2001;
- Bank lending rates were as high as 47.5 per cent at start of January 2001 as compared to an average of 21.1 per cent as at September 2007;



- Our fiscal deficit as a percentage of GDP has improved from 9.7 per cent in December 2000 to 7.8 per cent in December, 2006;
 - Private inward transfers (remittances) – received by NGOs, embassies, service providers, individuals etc. - through the banks and finance companies for the first six months of 2007 amounted to US\$3.17 billion.
 - Gross international reserves have improved from USD\$233.4 million in December, 2000 to US\$ 2,266.7 million in December 2006, recording the highest reserves since the liberalisation of the foreign exchange market in the 1990s.
 - The total of Ghana’s external debt in September, 2007, stood at US\$2,637 million as compared to US\$ 6,325.6 million 2000;
 - The minimum wage of GHp42 in November 2000 has improved to GH¢1.9 in September 2007.
13. Mr. Speaker other notable achievements to be recognised by this august House and Ghanaians are that:
- Poverty levels have reduced substantially. Ghana has become one of the Third World countries to achieve the Millennium Development Goal of cutting extreme poverty by half ahead of the scheduled date of 2015;
 - Government was able to mobilise about US\$ 283.6 million in grant commitment as at September 2007 from our Development Partners. Again, Government received a total of about US\$ 575.3 million in aid disbursements;
 - Following the commitment of the three multilateral creditors, namely the World Bank, IMF and the AfDF to the Multilateral Debt Relief Initiative (MDRI), an amount of GH¢203.3 million has been credited to the MDRI account at the Bank of Ghana.
 - Mr. Speaker, good political and economic governance enabled us to raise these funds.



- As part of Ghana's fiftieth anniversary, the \$50 million Golden Jubilee Bond will be launched on 3rd December, 2007 to provide a safe, secure and risk free investment opportunity for ordinary Ghanaians;
- Ghana, became the only sub-Saharan African country excluding South Africa, and the first in West African region to enter the international bond market and raised \$750 million out of a \$3.2 billion subscription;
- Bank of Ghana successfully implemented the re-denomination of the national currency with very little difficulty despite the apprehension of a cross-section of Ghanaians.
- Ghana received awards for being one of the best reformers for "Doing Business" in 2006-2007 and 2007-2008 out of 175 and 178 countries worldwide respectively;
- We have ended the Poverty Reduction Growth Facility with IMF and considering transitioning to Policy Support Instrument;
- About 108,000 youth have been employed under the National Youth Employment Programme in its first year of implementation, a major achievement in the history of Ghana;
- Government has initiated pilot project of building affordable houses for cocoa farmers, using local materials and employing local youth for their construction;
- Fifty-five per cent of Ghanaians have enrolled under the National Health Insurance Scheme as at end of September 2007, a good sign of a brighter health scheme;
- Government has provided capitation grants (sports, development fees, etc), thus giving true meaning to the FREE element of FCUBE, for a cumulative figure of almost 14 million pupils in public basic schools since the 2004/05 academic year; and
- Ghana has discovered oil in commercial quantities after so many years of exploration.



14. Mr. Speaker, these are but a few of the notable achievements of Ghana, under the leadership of H.E. the President John Agyekum Kufuor since January 2001. Enumerating all the achievements of this Government will require weeks of engagement with this august House.
15. Mr. Speaker, we believe that for this Ghanaians need to be applauded for these achievements.

Public Finance

16. Mr. Speaker, Government is continuing in its efforts to ensure discipline in public finance management. Not only have we reduced leakages in the finance of public services, but will continue to seal all existing leakages and prevent future occurrence.
17. This is being done through reforms such as the enactment of the Public Procurement Act, Internal Audit Act and amendment of the Financial Administration Act and their implementation and operationalisation of Office of Accountability..
18. The Public Accounts Committee of this august House is also helping through the recently introduced public hearings to bring more discipline into our public spending.
19. We all need to congratulate the Public Accounts Committee for this initiative.
20. Please permit me to give some major specific areas of 2007 expenditure to date:
 - An amount of GH¢ 155.93 million was disbursed as a short term measure to arrest the energy crisis that hit the nation between August 2006 and September, 2007.
 - As at September 2007, the National Youth Employment Programme disbursed GH¢ 8.73 million for implementation of its eight modules.



- GH¢255.3 million has been disbursed as of September 2007 under the National Health Insurance Scheme.
- Government invested GH¢3 million as seed money under the affordable housing project for Civil Servants.
- Over US\$ 200 million was disbursed for the four stadia in Accra, Kumasi, Sekondi and Takoradi.
- Spent about \$38.8 million on the Golden Jubilee Celebration, providing facilities like town halls for district capitals, places of convenience for several areas, building AU Village and procuring vehicles for international conference dignitaries, among others.

GLOBAL, REGIONAL AND NATIONAL ECONOMIC PERFORMANCE

Mr. Speaker,

21. The world economy expanded for the fifth consecutive time in 2007, with real GDP growth projected to reach 5.2 per cent by end 2007. This moderate growth compared to the previous year's growth of 5.4 per cent, is largely attributed to financial turbulence in advanced economies and the slowdown in growth of the United States of America's economy.
22. There are signs that sources of world economic growth are shifting slightly, with the US economy slowing down, emerging market and developing economies maintaining a stronger growth momentum and the domestic demand in Western Europe increasing. China, India and Russia contributed to about half of global growth in the last year.
23. Global inflation continued to be low in 2007, but has moved up in the emerging markets due to rising oil prices and accelerated food price. There are concerns about inflationary pressures emanating from the recent financial market turbulence and strong exchange flows, especially, in emerging markets and developing countries.



24. The West Africa sub-region continues to sustain the growth momentum of the previous years but at a rather slow pace. Among non-oil economies in the sub-region, growth slowed down mainly due to high oil prices and the energy crisis. In the face of this, the average growth rate is expected to slightly decline to about 5.5 per cent in 2007 as against 5.7 per cent in 2006.
25. In most of the Africa region, consumer prices are expected to follow a downward trend to achieve single digit rates in most countries. In 2007, the average inflation in sub-Saharan Africa is projected to stay within 6-9 per cent range for the first time. Economic Partnership Agreement
26. Mr. Speaker, with regard to the proposed EPA to be signed between ACP countries and the EU, the first phase of scheduled negotiations have been completed, however, there are some outstanding challenges that need to be resolved if the agreement were to present mutual benefits to both parties.
Oil
27. Crude oil prices have far exceeded their projected levels since August 2006, and \$100 a barrel now seems a real possibility. Analysts warning that intense pressures from US reserves and refineries are likely to worsen the situation, as despite the high crude oil prices, there is little evidence of a slowdown in US gasoline demand.
28. On the other hand, growth in the supply of crude oil has been sluggish as the Organisation of Petroleum Exporting Countries (OPEC) is keen to keep prices high to preserve the non-dollar value of their exports. Moreover, shortage of refinery capacity is becoming an increasing constraint.
Cocoa
29. Cocoa prices on the London International Futures and Funds Exchange maintained an upward trend from £886 in January and peaked at £1,121.00 in July 2007.
30. However, it has assumed a declining path towards the third



and fourth quarters of the year. The high commodity price for cocoa has been driven mainly by low crop yields in West Africa and Indonesia in the 2006/2007 main crop season.

Gold

31. Gold prices have increased steadily from US\$650 in the first quarter of the year to US\$ 680 per ounce in the third quarter of 2007.
32. The price of gold is projected to hit \$850 per ounce by end 2007, as investors will continue to increase their holdings in gold and other commodities.

NATIONAL ECONOMIC PERFORMANCE

Real Sector Developments

33. Mr. Speaker, available information based on September 2007 data indicates GDP growth rate has been marginally marked down to 6.3 per cent from an initial estimate of 6.5 per cent.
34. Mr. Speaker, agricultural sector growth is projected at 4.3 per cent as against a target of 6.1 per cent, indicating a projected decline of 1.8 percentage points.
35. This shortfall can be attributed to the erratic rainfall pattern which swept the northern part of the country and a relative decline in the Fishing sub-sector as a result of dwindling fishery resources.
36. Mr. Speaker, the industrial sector is projected to grow by 7.4 per cent, a decline from the 2005, 2006 growth rates of 7.7 and 9.5 per cent, respectively. This is mainly due to the energy crisis.
37. The Electricity and Water sub-sector was the hardest hit by the energy crisis as there was a decline from 24.2 per cent in 2006 to 15 per cent in 2007.
38. The effect of the energy crisis as well as the importation of



cheaper goods was also felt by the Manufacturing sub-sector, which declined by 2.3 per cent.

39. The robust activity on account of Government's continuous focus on the agenda of providing basic infrastructure such as roads, schools, and the construction of various infrastructure towards the hosting of the CAN 2008 led to a significant growth of 11.0 per cent in the Construction sub-sector.
40. The high growth of 30.0 per cent in the Mining and Quarrying sub sector is attributed to increases in gold and bauxite output, though diamond exhibited the worst performance in the sub-sector.
41. Mr. Speaker, the Services sector which is not so dependent on electricity is projected to grow at 8.2 per cent exceeding the 6.7 per cent target by 1.5 per cent.
42. Apart from the Transport, Storage and Communication sub-sectors which grew below the 2006 performance, the other sub-sectors outperformed the 2006 levels, with the Wholesale and Retail trade and Government services sub-sectors exceeding their targets.

Developments in Public Debt and Aid Management

Public Debt

43. Mr. Speaker, by September 2007, Ghana's public debt stood at US\$6,449.7 million which shows an 11 per cent increase in the end-2006 figure of US\$ 5,915.6 million.
44. Following the substantial reduction in the external debt under debt relief initiatives, external debt now constitutes only about 47 per cent of public debt as compared to 53 per cent for domestic debt.

External Debt

45. Mr. Speaker, Ghana's total external debt including debt owed to the IMF stood at US\$ 2,637.0 million by end September, 2007, representing 17.6 per cent of GDP.



46. In terms of creditor category, multilateral debt continues to dominate with about 60.4 per cent of total external debt.
47. Bilateral debt constitutes 32.8 per cent with the remaining 6.8 per cent from commercial creditors.
48. The World Bank continues to be the largest creditor, contributing to about one third of the total external debt.

OVERVIEW OF 2008 BUDGET OUTLOOK

Macro Economic Targets

Mr. Speaker, the macro-economic targets for 2008 are:

- a real GDP growth of at least 7.0 per cent ;
- an end period inflation rate of between 6.0 and 8.0 per cent;
- an average inflation of 7.0 per cent;
- accumulation of international reserves of the equivalence of at least three months of import cover; and
- an overall budget deficit of 4.0 per cent of GDP.

Resource Mobilization

Receipts

49. The total resource envelope for the 2008 fiscal year is projected at GH¢7,107.2 million, equivalent to 43.6 per cent of GDP. Domestic revenue consisting of tax and non-tax revenue is projected at GH¢4,763.2 million.
50. Grants from donors are projected at GH¢853.4 million. This is made up of Project and Programme grants of GH¢514.8 million and GH¢201.0 million, respectively. HIPC Assistance from multilateral institutions and MDRI, are expected to yield GH¢81.9 million and GH¢55.6 million respectively.
51. Project and Programme Loans are estimated at GH¢485.3 million and GH¢136.2 million, respectively.
52. Divestiture Receipts are projected at GH¢275.7 million, representing 1.7 per cent of GDP.



53. Exceptional financing made up of HIPC relief from our bilateral partners is projected at GH¢77.5 million.

Payments

54. Total payments for 2008 is projected at GH¢7,107.2 million. Out of this amount, GH¢1,728.9 million equivalent to 10.6 per cent of GDP is estimated for statutory payments and GH¢5,378.2 million is projected to be used for discretionary payments.

Overall Budget Balances

55. The 2008 budget envisages an overall budget deficit equivalent to 4.0 per cent of GDP. The projected domestic primary balance is in deficit equivalent to 1.7 per cent of GDP.

Domestic Debt Outlook for 2008

56. Appropriate debt management strategies will be pursued in 2008 within the ambit of sound macro-economic policies. Over the medium term, it is envisaged that debt management strategies will be supported by continuous fall in interest rates and stable exchange rate environment.

57. Mr. Speaker I will illustrate the position of our debt sustainability with the following figures:



No.	Description	Threshold	2003 December	2007- September (after International Capital Market)
1.	Debt/GDP * 100	50%	72%	18%
2.	Debt/Export Earning * 100	200%	176%	42%
3.	Debt/Revenue *100	300%	350%	65%
4.	Debt Service/Export Earning * 100	100%	49%	28%

Focus of 2008 Budget – Roads, Water and Energy

58. In 2008, Government will continue to focus on growth interventions in a bid to further reduce poverty. One of the major growth constraints is the infrastructure gap.
59. The focus of 2008 will be 'Growth through massive Infrastructure Development'. The areas identified are roads, water and energy.
60. Accelerated growth and poverty reduction will be attained if Ghana closes its infrastructure gaps, and this is the path Ghana will travel in the coming years.

The Road We Must Travel for Brighter Future

61. In support of GPRS II, Government is taking into consideration the derived objectives of integrating rural and urban economies as well as ensuring lower transport costs through the provision of safe and reliable road infrastructure and services.
62. Mr. Speaker, Government will therefore fund all 166 districts to construct and tar 15kms of roads in each district over the course of the year. The criteria for the selection will be developed by the end of this year so that the implementation of the programme can start at the beginning of 2008.
63. Key among the criteria to be used for the selection includes roads



that give access to agricultural towns and villages and commercial centres.

64. Mr. Speaker, a projected amount of GH¢199,200,000 is allocated for this initiative. Banks and financial institutions will be encouraged to pre-finance and Government resources will be used to pay as revenue comes in.
65. In addition, an amount of US\$200m from the US\$ 750 million sovereign bond will be used for the Road sector including the dualisation of the Accra-Kumasi highway. US\$90 million from the sovereign bond has been allocated to build the western corridor of the railway network.
66. Mr. Speaker other additional projects for roads and railways will also be carried out under the MDAs 2008 programme.

Water for Life, Growth and Brighter Future

67. The second focus of the 2008 Budget is to improve infrastructure for water. Five communities in each of the 166 districts will be provided with good drinking water.
68. District Assemblies will select priority towns or villages to benefit from this initiative.
69. The estimated amount for the potable water project is GH¢7,470,000.
70. Mr. Speaker, again other additional projects for water will also be carried out under the MDAs 2008 programme.
Energy for Growth and Brighter Future - Strengthening the Business Environment
71. Mr. Speaker, Government implemented short-term measures to end the energy crisis.
72. Major medium and long term measures have been initiated and in 2008 we will see to the vigorous implementation of these



measures which include:

- Operationalisation of the Osagyefo Power Barge at Effasu.
 - Execution of the Bui Hydro Electric Power Project with major activities namely:
 - o The construction of access roads,
 - o Construction of the Bui City and
 - o The construction of cofferdams and river closure.
 - Execution of:
 - o Hemang and Awisam Hydro Electric Power on the Pra River and
 - o Hydro Electric Power on Ankrobra River;
 - o The Tanoso Hydro Electric Power on the Tano River; and
 - o The Juale Hydro River on Oti River
73. Appropriate sources of funding are being negotiated by a Cabinet sub-Committee for the construction of the four mini dams.
74. An amount of US\$460 out of the sovereign bond proceeds will be spent in the energy sector with a focus on the transmission and distribution network.
75. There would be a continuation of the implementation of the Ghana Energy Development and Access Project (GEDAP) which seeks to improve the operational efficiency of power distribution system and increase the population's access to electricity.
76. The Takoradi Thermal plant and the Kpong Electricity Plant will be retrofitted to improve their efficiency and reliability.



77. Government will further improve the production, supply and usage of renewable energy through investments in technologies and their efficient utilization.
78. Ghana National Petroleum Corporation will undertake extensive surveys of the Voltaian Basin and acquire 3-D data in Central and Cape Three Points basins.
79. The West African Gas Pipeline Project is also expected to deliver the first free flow natural gas to Ghana by December 2007 and become fully operational in 2008.
80. Mr. Speaker, in addition to all these interventions, as part of the third focus area under infrastructural development, Government will provide **electricity to 5 communities in each of the 166 Districts of the country.**
81. The total budget for the electrification project for the 166 Districts is **GH¢613,042,980.**
82. Other programmes under the Ministry of Energy will also be executed as highlighted in the Section Six of the main Budget Statement.
83. Mr. Speaker a total amount of GH¢819,712,980 is earmarked for the 3 priority projects in the 166 Districts in 2008. The private sector through Public Private Partnership (PPP) arrangement will be invited to collaborate with Government to achieve these goals.
84. Mr. Speaker as a major strategy to address effective execution of the massive infrastructure projects in 2008, Government will:
 - Develop a system to improve the quality of performance in the construction industry;
 - Develop a rating and ranking scheme for contractors and consultants; and
 - Introduce an award scheme for contractors and consultants.



Sectoral Developments and Outlook

85. Mr. Speaker, the achievements under the sectors are detailed in Section Six of the main 2008 Budget Statement and Economic Policy of Ghana and will be presented to this august House in detail by the Sector Ministers.
86. The rest of this presentation will focus on some key programmes for 2008 budget year arranged under the 3 pillars of the GPRS II, namely, Private Sector Development, Human Resource Development and Good Governance and Civic Responsibility.

Private Sector Development

87. Mr. Speaker, the focus for 2008 budget “massive infrastructural development” shows Government commitment to further enhance the environment for the private sector to contribute to the growth of the nation.
88. Private sector competitiveness under the GPRS II seeks also to ensure accelerated growth through modernised agriculture led by a vibrant private sector.

Towards Food Security

89. Mr. Speaker, Ghana has developed a number of strategies towards achieving food security. Ghana is experiencing the effect of climate change; droughts, floods, fires and strong winds. As expected, the floods in the north and some parts of western Ghana destroyed large farm lands. The Government has assessed the situation and is taking prudent measures to ensure that Ghana does not experience food shortages during the coming year.
90. Our aim will be to focus on addressing food security issues through contingency planning, emergency preparedness including establishment of strategic stocks to address the undesired effects of climate change and natural disasters.



91. Mr. Speaker, we will focus on youth in agriculture and fishing, improve access to high quality inputs, strengthen agricultural and fishing extension and dissemination with a strategy to extend lessons learnt from the cocoa sector to agriculture as a whole and promote transition to high value crops and fish.
92. The drafting of a new Land Bill for effective land administration and improved security of tenure will be initiated and laid before Parliament for consideration.
93. The implementation of the Agricultural Land Management Action Plan will help do away with the rigidity in the land tenure system. Thus land will be available for crop farming.
94. To meet short falls in fish production, fish farming will be vigorously pursued.
95. The landing sites and fishing harbours will have ancillary facilities. These facilities include cold storage, blast freezing, crèches, premix-fuel stations, an administrative block and fish market. The existing landing site for inshore fishermen at Tema will be upgraded.
96. This is to ensure that fish landed at the harbour meet international standards. Mr. Speaker, this will also ensure that our mothers and sisters will have a safe place to keep their children – future leaders of our country – while they work.

Our Natural Resources

97. Cabinet has given approval for the establishment of the National Continental Shelf Delineation Project. Work is proceeding to submit claims to the United Nations Commission on Limits of the Continental Shelf for extension of Ghana's continental shelf beyond 200 nautical miles.
98. Under the Kimberly Process Certification Scheme, limited diamond exploration outside the concession of the Ghana Consolidated Diamonds Limited will be carried out to identify areas for small scale diamond mining. All small scale diamond



miners and buyers will be registered and given identity cards so as to facilitate monitoring, reduce smuggling and satisfy the principles of Kimberly Process Certification Scheme.

99. Mr. Speaker, Government will promote public awareness and local communities' participation in sustainable management and utilization of land, forest and mineral resources.
100. This will be done by harmonizing the relationship between the mining companies and mining communities by liaising with other agencies such as EMPRETEC Ghana Foundation and National Board for Small Scale Industries to implement alternative livelihood programmes in mining communities.

Trade and Industry

101. For the year 2008, Government will continue to expand and sustain the Presidential Special Initiatives with emphasis on salt mining, garment and starch industries.
102. In addition, 20 selected districts will be allocated seed capital to support industrial projects for which business plans have already been completed.
103. Each district project will be established as a Private Limited Liability Company with a management team comprising both local and foreign strategic investors.
104. Mr. Speaker, Government will ensure the implementation of the Trade Sector Support Programme. This is geared towards the transformation of the economy by producing value-added goods in which Ghana has a competitive advantage.
105. Mr. Speaker, Government will facilitate the establishment of a Science and Technology Park at the Institute of Industrial Research to support emerging technologies and sustainable development.
106. The Ghana Investment Fund for Telecommunications will also work towards the construction of additional masts in 29 towns.



107. Government will continue to work with the private sector on improving 'Doing Business' in Ghana. The detailed presentation by Association of Ghana Industries on identified areas of challenges towards "Doing Business" is being studied and measures will be taken to address them this year.

Tourism, a major income earner for Ghana

108. Government will continue with implementation of initiated programmes towards improving tourism in Ghana including the Joseph Project (Akwaaba Anyemi), which is aimed at making Ghana the gateway to the 'Homeland' for over 40 million African Diasporans.

109. In addition, Tourism Information Centres will be established in 10 regional and 20 district capitals in the country. Government will also facilitate the setting up of more Rest Stops (in addition to those built by Ghana@50 projects) along major roads and organise training programmes to ensure that the ECOWAS standards for service delivery are observed.

110. We will also pursue the achievement of our goal with new products which will expose the country's tourism industry on the international scene and also sustain Ghana's position as the "Gateway to Africa".

Human Resource Development

111. The main human resource development goal of producing a knowledgeable, creative, well-trained and healthy population with the capacity to drive and sustain private sector-led growth has evidenced appreciable improvement in the past 7 years.

112. For the year 2008, we will continue to consolidate the gains made in human resource development in addition to the following interventions.

113. Mr. Speaker, Government will continue to implement the Education Reform Programme and will address the challenges in management, structure and content of education.



114. We will also sustain the Capitation Grant Scheme to ensure more enrolment. This leaves more money in the pockets of parents and guardians.
115. An amount of GH¢3.8 million has been earmarked to subsidize the 2008 Basic Education Certificate Examination (BECE). This is aimed at easing the burden of examination fees on parents, again leaving more money in their pockets.
116. The Ghana School Feeding Programme will be expanded to cover 560,000 pupils in 1556 schools nationwide. It is expected that the programme will impact on enrolment, attendance and retention in our schools – once more leaving more money in the pockets of parents and guardians.
117. A school feeding fund will be set up. Weekly returns from National Lotteries Authority for Government will feed the fund now in addition to MDRI resources.
118. Elsewhere, school children are given weekend food packages.
119. Furthermore, school children get fed at least once a day during holidays. We can do so as we increase Government revenue.
120. The SFP will build a strong link between education, agriculture and sustainable income for local farmers.
121. This is our **bright future**.

Computers for Schools

122. To enhance the usage of computers in schools, minimizing the digital divide of the global village, Government has decided to sign on to the One Laptop Per Child (OLPC) programme - laptops developed primarily for basic school education.
123. Government will negotiate with the relevant company and institution to assemble about 5 million pieces for Ghana and the sub-region.



124. Government has initiated steps to set up a Foundation to fund the programme. All adult Ghanaians will be encouraged to purchase at least one of the OLPC for their former school.
125. The pilot programme initiated in October will be monitored till end of the second term before roll-out to other schools starting with rural areas.
126. Government will also investigate the possibility of assembling the new low cost solar powered computer manufactured by Inveneo UK and recently launched in Uganda to benefit high schools as a follow-up to the OLPC for basic schools and Ghana-Intel collaboration.

Sports, a Unifying Factor

127. We are proud to announce to this august house that from 20th January to 10th February, 2008 Ghana will host 15 African Nations for the major continental tournament, Ghana 2008.
128. Government will, therefore, provide the necessary support and funds to ensure a successful hosting of the tournament.
129. Every support will be given to the National Football Team in their preparation for and participation in the tournament to enable them annex the Continental Trophy.
130. The benefit of having 2 completely constructed stadia, (Tamale and Sekondi) and reconstruction of Accra (Ohene Djan) and Kumasi (Baba Yara) stadia cannot be gainsaid.
131. The cost of construction of all the 4 stadia, were paid by Government and the people of Ghana. Over US\$200 million has been spent.
132. Similarly, stadia for other regional capitals will start in 2008.

**A Healthy Nation - Healthy Citizens**

133. Mr. Speaker, there has been a shift in the policy orientation of the health sector. Emphasis is now being placed on preventive rather than curative health. Another area of focus will be regenerative health through shifts and changes in the lifestyles of Ghanaians.
134. Inter-sector advocacy and action with promotion of healthy eating and use of safe water with the objective of reducing food-related and water borne diseases will be launched.
135. Regenerative Health and Nutrition will continue to be pursued by developing and implementing a National Behaviour Change Communication Strategy and collaborating with education sector to implement healthy schools' programme with emphasis on hygiene and physical exercise.
136. Government is determined to effectively deal with Guinea Worm disease. The guinea worm eradication programme is therefore being re-designed so as to achieve maximum impact in endemic communities.
137. We will promote greater awareness of early detection of breast and prostate cancer. Funds from HIPC and MDRI will be used to support this project and NGOs and Civil Society Organisations already working in this area.
138. In line with this, Government will introduce a programme for breast and prostate cancer screening including the provision of subsidy for mammogram done in private and public hospitals for all Ghanaian women from the age of 40 years and above and for prostate cancer screening for men of 50 years and above who are registered under the NHIS.
139. The National Health Insurance Scheme will be streamlined. Among other things, the scheme will introduce a new universal health insurance card, revise the tariff medicine list, increase coverage to 65 per cent and operationalise Monitoring and Evaluation Systems in all regions.



140. Research institutions and universities will be empowered to conduct training and research into herbal products, develop essential drug list for traditional practitioners and establish Desks in all District Assemblies to regularize traditional medicine practice in the country.
141. Mr. Speaker, Government will continue to employ measures to strengthen, prevent, control and manage communicable and common chronic diseases such as cholera in addition to HIV/AIDS, Malaria and TB.
142. Government will continue with the unfinished agenda of high impact and rapid service delivery and in addition consolidate and strengthen the relevant sub-sector of the health system.

Ensuring the establishment of Human Resource, Youth and Employment Policies

143. Mr. Speaker, the Human Resource Policy and its Implementation Action Plan will be completed and subjected to stakeholders' validation and processing for approval.
144. Likewise, an employment policy will be developed and implemented.
145. To empower the youth to contribute their quota towards nation building, all youth programmes and activities will be guided by the new Youth Policy to be completed by March 2008.

The National Youth Employment Programme

146. Mr. Speaker, the Programme is being evaluated to ensure sustainability with regard to current employment levels. The evaluation exercise when completed may result in some savings to permit additional employment of the youth under the programme.
147. MASLOC is supporting the Trades and Vocation modules of the National Youth Employment Programme.



Tripartite Committee on Employment – Removing Bottlenecks in ‘Employing Workers’

148. Mr. Speaker, the Tripartite Committee will review the indexes for ‘Employing Workers’ one of the indicators under ‘Doing Business’ in Ghana and work towards addressing the challenges.

Towards Fair Wages and Salaries

149. Mr. Speaker, the Fair Wages and Salaries Commission will be supported to perform its role as a credible institution implementing fair, transparent and systematic Public Sector Conditions of Service, including pay policy.
150. The obvious challenge will be to manage labour expectations. These expectations are based on progress made since January 2001. The Commission will hold consultations with key stakeholders with a view to comprehensively and successfully deal with the issue of wage reform. The Commission will also educate public sector workers, management and organised labour on recommendations, in order to facilitate the task and implementation of the new pay policy.

Gender Balance

151. Government will apply the principles of gender equality monitoring and evaluating gender issues in public business by tracking progress on gender equality and women’s empowerment in line with specified policy targets of GPRS II and MDGs Goals 1, 2, 3 and 5.
152. Gender programmes will be enhanced by spelling out a “step by step” approach to Gender Budgeting and piloting it in 3 key MDAs (Ministries of Food and Agriculture, Health, and Local Government, Rural Development and Environment).
Quality Life through Protected Environment
153. Mr. Speaker, issues regarding waste and sanitation are of importance to Government.



154. The disposal of waste had been a continuous threat to our cities and Government will continue to tackle the challenge headlong.

155. As the economy grows, new waste streams will be created. In line with this, a "Waste Disposal Strategy" will be implemented in 2008.

156. We are committed to meeting the highest standards in protecting our water bodies.

Good Governance and Civic Responsibility

157. Mr. Speaker, the promotion of Good Governance and Civic Responsibility remains a key area for Government.

158. In line with the GPRS II objectives, Government will continue to implement activities aimed at making Government more open, transparent and accountable to the citizenry.

159. This is to ensure that the citizens in particular have increased confidence in the institutions of Government to continuously deliver improved services for their sustenance and general well being.

Developing a more Scientific Revenue Forecasting

160. Government will develop a Macroeconomic Model on Revenue Forecasting. We will also continue to undertake Policy Based Research by conducting Impact Analysis of Government Policies and Public Expenditure Surveys to ensure the realization of Government's policy objectives.

161. Linkages among Internal Revenue Service, Customs and Excise Preventive Service, Value Added Tax Service and Non-Tax Revenue

More efficient public expenditure management

162. Mr. Speaker, Government will continue the process of improving



the budget process by carrying out programmes that will further enhance the credibility, predictability and transparency of the national budget.

163. To achieve the above objective, Government will amongst others, organise an Inter-Governmental Forum to discuss the financial implications of Government policies, prepare and implement Composite Budget in all MMDAs in furtherance of the Fiscal Decentralisation Programme.
164. Mr. Speaker, the second phase of the Treasury Reforms will be undertaken during 2008 with the introduction of a computerized bank transfer system at all Regional Treasuries as a way of minimizing the issuing of cheques and facilitating bank reconciliations.
165. The Public Procurement Board will develop a price database of common user items for use in the country to provide a basis for value for money analysis. The concept of Framework Agreements in the Public Sector will be introduced on a pilot basis.

Debt Management

166. Mr. Speaker, the venture into the international capital market poses a new challenge for debt management. Government therefore intends to engage various measures to ensure continued debt sustainability and long-term access to the international capital markets.
167. Government will continue the process of lengthening the domestic debt profile through the issuance of longer maturity debt instruments.

Decentralisation for Shared Development

168. Mr. Speaker, one of the aims of Government is to carry development to remote areas of the country.



169. In 2008, Government will put in place measures to ensure that functions, resources and personnel are transferred to the MDAs and MMDAs through the appropriate legislation.

Justice for all

170. Government will continue its role of ensuring that the rule of law is entrenched in Ghanaian society and that there is access to justice for all citizens.

171. Government will continue to provide the enabling environment to allow for justice and to combat fraud.

172. Government will also continue with its programme of transformation and institutional change to improve access to justice and entrenchment of the rule of law in the Country. This will entail moving forward with the "Agenda for Change" programme which covers areas relating to attitude, infrastructure, personnel and technology.

173. Mr. Speaker, the Legal Aid Scheme will continue awareness creation and public education on legal aid nationwide and further establish more Community Mediation Centres in selected districts in the country.

Ensuring Successful Elections - Credible Elections for a Credible Leader

174. Mr. Speaker, Government will ensure that all requirements are met for fair elections.

175. The Electoral Commission has a mission of advancing the course of Democracy and Good Governance for growth and poverty reduction in Ghana by instituting free, fair and transparent elections to the acceptance of all stakeholders.

176. In addition to instituting programmes towards the successful conduct of Presidential and Parliamentary Elections, the



Commission will also continue to consult with some identifiable bodies locally on the Representation of the Peoples Amendment Law.

177. The objective is to enable the Commission to identify key issues in the implementation of the law with the view to instituting measures that will address them.
178. National Commission for Civic Education will undertake education on the need for citizens' active participation in the 2008 general elections.
179. It is a must and a duty for everyone to ensure that the elections take place in a very congenial and secured environment. Our nation must come out of these elections united and greater than ever.
180. Government will continue to undertake measures aimed at ensuring peace and stability within the country especially before, during and after the Ghana CAN 2008 and the 2008 Presidential and Parliamentary elections.

Environmental Sanitation

181. MMDAs will be strengthened to improve upon sanitation in the cities and towns especially the low income communities.
182. Construction of the Tema Landfill will commence in the year. The design reviews of the Kwabenya landfill will be completed and construction works will commence within the year.

Revenue, the Lifeblood of the Economy

183. Mr. Speaker, Government has identified the need to enhance the country's revenue system to achieve the objectives of efficient collection of revenues and the expansion of the system to potential new revenue sources.
184. Achieving these objectives requires addressing the daunting task of enhancing and expanding the tax system using existing approaches and tools.



185. Mr. Speaker, Government is committed to achieving its revenue policy goals by migrating to computerized systems including a new National Revenue System (NRS) that will eliminate the inherent weaknesses of the existing approaches and tools.
186. In 2008, Government will support a pilot project to deploy the technology to monitor and track revenues. Upon successful implementation of the pilot during the year, additional funding will be sought to expand across the country.
187. As part of Government's policy to develop the equity market and to widen and democratize share ownership, Ghana Telecom will be listed on the Stock Exchange.
188. To further broaden the tax base, the Ministry of Finance and Economic Planning in collaboration with Ministry of Information and National Orientation will embark on a national sensitization programme.

National Identification Programme

189. The National Identification Authority has started the implementation of the needed infrastructure and inputs to begin the mass registration of citizens in 2008.

POLICY INITIATIVES

Private Sector Development

Improving Regulatory Structures for Doing Business

190. Mr. Speaker, during the past two years Ghana's efforts to reform its business environment has made it a "top 10" reformer globally as measured by the World Bank Group's Doing Business Report. This also makes Ghana the highest ranked country in the ECOWAS sub-region.
191. Mr. Speaker, we wish to assure Ghanaians and the international community that we will not be complacent but rather maintain the pace of reforms that have brought us this far, targeting standards beyond ECOWAS and sub-Saharan Africa to global standards.



192. Mr. Speaker, although a lot of progress has been made with the passage of new laws and revisions to existing laws, we should pay more attention to institutional issues that make such laws effective in promoting private sector-led growth.
193. Typical weaknesses of our regulatory system include unclear divisions of regulatory responsibilities among agencies and duplication in their functions and powers.
194. Accordingly, Mr. Speaker, an initiative will be launched in 2008 to further strengthen the regulatory environment.
195. Specifically, the initiative will focus on simplifying the current regulatory regime applicable in Ghana, reviewing the functions of regulatory agencies to remove overlaps, scale down on the number of regulatory authorities and establish benchmarks for good practices.

Conservation of Energy

196. Mr. Speaker, the nation has just come out of an energy crisis that was characterised by shortage in power supply.
197. Government's efforts to resolve the crisis have focused on modernising and expanding power infrastructure, full cost recovery of power supply and the productive and efficient use of energy.
198. While increasing the percentage of households with access to electricity supply, Government is mindful of the need to conserve power.
199. In order to promote the efficient use of energy Government will introduce legislation seeking to phase out the importation and use of incandescent lamps in Ghana.
200. Mr. Speaker, under the proposed legislation, Compact Fluorescent Lamps will be the only lamps to be imported into the country to replace the high power consuming incandescent lamps in the system.



201. Government will explore the possibility of setting up an assembly plant to produce energy conservation CFL in Ghana.
202. Standards will also be developed for street lights which have become very popular but are not governed by any regulations or standards.
203. Mr. Speaker, to reduce the rate of energy waste through refrigeration, energy efficiency standards and labels will be developed and introduced.
204. Energy Commission will facilitate preparation of the bill and the standards.

Promoting Alternative Energy Sources

205. Mr. Speaker, Government's efforts to secure the energy future of the country includes providing support for renewable energy sources.
206. The key areas of concern in respect of renewable energy include solar, wind, small hydro resources, bio-fuel production and supply and the promotion of renewable energy technologies and their efficient utilization.
207. Mr. Speaker, the Energy Commission will in 2008 undertake the following activities aimed at ensuring that renewable energy is integrated into the national energy mix. The Commission will:
 - Develop and facilitate the passage of a Renewable Energy Law
 - Develop and enforce standards and codes for renewable energy technologies. This will include standards for **bio-fuels, solar lighting** and **solar water heaters**.
208. To encourage the production of biodiesel, Government will introduce special incentives, including the removal of excise duties, VAT and all local charges on biodiesel for a minimum of 20 years.



This will encourage the participation of private entrepreneurs in the sub-sector.

National Transportation Policy

209. Mr. Speaker, a good transportation system is a prerequisite for economic growth and poverty reduction. National targets for growth and poverty reduction also rely heavily on an effective transportation system.
210. Mr. Speaker in 2008, Government will adopt an integrated Transport Policy which combines various modes (road, rail, maritime including inland water transport and aviation) of transportation together to achieve maximum benefit for the system.

Good Governance

Financial Sector

Financial Sector Strategic Plan (FINSSP II)

211. Mr. Speaker, Ghana's financial sector has undergone significant changes since the first generation of financial sector reforms were launched under the Financial Sector **Adjustment Program** (FINSAP) in 1988.
212. In 2003, Government approved the Financial Sector Strategic Plan (FINSSP) to serve as the blueprint for Ghana's financial sector development for the period 2004 – 2008.
213. Mr. Speaker, as at October 2007 nearly 80 per cent of the 98 recommendations in FINSSP have been implemented. The implementation of FINSSP has produced dramatic changes in Ghana's financial landscape.
214. The changes in Ghana's financial market have also brought new challenges.
215. Mr. Speaker, in view of these developments, Government will in 2008 undertake a comprehensive **review of FINSSP** with a



view to identifying the next generation of financial sector reforms. The review is expected to result in an updated FINSSP document (FINSSP II) to guide financial sector development for the next five years.

216. The Financial Sector Division of the Ministry of Finance and Economic Planning will facilitate the comprehensive review.

Bond Market Development

217. Mr Speaker, the development of a vibrant capital market requires a well balanced bond market which implies that instruments on the market must have regular issuances with varying maturities to promote secondary activity and thus liquidity on the capital market.

218. Mr Speaker, last year Government successfully sold two issues of a debut 5-year fixed rate bond on the domestic market and a maiden \$750 million dollar Eurobond with a maturity of 10 years on the international capital market.

219. Mr. Speaker in furtherance of its objective to develop the long term investor segment of the domestic capital market **Government will issue for the first time a 10-year domestic bond in 2008.**

220. Additionally, Government through Bank of Ghana will rationalise the issuance calendar to achieve issue predictability and to encourage secondary trading between issues.

221. Ministry of Finance and Economic Planning will issue the **10-year domestic bond.**

Enhancing Access to Agricultural Finance

222. Mr. Speaker, Government has observed with concern the decreasing flow of credit to the agricultural sector. Although agriculture accounts for 35% of GDP and 60% of employment, only 6% of



bank credit goes to the sector. The lack of access to credit for key activities such as farming, fishing, livestock and needed ancillary services and infrastructure has been a drag on productivity growth and incomes in the sector.

223. Mr. Speaker, to address the agricultural finance problem, a number of measures will be introduced in the course of 2008. The objective of these measures would be to ensure that **viable projects in the sector are fully funded**. The measures will include:

- **Tax incentives** to financial institutions to increase not only the flow of credit to the sector but also to **reduce interest rates** on agricultural loans to the 5%-10% range and to lengthen **maturities** of term loans to between 5 and 10 years
- The development of an Agricultural Investment Fund/Farm Credit Corporation with a 100% agriculture focus to provide a range of financial services such as working capital and term loans, insurance and leasing.

224. Mr. Speaker, the implementation of these measures will expand the sources of funding for the agricultural sector and provide a significant boost to the sector's contribution to our growth agenda.

225. Mr. Speaker, our **future is bright indeed!**

226. The Ministry of Finance and Economic Planning will facilitate this initiative.

National Switch and Biometric Smartcard Project

227. Mr. Speaker, the banking system in Ghana serves a small proportion of the population with only an estimated 20 per cent of the population having bank accounts.

228. Mr. Speaker, guided by this goal, the Bank of Ghana is establishing a national switch (the E-ZWICH) to allow the establishment



of a common platform for all payments transactions in the country.

229. E-ZWICH will have the capability to deal with transactions that take place online (in places with telecommunications) and offline (i.e. where telecommunications are not present, e.g. in some rural areas).

- Mr. Speaker, the biometric smart card associated with E-Zwich will address the shortcomings of existing debit cards because it eliminates the need to have basic literacy and numeracy to operate a bank account since it relies on the identification features of fingerprints.

230. Mr. Speaker, the National Switch and smartcard project would serve as the vehicle to transform Ghana from a predominantly cash economy to an economy dominated by electronic transactions using modern state of the art technology.

231. There is a **bright future!**

Promoting Financial Literacy

232. Mr. Speaker, as Ghana's economy becomes increasingly complex, there is a mounting concern that understanding and managing the details of financial products and services is becoming a daunting task for most Ghanaians, especially the low-income and rural segments of the population.

233. Even in more developed markets, research shows that a large percentage of people of all ages, incomes and education levels lack the basic financial knowledge and skills to ensure long-term stability for themselves and their families and to drive the savings-investment requirements of the economy.

234. Mr. Speaker, lack of financial literacy undermines efforts to deepen financial intermediation.



235. Mr. Speaker, in pursuit of improved financial literacy, Government will in 2008 establish a financial literacy and economic issues programme throughout the year.
236. An Annual Financial Literacy Week will be organised as a climax to raise awareness of the range of products and services available to consumers and the rights and obligations of consumers and service providers to help Ghanaians better understand and manage their finances.
237. The proposed Financial Literacy Week will be a cooperative effort of the Ministry of Finance and Economic Planning, regulatory agencies, industry associations and consumer groups.

Promoting Long Term Investment by Insurance Companies

238. Mr. Speaker, the new Insurance Act which was passed by Parliament in December 2006 abolished composite insurance companies.
239. Mr. Speaker, the main rationale for the separation of the life and non-life business is to make it possible for the necessary attention to be given to the life business to enable it to grow and contribute effectively to national development by helping to mobilise long term funds for development.
240. Mr. Speaker, to achieve this objective, the regulatory framework will be reviewed to enable insurance companies to restructure their investment portfolios to reflect the current economic environment. **There will be provisions to encourage insurance companies, especially life companies, to invest in long term assets such as real estate and long-term mortgages.**
241. Mr. Speaker, this will provide more residential accommodation and free young men and women from paying high rent advances, which is a source of debt trap and perpetuates liability. It is also a source of corruption.



242. **A bright future** indeed!

Fiscal Responsibility Act

243. Mr. Speaker, Ghana's overall fiscal deficit was reduced from 9.0 per cent of GDP in 2000 to 2.7 per cent at end December 2005.

244. However, by December 2006 the fiscal deficit had increased to 7.8 per cent due to non-recurring expenditures such as the CAN 2008, Golden Jubilee celebrations, the energy crisis, shortfalls in anticipated divestiture proceeds and import related taxes and over-runs in spending on wages relative to budget due to one-off discretionary adjustments.

245. Mr. Speaker, although significant progress has been made in fiscal consolidation, we cannot afford to be complacent. Ongoing fiscal consolidation holds the key to macroeconomic stability and maintaining the confidence of the international capital markets as expressed through our sovereign credit ratings and our cost of access to global capital markets.

246. Mr. Speaker, in 2008, Government intends to begin the process of introducing a Fiscal Responsibility Act to be designed to achieve the following objectives:

- to set out fiscal targets and fiscal principles for the State
- to make it a goal for Government to pursue its policy objectives in accordance with those fiscal targets and fiscal principles
- to provide for reports on departures from those fiscal targets and fiscal principles to be prepared by the Minister of Finance and Economic Planning
- to provide for corrective measures when fiscal targets are missed.

247. The Fiscal Responsibility Law will provide a powerful signal about Ghana's commitment to fiscal discipline and debt sustainability.

248. The preparation of the Fiscal Responsibility Bill will be facilitated by Ministry of Finance and Economic Planning.



Special Initiative on Sustainable Development of Northern Ghana

249. The development gap between Northern Ghana and Southern Ghana has been a long historical process dating from the colonial era. The recent floods that affected most of the North have exacerbated the gap.

250. Government of Ghana is preparing a medium to long-term development strategy that will transform the economy and society of Northern Ghana, in a manner that will ensure effective utilization of the region's competitive advantages in food production, adding value through agro-processing, boosting private sector confidence and improving incomes and general living conditions.

251. Following the formulation of the Northern Development Strategy, a more detailed financing plan will be prepared by the Government.

252. In the interim, Government has earmarked an amount of GH¢25.0 million as seed money for the establishment of a Northern Ghana Development Fund, and will encourage Development Partners to contribute to the Fund.

Managing Future Oil Resources

253. Mr. Speaker, Ghana has been blessed with the discovery of oil in significant commercial quantities at Cape Three Points, off the West Coast.

254. Mr. Speaker, the discovery of oil is usually celebrated as a one-way ticket to wealth and economic growth. But recent history shows that poorly managed oil resources in a developing country can make life worse, not better, for most of its population.

255. Oil can ruin local environments and create inequalities of income that destroy the fabric of a society. Nevertheless, the discovery in Ghana should be a blessing.



256. Mr. Speaker, in pursuit of the objective of maintaining social and economic stability and long-term economic growth, Government has set up a Task Force to prepare a Master Plan for the **emerging oil industry**.
257. In 2008 the Task Force will examine the social and economic implications of Ghana becoming an oil-producing country and present proposals that will among others ensure that **oil revenues** will be used for economic diversification for the benefit of all Ghanaians, and to minimize the potential social and economic dislocations associated with oil **wealth**.
258. Additionally, the task force will identify the requisite legal and regulatory framework as well as the infrastructure and human resource needs of the new industry.

Establishment of a Stabilisation Fund

259. Mr. Speaker, achieving and sustaining macroeconomic stability has been the cornerstone of our economic development strategy. This strategy has served us well and the Ghanaian economy has been resilient in recent times as evidenced by the recent high oil prices.
260. However, the economy remains exposed to external shocks as a result of volatility in commodity prices, compounded by an anticipated progressive reduction in donor inflows, and increased competition from other emerging economies for foreign direct investment.
261. Mr. Speaker, Government will in 2008 **design a Stabilisation Fund** to serve as a **measure to insulate** the economy from external shocks specifically the unpredictability of export earnings from our major exports, i.e. cocoa, gold, timber and oil in the near future.
262. The funds will be invested to ensure protection as well as the growth of the Fund.



Excise Tax on Phone Airtime

263. Mr. Speaker, because it is easy to smuggle mobile phones, a great proportion of them enter the country undeclared and therefore untaxed.
264. Mr. Speaker, considering the situation, Government has decided to abolish import duty and import VAT on all mobile phones imported into the country and introduce a more effective means of taxing mobile phone usage. Consequently Government proposes to impose a specific excise duty per minute of air time use.
265. The appropriate legislative instrument will be introduced before we rise.

Easing the Burden of Importing Vehicles

266. Mr. Speaker, in line with Government policy of easing the burden of transportation for Ghanaians, government has since July 2007 established a Committee to review the valuation, depreciation of values and the age penalties of vehicles.
267. Mr. Speaker, Government will shortly announce new policies for imported vehicle valuation and age penalties that will reflect a significant simplification of the existing regime and ease the financial burden of vehicle acquisition and clearing of vehicles at the harbour.

Tax on Stated Capital for Companies

268. Mr. Speaker, currently, a stamp duty of 0.5 per cent is levied on stated capital of a business on incorporation, and on subsequent increases in stated capital during the life of the company. The effect of this tax is that the incorporated business is left with less cash with which to start operations, at a time when external financing is most difficult to raise.
269. Mr. Speaker, in keeping with the objective of making Ghana an attractive destination to do business compared with other juris-



dictions and making the private sector the engine of growth, Government will initiate a comprehensive review of the stamp duty on stated capital with a view to eliminating its negative impact on the capitalization of companies.

Climate Change and Preservation of Environment

270. Mr. Speaker, the Government is committed to ensure a balance between physical development and preservation of the environment.
271. The phenomena of climate change and environmental pollution poses a great challenge to all countries, both developed and developing.
272. In 2008, Government will work closely with international partners to establish programmes for reducing greenhouse gas emissions that contribute to global warming, with appropriate incentives for local companies to reduce their emissions.
273. Mr. Speaker, there is an emerging market in the trading of carbon emissions with daily quotations in the commodities section of the Financial Times of London.
274. Mr. Speaker, the proposed programme will encourage local companies with low levels of emission to participate in carbon emission trading as a source of income.

Budget Allocations

275. Mr. Speaker, let me now sum up the budget estimates for 2008.
276. **Total receipts** is projected at **GH¢7,107.2** million. This is made up of domestic revenue of **GH¢4,763.2** million, grants of **GH¢853.4** million, of which HIPC and MDRI are **GH¢81.9** million and **GH¢55.63** million respectively.
277. **Total Payments** is projected at **GH¢7,107.2** million comprising statutory payment of **GH¢1,728.9** million and discretionary payment of **GH¢5,378.2** million.



278. Statutory Expenditures are as follows:

- Debt Servicing GH¢ 645.5 million
- District Assembly Common Fund: GH¢ 234.3 million
- GETFund: GH¢ 163.0 million
- NHIF: GH¢ 235.4 million
- Road Fund: GH¢ 129.2 million
- Social Impact Mitigation Levy: GH¢ 13.4 million

279. Discretionary allocations for the 3 thematic areas are:

- Private Sector Development: GH¢703 million
- Human Resource Development: GH¢ 177 million
- Good Governance: GH¢ 769 million

280. Discretionary allocations under the 4 Items are:

- Item 1 – Personnel Emoluments: GH¢ 1,559.9 million
- Item 2 – Administration: GH¢ 385.6 million
- Item 3 – Service: GH¢ 120.6 million
- Item 4 – Investment: GH¢ 1,746.0 million

281. The macro economic targets are as follows:

- GDP Growth Rate: 7.0 percent
- End of Year Inflation: between 6.0 and 8.0 percent
- Average Inflation: 7.0 per cent
- Reserves: at least 3 months import cover



282. The **Doing Business** Indicators are:

No.	Indicator	Rank (87 out of 178)
1.	Starting a business	138
2.	Dealing with licenses	140
3.	Employing Workers	138
4.	Registering Property	26
5.	Getting Credit	115
6.	Protecting Investors	33
7.	Paying Taxes	75
8.	Trading Across Borders	61
9.	Enforcing Contracts	51
10.	Closing a Business	96

283. The total estimated cost for the priority projects for roads, water and electricity will cost **GH¢819,712,980**.

Conclusion

284. Mr. Speaker, Government has made major strides in ensuring sustainable growth and development and considerable reduction in **poverty levels** in the country. We have come a long way since January 2001 and we all know that a great deal has been achieved.

285. It has been a challenging but rewarding journey thus far. Many successes have been chalked and considerable progress made, and we should all be proud of these laudable accomplishments.

286. Mr. Speaker, the coming year would solidify our beloved country's **democracy** and freedom of speech and put our country on an enviable platform. Government will keep on implementing policies and structures that would ensure that Ghanaians continue to feel the meaning of democracy.

287. Indeed the future looks **bright and promising** for all of us.



288. Mr Speaker, Government recognises that we are closer to our dream of attaining our desired and cherished goal of reaching middle income country status.
289. We have moved from a state of economic fragility to a stabilised and robust economy, halved extreme poverty relative to the 1991 levels, and improved the business environment for a thriving private sector.
290. Mr. Speaker, as we take more determined steps to close the gap between our good intentions and the provision of facilities to improve our material well-being, we should not lose track of our collective vision, as we endeavor to decentralise and democratise and continue to remain focused on bridging the gap between **the rich and the poor.**
291. Mr Speaker, with regard to the provision of infrastructure, significant investments are being made in the **road, water and energy** sectors to further accelerate economic growth.
292. We have reconstructed several major **roads**, such as the Mallam – Ksoa, Pantang – Mamfe, Tema – Sogakope, Ofankor – Nsawam, Asafo market interchange and Tetteh Quashie interchange.
293. We have expanded educational facilities at all levels and fostered rapidly increasing enrolment through the capitation grant, school feeding programme and subsidies to senior high schools. We have also created 56 model senior high schools, with the upgrade of 31 of the model schools completed.
294. Mr Speaker, we have created a more health conscious population with our shift from curative to **preventive health.** Ghanaians now have better access to improved health facilities through the National Health Insurance programme.
295. Mr. Speaker, we are encouraging lifestyle changes especially in our eating habits so as to improve our life expectancy. Let us pledge to do all **we can to live longer to see the fruits of our labour.**



296. It is refreshing and reassuring to be able to state that Government has provided a much more open, transparent and accountable Government.
297. The creation of more districts and the increase in the DACF from 5 per cent to 7.5 per cent has deepened the decentralisation process, facilitated more participatory governance and increased funding for the development of our communities.
298. Government is resolved to do what it takes to get us even closer to our goal of reaching middle income status and I am confident that the policies and programmes being implemented will get us there.
299. However we also believe that we need to address certain critical issues to hasten our journey.
300. These critical issues include our work ethic, time management, general attitude towards property of the state (our collective asset) and improve our maintenance culture.
301. Mr. Speaker we can all testify that this year has been a particularly challenging one for the nation in terms of **energy** and the **high oil prices**. Government will like to thank the whole nation for their support and endurance through the recent energy crisis.
302. Government is working to ensure that the energy crisis our country fell into between 2006 and 2007, would be a thing of the past.
303. Government is determined to put in place requisite structures to ensure that the nation's newly discovered oil will benefit the people of Ghana and guarantee prosperity for generations yet unborn.
304. Through the establishment of the **Fair Wages** Commission with its secretariat, Government hopes to bring to an end very soon the perennial challenge of unrest due to our salary system.
305. We should all be imbued with a new sense of purpose to help accelerate the pace of our national development.



306. As we stand at the threshold of the next 50 years, may we all resolve to translate our dreams into concrete plans for prosperity as detailed in the "2057 Budget" document.
307. Again, as we prepare to host the rest of Africa, we share in the belief of most Ghanaians that the pride of Ghana, the Black Stars' will lift the cup for the 5th time.
308. Mr. Speaker, undoubtedly, a population of 22 million Ghanaians with a productive size of about 18 million people implies that any minute wasted by each of us, is 18 million minutes wasted. We should therefore ensure that we manage time effectively to make maximum use of our time.
309. Mr Speaker, I wish to call on all Ghanaians to rededicate ourselves to the achievement of our goals and the dreams we have for ourselves and our country.
310. Mr. Speaker we signed a social contract with Ghana the day we were born and formally confirmed this contract when we entered **Primary One classroom.**
311. If we work harder, strive for excellence in all our endeavours and show respect to our country men and women, we can look into the future with hope and expectation because the future is certainly **bright.**
312. We wish therefore to encourage all Ghanaians to give their best in all areas of our lives because the **future is bright.**
313. I want to make special mention of those who provided memoranda and inputs into the 2008 budget process. We appreciate your invaluable support and wish to thank you for taking the time to respond to our invitation.
314. Furthermore, our appreciation go to our friends in the media for assisting in monitoring the 2007 Budget Statement and keeping us on our toes and hope that they will continue to do the same for 2008.



315. I invite you to read the following accompanying documents:

- 2008 Budget Statement and Economic Policy of Ghana;
- 2007 "Action on Budget";
- Citizen's Guide to the 2008 Budget Statement;
- The Achievement Photo Brochure; and
- "2007 Budget" Document.

316. May God bless us all as we continue this journey into a **bright future.**

Mr Speaker, I beg to move.