

# OVERVIEW OF 2009 BUDGET STATEMENT

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# Outline

- Introduction and background of the 2009 budget
- Macroeconomic Performance for 2008
- Medium Term Macroeconomic Framework
- Macroeconomic Targets for 2009
- Sectoral Programmes and Policy Initiatives
- Challenges to the Budget

# MACRO-PERFORMANCE FOR 2008

Provisional results indicates the following for 2008:

- a real GDP growth of 6.2%;
- an end period inflation rate of 18.1% against target of 6.0 - 8.0 %;
- an average inflation of 16.5 against target of 7.0 %;
- Gross international reserves of 1.8 months; and
- an overall budget deficit including divestiture of 11.5 % against target of 4.0 % of GDP and
- an overall budget deficit excluding divestiture of 14.9% against 5.7 % of GDP.

# Medium-term Macroeconomic Targets

The Government of H.E. President Mills has the following medium term macroeconomic targets:

- average real GDP growth of about 8 per cent;
- average consumer price inflation of a single digit;
- gross international reserves of not less than three months of import cover;
- overall budget deficit equivalent to 3.0 per cent of GDP;
- Stabilization of the total public debt at no more than 60 per cent of GDP.

# Macroeconomic Targets for 2009

- real GDP growth of 5.9 per cent;
- average inflation target of 15.3 per cent;
- end period inflation of 12.5 per cent;
- an overall budget deficit equivalent to 9.4 per cent of GDP;
- gross international reserves of more than two months of import cover of goods and services.

# Analysis of the 2009 budget

## ANALYSIS OF THE 2009 BUDGET

	2009 As % age	
<b>Total Payments</b>	<b>9,793,131,406</b>	<b>100.0%</b>
<b>Statutory Payments</b>	<b>3,012,736,795</b>	<b>30.8%</b>
<b>Discretionary Payments excl. salaries</b>	<b>4,246,563,218</b>	<b>43.4%</b>
<b>Personal Emoluments (MDAs- Item 1)</b>	<b>2,533,831,393</b>	<b>25.9%</b>
<b>Domestic Revenue</b>	<b>5,935,117,462</b>	<b>60.6%</b>
<b>Foreign Grants</b>	<b>1,301,940,000</b>	<b>13.3%</b>
<b>Foreign Loans</b>	<b>1,029,180,000</b>	<b>10.5%</b>
<b>Exceptional financing</b>	<b>134,700,000</b>	<b>1.4%</b>
<b>Domestic Financing (Borrowing)</b>	<b>1,392,193,945</b>	<b>14.2%</b>

# Expenditure Rationalization for 2009

- Reduce State Protocol budget drastically
- Reduce the budget for official travel of all MDAs
- Reduce the budget on official seminars and workshops
- Strengthen Public Financial Management;
- Implement the Treasury Single Account (TSA)

# Agricultural Financing and Development

- Government will review the Export Development and Investment Fund (EDIF) Law to include the use of the Fund for agricultural investment and infrastructure.
- Government will also re-activate commercial agriculture – in rice, mango and cotton farming in the three Northern regions.
- Reactivate the Aveyime rice project under a public private partnership arrangement.
- review the current Land Administration Programme (LAP) to include the use of the relevant institutions of Government



# Policy Initiatives

## – Education

- Provision of free school uniforms for about 1.6 million
- Increase in Capitation Grant from GH ¢3.00 to GH ¢4.50; and
- Provision of free exercise books for every pupil in all public basic schools.

# Health

- Government will intensify the distribution of insecticide treated nets (ITNs) and indoor residual spraying and scale up bio-larviciding projects ;
- NHIS Law will be reviewed to address the challenges that have emerged

# Water and Sanitation

- Government will review all water projects
- Abolish five per cent contribution to the cost of water projects;
- Government will collaborate with District Assemblies nationwide to effectively tackle the sanitation situation across the country.

# Agricultural Development - Fisheries

- Review all existing agreements on fishing within Ghana's territorial waters .
- Government has contracted a loan of US\$ 39 million to purchase patrol boats;
- Government will ensure that no foreign and local fishing trawlers use any unorthodox fishing methods to deplete the marine resources in our territorial waters.
- Government will construct two fishing Harbours at James Town and Elmina fourteen landing sites.

# **Agricultural Development Fisheries**

- Ice blocks and crushed making plants would be established in some of the fishing communities
- An aquaculture facility at Asamasa in the Western Region would be completed in the course of the year.

# **Bridging the Development Gap and Addressing Extreme Poverty**

- Government will establish the Savannah Accelerated Development Authority (SADA).
- The Northern Development Fund Act will be reviewed accordingly.
- Harness the resources of the Savannah areas with value-added processing, improved technology coupled with strategic investments in people and social services.
- CEDECOM will be re-activated as a regional development institution

- **National Revenue Authority**
- Government to initiate the process of merging the three revenue agencies under an Office of Commissioner-General of Revenues.

## **Petroleum Taxes Reduction**

- Reduction of taxes on petroleum products

## **Establishment of a Sinking Fund to retire Sovereign and Jubilee Bonds**

- Government will initiate the process for the creation of a Sinking Fund account to ensure availability of funds for repayment at the maturity dates



# IMPLEMENTATION CHALLENGES

- External Shocks
- Salary Administration
- Fiscal Management
- Contingent Liabilities
- But: The Ministry has set up a high powered Implementation Committee to supervise the Budget 2009.

# Conclusion

- Expenditure Rationalisation
- Institutionalizing Cost Saving Measures
- Sustaining Increases in Revenue