REPUBLIC OF GHANA

REVIEW OF THE BUDGET AND ECONOMIC POLICY

of

GOVERNMENT

and

SUPPLEMENTARY ESTIMATES

for the

2016 FINANCIAL YEAR

presented to

PARLIAMENT

on

MONDAY, 25TH JULY, 2016

by the

HON. MINISTER FOR FINANCE
SETH E. TERKPER

on the Authority of

H. E. JOHN DRAMANI MAHAMA
PRESIDENT OF THE REPUBLIC OF GHANA

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The 2016 Review of the Budget and Economic Policy and Supplementary Estimates is also available on the internet at: www.mofep.gov.gh

LIST OF ACRONYMS AND ABBREVIATIONS

ABFA	Annual Budget Funding Amount
BOG	Bank of Ghana
bopd	barrels of oil per day
bps	basis points
CAGD	Controller and Accountant-General's Department
CBT	Competency Based Training
CET	Common External Tariff
CHPS	Community Health Planning Systems
COA	Chart of Accounts
CSCE	Coffee, Sugar and Cocoa Exchange
CST	Communication Sales Tax
DACF	District Assemblies Common Fund
DSA	Debt Sustainability Analysis
DSIP	Development of Skills for Industry Project
DSR	Debt Service Reserve
DVLA	Driver and Vehicle Licensing Authority
ECF	Extended Credit Facility
ECOWAS	Economic Community of West African States
EDAIF	Export Trade, Agricultural and Industrial Fund
EU	European Union
EXIM	Export-Import
FPSO	Floating, Production, Storage and Offloading
GDP	Gross Domestic Product
GETFund	Ghana Education Trust Fund
GFA	Gross Foreign Assets
GFIM	Ghana Fixed Income Market
GFS	Government Financial Statistics
GIIF	Ghana Infrastructure Investment Fund
GNPC	Ghana National Petroleum Corporation
GOG	Government of Ghana
GPHA	Ghana Ports and Harbours Authority
GSE-CI	Ghana Stock Exchange - Composite-index
GSF	Ghana Stabilization Fund
GSGDA II	Ghana Shared Growth and Development Agenda II
GSS	Ghana Statistical Service
HRMIS	Human Resource Management Information System
IBES	Integrated Business Establishment Survey
IPPD	Integrated Personnel Payroll Database
IPPs	Independent Power Producers
L/Cs	Letters of Credit
LMIC	Lower Middle Income Country
MCA	Millennium Challenge Account
MDPI	Management Development and Productivity Institute

MIC	Middle Income Country
MoF	Ministry of Finance
MTDS	Medium Term Debt Management Strategy
NDA	Net Domestic Assets
NDF	Net Domestic Financing
NDPC	National Development Planning Commission
NFA	Net Foreign Assets
NIP	National Infrastructure Plan
NSW	National Single Window
OCTP	Offshore Cape Three Points
PCOA	Put-and-Call Option Agreements
PCOAs	Put-and-Call Option Agreements
PFM	Public Financial Management
PHF	Petroleum Holding Fund
PPAs	Power Purchase Agreements
PPP	Public Private Partnership
SGN	Sankofa-Gye-Nyame
SOEs	State Owned Enterprises
SPVs	Special Purpose Vehicles
SSNIT	Social Security and National Insurance Trust
SSSS	Single Spine Salary Structure
TEN	Tweneboa-Enyenra-Ntomme
TPRS	Third Party Reference System
TSA	Treasury Single Account
VAT	Value Added Tax
VRA	Volta River Authority
WARFP	West Africa Regional Fisheries Project

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SECTION ONE: INTRODUCTION

1. Mr. Speaker, I beg to move that this Honourable House approves the sum of **GH¢1,888,203,387** as Supplementary Estimates for the 2016 Financial Year.

2. Mr. Speaker, in doing so, I would proceed by first presenting to this august House, a Mid-Year Review of the Budget Statement and Economic Policy of the Government of Ghana, for the 2016 Financial Year.

3. Right Honourable Speaker and Honourable Members of Parliament, on the authority of the President, His Excellency John Dramani Mahama, the review and need for revised estimates are necessitated by both domestic and long-standing global developments.

4. Mr. Speaker, before I proceed, on behalf of the President, I wish to express our profound appreciation to this august House for your cooperation in the management of the economy, in particular, the pursuit of a very active legislative agenda in the country's fiscal and financial management. No doubt, this has contributed to a very clear "turnaround story" that now shines the path on our plan for bright positive prospects for the economy.

5. Despite a few lingering problems, we will demonstrate in this Statement that the context is clearly different from the ***"challenges"*** that made President Mahama call on citizens to change course from an unsustainable path—as I presented my first Budget on behalf of the President to this House in March 2013.

6. The specific aims of this year's Mid-Year Review and Supplementary Estimates are to:
   - provide an update to Honourable Members on the performance of the economy during the first five months of 2016;
   - revise the macroeconomic targets and Budget Estimates for 2016;
   - request the House to approve Supplementary Estimates for 2016; and
   - present a progress report on the major Government initiatives and programmes that we have been implementing in various sectors of the economy.

7. Mr. Speaker, the review will highlight the positive impact of the President's policies to show that several daunting domestic and international challenges did not hinder the need to change course while also pursuing the very active infrastructure and development programme that the President himself has found it fit to embody in his "Accounting to the People" visits. This is also the basis for our "turnaround story" for this fiscal year—and the cause for our pursuit of a very robust growth agenda for the near-to-medium term.

8. Our "***Home Grown" policies,*** now incorporated in an IMF Programme were designed to achieve fiscal consolidation; address short-term vulnerabilities; reduce the high budget deficit that has been particularly harmful to the private

sector; as well as stabilize and reverse the rise in public debt. Mr. Speaker, we are on course to achieving all these goals through prudent fiscal, financial and monetary policies.

9. Provisional fiscal data up to end-December 2015 show that total revenue and grants were higher than the Budget targets by 5 percent. The overrun in total expenditures, including arrears, narrowed to 1.2 percent above target. These performances resulted in a cash budget deficit of 6.3 percent of GDP, much better than the Budget target of 7.3 percent and 10.2 percent in 2014.

10. GDP also grew by 3.9 percent at end-2015, better than the projected 3.5 percent. It is even getting better, as the economy expanded by 4.9 percent in the first quarter of 2016 compared to 4.5 percent for the same period in 2015. In spite of the anticipated shortfalls in price and production of crude oil, GDP growth is projected to end the year at 4.1 percent.

11. The nation's public debt level rose rapidly from a very low 26 percent in 2006, (with the steepest post HIPC increase of 31 percent in 2007) to approximately 72 percent by end-2015. Note that HIPC resulted in a reduction of the public debt from over 150 percent of GDP to 26 percent. However, for the first time since the declaration of HIPC in 2001—the event that reduced the debt levels and created the borrowing space—we were able to **(a)** slow down the ***rate of growth of debt accumulation*** between 2014 and 2015; and **(b)** reverse course, with the ***debt-to-GDP*** ratio falling from 72 percent at end-2015 to 63 percent at end-May 2016.

12. Hence, Mr. Speaker, the budget deficit is narrowing as we raise more domestic revenues and curtail expenditure overruns; the debt level is declining; yet we are able to continue the rapid expansion of infrastructure through prudent fiscal management; the currency has been fairly stable; and private sector business confidence is bouncing back. All these point to a turnaround and bright prospects for the economy and they also provide us with the opportunity to gradually remove the temporary taxes i.e. the Fiscal Stabilization Levy and the Temporary Import Duty over time.

13. Mr. Speaker, notwithstanding these positive developments, there has been a number of challenging situations in the domestic and global environment since the presentation of the 2016 Budget to this august House in November 2015. These have affected the assumptions underlying the Budget.

14. Crude oil prices declined to a low US$28 per barrel in January 2016, compared to the US$53.05 used in the Budget. Even though the price has been rising from March 2016, the range of US$45—US$48 per barrel at end-June 2016 is still below the projection in the budget. In addition, the defects in the turret bearing of the FPSO Kwame Nkrumah adversely affected crude oil and gas production for most of the first half of 2016. Despite the repairs made to the broken West Africa Gas Pipeline, increased rebel and pirate activities have continued to

adversely affect the supply of gas to Ghana. This has resulted in some negative impact on power supply and consequently, the health of the economy.

15. These developments and, in general, sluggish commodity prices will have negative implications for executing the 2016 Budget, particularly—and for the second year running—the allocations made to the Annual Budget Funding Amount (ABFA). However, on a more positive note, the FPSO Prof. Atta Mills docked in April 2016 to signal another significant step in our planning to change course for the future.

16. Mr. Speaker, against this overall background, we wish to revise the budget estimates—after informing MDAs and MMDAs and reminding them that the Supplementary Estimates will not result in automatic increases in budget allocation and expenditures across board. We will continue to focus on completing pipeline projects in critical sectors of the economy, call for the exercise of prudence in the way we spend; meet our obligations to contractors and suppliers; and realign our statutory funds to achieve our social intervention policies.

17. Rt. Hon. Speaker, against this background, I have come to this House to request for Supplementary Estimates of **GH¢1,888,203,387** in accordance with Article 179 (8) of the 1992 Constitution and Standing Order 143 of this House.

SECTION TWO: GLOBAL ECONOMIC DEVELOPMENTS

Growth

18. Mr. Speaker, according to the April 2016 edition of the World Economic Outlook (WEO) the global economy grew by 3.1 percent in 2015. The outturn represents a 0.3 percentage point decrease in world output compared to 2014. The decline was influenced by slowdown of economic activities in China; a move from investments and manufacturing towards consumption and services; lower energy and commodity prices; and monetary policy tightening in the US.

19. Global growth is projected at 3.2 percent in 2016 and is expected to inch up further to 3.5 percent in 2017 and beyond, driven mainly by improved economic conditions in emerging and developing market economies. Despite the positive outlook, the slowdown of economic activity in China, decline in commodity prices, as well as the British referendum is likely to impact negatively on growth prospects.

20. Mr. Speaker, in advanced economies, growth in 2016 was estimated at 1.9 percent, same as what was recorded in 2015. This reflects the return to positive growth in Japan and recovery in the Euro area. Growth in the United States is expected to remain at 2.4 percent in 2016 but increase by 0.1 percentage points to 2.5 percent in 2017.

21. According to analysts, the British decision to exit the European Union (EU) is expected to have a profound negative impact on the Eurozone, given the UK's substantial impact on EU trade—a destination for 13 percent of EU area exports. This development is expected to dampen growth in the Euro area and given the euro area's substantial weight in world trade, this slowdown is likely to have spill overs to many other economies, including emerging markets albeit to a limited extent.

22. In developing and emerging market economies, economic growth is expected to reach 4.1 percent in 2016 compared to the 4.0 percent recorded in 2015.

23. Mr Speaker, growth in the Sub-Saharan African region decelerated to 3.4 percent in 2015 from the 5.1 percent recorded in 2014. The slow growth was driven mainly by decline in commodity prices including oil exporting countries, lower demand from the region's major trading partners and the impact of the Ebola outbreak. In 2016, growth is expected to decelerate further to 3.0 percent before recovering to 4.0 percentage points in 2017.

24. Some analysts have predicted a weakened trade ties between the UK and African nations generally, due to the expected long process of negotiation of trade agreements causing a decrease in trade volumes between the UK and Africa. Again, given that the UK is the sole voice for Africa against agricultural subsidies in the EU which has been generally harmful to African farmers, the

Brexit vote could further worsen the plight of African farmers, with negative consequences for African economies.

Inflation

25. Mr. Speaker, inflation remained largely subdued in advanced economies. Headline inflation in advanced economies in 2015, was 0.3 percent, the lowest since the global financial crisis. In emerging markets and developing countries, lower commodity prices including oil and food have generally contributed to the stable 4.7 percent headline inflation recorded in 2015. In 2016, inflation is expected to increase to 0.7 percent in advanced economies while in developing and emerging market economies, inflation is expected to decelerate by 0.2 percentage points to 4.5 percent.

Commodity prices

26. Mr. Speaker, the price of crude continued to plunge in 2015, triggered by a sharp rise in US shale oil output, a weakening global demand and the refusal of OPEC members to cut production. Crude oil prices averaged US$50.79 per barrel in 2015, US$0.83 lower than projected crude oil price of US$51.62 per barrel in 2015. The WEO report projects an average crude oil price of US$34.75 and US$40.99 for 2016 and 2017, respectively.

27. Cocoa prices trended upwards in 2015 compared to 2014. The Coffee, Sugar and Cocoa Exchange (CSCE) price of cocoa averaged US$3,227.00, an increase of 3.1 percent during December 2014/2015 crop season. Cocoa purchases from Ghana, was about 573,734 tonnes over the first fourteen weeks of the 2015/2016 main crop season, accounting for an increase of 27.18 percent compared with the first fourteen weeks of the 2014/2015 main crop season. Cocoa prices are expected to register marginal declines in 2016 and 2017.

28. Mr. Speaker, Gold prices continued in a downward trajectory throughout 2015, reflecting slowing demand in China and stronger US dollar. The price of gold declined by 8.26 percent to US$1,162.88 per fine ounce in 2015, compared with the US$1,267.62 recorded in 2014. According to the World Bank's Commodity Markets Outlook, April 2016 report, gold prices are expected to decline further to US$1,150 per fine ounce in 2016 and to US$1,132 per fine ounce in 2017.

Implication of global developments on the Ghanaian economy

29. Mr. Speaker, with increased volatility in the financial markets and uncertainties in the commodities market, downside risks from the external sector remain heightened. An unanticipated decline in commodity prices (oil, cocoa and gold) will worsen the current account balance thereby depleting the country's reserve buffer.

30. Tighter conditions on international capital markets may pose financing risks for the budget. Therefore, government will continue with the implementation of its fiscal consolidation and expenditure rationalization policies in order to avert these challenges.

31. Although the impact of the UK referendum on Ghana's economy is not clear at this stage, government will continue to monitor the situation carefully and take necessary measures to mitigate any negative effects.

SECTION THREE: MACROECONOMIC PERFORMANCE IN 2015

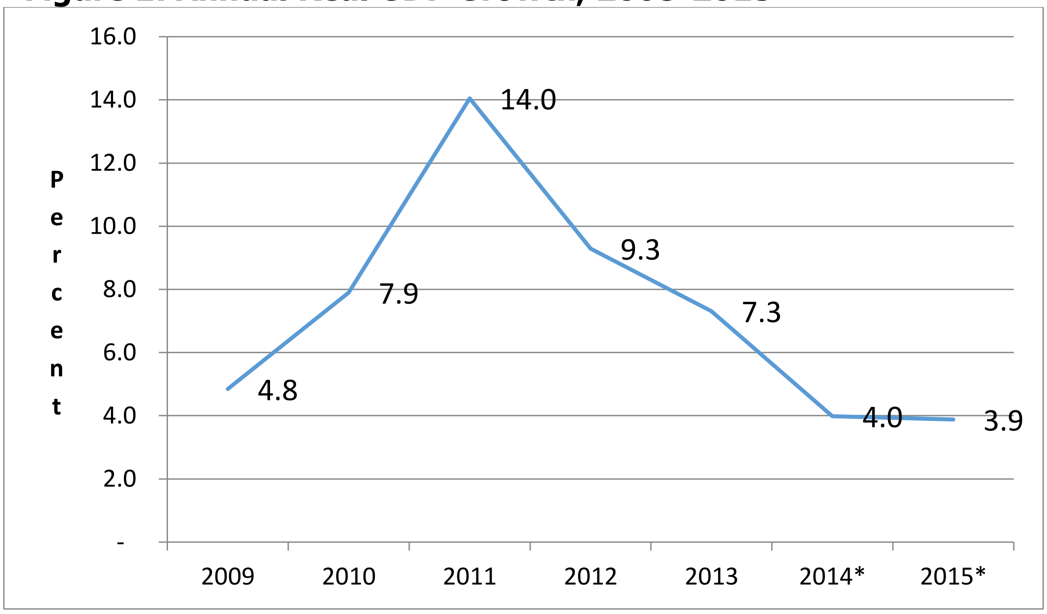
32. Mr Speaker, when we presented the 2016 Budget in Parliament in November 2015, we did not have full-year macroeconomic performance information for 2015. In the spirit of transparency and accountability as well as the need to cooperate, the Ministry of Finance has prepared and published a comprehensive 2015 Budget Performance Report on its website.

33. Mr. Speaker, permit me however to present a few highlights on the performance for 2015.

GDP Growth

34. Revised data from the Ghana Statistical Service (GSS) shows that real GDP grew by 3.9 percent in 2015, slightly higher than the projection of 3.5 percent (Figure 1).

Figure 1: Annual Real GDP Growth, 2008-2015



Source: GSS
*Revised

35. The data indicates that the Services Sector, with a growth outturn of 5.7 percent, was the highest growth performer among the three sectors in 2015. Agriculture grew by 2.4 percent, while Industry grew by 1.2 percent.

Agriculture

36. In the Agriculture Sector, all the main subsectors recorded positive growth rates, with the Livestock subsector recording the highest growth of 5.3 percent. Overall, Agriculture registered a growth of 2.4 percent, compared with the 2014 growth of 4.6 percent, as shown in Table 1. Declining growth trends in Agriculture have often coincided with declining growth rates in the Crops subsector due to the weight of the subsector. Effort continues to be made to

address the challenges in the Sector including ensuring that fertilizers are released to farmers on time.

Table 1: Agriculture Growth Performance (Percent)

	2013	2014*	2015*
Agriculture	**5.7**	**4.6**	**2.4**
Crops	5.9	5.7	2.0
o.w Cocoa	2.6	4.3	-1.4
Livestock	5.3	5.3	5.3
Forestry and Logging	4.6	3.8	3.8
Fishing	5.7	-5.6	1.2

Source: GSS
*Revised

Industry

37. The best growth performers in the Industry Sector in 2015 were the Water and Sewerage and Construction subsectors. These subsectors recorded growth rates of 21.5 percent and 3.3 percent, respectively. This is an improvement over their performances in 2014 when Water and Sewerage contracted and Construction stagnated. Manufacturing registered a growth rate of 2.2 percent, an improvement over the contraction recorded in 2014, as shown in Table 2. Mining and Quarrying, however, recorded a negative growth of 2.9 percent, mainly on account of reduced gold production and subdued growth in the upstream petroleum industry.

38. Petroleum, which is a component of Mining and Quarrying, grew by a marginal 0.9 percent, compared with the 4.5 percent growth recorded in 2014. This was primarily on account of the challenges with the gas compressor on the FPSO in July 2015. The Electricity subsector declined by 10.2 percent on account of generation challenges related to low dependable capacity and fuel supply bottlenecks for most past of the year.

Table 2: Industry Growth Performance (Percent)

	2013	2014*	2015*
Industry	**6.6**	**0.8**	**1.2**
Mining and Quarrying	11.6	3.2	-2.9
o.w Petroleum	18.0	4.5	0.9
Manufacturing	-0.5	-0.8	2.2
Electricity	16.3	0.3	-10.2
Water and Sewerage	-1.6	-1.1	21.5
Construction	8.6	0.0	3.3

Source: GSS
*Revised

Services

39. The revised data indicate that eight out of the ten subsectors recorded positive growth rates, as shown in Table 3. The Health and Social Work subsector recorded a growth rate of 15.5 percent, the highest among all the subsectors. The next highest growth performer was Information and Communication, which recorded a growth of 13.4 percent. This, however, represented a slowdown from the growth of 38.4 percent recorded in 2014. For the first time in a long while, the Financial Intermediation subsector recorded a negative growth of 1.4 percent, down from a positive growth of 22.9 percent in 2014, making it the second worst performing subsector in the Services Sector.

Table 3: Services Growth Performance (Percent)

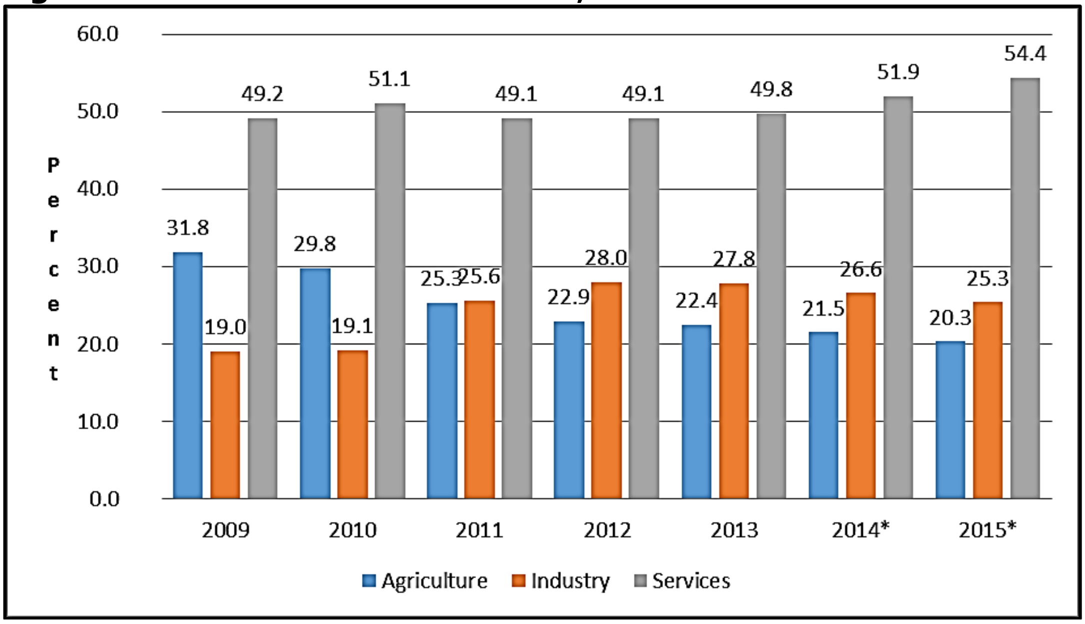
	2013	**2014***	**2015***
Services	**10.0**	**5.6**	**5.7**
Trade, Repair of Vehicles, Household Goods	14.5	1.6	9.7
Hotels and Restaurants	24.6	-1.2	1.5
Transport and Storage	-0.5	0.3	3.0
Information and Communication	24.3	38.4	13.4
Financial Intermediation	23.2	22.9	-1.4
Business, Real Estates, and others	-17.5	-1.5	7.7
Public Administration & Defence; Social Security	8.4	-4.7	9.7
Education	6.9	7.1	7.9
Health and Social Work	7.8	-1.7	15.5
Other Community, Social & Personal Services	36.5	-1.6	-5.0

Source: GSS
*Revised

Structure of the Economy

40. The Services sector increased its share of GDP from 51.9 percent in 2014 to 54.1 percent in 2015. This was at the expense of both Industry and Agriculture. Over the period, the share of Industry declined from 26.6 percent to 25.3 percent, while that of Agriculture declined from 21.5 percent to 20.3 percent, as shown in Figure 2.

Figure 2: Sector Distribution of GDP, 2009-2015



Source: GSS
*Revised

41. Inasmuch as the Services Sector is expanding by way of growth, its sustained share capture has also been as a result of slower growth in the Agriculture and, recently, Industry Sectors. In order to reverse the trend, a closer attention must be paid to the Crops, Mining and Quarrying (especially, gold), Manufacturing and Electricity subsectors.

Inflation

42. Year-on-year consumer inflation increased from 17.0 percent at the end of 2014 to 17.7 percent at the end of 2015. This exceeded the revised end-year target of 13.7 percent. The increase was due mainly to the following:
    i. Pass through effect of upward adjustment in utilities and fuel prices; and
    ii. Depreciation of the cedi.

MONETARY DEVELOPMENTS

43. Data from the Bank of Ghana (BOG) showed that the annual growth rate of broad money supply (M2+), increased by 26.1 percent at the end of December 2015, compared with 36.8 percent increase at the end of December 2014. The slower pace of growth in money supply in 2015 was as a result of the following:
    i. moderated increase in the Net Foreign Assets of the banking system by 24.0 percent in 2015 compared to an increase of 57.7 percent in 2014; and
    ii. slower pace of growth in the Net Domestic Assets of the banking system by 26.7 percent in 2015 compared to 31.2 percent in 2014.

Banks' Outstanding Credit

44. Annual growth in banks' outstanding credit to the public and private institutions increased during the year. In nominal terms, banks' outstanding credit recorded a year-on-year growth of 24.5 percent as at the end of December 2015, ending the year at GH¢30,099.1 million compared with GH¢24,101.8 million in 2014. In real terms, credit to the public and private sectors recorded a modest annual growth of 5.8 percent in 2015, compared to 21.9 percent in 2014.

Interest Rate Developments

45. In response to rising inflation and heightening inflation expectations, the Monetary Policy Committee of the Bank of Ghana increased the Monetary Policy Rate by 500 basis points (bps) to 26 percent in 2015, from 21 percent in 2014. In reaction, trends in interest rates at which banks and other financial institutions borrowed on the money market showed a mixed outturn.

46. The rates on Government Treasury Instruments such as the 91-day and 182-day bills decreased by 267 bps and 199 bps year-on-year to 23.12 percent and 24.40 percent respectively at the end of December 2015. However, the rates on the 1-year note and 2-year note increased by 25 bps and 30 bps year-on-year to 22.75 percent and 23.0 percent respectively, while the rate on the 3-year bond declined by 191 bps to 23.49 percent at the end of December 2015. Over the same period, the rate on the 5-year bonds increased by 496 bps to 24.00 percent, while the rate on the 7-year bond remained unchanged at 18 percent.

Exchange Rate Developments

47. The cedi generally depreciated against the major international currencies in both the interbank and forex bureaux markets in 2015. The domestic currency weakened during the first half of the year due to seasonal demand pressures and reduced inflows to the foreign exchange market. In the second half, however, the cedi was relatively stable as a result of tight monetary policy, improved inflows from development partners, Eurobond proceeds and the cocoa syndicated loan.

48. In the interbank market, the cedi depreciated by 16.1 percent against the US dollar in 2015 compared with the 31.2 percent depreciation recorded in 2014. The local currency also depreciated by 11.5 percent against the Pound sterling and 6.2 percent against the Euro.

49. Developments in the forex bureaux market were similar to those on the interbank market as the cedi traded weak during the first half of the year but stabilised in the second half.

EXTERNAL SECTOR DEVELOPMENTS

50. The overall balance of payments worsened in 2015 to a deficit of US$105.8 million compared with a deficit of US$85.2 million in 2014. The outturn in 2015 was largely due to deterioration in the trade account reflecting a decline in the prices of the major export commodities.

Current Account

51. The current account balance improved to a deficit of US$2,808.3 million (7.5% of GDP) from a deficit of US$3,694.5million (9.5 percent of GDP) in 2014. This development was the net result of significant improvement in services, investment income and transfer accounts despite worsening of the trade balance.

Trade Balance

52. Import and export trade declined during 2015 compared to 2014. Merchandise imports declined on the back of lower oil imports as prices declined. Exports also underperformed as a result of the slump in commodity prices on the international market, especially oil and gold. Consequently, the trade balance for 2015 recorded a deficit of US$3,928.9 million compared to a deficit of US$1,383.4 million in 2014.

Merchandise Exports

53. The value of merchandise exports for 2015 was US$10,356.7 million, indicating a decrease of 21.6 percent compared to the outturn in 2014. Falling commodity prices on the international market adversely affected earnings from the major exports, notably oil and gold. Export receipts from cocoa beans and timber recorded marginal increases while 'other' exports declined slightly.

Merchandise Imports

54. The total value of merchandise imports for 2015 was estimated at US$13,465.1 million, showing a decline of 7.8 percent compared to 2014. The marginal decline in imports was attributed to lower oil imports.

Non-Oil Imports

55. The total non-oil merchandise imports ended 2015 at US$11,418.3 million, showing a 4.7 percent year-on-year growth. The upturn was on account of higher capital and intermediate imports, which was partially offset by lower imports of consumption goods.

Services, Income and Current Transfers

56. The Services, Income and Transfers Account recorded a surplus of US$1,120.6 million in 2015, compared with a deficit of US$2,311.1 million recorded in 2014. The Services and Income accounts recorded a significant decline of 65.8 percent in outflows.

Capital and Financial Account

57. The Capital and Financial account recorded a net inflow of US$2,731.5 million, representing a decrease by 27.2 percent over the outturn for 2014. The Capital account recorded an inflow of US$279.4 million in 2015.

58. Transactions in the Financial Account recorded a net inflow of US$2,731.5 million in 2015 compared with US$3,752.8 million in 2014. The main sources of inflows, namely, foreign direct investment, portfolio investment and official capital recorded lower net inflows compared to 2014.

International Reserves

59. The stock of net international reserves at the end of 2015 was US$3,093.7 million, indicating a drawdown of US$105.8 million for the year. Gross foreign assets increased to US$5,884.7 million at the end of 2015 from US$5,461.0 million at the end of 2014. This was sufficient to provide 3.5 months of import cover compared with 3.8 months at the end of 2014.

FISCAL PERFORMANCE

60. Mr. Speaker, in line with Government's medium term fiscal policy objectives of consolidation to address short term vulnerabilities, fiscal policy in 2015 set the fiscal deficit as the fiscal anchor and targeted a reduction from 10.2 percent of GDP in 2014 to 6.5 percent in 2015. This deficit target was to be achieved by implementing policies that ensured fiscal prudence and debt sustainability through improved domestic revenue mobilization as well as expenditure rationalization and enhancement of the efficiency of public expenditures.

61. The specific measures as indicated in the 2015 Budget complemented on-going policy measures and structural reforms that the Government has been implementing since 2013 and included revenue measures that were estimated to yield about 2 percent of GDP as well as some expenditure rationalization measures. They included:
    i. the imposition of Special Petroleum Tax of 17.5 percent;
    ii. implementation of the VAT on fee-based financial services and 5 percent flat rate on real estate;
    iii. the extension to 2017 of the special import levy of 1–2 percent on some imported goods;
    iv. the extension to 2017 of the National Fiscal Stabilization Levy of 5 percent on selected sectors;
    v. salary adjustment for public sector workers within budgetary limits;
    vi. strict implementation of tariff and price adjustment mechanisms to ensure the elimination of subsidies on utilities and petroleum products (liberalization of petroleum pricing regime); and
    vii. continuation of the net freeze on employment in all sectors of the public service (excluding education and health).

62. Mr. Speaker, to support the fiscal adjustment effort, implementation of various structural reforms in the area of Revenue Administration and Tax Policy, Public Financial Management, Public Service Reform, and Debt management were also to be carried out.

63. Overall, tax revenues were projected to increase from 17.0 percent of GDP in 2014 to 18.8 percent in 2015 while total expenditure including the clearance of arrears was expected to decline to 31.5 percent of GDP in 2015 from 32.0 percent of GDP in 2014.

64. However, due to a number of global and domestic economic developments that affected some of the assumptions that underpinned the 2015 Budget such as

declining crude oil prices as well as the depreciation of the cedi, the fiscal framework was revised to reflect the impact of these challenges. As a result, both tax revenues and total expenditures were revised downwards to 17.3 percent of GDP and 30.1 percent of GDP respectively, with the overall budget deficit target also revised from 6.5 percent of GDP to 7.3 percent.

Summary of Fiscal Performance

65. Mr. Speaker, provisional fiscal data up to end-December 2015 indicates that both total revenue and grants and total expenditures including the clearance of arrears, were above their respective Budget targets by 5.0 percent and 1.2 percent. Given the higher positive deviation in revenue and grants over expenditures, a cash fiscal deficit of 6.3 percent of GDP was recorded. This performance was slightly better than the Budget target of 7.3 percent and compares to a deficit of 10.2 percent of GDP during the same period in 2014 as shown in Table 4.

Table 4: Summary of Fiscal Performance

Description	2014 Outturn		2015 Revised Budget Estimate		2015 Prov.Outturn			% Change over 2014 outturn
	Amt. (GH¢ M)	(% of GDP)	Amt. (GH¢ M)	(% of GDP)	Amt. (GH¢ M)	(% of GDP)	% Deviation	
Total Revenue & Grants	24,745.5	21.8	30,526.2	22.8	32,040.4	22.9	5.0	29.5
Total Expenditure & Arrears Clearance	36,296.1	32.0	40,298.2	30.1	40,800.7	29.2	1.2	12.4
Overall Fiscal Balance	-11,550.6	-10.2	-9,772.0	-7.3	-8,760.3	-6.3	-10.4	-24.2
Total Financing	11,550.6	10.2	9,772.0	7.3	8,760.3	6.3	-10.4	-24.2
o/w Domestic Financing	5,676.5	5.0	4,978.5	3.7	2,882.4	2.1	-42.1	-49.2

Source: MoF

Revenue Performance

66. Mr. Speaker, in spite of constraints especially with energy and the decline in crude oil prices, revenue performance remained robust. Total revenue and grants amounted to GH¢32,040.4 million (22.9 percent of GDP) against a target of GH¢30,526.2 million (22.8 percent of GDP). In nominal terms, the provisional outturn was 29.5 percent higher than the outturn for the same period in 2014. The performance in total revenue and grants for the period was driven mainly by taxes on goods and services resulting from the implementation of new tax measures, particularly the imposition of Special Petroleum Tax of 17.5 percent as well as the implementation of the VAT on fee-based financial services and the 5 percent flat rate on real estate among others. As a result, total tax revenue amounted to GH¢24,140.9 million, 4.4 percent higher than the revised Budget target of GH¢23,127.9 million as indicated in Table 5.

Table 5: Revenue Performance for 2014 - 2015

Description	2014 Outturn		2015 Revised Budget Estimate		2015 Prov.Outturn			% Change over 2014 outturn
	Amt. (GH¢ M)	(% of GDP)	Amt. (GH¢ M)	(% of GDP)	Amt. (GH¢ M)	(% of GDP)	% Deviation	
Total Revenue & Grants	24,745.5	21.8	30,526.2	22.8	32,040.4	22.9	5.0	29.5
Domestic Revenue	23,931.3	21.1	28,524.5	21.3	29,351.7	21.0	2.9	22.6
o/w Oil Revenue	2,789.1	2.5	1,766.9	1.3	1,431.0	1.0	-19.0	-48.7
Tax Revenue	19,229.8	17.0	23,127.9	17.3	24,140.9	17.3	4.4	25.5
o/w Oil Revenue	1,350.7	1.2	498.3	0.4	428.6	0.3	-14.0	-68.3
Non-Tax Revenue	4,483.4	4.0	5,214.0	3.9	4,921.4	3.5	-5.6	9.8
o/w Oil Revenue	1,438.4	1.3	1,268.6	0.9	1,002.5	0.7	-21.0	-30.3
Others	218.2	0.2	182.6	0.1	289.3	0.2	58.5	32.6
Grants	814.1	0.7	2,001.8	1.5	2,688.8	1.9	34.3	230.3

Source: MoF

67. The performance of the other tax types: taxes on income and property and taxes on international trade were not so robust as compared to taxes on goods and services. The shortfall in taxes on income and property as indicated in **Table 6** was 7.5 percent below target and this amounted to GH¢704.3 million. The reasons for the shortfall were primarily on account of:
    i. anticipated higher wage adjustments which did not materialise; and
    ii. energy challenges which affected the profits of industry hence the performance of Company Taxes

68. Although taxes on international trade performed above target, the performance was driven mainly by the non-cash import exemptions. Import duties alone were 6.7 percent lower than anticipated because goods admitted in the exemptions category had increased significantly over the period.

69. Non-tax revenues also fell below target by 5.6 percent. The impact of the decline in crude oil prices significantly affected non-tax oil revenues such as dividends or interest and profits from oil, surface rentals from oil and gas receipts and this ultimately affected the performance of non-tax revenues.

70. Disbursement of grants amounted to GH¢2,688.8 million and was 34.3 percent above the budget target of GH¢2,001.8 million.

Table 6: Summary of Tax Revenues for 2014-2015

Description	2014 Outturn		2015 Revised Budget Estimate		2015 Prov.Outturn			% Change over 2014 outturn
	Amt. (GH¢ M)	(% of GDP)	Amt. (GH¢ M)	(% of GDP)	Amt. (GH¢ M)	(% of GDP)	% Deviation	
Total Tax Rev. excl. exemptions	18,012.1	15.9	22,374.6	16.7	22,082.3	15.8	-1.3	22.6
Total Tax Rev. incl. exemptions	19,229.8	17.0	23,127.9	17.3	24,140.9	17.3	4.4	25.5
Taxes on Income & Property	**8,486.6**	**7.5**	**9,410.8**	**7.0**	**8,706.5**	**6.2**	**-7.5**	**2.6**
o/w Personal Income Tax	3,219.2	2.8	3,812.1	2.8	3,570.2	2.6	-6.3	10.9
o/w Company Taxes	3,033.6	2.7	3,753.7	2.8	3,619.9	2.6	-3.6	19.3
o/w Company Taxes on Oil	796.6	0.7	52.5	0.0	44.9	0.0	-14.5	-94.4
Taxes on Domestic Goods & Services	**6,434.3**	**5.7**	**9,348.4**	**7.0**	**9,926.8**	**7.1**	**6.2**	**54.3**
o/w VAT	4,671.6	4.1	5,760.7	4.3	6,254.4	4.5	8.6	33.9
o/w Excise	764.3	0.7	2,303.5	1.7	2,401.9	1.7	4.3	214.3
o/w NHIL	781.7	0.7	1,003.1	0.7	1,018.7	0.7	1.6	30.3
o/w CST	216.6	0.2	281.1	0.2	251.8	0.2	-10.4	16.3
International Trade Taxes	**4,308.9**	**3.8**	**4,368.7**	**3.3**	**5,507.6**	**3.9**	**26.1**	**27.8**
o/w Exemptions (non-cash)	1,217.7	1.1	753.3	0.6	2,058.7	1.5	173.3	69.1

Source: MoF

Expenditure Performance

71. Mr. Speaker, total expenditure, including payments for the clearance of arrears and outstanding commitments amounted to GH¢40,800.7 million (29.2 percent of GDP), against a target of GH¢40,298.2 million (30.1 percent of GDP). The outturn was 1.2 percent higher than the budget target and 12.4 percent higher than the outturn for 2014. Although expenditures were broadly contained within budgetary constraints there were slight overruns in the wage bill and external interest payments.

72. On account of higher-than-budget allowances payments, expenditure on Wages and Salaries for the period totalled GH¢10,555.9 million and was 2.6 percent higher than the budget target of GH¢10,286.5 million and 11.7 percent higher than the outturn in 2014. In addition, an amount of GH¢805.7 million was spent on the clearance of wage arrears. Despite higher-than-budget allowances payments that led to an overrun in the wage bill, the wage bill ratios to GDP and tax revenue continued to decline in 2015 to 7.5 percent and 43.7 percent, respectively.

73. The use of goods and services amounted to GH¢1,388.2 million against a budget target of GH¢1,856.4 million. The outturn was 25.2 percent lower than the Budget target and 28.2 percent higher than the outturn for the same period in 2014. The outturn reflects the negative impact of the decline in crude oil

prices than was anticipated which affected the ABFA component of goods and services.

74. Total interest payments amounted to GH¢9,075.3 million against a Budget target of GH¢9,349.8 million. The outturn was 2.9 percent lower than the Budget target and 28.2 percent higher than the outturn in 2014. The outturn was mainly on account of less borrowing domestically than had been anticipated. Although domestic interest payments were below target, it constituted 80.6% of the total interest payments in 2015 and 19.7 percent higher than the outturn in 2014.

75. Total capital expenditure as indicated in **Table 7** was 5.1 percent of GDP and amounted to GH¢7,133.6 million, 11.4 percent higher than the Budget target of GH¢6,401.5 million. In nominal terms, the outturn was 17.0 percent higher than the outturn in 2014. The higher outturn for capital spending was on account of higher foreign-financed capital expenditure driven mainly by the disbursement of more project loans than anticipated.

Table 7: Summary of Total Expenditure, 2014-2015

Description	2014 Outturn		2015 Revised Budget Estimate		2015 Prov.Outturn			% Change over 2014 outturn
	Amt. (GH¢ M)	(% of GDP)	Amt. (GH¢ M)	(% of GDP)	Amt. (GH¢ M)	(% of GDP)	% Deviation	
Total Expenditure & Arrears Clearance	36,296.1	32.0	40,298.2	30.1	40,800.7	29.2	1.2	12.4
Total Expenditure	31,962.2	28.2	37,974.9	28.3	38,589.9	27.6	1.6	20.7
Compensation of Employees	10,466.8	9.2	12,312.9	9.2	12,111.2	8.7	-1.6	15.7
o/w Wages & Salaries	9,448.6	8.3	10,286.5	7.7	10,555.9	7.5	2.6	11.7
Use of Goods & Services	1,776.6	1.6	1,856.4	1.4	1,388.2	1.0	-25.2	-21.9
Interest Payments	7,080.9	6.2	9,349.8	7.0	9,075.3	6.5	-2.9	28.2
o/w Domestic Interest	6,111.0	5.4	7,734.0	5.8	7,312.9	5.2	-5.4	19.7
Subsidies	473.7	0.4	50.0	0.0	25.0	0.0	-50.0	-94.7
Grants to Other Gov't Units	4,850.8	4.3	7,190.1	5.4	6,798.0	4.9	-5.5	40.1
Social Benefits	-	-	60.8	0.0	-	0.0	-100.0	
Others (Exemptions)	1,217.7	1.1	753.3	0.6	2,058.7	1.5	173.3	69.1
Capital Expenditure	6,095.7	5.4	6,401.5	4.8	7,133.6	5.1	11.4	17.0
Arrears Clearance & Tax Refunds	4,237.2	3.7	2,323.4	1.7	3,036.6	2.2	30.7	-28.3
o/w Tax Refunds	156.7		462.0		627.1		35.7	300.3
Discrepancy	-96.6	-0.1	0.0	0.0	825.7	0.6		-954.4

Source: MoF

Financing

76. Mr. Speaker, based on the revenue and expenditure performance indicated above, the fiscal balance on cash basis registered a deficit of GH¢8,760.3 million, 6.3 percent of GDP. This was an improvement over the target of GH¢9,771.9 million (7.3 percent of GDP), and significantly lower than the deficit of GH¢11,550.6 million (10.2 percent of GDP) for the same period in 2014.

77. The deficit of GH¢8,760.3 million was financed mainly from foreign sources, with total foreign financing amounting to GH¢5,877.9 million, including GH¢3,615.0 million from the issue of the 2015 Eurobond. Foreign financing constituted 67.1 percent of total financing.

78. Net Domestic Financing (NDF) of the Budget amounted to GH¢2,882.4 million and constituted 32.9 percent of total financing as a result of the issuance of the 2015 Eurobond which substituted domestic borrowing significantly.

79. The primary balance improved significantly to register a surplus of 0.2 percent of GDP. This compares favourably to a deficit target of 0.3 percent of GDP in 2015 and a deficit of 3.9 percent of GDP during the same period in 2014 as shown in **Table 8**. This is an indication that government is not accumulating debt hence the declining debt to GDP ratio.

Table 8: Financing, 2014-2015

Description	2014 Outturn		2015 Revised Budget Estimate		2015 Prov.Outturn			% Change over 2014 outturn
	Amt. (GH¢ M)	(% of GDP)	Amt. (GH¢ M)	(% of GDP)	Amt. (GH¢ M)	(% of GDP)	% Deviation	
Total Financing	11,550.6	10.2	9,772.0	7.3	8,760.3	6.3	-10.4	-24.2
Foreign	5,874.1	5.2	4,793.5	3.6	5,877.9	4.2	22.6	0.1
Domestic	5,676.5	5.0	4,978.5	3.7	2,882.4	2.1	-42.1	-49.2
Primary Balance	-4,469.7	-3.9	-422.2	-0.3	315.0	0.2	-174.6	-107.0

Source: MoF

PETROLEUM REVENUES

Production

80. Oil production from the Jubilee Field in 2015 was 37,411,661 barrels. This was slightly higher than the 2015 Budget projection of 37,242,186 and the 2014 production of 37,201,691. The average daily oil production for the year was 102,498 bopd, compared with 101,976 bopd in 2014, as shown in **Table 9**.

Table 9: Jubilee Production, 2011-2015

Year	Budget		Actual		Variance of Total
	Bopd	Total	Bopd	Total	
2011	84,737	30,929,005	66,290	24,195,895	(6,733,110)
2012	90,000	32,850,000	71,997	26,351,278	(6,498,722)
2013	83,341	30,419,465	99,685	35,587,558	5,168,093
2014	93,029	33,955,644	101,976	37,201,691	3,246,047
2015	102,033	37,242,186	102,498	37,411,661	169,475

Source: GNPC

81. GNPC lifted six parcels of Jubilee crude oil in 2015, totaling 5,730,090 barrels, on behalf of the Ghana Group, compared to eight parcels in 2014, which totaled 7,681,120 barrels. The parcels lifted in 2015 constitute Ghana's twenty-fifth to thirtieth Jubilee liftings.

82. With regard to proceeds, the 23rd - 24th Jubilee liftings, which were the seventh and eighth liftings in 2014, respectively, were credited to 2015, since the proceeds were realized in January 2015. Similarly, the thirtieth lifting, the sixth and final lifting for 2015, occurred on December 8, 2015, but the proceeds have been credited to the 2016 financial year.

83. The Saltpond Field produced crude oil from 1st January to 11th May, 2015. However, production ceased from 12th May to 24th October, 2015, due partly to some unresolved industrial issues with the offshore crew. The Field resumed

production on 25th October and continued till 23rd December, 2015, when there was another shut-in. The Field produced a total of 49,353 barrels of crude oil in 2015.

84. The average Jubilee crude oil price achieved for 2015 was US$55.23 per barrel, compared to US$103.50 per barrel in 2014. However, this price compares favourably with the average Dated Brent price of US$52.51 per barrel during the period in which the Ghana Group's liftings took place in 2015.

Inflows to the Petroleum Holding Fund

85. Receipts from crude oil liftings for the 2015 fiscal year, which accrued from the 23rd to 29th liftings, amounted to US$374.29 million (GH₵1,370.74 million), as shown in **Table 10**. This involved 6,689,483 barrels and excludes the proceeds from the 30th lifting, which were received in January 2016, even though the lifting took place on 8th December, 2015.

Table 10: Details of 2015 Ghana Group Crude Oil Liftings

Item	Unit	1st Qtr			2nd Qtr		3rd Qtr	4th Qtr	Total
		23rd Lifting	24th Lifting	25th Lifting	26th Lifting	27th Lifting	28th Lifting	29th Lifting	
Date of Lifting	dd/mm/yy	9-Dec-14	28-Dec-14	5-Feb-15	25-Mar-15	26-May-15	30-Jun-15	9-Sep-15	
Volume of lift	barrels	912,346.00	995,165.00	986,276.00	988,069.00	948,230.00	911,343.00	948,054.00	6,689,483.00
Selling Price	US$	61.486	54.503	50.632	53.056	64.748	60.802	47.243	
Value of lift	**US$**	**56,096,506.16**	**54,239,478.00**	**49,937,126.43**	**52,422,988.86**	**61,395,996.04**	**55,411,477.09**	**44,788,915.12**	**374,292,487.70**
	GH₵	**180,602,701.57**	**187,836,736.26**	**175,169,452.09**	**201,291,171.48**	**265,681,963.46**	**191,424,488.76**	**168,728,801.04**	**1,370,735,314.66**

Source: MoF/BoG

86. Total petroleum receipts (i.e. proceeds from Jubilee liftings and other petroleum receipts) for the year 2015 totaled US$396.17 million (GH₵1,449.92 million), as shown in **Table 11**. This was considerably lower than the 2014 petroleum receipts of US$978.02 million (GH₵2,772.13 million), mainly as a result of the rapid decline in crude oil prices.

Table 11: Sources of 2015 Petroleum Receipts (US$)

Item	Unit	1st Qtr			2nd Qtr		3rd Qtr	4th Qtr		Total
		23rd Lifting	24th Lifting	25th Lifting	26th Lifting	27th Lifting	28th Lifting	29th Lifting	30th Lifting*	
Date of Lifting		9-Dec-14	28-Dec-14	5-Feb-15	25-Mar-15	26-May-15	30-Jun-15	9-Sep-15		
Jubilee Royalties	US$	15,618,117	15,101,092	13,903,252	14,595,354	17,093,575	15,427,394	12,469,912	-	104,208,697
Carried and Participating Interest	US$	40,478,389	39,138,386	36,033,874	37,827,635	44,302,421	39,984,083	32,319,003	-	270,083,791
Surface Rentals	US$	-	17,797	-	-	338,997	-	109,126	-	465,920
Corporate Income Tax	US$	-	-	-	-	-	11,617,384		8,793,448	20,410,832
PHF income	US$	5,154	3,658	1,537	4,509	3,860	3,314	6,713	1,722	30,468
Gas	US$	-	-	-	-	-	-	553,815		553,815
Price Differential	US$	-	-	-	-	-	-	-	419,387	419,387
Total Petroleum Receipts	**US$**	**56,101,660**	**54,260,934**	**49,938,664**	**52,427,498**	**61,738,852**	**67,032,175**	**45,458,570**	**9,214,557**	**396,172,909**
	GH₵	**180,619,252**	**187,909,632**	**175,175,047**	**201,308,781**	**267,064,567**	**231,571,034**	**171,263,248**	**35,011,299**	**1,449,922,860**

Source: MoF/BoG

NOTE: The 30th lifting proceeds have been credited to 2016 since they were received in 2016Q1. However, Corporate Income Tax, PHF income and a Price Differential were *received in-between the 29th and 30th liftings. These amounts have been accounted for as 2015 receipts but distributed together with the 30th lifting in 2016.*

Outflows from the Petroleum Holding Fund

87. The 2015 actual petroleum receipts were allocated based on the provisions of the PRMA, as amended. Out of the total revenue of US$396.17 million, GNPC received US$126.86 million (GH₵463.37 million), as shown in **Table 12**.

Table 12: Distribution of 2015 Petroleum Receipts (US$)

Item		1st Qtr			2nd Qtr		3rd Qtr	4th Qtr	Total
	Unit	23rd Lifting	24th Lifting	25th Lifting	26th Lifting	27th Lifting	28th Lifting	29th Lifting	
Transfer to GNPC	US$	**14,463,833**	**21,750,758**	**16,081,548**	**14,038,271**	**20,276,722**	**11,689,093**	**28,558,500**	**126,858,724**
o/w Equity Financing cost	US$	3,314,780	14,298,917	7,530,551	3,842,829	9,979,994	(306,132)	26,946,856	**65,607,794**
o/w Net Carried and Participation Interest	US$	11,149,053	7,451,841	8,550,997	10,195,442	10,296,728	11,995,225	1,611,644	**61,250,929**
GoG Net Receipts for Distribution to ABFA and GPFs	**US$**	**42,506,515**	**32,510,176**	**33,857,116**	**38,389,227**	**41,462,130**	**55,343,082**	**16,900,070**	**260,968,316**
o/w Annual Budget Funding Amount	US$	42,506,515	32,510,176	33,857,116	38,389,227	41,462,130	38,740,158	11,830,049	**239,295,371**
o/w Ghana Infrastructure Investment Fund	US$	7,438,640	5,689,281	5,924,995	6,718,115	7,255,873	6,779,528	2,070,259	**41,876,690**
o/w Ghana Petroleum Funds	US$	-	-	-	-	-	16,602,925	5,070,021	**21,672,946**
o/w Ghana Stabilisation Fund	US$	-	-	-	-	-	11,622,047	3,549,015	**15,171,062**
o/w Ghana Heritage Fund	US$	-	-	-	-	-	4,980,877	1,521,006	**6,501,884**
Total Payments	**US$**	**56,970,348**	**54,260,934**	**49,938,664**	**52,427,498**	**61,738,852**	**67,032,175**	**45,458,570**	**387,827,040**
	GH₵	**190,562,993**	**191,877,514**	**190,426,265**	**209,061,941**	**204,452,768**	**271,060,226**	**171,703,201**	**1,429,144,906**

Source: MoF
**23rd Lifting includes 2011 undistributed Surface Rentals receipts paid in December 2014 but distributed in 2015 (US$0.869 million)*
**ABFA excludes 2015Q2 withdrawal from the GSF to partly make up for the 2015Q1 ABFA shortfall*
**The GIIF Secretariat indicates that it has not utilized the portion of the ABFA allocated to it*

88. A total of US$21.67 million (GH₵86.27 million) was transferred into the Ghana Petroleum Funds (GPFs) in 2015, compared to US$388.23 million (GH₵1,123.19 million) for 2014. Out of the amount transferred, the Ghana Heritage Fund (GHF) received US$6.50 million (GH₵25.93 million), against US$116.47 million (GH₵336.96 million) in 2014, while the Ghana Stabilisation Fund (GSF) received US$15.17 million (GH₵60.34 million), against US$271.76 million (GH₵786.23 million) in 2014.

89. The total amount transferred in 2015 from the petroleum liftings and related proceeds to the ABFA was US$239.30 million (GH₵879.54 million). Of this amount, the Ghana Infrastructure Investment Fund (GIIF) received a total of US$41.88 million.

90. In addition to the ABFA transfers in 2015, an amount of US$53.69 million (GH₵206.75 million) was withdrawn from the GSF in the second quarter of 2015 to partly make up for the first quarter ABFA shortfall. This brings the total amount transferred to the ABFA to US$292.98 million (GH₵1,086.29 million). An allocation of US$9.39 million was made to GIIF from the US$53.69 million, in line with the PRMA, as amended, and the GIIF Act. This brings the total allocation to GIIF in 2015 to US$51.27 million.

91. The 2015 Budget established a quarterly ABFA of US$180.45 million. This was revised downwards to US$59.13 million during the mid-year review, due mainly to the persistent decline in crude oil prices, as shown in **Table 13**. The quarterly ABFA determines what the ABFA shortfalls for every quarter will be. Thus, the withdrawal from the GSF in the second quarter, in respect of the first quarter shortfall in the ABFA, was based on a quarterly ABFA projection of US$180.45 million. ABFA receipts for the first half of 2015, including a withdrawal from the GSF, was US$242.14 million (GH₵884.66 million), against a benchmark revenue target of US$360.91 million (GH₵1,227.09 million). The second half actual petroleum receipt was US$50.57 million (GH₵201.62 million), against a target of US$118.26 million (GH₵402.09 million).

Table 13: 2015 ABFA Allocation and Variance Analysis (Prorated Basis)

Period	GH₵			US$		
	Budget	Actual	Variance	Budget	Actual	Variance
Qtr1	613,545,567	387,164,620	(226,380,947)	180,454,579	108,873,807	(71,580,772)
Qtr2*	613,545,567	497,495,883	(116,049,684)	180,454,579	133,536,936	(46,917,642)
Qtr3	201,045,979	156,843,402	(44,202,576)	59,131,170	38,740,158	(20,391,013)
Qtr4	201,045,979	44,781,467	(156,264,512)	59,131,170	11,830,049	(47,301,121)
Total	**1,629,183,092**	**1,086,285,373**	**(542,897,719)**	**479,171,498**	**292,980,950**	**(186,190,548)**

Source: MoF/BoG
**Qtr. 2 includes amount withdrawn from GSF to partly make up for the ABFA shortfall in the first quarter*

92. There could have been a withdrawal from the GSF in the third quarter of 2015, in respect of the second quarter ABFA shortfall. However, this was not carried out, due mainly to the downward revision of the cap on the GSF from US$300.0 million to US$150.0 million during the mid-year review.

DEVELOPMENTS IN PUBLIC DEBT

93. Mr Speaker, Ghana's public debt reached 71.63 percent of GDP at end 2015 compared to 70.20 percent of GDP recorded in 2014. Domestic and external debt stood at 28.81 percent of GDP and 42.81 percent respectively. The relatively slight increase in the debt to GDP ratio indicates the success of current debt policies, thereby, leading to a significant improvement in the annual growth in debt ratios compared to performance over the past 10 years. The slight increase was largely accounted for by the significant depreciation of the Cedi against the US Dollar for the period.

94. In nominal terms, the public debt stock as at end 2015, stood at GH¢ 100,234.95 million (US$26,403.33million) with external and domestic debt of GH¢59,912.81 million (US$15,781.89 million) and GH¢40,322.14 million (US$10,621.43 million), respectively.

2015 Eurobond Issue

95. Mr Speaker, as you may recall, Parliament approved the issuance of US$1.5 billion bond on the International Capital Market. The main objective was to

refinance existing domestic debt with a view to smoothen maturity profile, minimise interest burden and minimise roll-over risk. Part of the bond proceeds was also meant to support the budget.

96. In spite of the difficult international financial market conditions, government secured US$1.0 billion Eurobond out of the approved US$1.5 billion at a coupon rate of 10.75 percent with an extended maturity of 15 years. It is important to note that Ghana was the second Sub-Saharan country (first is South Africa) to issue such a long tenure bond. The bond was amortized to be repaid in three instalments of US$333 million in 2028 and 2029, and US$334 million in 2030.

The 2015 Medium Term Debt Management Strategy

97. In 2015, Cabinet approved the 2015 Medium Term Debt Management Strategy (MTDS) to guide gross financing requirements and incorporate the risks elements identified in the debt portfolio. The implementation of the strategy was broadly on track with significant progress on the initiatives identified in the strategy.

SECTION FOUR: MACROECONOMIC PERFORMANCE IN 2016

MACROECONOMIC TARGETS

98. Mr. Speaker, with your permission, we will now provide you with an update on the macroeconomic performance for 2016. In consonance with the growth objectives of the GSGDA II, which covers the period 2014-2017, Government's macroeconomic programme for 2016 is aimed at attaining and sustaining macroeconomic stability and strong economic growth whiles creating decent jobs and protecting social spending. Based on the medium term macroeconomic framework, the specific macroeconomic targets set for 2016 in the 2016 Budget were as follows:

i. overall real GDP (including oil) growth of 5.4 percent;
ii. non-oil real GDP growth of 5.2 percent;
iii. an end year inflation target of 10.1 percent;
iv. overall budget deficit equivalent to 5.3 percent of GDP; and
v. gross international reserves of not less than 3 months of import cover of goods and services.

99. Developments from January to May 2015, particularly with regards to fiscal performance, indicate that Government policies and reform measures implemented since 2013 are yielding expected results. The details of the macroeconomic performance for the period under review are highlighted below.

GDP Growth

100. The economy expanded by 4.9 percent in the first quarter of 2016, up from 4.1 percent in the corresponding period in 2015. The Agriculture Sector grew by 2.8 percent, compared to 1.7 percent in the corresponding period in 2015; Industry declined by 1.1 percent, against a growth of 7.2 percent in the corresponding period in 2015; and the Services Sector grew by 8.8 percent, compared to 5.2 percent in the first quarter of 2015.

101. The provisional GDP at current prices for the first quarter of 2016 is estimated at GH₵37,515.8 million, compared to GH₵32,534.9 million in the first quarter of 2015. In real terms, the 2016 first quarter GDP was GH₵8,095.0 million, compared with GH₵7,718.0 million in the first quarter of 2015.

102. In 2016, overall GDP is expected to grow by 4.1 percent, while non-oil GDP (excluding oil and gas) is expected to grow by 4.6 percent, as shown in **Table 14**. These figures represent downward revisions from earlier estimates, taking into account major recent developments. These developments have included the release of revised GDP figures for 2015 (by the GSS); revision of gold production forecasts for 2016-18; power supply bottlenecks and production challenges associated with the FPSO Kwame Nkrumah.

Table 14: Revised 2016 GDP Growth (percent)

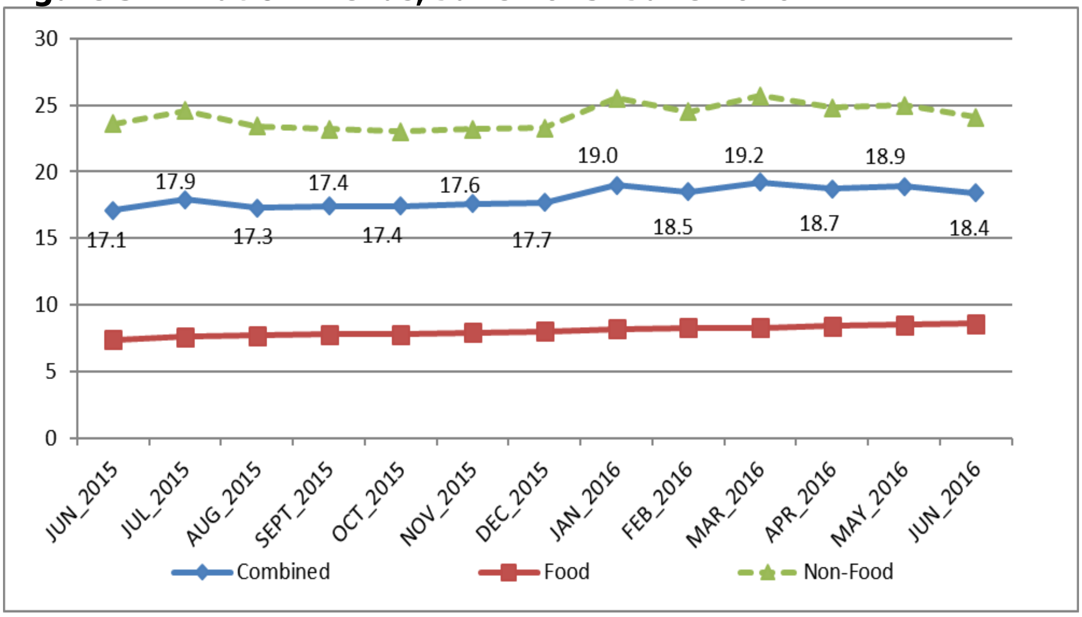
Item	Budget	Revised
Agriculture	3.5	3.6
Industry	7.0	0.8
Services	6.0	5.9
Overall GDP (incl. Oil)	**5.4**	**4.1**
Overall GDP (excl. Oil)	**5.2**	**4.6**

Source: MoF

Inflation

103. Inflation pressures remained elevated over the first six months of 2016 due to the pass through effect of upward adjustments in prices of utilities and petroleum products and transport fares. Headline inflation rose from 17.7 percent in December 2015 to 19.2 percent in March 2016, before moderating to 18.7 percent in April 2016. Inflation rose slightly to 18.9 percent in May 2016 and reduced to 18.4 percent in June 2016. Over the review period, food inflation increased from 8.0 percent in December 2015 to 8.6 percent in June 2016, while non-food inflation also rose from 23.3 percent in December 2015 to 24.1 percent in June 2016 as shown in **Figure 3**.

Figure 3: Inflation Trends, June 2015- June 2016



Source: Ghana Statistical Service

Petroleum Revenues from January-May 2016

104. As at end-May 2016, only one crude oil lifting had been undertaken by the Ghana Group, owing to the low production as a result of the shut-down of the FPSO in March. That notwithstanding, GOG had received two lifting proceeds from the 30th (undertaken in December 2015) and the 31st (undertaken in February 2016) liftings.

105. The lifting proceeds, which involved 1.90 million barrels of crude oil, amounted to US$66.23 million. Additional petroleum revenue (corporate tax, surface rental, gas receipts, etc.) amounted to US$20.92 million, taking the total petroleum receipts to US$87.15 million against a first half-year target of US$484.79 million.

106. Of this amount, US$22.77 million was allocated to GNPC as Equity Financing Cost (US$12.05 million) and its share of the Carried and Participating Interest (US$10.72 million). The balance of US$64.38 million was transferred to the ABFA (70%) and Ghana Petroleum Funds (30%), in line with the PRMA.

MONETARY DEVELOPMENTS

Monetary Aggregates and Credit Developments

107. Broad money supply (M2+) grew by 18.1 percent year-on-year in March 2016 compared to a 31.4 percent annual growth in March 2015. The slower pace of growth was attributed to moderate growth in both Net Foreign Assets (NFA) and Net Domestic Assets (NDA). The NFA went up by 36.8 percent (from +52.9% in March 2015) while NDA also increased by 13.7 percent (from +27.2% in March 2015). At the end of March 2016, M2+ stood at GH¢45,333.8 million, compared with GH¢38,387.8 million in March 2015

108. Total outstanding credit was GH¢30,186.9 million at the end of March 2016, compared with GH¢28,886.0 million in March 2015. This showed a nominal growth of 12.3 per cent in March 2016, down from 38.5 per cent in March 2015. Private sector credit grew by 11.2 per cent year-on-year in March compared with 36.4 per cent growth a year earlier. In real terms, private sector credit annual growth moderated to 6.7 per cent, compared with 17.0 per cent recorded in March 2015. The private sector accounted for 85.9 per cent of total outstanding credit at the end of the review period compared with 86.8 per cent in March 2015.

Money and Capital Markets

109. Interest rate trends in the money market showed mixed outturn over the review period. The Monetary Policy Rate of the Bank of Ghana was maintained at 26 per cent in April 2016, same since November 2015. The interest rate on the 91-day Treasury bills declined from 25.20 per cent in December 2015 to 23.2 per cent in April 2016, while the rate on the 182-day Treasury bill rose from 24.40 per cent to 24.58 per cent in April 2016. The interbank weighted average rate also rose marginally from 25.25 per cent in December 2015 to 25.43 per cent in April 2016, while the average base rate increased from 26.94 per cent to 27.18 per cent over the same period. The 3-month time deposit rate remained same at 13.00 per cent in April 2016 since December 2015, while the average lending rate increased from 26.94 per cent to 32.14 per cent, widening the spread between the lending and borrowing rates from 14.50 per cent to 19.14 per cent in April 2016.

110. Stock market activities declined over the period. The GSE Composite-index (GSE-CI) declined by 8.33 per cent on year-to-date basis to close at 1,828.78 points compared with a growth of 0.52 per cent in the same period of 2015. Total market capitalization ended April 2016 at GH¢54,429.4 million compared to GH¢63,030.7 million in April 2015, representing a year-to-date decline of 4.71 per cent. The poor performance of the stock market was largely driven by relatively higher yields being offered on alternate investible assets, such as money market instruments.

Exchange Rate Developments

111. On the domestic currency market, the Ghana cedi recovered most of its lost value against the dollar since the beginning of the year to April 2016, on account of monetary policy tightness and improved foreign inflows. In the interbank market, the Ghana cedi cumulatively depreciated by 0.02 per cent and 2.7 per cent against the US dollar and the Euro respectively, and appreciated by 1.6 per cent against the pound sterling. These compare favourably with cumulative depreciation rates of 16.9 per cent, 16.3 per cent and 9.2 per cent against the dollar, the pound sterling and the euro respectively in the same period of 2015.

112. Developments in the forex bureaux market mirrored that of the interbank market. On cumulative basis, the local currency appreciated by 0.2 per cent and 5.6 per cent against the US dollar and the pound respectively, and depreciated by 2.6 per cent against the euro. In comparison with the same period in 2015, the cedi depreciated by 15.5 per cent, 13.4 per cent and 4.0 per cent against the dollar, the pound and the euro respectively.

EXTERNAL SECTOR DEVELOPMENTS

113. The external sector faced some challenges during for the first four months of 2016 mainly as a result of volatilities in international commodity prices. Consequently, the provisional trade balance over the review period showed a deficit of US$972.78 million compared to a deficit of US$542.71 million recorded in the corresponding period of 2015. The worsening trade balance was due to a significant decline in exports receipts, which outpaced the drop in imports.

114. The value of merchandise exports for the period January to April 2016 was provisionally estimated at US$3,345.96 million compared with US$3,892.64 million recorded for the same period in 2015 and indicating a 14.0 per cent year-on-year decline. The lower export receipts were mainly attributable to the fall in prices of gold and oil, as well as lower production volumes of oil and cocoa products exports.

115. Gold exports for the first four months amounted to US$1,184.92 million compared to US$1,124.54 million recorded during the same period in 2015. The increase in receipts was due to higher production volumes. The average realized

price declined by 1.7 per cent to settle at US$1,198.43 per fine ounce and the volume of gold exported increased by 7.2 per cent to 988,723 fine ounces.

116. Crude oil exports amounted to US$212.3 million for the first-four months of 2016, compared to US$687.3 million recorded in the same period in 2015. The decrease in value was due to both price and volume effects. Crude oil exported volume decreased by 48.1 per cent to 6,589,482 barrels in 2016 compared to 12,697,779 barrels in 2015. The average realized price of oil also decreased significantly by 40.5 per cent to US$32.2 per barrel from US$54.13 per barrel recorded in the same period last year. Which period

117. The value of cocoa beans and products exports for the first four months of 2016 summed up to US$1,261.8 million compared with US$1,229.8 million for the same period in 2015, showing a decrease of 2.6 per cent. Exports of cocoa beans for the period were estimated at US$1,049.3 million, an increase of 7.4 per cent from the value recorded in 2015. Realized prices of cocoa beans increased by 1.5 per cent to settle at US$3,006.0 per tonne while the volume exported increased by 5.8 per cent to settle at 349,068 tonnes. Cocoa product export earnings however, decreased by 15.9 per cent to US$212.5 million on account of a 16.1 per cent decrease in volume and a 0.2 per cent rise in price.

118. Total merchandise imports for the first four months of 2016 amounted to US$4,318.7 million, down by 2.6 per cent year-on-year. The decline in imports was on account of both oil and non-oil imports. Oil imports was provisionally estimated at US$556.0 million, compared with US$658.1 million for the same period in 2015. Also, non-oil imports totaled US$3,760.8 million, down by 0.44 per cent from the outturn of US$3,777.3 million in the same period in 2015. The slight decrease was occasioned by a fall in consumption goods imported.

119. Gross Foreign Assets (GFA) increased by US$66.26 million to US$5,950.99 million from a stock position of US$5,884.74 million at end December 2015. This was sufficient to provide cover for 3.3 months of imports compared to 3.5 months of imports cover as at December 2015.

FISCAL PERFORMANCE

120. Mr. Speaker, since 2013, fiscal policy has focused primarily on reducing the fiscal deficit to low and sustainable levels. As a result, government is pursuing fiscal consolidation policies as part of its overall macroeconomic stability agenda. In 2016, the fiscal deficit continues to be set as the fiscal anchor and targets a decline from 6.3 percent of GDP in 2015 to 5.3 percent of GDP with the ultimate goal of progressively reducing the fiscal deficit to 3.0 percent of GDP by 2018.

121. Mr. Speaker, the fiscal policy objectives for 2016 were, therefore, set against the backdrop of:

i. continued implementation of revenue and expenditure measures which we have been implementing since 2013;
ii. strengthening the on-going revenue administration reforms;

iii. improving public financial management and expenditure rationalization to enhance the efficiency of public spending; and
iv. implementation of new debt management strategies.

122. Specifically, the following revenue enhancing and expenditure rationalization measures, among others, are being reinforced in 2016 and over the short to medium term to ensure the achievement of the nation's fiscal objectives:
i. implementation of the Common External Tariff (CET);
ii. implementation of the Income Tax Act, 2015 (Act 896). This new Act is expected to improve compliance and yield additional revenue equivalent to 0.3 percent of GDP;
iii. realignment of Statutory Funds to address the increasing rigidities in the budget;
iv. rationalization of IGFs; and
v. implementation of Government's 'weaning off' policy.

123. Mr. Speaker, provisional data for the first five months of 2016 indicates that total revenue and grants and total expenditures including the clearance of arrears were both below their respective Budget targets. However, since the deviation in revenues from the Budget target were significantly higher than expenditures for the period, this resulted in a cash fiscal deficit of 2.5 percent of GDP against a Budget deficit target of 2.2 percent. This performance compares to a budget deficit of 2.2 percent of GDP during the same period in 2015.

124. Mr. Speaker, with the exception of taxes on domestic goods and services, all other tax types as well as non-tax and grants disbursements were below their respective Budget targets for the period as shown in **Table 15** and **16**.

Table 15: Summary of Revenue and Grants, JAN – MAY, 2016

Description	2015 Jan-May Outturn		2016 Jan-May Budget Estimate		2016 Jan-May Prov.Outturn			% Change over 2015 outturn
	Amt. (GH¢ M)	(% of GDP)	Amt. (GH¢ M)	(% of GDP)	Amt. (GH¢ M)	(% of GDP)	% Deviation	
Total Revenue & Grants	11,287.1	8.1	14,907.5	9.4	13,456.6	8.1	-9.7	19.2
Domestic Revenue	10,907.0	7.8	14,174.5	8.9	12,724.2	7.6	-10.2	16.7
o/w Oil Revenue	782.4	0.6	857.5	0.5	335.4	0.2	-60.9	-57.1
Tax Revenue	8,499.8	6.1	11,032.8	7.0	10,326.2	6.2	-6.4	21.5
o/w Oil Revenue	217.0	0.2	216.2	0.1	113.0	0.1	-47.7	-47.9
Non-Tax Revenue	2,352.3	1.7	2,995.4	1.9	2,320.6	1.4	-22.5	-1.3
o/w Oil Revenue	565.4	0.4	641.3	0.4	222.4	0.1	-65.3	-60.7
Social Contributions	54.9	0.0	146.2	0.1	77.5	0.0	-47.0	41.1
Grants	380.1	0.3	733.0	0.5	732.3	0.4	-0.1	92.7

Source: MoF

125. Mr. Speaker, a detailed analysis of the performance of all tax types indicates that, the robust performance of taxes on goods and services was mainly on account of the strong performance of VAT and Communication Sales Tax (CST). On the other hand, taxes on income and property and international trade taxes fell below their respective targets and some of the reasons for the performance of these tax types were:

i. the non-realisation of expected increase in employment and salary levels in the private sector;
ii. submission of nil assessment for the first quarter by some major companies;
iii. eroded profit margins arising from the hikes in utility prices;
iv. upfront VAT relief to the manufacturing sector which grew by 38.4 percent compared with Q1 of 2015; and
v. value of import duty exempted which increased to 33.04 percent in 2016 Q1 from 21.7 percent in 2015 Q1.

126. As a result, total tax revenues amounted to GH¢10,326.2million and was 6.4 percent below the budget target of GH¢11,032.8 million as indicated in **Table 16**. Similarly, Non-tax revenues fell below target by 22.5 percent due to the non-realisation of non-tax oil revenues and gas receipts emanating from the significant decline in crude oil prices during this period. In addition, not all anticipated dividends from state owned agencies were realized.

127. Disbursement of grants from donor partners for the period was generally on track, only falling short of the Budgeted target by 0.1 percent. Total grants disbursed amounted to GH¢732.3 million against a budget target of GH¢733.0 million.

Table 16: Details of Tax Revenue Performance JAN – MAY, 2016

Description	2015 Jan-May Outturn		2016 Jan-May Budget Estimate		2016 Jan-May Prov.Outturn			% Change over 2015 outturn
	Amt. (GH¢ M)	(% of GDP)	Amt. (GH¢ M)	(% of GDP)	Amt. (GH¢ M)	(% of GDP)	% Deviation	
Total Tax Revnue	**8,499.8**	**6.1**	**11,032.8**	**7.0**	**10,326.2**	**6.2**	**-6.4**	**21.5**
Taxes on Income & Property	**3,400.7**	**2.4**	**4,307.2**	**2.7**	**3,637.1**	**2.2**	**-15.6**	**7.0**
o/w Personal Income Tax	1,422.2	1.0	1,716.5	1.1	1,488.5	0.9	-13.3	4.7
o/w Company Taxes	1,316.0	0.9	1,812.1	1.1	1,584.7	1.0	-12.6	20.4
o/w Company Taxes on Oil	-	-	47.8	0.0	42.0	0.0	-12.1	0.0
Taxes on Domestic Goods & Services	**3,735.1**	**2.7**	**4,928.2**	**3.1**	**4,969.8**	**3.0**	**0.8**	**33.1**
o/w VAT	2,276.9	1.6	2,692.7	1.7	2,795.1	1.7	3.8	22.8
o/w Excise	988.8	0.7	1,661.3	1.0	1,593.3	1.0	-4.1	61.1
o/w NHIL	371.0	0.3	444.8	0.3	444.7	0.3	0.0	19.9
o/w CST	98.4	0.1	129.4	0.1	136.7	0.1	5.6	38.9
International Trade Taxes	**1,364.0**	**1.0**	**1,797.4**	**1.1**	**1,719.2**	**1.0**	**-4.3**	**26.0**
o/w Import Duties	1,283.4	0.9	1,797.4	1.1	1,629.2	1.0	-9.4	26.9
o/w Export Duties (Cocoa)	80.6	0.1	-	0.0	90.0	0.1		11.7

Source: MoF

128. Mr. Speaker, total expenditure including arrears clearance amounted to GH¢17,635.2 million against a budget target of GH¢18,355.2 million. Although expenditures in the first five months of 2016 were broadly contained, slight overruns in the wage bill was observed.

129. Interest payments remained subdued, due partly to the restructuring of shorter dated debt instruments to extend their maturity profiles. Due to a lower than anticipated revenue performance, grants to other Government units also fell below target especially transfers to the DACF and GETFund. Capital expenditures were also below target especially domestic financed capital expenditures as shown in **Table 17**. This was partly due to the shortfall in the ABFA arising from the decline in crude oil prices and the overall decline in revenues during this period.

Table 17: Summary of Total Expenditure, JAN – MAY, 2016

Description	2015 Jan-May Outturn		2016 Jan-May Budget Estimate		2016 Jan-May Prov.Outturn			% Change over 2015 outturn
	Amt. (GH¢ M)	(% of GDP)	Amt. (GH¢ M)	(% of GDP)	Amt. (GH¢ M)	(% of GDP)	% Deviation	
Total Expenditure & Arrears Clearance	**15,229.8**	**10.9**	**18,355.2**	**11.6**	**17,635.2**	**10.6**	**-3.9**	**15.8**
Total Expenditure	**13,619.6**	**9.7**	**17,414.6**	**11.0**	**15,408.0**	**9.2**	**-11.5**	**13.1**
Compensation of Employees	**4,740.7**	**3.4**	**5,830.0**	**3.7**	**5,811.9**	**3.5**	**-0.3**	**22.6**
o/w Wages & Salaries	4,220.9	3.0	4,873.4	3.1	5,055.9	3.0	3.7	19.8
Use of Goods & Services	**456.0**	**0.3**	**869.1**	**0.5**	**800.8**	**0.5**	**-7.9**	**75.6**
Interest Payments	**3,317.9**	**2.4**	**4,180.8**	**2.6**	**4,014.0**	**2.4**	**-4.0**	**21.0**
o/w Domestic Interest	2,622.3	1.9	3,217.2	2.0	3,055.7	1.8	-5.0	16.5
Grants to Other Gov't Units	**2,429.2**	**1.7**	**3,707.5**	**2.3**	**2,894.0**	**1.7**	**-21.9**	**19.1**
Capital Expenditure	**2,675.9**	**1.9**	**2,756.6**	**1.7**	**1,887.3**	**1.1**	**-31.5**	**-29.5**
Arrears Clearance & Tax Refunds	**1,067.6**	**0.8**	**940.6**	**0.6**	**505.4**	**0.3**	**-46.3**	**-52.7**
o/w Tax Refunds	211.3	0.2	249.9	0.2	433.4	0.3	73.4	105.2
Discrepancy	**-542.7**	**-0.4**	**0.0**	**0.0**	**-1,721.8**	**-1.0**		**217.3**

Source: MoF

130. Mr. Speaker, based on the revenue and expenditure performance indicated above, the fiscal balance on cash basis registered a deficit of GH¢4,178.7 million (2.5 percent of GDP). This performance was slightly above the target of GH¢3,492.8 million (2.2 percent of GDP) and compares to a deficit of GH¢3,077.5 million (2.2 percent of GDP) during the same period in 2015. The deficit of 2.5 percent of GDP was financed mostly from domestic sources amounting to GH¢4,307.5 million while foreign financing constituted a net repayment of GH¢128.9 million. The primary balance in the first five months of the year, recorded a deficit of 0.1 percent of GDP, against a targeted surplus of 0.4 percent of GDP as indicated in **Table 18**.

Table 18: Total Financing, JAN – MAY 2016

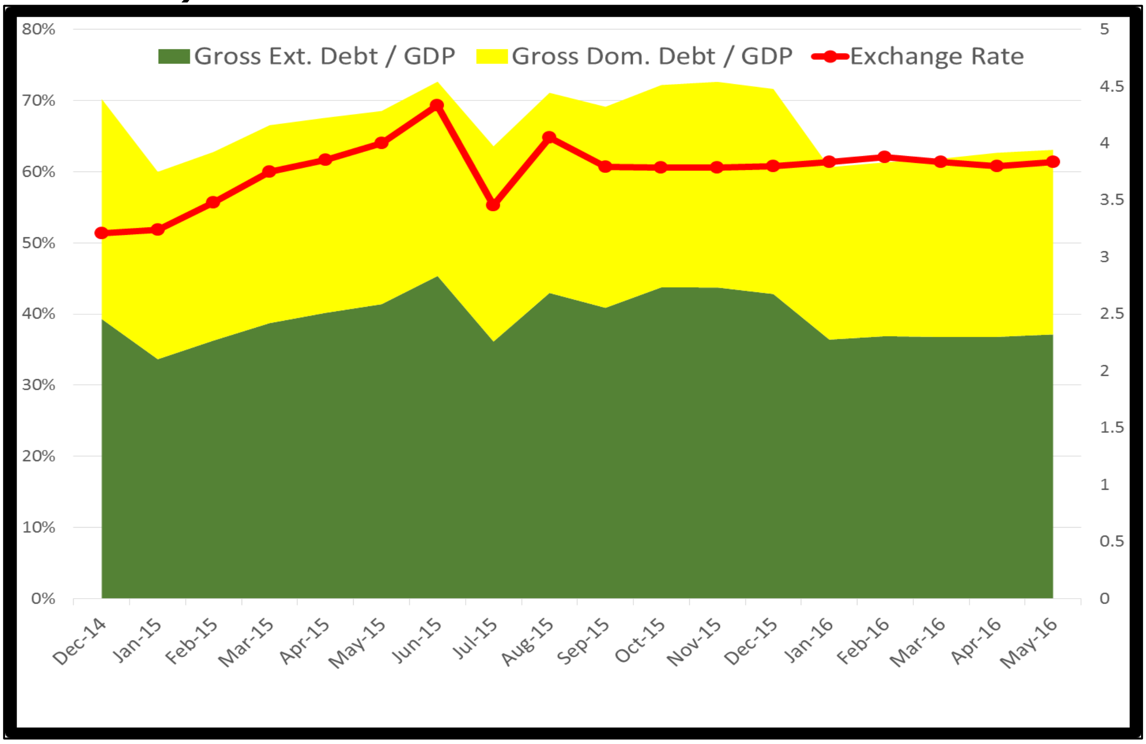
Description	2015 Jan-May Outturn		2016 Jan-May Budget Estimate		2016 Jan-May Prov.Outturn			% Change over 2015 outturn
	Amt. (GH¢ M)	(% of GDP)	Amt. (GH¢ M)	(% of GDP)	Amt. (GH¢ M)	(% of GDP)	% Deviation	
Total Financing	3,077.5	2.2	3,492.8	2.2	4,178.7	2.5	19.6	35.8
Foreign	1,315.6	0.9	225.0	0.1	-128.9	-0.1	-157.3	-109.8
Domestic	1,761.9	1.3	3,267.8	2.1	4,307.5	2.6	31.8	144.5
Primary Balance	240.3	0.2	688.1	0.4	-164.7	-0.1	-123.9	-168.5

Source: MoF

DEVELOPMENTS IN PUBLIC DEBT

131. Provisional data shows that the Public Debt stock reduced from 71.63 percent of GDP at end 2015 to 63.07 percent at end May 2016. Of the May 2016 Public Debt stock, Domestic Debt constitutes 25.93 percent of GDP whilst External Debt represents 37.14 percent. The rate of debt accumulation has significantly subsided with observance of ceilings on debt accumulation, exchange rate stability and increased nominal GDP. On a monthly basis, provisional January 2016 debt to GDP ratio stood at 60.64 percent and rose to 63.07 percent in May 2016, lower than the 68.53 percent recorded in May 2015 as shown in **figure 4**.

Figure 4: Provisional Public Debt as Percent of GDP (2014 – May 2016)



Source: MoF

2016 Medium Term Debt Management Strategy

132. The public debt developments in 2016 reflects the implementation of the MTDS which aims to support fiscal consolidation and monetary tightening through a financing mix that minimizes cost while taking due account of the risks.

Outlook for the Rest of 2016 and the Medium Term

133. Government will continue the course begun in the 2016-2018 MTDS, with the aim of extending the maturity profile of domestic debt through the issuance of longer dated instruments to reduce the rollover and refinancing risk. A number of initiatives which have commenced with updates provided in Section four will be continued.

134. Mr. Speaker, in the medium term, government will continue to carry out its mandate of managing public debt at the lowest cost and at prudent levels of risk by conducting and publishing Debt Sustainability Analysis (DSA) and revising the Medium Term Debt Strategy (MTDS) to guide borrowing. The proposals from these reports will inform policy decisions leading to the reduction in the debt burden and insulation against other fiscal vulnerabilities.

SECTION FIVE: STATUS OF IMPLEMENTATION OF KEY POLICY INITIATIVES AND OTHER MID TERM INITIATIVES

135. Mr. Speaker, not too long ago, our economy was confronted with major structural and macroeconomic imbalances caused by domestic and external shocks. While some of these were the result of failed policy choices, the situation was exacerbated by factors we could not control, in particular, the near collapse of commodity prices (for us, minerals, cocoa, and crude oil) on the international market. We also had the prolonged disruption in power supply.

136. For the fourth year in a row, we have been implementing a number of broad policy initiatives to address the imbalances; deal with the post-HIPC challenge of financing our infrastructure development in more sustainable ways; and consolidating our middle income country (MIC) status—even as we make progress towards a brighter medium term.

137. Mr. Speaker, permit me to now turn to several policy reforms and initiatives we have been implementing to address the challenges that our turnaround is crystallizing into opportunities. Their specific objectives include the following:

- as part of the package of measures that we need to effect structural corrections under the ongoing Home Grown and IMF Programmes;
- the need to confront severe unexpected setbacks such as the disruption in gas supply, which resulted in the longest outage of a major source of fuel and power supply to the economy; and
- the strengthening of existing, and setting up of new, institutions to prepare the country for the transformation programmes we need to consolidate our MIC status.

138. The specific initiatives include promoting fiscal discipline through prudent public expenditure and cash management, improving debt management, deepening the financial sector, and strengthening the Public Financial Management (PFM) system. We have made significant progress in implementing these ***transformational initiatives*** that continue to ***change lives*** enormously in all sectors of the economy. Mr. Speaker, permit me to provide an update to the House.

Ghana Infrastructure Investment Fund (GIIF)

139. The Ghana Infrastructure Investment Fund (GIIF) was established with the passage of the GIIF Act (Act 877), 2014—as an instrument for long term financing and development of commercial projects, in particular. Hence, GIIF is expected to mobilize and provide financial resources to manage, coordinate, and invest in a diversified portfolio projects. The Board and Advisory Council are established, while the Management and Staff are being put in place. While the pace of boosting the Fund is affected by the fall in commodity prices, GIFF is poised to deliver on its mandate—as a very long-term Sovereign Wealth Fund (SWF), with a key role in the nation's transformation agenda. It plans to invest

immediately in fuel-tanks as part of our strategic crude oil and petroleum products policy while it continues to review various commercial infrastructure proposals in a few sectors.

Public Private Partnership (PPP)

140. Mr. Speaker, the PPP Bill is before this august House and its passage will facilitate the creation of a framework for PPPs, enhance the delivery of PPP projects, and boost the confidence of private sector entities to patronize our PPP projects. The implementation of PPP policy as an alternative source of financing development is expected to curtail the need to borrow to finance the infrastructure deficit.

141. Currently, a number of PPP projects from various sectors are at different stages of preparation and twelve (12) of them are expected to reach financial close in the short-to-medium term. For instance, the Ghana Ports and Harbours Authority (GPHA) has received Expression of Interest from twelve (12) firms for the Dry Dock Terminal under the Takoradi Port Expansion project. The Accra Metropolitan Assembly (AMA) has also launched Request for Proposals (RFP) for projects that include the redevelopment of markets; a car park; and a convention centre.

National Infrastructure Plan (NIP)

142. Mr. Speaker, to place Ghana on the path of long-term transformation and national development, the National Development Planning Commission (NDPC) is preparing the National Infrastructure Plan (NIP). When completed, it will outline the Government's vision and strategic direction for infrastructure development, including the investment principles and priorities over the next 30 years. The NIP is expected to deliver economic, social, and environmental benefits to the country through the production of a defined investment framework. The preparation of the plan is programmed to be completed by the end of the year 2016.

Financial Sector Initiatives

143. Mr. Speaker, we are on course to deepen the financial system through key initiatives that were launched in the past three years. I will now highlight progress made on some of those policies.

144. ***Ghana Export-Import (EXIM) Bank:*** Mr. Speaker, the august House you lead passed the Ghana Export-Import (EXIM) Bank Act (Act 911), 2016—in fulfilment of the plan announced in the 2015 Budget Statement and Economic Policy. As in other countries, Ghana's EXIM Bank is expected to promote a more diversified and export-led economy, to make us more competitive global marketplace. Mr. Speaker, I had the singular honour of seeing H.E. President John Mahama inaugurate the Board of the Ghana EXIM Bank on Wednesday, July 20, 2016. It is our expectation that the Board will prove His Excellency right on this policy.

145. The Ghana EXIM Bank is a ***commercial development bank*** with a trade focus and, therefore, its main target is a private sector that is expected to benefit from the Bank's credit and guarantee programmes. Further, in conjunction with institutions such as the Standards Authority, Food and Drugs Authority, and Export Promotion Authority, the Bank will also assist exporters promote their products and services and meet the rigorous export standards in the international market-place.

146. The House will recall that the transitional arrangements in Act 911 include integration of the three institutions into the Ghana EXIM Bank's operations. These are the former Export Trade, Agricultural and Industrial Fund (EDAIF), Exim Guaranty Company Limited, and the Export Finance Company Limited.

147. ***Capital Market Development:*** Mr. Speaker, the Ministry of Finance has successfully shifted the issuing, refinancing and redemption of our medium term Bonds (e.g. 3-year/5-year Bonds) to the Ghana Stock Exchange (GSE). Since its launch in November 2015, Government has successfully issued 4 medium term bonds, each of them oversubscribed, at relatively more competitive coupon rates on the Exchange. In doing so, the Ministry introduced the more competitive "Book Building" approach in allocating issuances to potential investors. This process is similar to what is used for the Eurobond on the International Capital Market.

148. The essence is to ensure a more active engagement between Government and its Book Runners or Advisers as well as large institutional investors such as pension funds, insurance companies, and mutual funds. The advanced and middle-income countries rely on these fund managers to raise long-term funds for the capital budgets and many infrastructure projects.

149. ***Ghana Fixed Income Market (GFIM):*** Additionally, as part of measures to enhance secondary-trading of all fixed income securities, Government assisted in the establishment of the Ghana Fixed Income Market (GFIM). The goal is to ensure greater efficiency, better and competitive pricing, increased liquidity, and greater transparency in the securities market. The GFIM is currently operational and the constituted Governing Committee is exercising its oversight responsibility for the secondary trading of fixed income securities.

150. ***Ghana Deposit Protection Scheme:*** The Ghana Deposit Protection Act seeks to establish a Deposit Protection Scheme to protect small depositors from loss incurred by the depositor as a result of the occurrence of an uninsured event. It will result in development of a sound and stable financial system in Ghana. Mr. Speaker, we are grateful to the House for passing this Bill last month (June 2016) to enable Bank of Ghana establish a Deposit Protection Fund and Deposit Protection Corporation to manage the Scheme for the country.

151. ***Non-Bank Financial Institutions Programme***: Mr. speaker in recent times, non-bank financial institutions and in particular micro finance institutions have

come under intense public scrutiny for operating schemes that eat into the deposit mobilization base of especially rural and community banks, by offering customers high interest on their deposits. The practice, which is largely unsustainable is inimical to advancement of government's financial inclusion agenda and continue to threaten the stability and soundness of the financial system within the micro finance sector.

152. Measures are being taken to clamp down on the activities of unauthorized financial institutions, as well as those that have failed to follow licensing requirements. Government seeks to introduce and setup an apex bank to secure and safeguard depositor's funds as well as ensure that the financial sector remains robust and stable in the medium to long term.

153. ***Unclaimed Assets Scheme or Programme:*** The Unclaimed Asset Scheme Programme is another initiative that the Government will launch soon. It is a programme managing assets or funds that are presumed to be "abandoned" and remain "unclaimed" by their owners. These unclaimed funds include balances on lost or dormant accounts with banks and other deposit-taking institutions; dividends; bond interest and redemption proceeds; insurance premium; pension entitlements etc. Under the programme, these funds will be transferred into an independent fund and managed effectively till they are "united" with their rightful owners.

154. Cabinet approved a Concept Note and Action Plan for the Unclaimed Assets Scheme in May 2016. A Taskforce was constituted and has consulted relevant stakeholders, resulting in a draft Unclaimed Assets Bill. Currently the Bill is with the Attorney General's Department for final drafting to be submitted to Cabinet for consideration and approval, and subsequently, to be laid before Parliament.

155. As practiced in many advanced and middle-income countries, the Unclaimed Assets Law will establish an Authority which will proactively take measures to manage these assets and proactively locate beneficiaries or next-of-kin for these funds.

DEBT MANAGEMENT STRATEGIES

156. Mr. Speaker, we have come to the end of the HIPC era when, as a result of the debt relief we got from bilateral and multilateral sources, we were able to borrow significant amounts for our nation's development. Moreover, our middle income country status also mean that we will gradually lose the benefit of grants and concessional borrowing and move to what are variously called "hybrid", "harder" or "market" terms in borrowing for our development.

157. As noted, we have been changing course successful under a Debt Management Policy that enables us borrow modest amounts; improve on recoveries (especially from commercial projects); slow down and reverse the rate of growth of our borrowing and debt stock; and yet invest in unprecedented

infrastructure projects. The status of some of these new debt management strategies are as follows:

158. ***On-lending and Escrow Arrangement:*** Mr. Speaker, the policy of on-lending and escrow initiatives is to ensure that State Owned Enterprises (SOEs) and entities (including MDA/MMDAs) that engage in commercial projects should use the proceeds from these projects pay for borrowed or guaranteed loans that will be "on-lent" to them.

159. The purpose is to forestall the situation where these loans or guarantees increase the public debt and Government has to use taxpayer funds accruing to the budget to service these SOE and project debt. Through continuous engagement with SOEs, Government has signed 28 on-lent agreements with SOEs and other entities to recover the full or partial amount of the loans borrowed on their behalf.

160. ***Sovereign Guarantees and Partial Risk Guarantee:*** Mr. Speaker, as part of efforts to ensure that SOEs, Joint Ventures and other Special Purpose Vehicles (SPVs) continue to borrow on the strength of their own balance sheet, Government is moving away from issued "unfettered" sovereign guarantees to a project-backed financing and guarantee approach. We are also "de-risking" or minimizing the fiscal risk to Government by using the Put-and-Call Option Agreements (PCOAs) to replace the Government Consent and Security Agreement (GCSA). Finally, Government is scrutinizing the terms and conditions in Power Purchase Agreements (PPAs) to achieve the same goal.

161. ***Interest Rate and Commodity Price Hedges:*** Mr. Speaker, to mitigate any potential risks arising from fluctuations in the LIBOR and other floating rates on our debt books, Government is taking measures to hedge interest rate through swap arrangements to allow for predictability of debt service. The Ministry is currently reviewing proposals from international hedging counter-parties. This policy move will complement the existing commodity price hedge programme.

162. ***Sinking Fund and "Buy-Back" Policy:*** Mr. Speaker, it may be recalled that Parliament approved the setting up of a Sinking Fund in 2015 with funds above the cap on the Stabilization Fund under the Petroleum Revenue Management Act 2011 (Act 815), as amended. The purpose of the Fund is to periodically redeem specific future debt, especially bullet loans such as sovereign bonds. As at April 2016, an amount of about US$100.0 million had accumulated in the Fund.

163. Under the Eurobond "buy-back" programme (Government's strategy to repurchase some of the outstanding bonds subject to conducive market conditions), Government has used a portion of the Sinking Fund proceeds to redeem US$30.0 million of the Sovereign Bond issued in 2007 from the markets. We are still left with about US$500.0 million to redeem by October 2017 and we propose the following:

- raise funds from the Eurobond market under favourable market conditions and use part for the redemption as highlighted in the 2016 Budget;
- dedicate the balance of the Sinking Fund to provide a buffer for the redemption of this Bond;
- use part of the US$233.5 million of the remaining balance of the 2015 Bond proceeds (which is wholly dedicated for refinancing our debt); and
- boost the buffer further by reviewing the cap on the Stabilization Fund to US$100.0 million to enhance the flows into the Sinking Fund. In this regard, the excess amount over the Cap will be transferred into the Sinking Fund, Contingency Fund and the Stabilsation Fund.

164. *Sovereign Bond Advisers' Mandate:* Given the risk posed by the likelihood of an unsuccessful roll-over or buy-back of the 2007 Bond and further by the relatively long political transition period in 2017, the Government recommends that the appointment of current advisers for the 2016 Bond issuance should be extended to 2017. This will make our engagement with markets continuous to the end of 2017 and assure investors our commitment to the markets, despite political events in the country.

165. On the domestic front, as at end-June 2016, an amount of US$257.26 million (GH¢986.1 million) of the 2015 Eurobond was used to pay down (repurchase) on short term domestic debt instruments as part of the plan to restructure domestic debt and thereby extend the maturity profile. This has seen yields on short term domestic debt instruments declining since October 2015.

166. Mr. Speaker, the lesson for the nation is obvious: we must give full support to the Government's Sinking Fund, "Buy-Back", Debt Service Reserve, and Amortization policies to avoid the situation where we face such significant "roll-over" risks in the future. In the last two Bond issues, we achieved long tenors or maturity periods of 12 and 15 years respectively, thus stretching our maturity profile to 2030. This provides us with a unique opportunity to implement these programmes and we must not fail to do so.

167. ***Refinancing of Energy Sector SOE Debt:*** Mr. Speaker, Government just achieved another "first" in debt restructuring when it backed VRA and TOR to engage major commercial banks in the country to restructure part of the debt on the Authority's Balance Sheet. It also involved the first use of proceeds through the Energy Sector Levy Act, 2015 (Act 899) passed by this House to make the energy and banking sectors more stable—and, furthermore, as we move gradually and, more confidently, into the gas era (especially under the OCTP Agreement).

168. The plan involved the restructuring and repayment of an amount of about GH¢2.2 billion over 3-to-5 years, with an upfront payment of GH¢250 million from the levies. Other features of the deal include the following:

- reduction of interest rate on the domestic component of the VRA debt from average 30 percent to 22 percent (below the current Policy Rate and Treasury Bill rate);
- reduction of the interest rate on the foreign component from average 11 percent to 8.5 percent;
- ring-fencing the legacy debt and repayment flows from two (2) Escrow Accounts—Energy Sector Levy Act 2015 (Act 899); and Debt Service Reserve (DSR)—into a Debt Service (DS) account;
- flows of all or part of VRA's receivables (currently used to service the restructured debt) into the DS account to boost the repayment of principal and interest;
- placing a limit on the contracting of new loans and credits by VRA, without the express permission of the Ministries of Power and Finance; and
- conversion of the proceeds of the levies used to liquidate the existing debt into on-lent or Equity funds on VRA's Balance Sheet.

169. It is envisaged that the model will be used to restructure the remaining VRA debt, wholly or partially, as well as those of other energy-sector SOE debt. This may involve loans contracted by VRA on its Balance Sheet from foreign sources. Also the savings of about US$350.0 million are anticipated from the improved repayment terms over the maturity period of the new facility. Furthermore, the deal is expected to re-open the credit lines to enable VRA begin the establishment of Letters of Credit (L/Cs) to support its imports of light crude and other materials or equipment—in particular, for its Thermal and other plants.

170. ***Medium-term Debt Management Strategy:*** Mr. Speaker, we must use these and other advance instruments to make our debt sustainable to enable us continue with our infrastructure development. As noted, in our effort to be prudent and achieve this goal, Cabinet approved the Medium Term Debt Management Strategy (2015-2017) to provide more cost-effective access to foreign and domestic capital markets. Already, we have made significant progress in implementing the strategy.

REVENUE MOBILIZATION AND ADMINISTRATION

171. Mr. Speaker, significant progress has been made in tax revenue mobilization and administration. However, the tax effort continues to be constrained by a number of factors including the high tax exemptions regime, collection leakages, low compliance, inadequate taxpayer information, and weak linkages among public agencies. Mr. Speaker, in our effort to address these challenges, Government introduced a number of tax policy initiatives that include the following:

172. ***Review of Tax Laws****:* Mr. Speaker, as part of the GRA Modernization and Reform Programme, the following tax laws have been significantly improved, rationalized and harmonized:

- Value Added Tax Act 2013 (Act 870);
- Customs Act 2015 (Act 891);

- Excise Duty Act 2014 (Act 878);
- Excise Tax Stamp Act 2013 (Act 873); and
- Income Tax Act 2015 (Act 896).

173. We are grateful to the House for ensuring the success of these enactments. Indeed, the Regulations for the Value Added Tax Act, the Excise Duty Act and the Income Tax Act have been laid in this House, while the Customs Regulations will be laid before the end of the year.

174. ***Revenue Administration Bill***: Mr. Speaker, administrative provisions existing separately within each of the old tax laws have also been harmonized into a single Revenue Administration Bill. This forms part of the efforts at integration, notably between the previous VAT and Internal Revenue Services, as well as improve tax administration and compliance. We are grateful to this August House for passing the Bill which is being prepared for Presidential Assent.

175. ***National Single Window (NSW):*** Mr. Speaker, the National Single Window Project was introduced in September 2015 to (a) reduce the time and cost of Customs clearance and, in general, that of doing business in the country; (b) put all customs operations notably classification, valuation and inspection under the GRA; and (c) improve Government revenues through the harmonization and simplification of international trade processes and procedures.

176. Mr. Speaker, the success of the first phase has greatly facilitated information flow by simplifying and integrating processes among different agencies. Importers who submit compliant information receive their Customs Classification Verification Reports within 48 hours and in some cases within 2 hours, compared to average two weeks in the past.

177. The second phase comprises need and gap analysis as well as development of blue print for the implementation of the Ghana National Single Window (GNSW). It was launched in December 2015 and has also been completed. The third phase involves the roll out of the blue print and will focus on the integration and interfacing of all services related to customs clearance. A GNSW Strategic Plan has also been launched to guide implementation and is expected to reduce the cost of doing business in the economy.

178. ***Common External Tariff:*** As part of measures to promote free trade and ensure greater economic integration within the ECOWAS region, the CET Law was passed by this august House in December last year and became effective in February 2016. Hence Ghana joins eight (8) ECOWAS countries in implementing the CET. The expectation is that CET will help address problems with cross-border smuggling, combat dumping, and bring economic benefits to the sub-region. The Ministry and GRA management continue to monitor implementation of the CET to ensure sensitive sectors are not disadvantaged.

179. ***Review of Tax Exemptions:*** Mr. Speaker, despite the important role of tax incentives in creating an enabling investment climate, the existing exemptions, which average around 2 percent of GDP, is fraught with abuses and denies Government of revenues. Measures being implemented to reduce the adverse impact of exemptions on tax revenue include: (a) limiting the use of 'permits' to clear goods from our ports; (b) improving coordination between MoF and GIPC, which involve further review of laws; (c) Reviewing the free zones regime following recent amendments; (d) revalidating existing exemption documents; and (f) improving VAT Refund and warehousing processes, including use of electronic processes.

EXPENDITURE MANAGEMENT

180. Mr. Speaker, in addition to the focus on domestic resource mobilization, Government has started implementing several public expenditure initiatives and reforms to address significant and unsustainable budget overruns. They are related to the Single Spine Pay Policy (SSPP) and other anomalies in payroll; non-wage arrears; interest payments; and subsidies on petroleum products and utilities. The other Public Financial Management (PFM) reforms include the deepening of the Ghana Integrated Financial Management Information System (GIFMIS), the launch of an electronic Human Resource Management Information System (HRMIS) and streamlining of the government's financial accounting and budget processes.

181. ***GIFMIS (Budget and Accounting Reforms):*** Government launched its PFM programme with ambitious reforms in managing the budget estimates and actual expenditures. Some of the key elements include:
   - adoption of a new Chart of Accounts (COA) or coding structure for all revenues, expenditures, assets and liabilities (with work starting on organizational, sector and functional codes) in line with the Government Financial Statistics (GFS);
   - implementation of electronic modules for the budget and financial accounting systems, comprising receipts, payments as well as assets and liability accounts that include accounts payable and receivables; and
   - revamping of the cash management, payroll, and HRMIS systems for public sector agencies and institutions.

182. The GIFMIS system has improved the waiting time for the approved budget to be loaded onto the Budget Execution Platform from two months to barely a week. It has also helped to reduce expenditure commitment of MDAs through strict enforcement of quarterly budget allotment on the platform to prevent them from exceeding their budget allocations.

183. ***Improvements in the Cash Management System:*** Mr. Speaker, Government has introduced a number of cash management measures under our PFM reforms to make the keeping and utilization of public resources more efficient and yield some returns to the state. They include the following:

- ***Treasury Single Account (TSA):*** Mr. Speaker, the TSA commenced in 2013 and it aims at consolidating and optimizing the use of public sector cash resources. The aim is to pool and manage all Government accounts in all banks that constitute the Consolidated and, where relevant, other public funds into one account. It will prevent these funds remaining dormant or idle while Government borrows (sometimes its own funds) to finance the budget. So far, about 11,500 bank accounts have been identified, out of which, 5,500 were at BoG while 6,000 were at commercial banks. Out of the number at the BoG, 3,160 were closed and 700 have been set up under the GIFMIS. Work is currently ongoing to streamline the remaining 1,640 at the BoG and those at the commercial banks.

- ***B-Tracking System:*** As part of measures to improve the transparency in managing Government cash accounts and ensuring their effective utilization, the B-Tracking System has been developed to create an electronic view and transactions room to monitor the movement of Funds among and with MDAs and MMDAS. So far, a total of 7,405 Government bank accounts with commercial banks have been uploaded onto the Bank Account Tracking System.

- ***e-Travel and e-Fuel Card:*** Mr. Speaker, the development of electronic travel (e-Travel) and fuel (e-Fuel) card is completed and will be deployed to all MDAs/MMDAs in August 2016. The e-Travel card will make travelling more efficient through loading travel advances for official travel on debit and credit cards. This will eliminate the risk of carrying bulk cash as well as improve record keeping for imprests. The e-Fuel Card is currently being piloted with MoF and CAGD official vehicles. When fully rolled-out to all MDAs and MMDAs, it will help ensure effective administration and management of fuel allocation to Government officials.

184. **Improvements in Public Sector Compensation:** Mr. Speaker, Government has been implementing several measures to make management of Compensation of Employees, comprising wages and salaries, allowances and pensions more efficient. This is important on one account: the amount paid to public servants and retirees is the largest of our budget expenditures. The measures include the following:

- ***Management of SSSS migration:*** The migration of public institutions on the budget onto the Single Spine Salary Structure (SSSS) has been completed. It also constituted one major source of budget overruns and imbalance. We are gradually bringing the Wage Bill ratios to manageable proportions: from 57.6 percent of tax revenue in 2013 to 43.7 percent in 2015 and from 8.8 percent of GDP in 2013 to 7.5 percent in 2015. The Wage Bill ratios are projected to do even better for the 2016 fiscal year: 40.2 percent of tax revenue and 7.0 percent of GDP.

- ***Payroll Upgrade and ESPV:*** The incidence of 'ghost' workers had characterized payroll management resulting in the loss of millions of Cedis to the economy. To deal with this challenge, an Electronic Salary Payment Voucher (ESPV) was deployed in all the 10 Regions of Ghana. Between June 2014 and May 2016 a total of 12,800 separated staff whose salaries amounted to GH¢21 Million had been deleted from the payroll through the system. The ESPV system has become the main validation system through which salaries of public servants are approved and processed before payment.

- ***Categories 2 & 3 Allowances:*** Government has finalized negotiations of Categories 2 & 3 Allowances to streamline and bring fairness in the administration of allowances in the public sector. The Ministry of Finance has issued a Circular to all MDAs and MMDAs to comply.

- ***Migration of Subvented Agencies' onto IPPD/Mechanized Payroll:*** Mr. Speaker, to ensure better control over the public sector workforce and the wage bill as well as ensure a qualitative public accounts, Government initiated the migration of employees of subvented organizations onto the existing mechanized payroll database.

  The purpose was to better manage the public sector payroll, and not to control human resources in these agencies. Four out of 19 subvented organizations were migrated as at the end of 2015 and plans are far-advanced to interface or integrate the payroll modules and processes for the remaining 15 with the IPPD.

- ***Deployment of the Third Party Reference System (TPRS):*** Mr. Speaker the electronic Third party Reference System was deployed to eliminate the backlog in processing third party transactions. It is also to prevent and control fraud and errors that characterized the manual system.

- ***Head count of CAP 30 pensioners:*** Mr. Speaker, the first phase of the headcount of the CAP 30 Pensioners, covering the Greater Accra, Eastern, Volta, Central and Western Regions is expected to be completed by the end of July 2016. The exercise will result in cleaning up the pension payroll and ensure that only eligible pensioners enjoy their pension benefits.

- ***Deployment of staff payroll verification ID cards:*** An operational manual and implementation plan have been developed to facilitate the introduction of staff payroll verification ID cards. CAGD is coordinating the pilot for this plan and full implementation is scheduled for the fourth quarter of the 2016 fiscal year. The ID cards will be used to validate employee's existence periodically and will constitute another useful step in eliminating ghost workers.

- ***Payroll cleaning exercise:*** Earlier, CAGD undertook a Payroll clean-up exercise by updating SSF and bank account numbers of employees on the payroll database. The clean-up exercise also included economic and financial assurance. The exercises resulted in the elimination of over 6,500 unauthorized employees from the payroll.

185. ***Alignment of Statutory Fund Expenditures and Weaning-off Subvented Agencies:*** Government's plan to realign expenditures of the Statutory Funds to national priorities in the 2016 budget remains on course. Expenditure items totaling GH¢564.6 million were offloaded to the funds in 2016. Government will continue to engage the Statutory fund managers to improve the modalities for expenditure realignment.

186. Similarly, to gradually reduce the dependence of some subvented organizations on GOG, the Driver and Vehicle Licensing Authority (DVLA); Environmental Protection Agency; Energy Commission; Data Protection Commission; Gaming Commission; and Securities and Exchange Commission are being weaned-off Government subvention. Given the progress made Government will now focus on weaning-off the remaining 6 agencies, as planned for 2016.

187. ***Subsidy and Liberalization Policy:*** Mr. Speaker, the introduction of the deregulation of the Ghana downstream petroleum market in 2005, as part of reforms to the Energy sector, was far-reaching but failed to cover the pricing of petroleum products. The automatic pricing adjustment formula that was used was plagued with flaws leading to Government incurring an average of US$402.5 million per annum on under-recoveries as subsidies and US$250.0 million on forex losses. By the first half of 2015, it became obvious that the price regulation regime was unsustainable and posed a huge and wasteful drain on the nation's economic resources.

188. Mr. Speaker, Government, therefore, did not have a choice but to comprehensively reform and restructure the downstream sector to make it more robust and resilient and improve the sectors contribution to national development.

189. In this regard, Government took a bold decision to deregulate ex-pump fuel prices and allow prices of oil to be determined by market forces and also remove the "subsidy cover", absolving Government of huge debts created by the petroleum service providers. The end of fuel subsidies triggered a more efficient petroleum supply chain system as a result of the price competition emanating from the repositioned and restructured BOST and subsequently the Tema Oil Refinery.

190. Mr. Speaker, the deregulation policy so far has been positive but its sustainability depends on our continuous ability to have a major stake in the supply chain. Government will continue to monitor the situation and implement

the appropriate policies to mitigate risks associated with fuel price hikes on the international market.

SECTION SIX: SECTORAL PERFORMANCE

191. Mr. Speaker, our economy is transitioning from a low income into a middle income status since the rebasing exercise in 2010. This transition phase brings to the fore paradoxes especially in the area of infrastructure financing. Our Lower Middle Income Country (LMIC) status will gradually restrict us to mainly commercial borrowing options, even for non-commercial projects.

192. However, we still require grants and concessional loans to improve our social infrastructure (E.g. Education, Health and rural roads), in particular, to ensure inclusive growth. Therefore, we must remain focused on our innovative borrowing plans and strengthen institutions such as GIIF and Ghana EXIM Bank—as well as strengthening the PPP model to mobilize equity and loanable funds in a sustainable way for the private and public sectors, to complement the efforts of GRA and the private sector.

193. Mr. Speaker, we have shown that this strategy is feasible, given the continuing fast pace of infrastructure development against the background of tapering debt levels, lower deficits, and external shocks to the economy. Permit me to present progress made so far on some of projects in some key sectors of our economy.

HEALTH

194. Mr. Speaker, we have made the most far-reaching investments in modern health facilities at all levels. The following major hospital projects have reached the corresponding levels of completion

- The 617-bed University of Ghana Teaching Hospital-95% complete. Training of staff is currently ongoing.
- The 500-bed Military Hospital at Afari-60% complete
- The 420-bed Ridge Hospital -90% complete
- Second phase of Tamale Teaching Hospital-20% complete
- Expansion of Upper East Regional Hospital into a 386-bed facility-80% complete
- The Dodowa District Hospital has been completed and is currently receiving patients. Work on the Fomena, Kumawu, and Abetifi District hospitals are 60%, 55% and 30% complete, respectively.
- Progress of work on the following district hospitals are shown below;

Project Title	Level (%) of Completion
250-Bed Regional Hospital, Kumasi-Sewua	29
60-Bed District Hospital, Salaga	50
60-Bed District Hospital, Tepa	65
60-Bed District Hospital, Nsawkaw	64
60-Bed District Hospital, Twifo Praso	15
60-Bed District Hospital, Konongo-Odumasi	26
100-Bed Municipal Hospital, Atomic-Accra	19

195. His Excellency, the President has also cut the sod for the construction of the Bisease, Gomoa Dawurampong, Binpong Akunfude, Etsii Sunkwa, Asikuma Gyamena, Agona Duakwa, Biriwa, Ekumfi Naakwa, Twifo Atimokwa, and the Gomoa Potsin polyclinics all in the central region. This followed the completion of a value for money audit by the Ministry of Finance and subsequent approval of the commercial contract by Parliament.

196. A total of 1,642 CHPS compounds have been constructed across the country. The investments in these CHPS compounds have led to major gains in health issues like maternal mortality, infant and child mortality and institutional malaria mortality. Another 1,600 CHPS compound projects are at various stages of implementation.

197. Mr. Speaker, in the spirit of ensuring efficient service delivery, Government will pilot the newly constructed University of Ghana and Ridge Hospitals as Centres of Excellence by allowing these facilities to run on self-sustaining basis. This arrangement will also ease the pressure on the government budget.

EDUCATION

198. Mr. Speaker, in fulfilment of the promise to construct 200 Community Day Senior High Schools, 123 new Senior High Schools are being constructed in various locations across the country. Many of these projects have reached advanced levels of completion, whilst some have been completed. His, Excellency, the President has commissioned nine (9) of such new schools in the Central, Western, Volta, Ashanti, Brong Ahafo and Eastern Regions. Each school has a 4-Storey structure comprising 24-Unit Classrooms, a Library, an Assembly Hall, Offices, 4 Laboratories and Washroom Facilities. Twenty-three of them being funded by the World Bank have additional facilities such as, Headmasters' Bungalow, Canteen Block, 4-storey 8-Unit Teachers' Flat and a Gate House.

199. Consistent with the 1992 Constitution our commitment to make secondary education accessible, especially to needy students, Government initiated the implementation of progressively free secondary education in the first term of the 2015/16 academic year with 320,488 day students, in public senior high schools across the country. The programme is scheduled to be expanded to cover 120,000 targeted boarding students in the 2016/17 academic year.

200. Mr. Speaker, government continues to implement measures to support the development of high quality middle level technical and vocational skills needed in the economy. Some of the measures include the award of scholarships to 1,520 students in Polytechnics and Technical Institutes who are pursuing science related courses, award of bursaries to 2,000 apprentices in the informal sector and training of over 800 Master Craftspersons in Competency Based Training (CBT) methods of instruction. Three hundred Science resource centres

have also been re-equipped while over 30,000 mathematics, Science and ICT teachers are being retrained.

201. Modern school infrastructure including workshops, dormitories, staff accommodation, administration blocks and lecture theatres are being provided in Ada, Akwatia, Amankwakrom, Asuansi, Bolga, Kpando, Nkoranza, Dabokpa, Wa, and Krobea Asante Technical Institutes as well as the Takoradi and Accra Polytechnics under the Development of Skills for Industry Project (DSIP).

202. Five Hundred vehicles consisting of 300 buses and 200 Pick-Ups were distributed to educational institutions across the country. Priority was given to Technical and Vocational Institutions, Special Schools, New District education directorates, New Community Day Senior High Schools and less endowed Senior high schools, all Polytechnics, Public Colleges of Education and some selected Universities (both public and private) also benefited from the distribution.

203. Mr. Speaker, the University for Environment and Sustainable Development Bill has been passed by this august House. We will soon commence actual construction to give the Eastern Region its first public university in fulfilment of our vision to provide at least one public university in all 10 Regions of Ghana.

204. Government remains committed to converting all polytechnics into technical universities with special focus on applied science, engineering and vocational education. The Technical University Bill is currently before this house. Government is investing massively in equipment, infrastructure and staff development to meet globally accepted benchmarks.

205. All tertiary institutions including universities and colleges of education are witnessing tremendous expansion in facilities such as the University of Ghana teaching hospital, auditoriums, lecture theatres, staff accommodation, laboratory and libraries.

AGRICULTURE

206. Government continues to implement the fertilizer subsidy programme to ensure food security. In 2016, the target was to distribute 180,000 metric tonnes of fertilizer to farmers to enhance crop production and so far 90,000 metric tonnes have been distributed to farmers.

207. Work on a number of irrigation projects are progressing steadily. Over 231 hectares have been irrigated in Uasi (Upper East), Atidzive Ayiteykope (Volta), Kpoglu (Aka Basin,Volta), Kornorkle (Eastern), Silibelle (Upper West), Piyiri (Upper West), Doba (Upper West), Zakpalsi (Eastern), sapke, Keyeme (Volta), and Ohawu (Volta).

208. Other projects include the construction of the Greenhouse training centre, Talli Dam (Tolon Kumbumgu), Longga Dam, Sandema Koori dam, Tanchira Irrigation Dam, Goriga Irrigation Dam, Guo Irrigation Dam, Gbedima Irrigation Dam,

Yeriyili Irrigation Dam, Aditrage and Kornokle Irrigation Dam.

209. Mr. Speaker in the fisheries sub-sector major initiatives to provide the necessary landing sites, fishing harbours and cold stores and ice plants in selected fishing communities are at various stages of completion. They include:
- Artisanal Cold Chain Network - 6 cold stores and 6 Cold Vans;
- Turnkey Fish Processing Plant at Elmina;
- Fisheries College at Anomabo;
- West Africa Regional Fisheries Project (WARFP);
- Areas Beyond National Jurisdiction (ABNJ) Tuna Project;
- Sustainable Aquaculture Systems;
- The Flagship Shrimp Farming Project; and
- The Fisheries Promotion Project in Sekondi

210. Six (6) cold stores and refrigerated vans have been provided to Half Assini, Kromantsen, New Takoradi, Nyanyano, Prampram and Shama.

SOCIAL PROTECTION PROGRAMME

211. Mr. Speaker, in pursuit of our commitment to reduce vulnerabilities, social and economic exclusion among our very poor people, one of Government's social intervention programmes, the Livelihood Empowerment Against Poverty (LEAP) has been expanded to cover 188 districts. As at June 2016 a total number of 147,094 households were beneficiaries of the programme.

212. Data collection using electronic tablets was completed in 58 districts. A total of 125,987 households were enumerated out of which 50,000 households will be ranked and added to the register by 31st July 2016, bringing the number of household beneficiaries for the next payment in September 2016, to 197,094.

213. Mr. Speaker from August, 2016 a total of 55,000 households are targeted to be added to the programme from 41 additional districts, to bring the number of households benefitting under the programme by December, 2016 to the projected 250,000.

ROAD AND BRIDGE CONSTRUCTION PROGRAMME

214. Mr. Speaker, progress continues to be made on major road projects. Activities undertaken include rehabilitation, reconstruction, construction and upgrading of roads and bridges. The projects are at various stages of completion as at May 2016.

215. The details of the progress made on some of the projects are as follows:

NO.	PROJECT	2015	MAY 2016
1	Ayamfuri - Asawinso	80%	88%
2	Dodo Pepesu Nkwanta	98%	100%
3	Tarkwa Bogoso-Ayamfuri	81%	94%
4	Agona Junction - Elubo	94%	99.5%
5	Anyaa Pokuase Road Project	96%	98.9%
6	Burma Camp Road 1	87%	93%
7	Giffard Road	97%	99.85%
8	Elmina Bridge	85%	92.8%
9	Kwame Nkrumah Interchange Phase 2	45%	89%
10	Kasoa Interchange and Ancillary works	-	32%
11	Rehabilitation of Teshie Link	-	55%
12	Construction of Nima Drain	-	89%

216. It is worth mentioning that works on a number of other road projects are also at advanced stages of completion.

WATER RESOURCES, WORKS AND HOUSING

217. Over the last few years we have pumped significant resources into the provision of potable water for our people. Major successes have been achieved and national water coverage is expected to reach 85 percent by the close of this year.

218. A total of 77.5 million gallons of water has been added to the water stock between 2009 and 2015 following the completion of a number of major water projects. This year, work is expected to be completed on the following to bring total water capacity added to 110 million gallons per day;

- The 3Ks (Kumawu, Konongo and Kwahu) Water Supply Projects which is 95 percent complete and;
- The Wa Water Supply Project, which is about 81 percent complete

219. There is good progress on Rural Water projects where a total of 1,099 of the target of 1,200 boreholes have been drilled in Central, Western, Northern, Upper East and Upper West regions. Of this number, 688 have been installed with hand-pumps. Twenty-five out of the 52 Small Towns Water Systems have been completed.

220. Mr Speaker this would mean water provision for an additional 7 million Ghanaians living in about 2,000 communities.

221. In the housing sector, direct government investment and partnership with the private sector have resulted in considerable additions to public housing. Among the major housing projects undertaken are;

- 5,000 unit Saglemi Housing project the first 1,500 units of which are about 80 percent complete;
- 5,000 unit Nyamedua Estate which is a PPP between government and a private real estate developer. The first phase has almost been completed;
- 836-unit Keta Sea Defence housing project out of which 616 have been completed and occupied;
- 368-unit Security Agencies housing scheme phase II at Tema New town following the completion last year of the 168-unit first phase at Tema Community 3; and
- SSNIT housing projects at Klagon, Sakumono and Dunkunah which should provide about 1,000 housing units when completed by the end of the year.

222. In addition, the housing units at Borteyman, handed over to the Social Security and National Insurance Trust (SSNIT), is 95 percent complete. Other projects handed over to SSNIT in the Greater Accra, Ashanti, Northern, Upper West and Eastern Regions are also at various stages of completion.

PETROLEUM AND POWER SECTOR

223. Mr. Speaker, it will be recalled that crude oil was discovered in the Jubilee Field in 2007, off the shores of Cape Three Point, with crude oil exports beginning in 2011. The petroleum sector is being integrated into the economy and contributes about 7 percent to GDP. However, oil revenue contributes only about 3 percent to total government revenue and 1 percent to GDP. Among others, significant progress has been made on the following projects (Details are indicated in **Table 19**):

- **TEN and SGN Project**s: Mr. Speaker, the two new fields, namely, the Tweneboa-Enyenra-Ntomme (TEN) and the Sankofa-Gye-Nyame (SGN) fields are at various stages of development. I am happy to report that, the first oil is expected from the TEN field in August this year, while the SGN field is scheduled to start operation in 2017.

- **Atuabo Gas Processing plant:** Mr. Speaker, our flagship Western Corridor Gas Infrastructure Project (Atuabo Gas Processing plant), which was commissioned in 2015 is currently delivering around 80mmscf of gas/day for thermal plants at Aboadze as well as evacuating 400 metric tons of LPG a day to the domestic market.

224. Mr. Speaker, not too long ago, the country witnessed serious shortages in the supply of power, leading to an extended period of load shedding, popularly known as '*Dumsor*'. It may be recalled that President John Dramani Mahama repeatedly assured Ghanaians of his government's determination to **fix rather than manage the situation**. Mr. Speaker, under the able leadership of the President, the power sector benefited significantly from massive investments over the past few years, which resulted in substantial addition to the country's generation capacity.

225. Consequently, Mr. Speaker, the Government promised to deliver key power projects to ease the electricity supply deficit. I am happy to announce that Government has delivered on its promise by adding the following projects, which were at various stages of completion to the national grid:
- 220MW Kpone Thermal Power Project (KTPP);
- 110MW Tico Expansion Project;
- 180MW First half of the Asogli Phase 2 Project;
- 20MW BXC Solar Plant;
- 225MW Karpowership; and
- 250MW AMERI Plant.

226. Mr. Speaker, the following projects are at different stages of development for delivery in the short-to-medium term: 370MW AKSA; 110MW TEI; 250MW Karpower II; 180MW Second half of the Asogli Phase 2; and 350MW CenPower. In this regard, this will bring total installed capacity to 5,105MW.

227. Mr. Speaker we have continued to pursue our programme of extending electricity supply to all communities. In the last four years 2,861 communities have been connected to the national grid. This has pushed access to electricity in Ghana from 80.5 percent at the end of 2015 to 82.34 percent as of June 2016, the highest in West Africa and second only to South Africa in Sub-Saharan Africa.

228. In essence, Mr. Speaker, the country's existing installed capacity of power plants is enough to meet current demand and potential supply should make it even more secure. Nonetheless, despite these major investments, we are not out of the woods yet due to challenges of fuel security. The current power sector bottlenecks emanate from the turret bearing challenges on the FPSO Kwame Nkrumah and the vandalism to the West African Gas Pipeline in Nigeria. These incidents have reduced the amount of gas supplied to power plants which run mainly on gas.

229. Mr. Speaker, typically, we meet challenges whenever they occur—a feature of determined governments. Hence, in a bid to ease the current challenges, Government is delivering about 400,000 barrels of light crude oil to feedstock the dual-fuel plants among the lot, while we await the resolution of the gas supply bottlenecks. In the near-to-medium term, the commencement of commercial operations of the TEN Project in August 2016 and SGN (OCTP) Project in 2017 will boost the supply of gas in the power sector. First gas for TEN and SGN (OCTP) are expected in 2017 and 2018, respectively—and, already the nation is over-subscribed with respect to the number of Independent Power Producers (IPPs) desiring to use our gas to generate power.

230. Mr. Speaker, to sustain the progress made in the power sector, it is necessary for us to ensure that the management of the power sector does not continue

with the 'business as usual' attitude. There is the need to bring significant improvements in the financing and operations of the sector, particularly, the electricity processing and distribution sector. We have already spoken about the use of the Levies under the ESLA 2015 (Act 899), to restructure VRA's debt, which is already underway.

231. Mr. Speaker, the improvements in operations is what the proposed restructuring of the electricity sub-sector is seeking to achieve. The second compact of the Millennium Challenge Account (MCA Compact 2), with a grant amount of US$498.2 million is being dedicated to this purpose. The funds are being used to strengthen the energy sector and make the sector self-sufficient, particularly, the electricity distribution sector.

Table 19: Status of Implementation of Selected Petroleum and Power Sector Projects

Project	Status	Colour Code
Petroleum Sector Projects		
Western Corridor Gas Infrastructure Project (Atuabo Gas Processing Plant)	Completed and commission (delivering around 80mmscf of gas/day for thermal plants at Aboadze as well as evacuation of 400 metric tons of LPG a day to the domestic) market.	
Tweneboa-Enyenra-Ntomme (TEN) Development	First oil expected in August 2016	
OCTP Development	Signed Gas Sales Agreement and Amendment to Heads of Agreement between ENI and Partners for OCTP	
Power Sector policies/projects		
220MW Kpone Thermal Power Project (KTPP)	Completed and commissioned	
110MW Tico Expansion Project	Completed and commissioned	
First half of 180MW Asogli Phase 2 Project	Completed and commissioned	
VRA TT2PP (38 MW) expansion project (an IPP project)	Completed and commissioned	
225MW Powership - Karpower Project	Completed and commissioned	
250MW AMERI Project in Takoradi	Completed and commissioned	
370MW AKSA Project	Work on-going (under construction)	
20MW BXC Solar Plant		
110MW TEI project	Commercial proposal submitted to Parliament	
400MW Early Power Project	PCOA negotiated. PPA negotiated. Due in Parliament in July 2016	

Medium to long term Power Sector Policies		
360MW Asogli Phase 2 Project	Part 1 of phase completed and commissioned in 2016. Over 90% complete for part 2 of phase 2.	
350MW CenPower Project	Sod has been cut	
360MW Jacobsen Project	PCOA to be negotiated in second half of 2016	
190MW Amandi Project	PCOA negotiated but yet to be finalized	
1,000 MW of 'clean' coal into the generation mix		
Use of solar in households and hotels for basic lighting and water heating to free grid power for industrial use		
Rural Electrification	Two hundred (200) communities have been connected to the national grid.	
	Installation works in additional five hundred communities have been completed and awaiting commissioning	
Rural LPG Project	6,500 cylinders and cook stoves have been distributed in 3 districts.	

Legend:

	Completed
	Advanced stage
	In progress/ on-going
	Initial stage/take off

JOB CREATION / YOUTH EMPLOYMENT INITIATIVE

232. Government has over the medium term embarked on a number of projects to create more jobs for Ghanaians. The massive investments in the energy, health, education and roads sectors, among others, are pointers to the number of jobs that have been created along with the implementation of those projects. The President recently commissioned the Komenda Sugar Factory to help create employment and has also inaugurated the Elmina Fish processing factories that would create numerous job opportunities.

233. The completion of Atuabo Gas Processing Plant, the Kumasi Shoe Factory and the Accra Business Process Outsourcing center have provided scope for job creation for thousands of Ghanaians.

234. Mr. Speaker, in our effort to target the youth and provide them with decent jobs, The National Employment Policy was launched and Parliament also passed the Youth Employment Act, 2015 (Act 887) and its accompanying Regulations.

Towards the implementation of the Act, in the 2016 Budget, Government undertook to engage 100,000 youth in productive sectors of the economy.

235. Mr. Speaker, so far about 40,000 out of the number have been engaged in productive activities in six sectors of the economy, namely: Security Services; Community Teaching Assistant; Community Health Assistant; Youth in Afforestation; Youth in Apparel; and Sanitation modules.

236. Mr. Speaker, the registration of applicants for skills development is also ongoing. In this regard, Government is partnering with the Management Development and Productivity Institute (MDPI) to provide training to the youth in key vocational skills. Mr. Speaker, so far, 115 out of 1,000 registered physically challenged persons have been engaged in gainful employment.

237. Whilst measurement of job creation has focused heavily on the public sector, the private sector creates more jobs and its potential also increases with positive trends in the economy. Government will continue to create the enabling environment for the private sector to thrive. According to the 2014 Integrated Business Establishment Survey (IBES) published by GSS in September 2015, 207,492 jobs were created in 2014. The private sector alone accounted for 182,856 jobs representing 88 percent. It is instructive to note that the survey, for the first time, covered all three sectors of the economy. Government will continue to support the GSS to carry out its mandate of providing adequate and reliable data necessary for socio-economic development.

INTERNATIONAL COOPERATION

238. Mr. Speaker, Government continues to formulate and implement the country's foreign policy to ensure that Ghana establishes and sustains goodwill among the comity of Nations. Under the able leadership of President John Mahama, Ghana plays a pivotal role in promoting sub-regional and continental harmony and champions the resolution of crisis in the sub-region. Ghana has also been in the forefront for sustainable solutions to the challenges confronting international peace, stability, security and socio-economic development.

239. The global community is aware of the pivotal roles the President played in Côte d'Ivoire, Mali, Guinea (Bissau), Sierra Leone, Liberia and Equatorial Guinea. In recognition of his leadership, West African leaders elected President John Mahama as Chairman of ECOWAS in 2014 and his mandate was extended. At the 47th ECOWAS Summit in Accra at which President Mahama ended his term, he was given a standing ovation while a citation read in his honour described him as a leader deeply rooted in the advancement of the ECOWAS and who was leaving a worthy legacy.

240. Mr. Speaker, it is also gratifying to note that, His Excellency John Mahama has been appointed a Co-Chair of a group of sixteen eminent Sustainable Development Goals (SDGs) Advocates, to support the Secretary-General in his efforts to generate momentum and commitment to achieve the SDGs by 2030.

This is a reflection of confidence and conviction the UN has in Ghana to lead the world and member states in particular in the attainment of the SDGs.

241. These achievements have no doubt contributed to deepening and diversifying relations with our immediate neighbours, as well as strengthening our relations with key bilateral and multilateral partners.

UPDATE ON THE IMF PROGRAMME

242. Mr. Speaker, Ghana's economic programme with the International Monetary Fund (IMF) is in its second year of implementation since the IMF Executive Board approved the 3-year Extended Credit Facility (ECF) Programme in April 2015. The Programme objective of restoring debt sustainability and macroeconomic stability, strengthening of the Bank of Ghana's monetary policy framework, and rebuilding external buffers are in line with the government's own Home-Grown policies and have, therefore, been integrated in the execution of the Budget.

243. Mr. Speaker, in addition to the first tranche of US$114.6 million Balance of Payments support that was disbursed after the approval of the Programme in April 2015, Ghana has so far had additional US$229.5 million resulting from the two successful reviews in September, 2015 and January, 2016.

244. Mr. Speaker, the third review Mission to assess performance under the 3-year ECF Programme was in held in May, 2016. As noted by the Mission in their concluding statement, implementation of the ECF programme, notwithstanding the headwinds from low commodity prices, remains broadly satisfactory with most of end-December 2015 performance criteria met.

SECTION SEVEN: REVISED 2016 MACROECONOMIC TARGETS, FISCAL FRAMEWORK AND REQUEST FOR SUPPLEMENTARY BUDGET

245. Mr. Speaker, since the presentation of the 2016 Budget Statement and Economic Policy to this august House in November 2015 and its subsequent approval, there have been a number of developments in both the global and domestic economic environment that have affected some of the assumptions underpinning the Budget that was presented.

246. Mr. Speaker, crude oil prices witnessed a significant decline to as low as US$28.0 per barrel in January 2016. Since March 2016, crude oil prices started to increase from the low price and has increased consistently to US$46.04 per barrel by 20th July, 2016. However, the prices are still below the Benchmark oil price of US$53.05 per barrel used in the 2016 Budget.

247. In addition, the defects in the turret bearing of the Floating, Production, Storage and Offloading (FPSO) Kwame Nkrumah adversely affected petroleum production in most of the first half of 2016.

248. Mr. Speaker, using the methodology prescribed in the Petroleum Revenue Management Act, 2011 (Act 815), the Benchmark Revenue Price for the 2016 fiscal year was estimated at US$86.02 per barrel. However, with the passage of Petroleum Revenue Management (amendment) Act, 2015 (Act 893), and for the first time since 2011, the Minister for Finance, upon approval of Parliament, revised the Benchmark Price based on prevailing market conditions at the time to US$53.05 per barrel. This was consistent with the 2016 average crude oil price projected by the IMF and other traditional sources of Brent crude oil pricing data.

249. Based on the crude oil price of US$53.05 per barrel and quantity of 38.73 million barrels assumptions used for the 2016 Budget, the estimated total petroleum receipts for 2016 amounted to GH¢2,008.4 million. Of this amount, GH¢1,009.0 million was allocated to ABFA to finance specific projects and programmes in the Budget; GH¢432.5 million was estimated to be transferred into the Ghana Petroleum Funds; and GH¢567.0 million to the National Oil Company.

250. Mr. Speaker, although crude oil prices are showing signs of recovery in recent weeks, it is estimated to average within a wide range of US$40.0 and US$52.0 per barrel for 2016, lower than the average of US$53.05 used for 2016 Budget. These developments will obviously have negative implications for the 2016 Budget execution, particularly expenditures to be funded from the Annual Budget Funding Amount (ABFA) allocation in the Budget.

251. It is obvious that based on these projections, the Benchmark price estimated for 2016 will not be realized. In addition, the FPSO challenges will result in lower than projected crude oil output.

252. Mr. Speaker, on the authority of H.E. John Mahama and consistent with Section 7, sub-sections 2 and 3 of the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893) as well as the ESLA, I would like to recommend to this august House, a revision to the Benchmark Revenue and its associated expenditures outlined in the 2016 Budget. The purpose is to ensure the achievement of our macroeconomic objectives, in line with Government's policy of prudent budget and fiscal management

253. Mr. Speaker, based on prevailing market conditions and consistent with the 2016 average crude oil price projected by the IMF's World Economic Outlook and other traditional sources of Brent crude oil pricing data, the Ministry proposes a revision in the average crude oil price to US$45.35 per barrel for 2016.

254. With the revised Benchmark price and volume, total petroleum receipts for 2016 is now estimated at GH¢1,400.8 million (0.8 percent of GDP), down from the 2016 Budget estimate of GH¢2,008.4 million (1.3 percent of GDP). The difference of GH¢600.0 million is about 32 percent lower than the 2016 Budget target.

255. Of the revised estimate for total petroleum receipts, GH¢524.5 million (0.3 percent of GDP) will be transferred to the National Oil Company in line with the PRMA, GH¢262.9 million (0.2 percent of GDP) will be transferred to the Ghana Petroleum Funds and GH¢613.5 million (0.4 percent of GDP), as ABFA for specific projects and programmes in the Budget. The amount estimated for ABFA is about 39.2 percent lower than the GH¢1.0 billion estimated in the 2016 Budget.

REVISIONS TO THE FISCAL FRAMEWORK

256. Mr. Speaker, as a result of the revisions made to the Benchmark oil revenue resulting mainly from developments in both the domestic and global economic environment and the fiscal performance for the first five months of the year, the 2016 revenue and expenditure estimates have been revised to reflect these developments.

Revisions to Total Revenue and Grants

257. Mr. Speaker, based on tax revenue performance in 2015 and the first five months of 2016, non-oil tax revenue is estimated to be lower than what the 2016 Budget projected. It is worth noting that estimates for some tax types such as Value Added Taxes and International Trade Taxes have been revised upwards.

258. Mr. Speaker, you may recall that in December 2015, this august House passed the Energy Sector Levies Act, 2015 (Act 899). I wish to note that, the revenues to be generated from the increase in the Road Fund Levy and the Energy Fund Levy that were passed as well as the corresponding expenditures from these levies were not factored into the 2016 Budget estimates. To ensure

transparency and accountability for the proceeds from these levies, the associated projected revenues and spending have been included in the revised fiscal framework.

259. Mr. Speaker, in 2016, total revenue to be generated from the Road Fund Levy and the Energy Fund Levy as a result of the implementation of the Energy Sector Levies Act, 2015 (Act 899) is GH¢1,092.7 million.

260. Mr. Speaker, based on the revisions made to petroleum receipts and non-oil tax revenue as well as the inclusion of the estimated amount of additional revenues from some of the levies in the ESLA, total revenue and grants for the 2016 fiscal year have been revised downwards by GH¢148.7 million, from GH¢38,038.1 million (24.0 percent of GDP) to GH¢37,889.3 million (22.7 percent of GDP). The downward revision is mainly on account of the lower oil revenue projections.

Revisions to Expenditures

261. Mr. Speaker, total expenditure and arrears clearance have been revised downwards, from GH¢46,445.7 million (29.3 percent of GDP) to GH¢46,297.0 million (27.8 percent of GDP) mainly on account of lower spending from oil revenues.

262. Mr. Speaker, as a result of the downward revision made to oil revenue estimates and in line with Section 4 of the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893), the Annual Budget Funding Amount estimates in the 2016 Budget have been revised downwards. Consequently, Goods and Services have been revised downwards by GH¢409.9 million from GH¢2,536.8 million to GH¢2,126.9 million. Likewise, domestic-financed capital expenditure has also been revised downwards by GH¢177.7million from GH¢1,783.2 million to GH¢1,605.5 million.

263. Due to the lower estimated revenue from oil and in accordance with the Petroleum Revenue Management Act (Act 815), transfers to GNPC from the oil revenue have been revised downwards from GH¢567.0 million to GH¢524.5 million.

264. Foreign-financed capital expenditure has been revised downwards from GH¢4,893.7 million to GH¢4,787.5 million on account of a change in the exchange rate assumption for the Budget.

265. On the other hand, transfers to the Ghana Education Trust Fund (GETFund) have been revised upwards by GH¢60.6 million to GH¢1,082.1 million on account of higher estimates for VAT revenue collection.

266. Transfers to the Road Fund is estimated to increase by GH¢784.3 million, from GH¢277.5 million to GH¢1,061.8 million on account of the increase in the Road Fund Levy as indicated in the ESLA (Act 899).

Revised Overall Budget Balance and Financing

267. Mr. Speaker, on the basis of the revised revenue and estimates, the revised 2016 budget will result in an overall budget deficit of GH¢8,407.7 million (5.0 percent of GDP) same as the deficit of GH¢8,407.7 million (5.3 percent of GDP) in the original 2016 Budget. This will ensure that the pace of public debt accumulation remains the same as envisaged in the 2016 Budget and in line with our debt sustainability objectives.

268. The revised budget deficit will be financed from foreign and domestic sources. Foreign financing of the deficit is estimated at GH¢2,237.0 million, 34.2 percent lower than the amount of net foreign financing projected in the 2016 Budget. The lower net foreign financing is mainly on account of Government's plan to refinance the Ghana 2017 Bond in 2016 to avert the possible refinancing risk in 2017. It is, however, important to note that the country expects to receive additional programme loan of US$75 million from the World Bank and increased financing of about US$208 million from the IMF for Budget Support.

269. Net domestic financing of the 2016 fiscal deficit is now estimated at GH¢6,406.3 million, 17.7 percent higher than the projected amount of GH¢5,441.2 million in the 2016 Budget.

270. Mr. Speaker, as a result of the lower estimates for oil revenue, savings into the Petroleum Funds in 2016 are estimated to be lower by GH¢169.5 million from GH¢432.4 million to GH¢262.9 million.

271. Mr. Speaker, the revisions above will result in a requirement of an appropriation of GH¢51,998,055,121 against an amount of GH¢50,109,851,734 appropriated in the 2016 Budget.

Request for Approval of Supplementary Estimates

272. Mr. Speaker, as mentioned earlier in this presentation, the aim of this Supplementary Estimate is to seek Parliamentary approval to commit additional resources outlined in this report to fund additional expenditures resulting from the revisions made to the 2016 Budget. In this regards, we are requesting approval for a total amount of **GH¢1,888,203,387** as Supplementary Estimates for the 2016 financial year.

SECTION EIGHT: CONCLUSION

273. Right Honourable Speaker, we are committed to addressing the significant economic challenges towards the realization of our brighter medium term prospects. We have remained focused despite the turbulent waters as is evidenced in the significant progress that has been made in all the bold initiatives we took.

274. Mr. Speaker, I beg to move that this august House approves the 2016 Supplementary Estimates of **GH¢1,888,203,387** in accordance with Article 179 (8) of the Constitution and Standing Order 143 of this House.

275. The Appropriation Bill covering these Supplementary Estimates will be submitted to this august House in accordance with Article 179 (9) of the Constitution of the Republic of Ghana and Standing Order 144 of Parliament.

276. Mr. Speaker, I wish to assure this august House and the general public that we remain committed to our resolve to resist budget overruns often associated with elections and managing the public debt towards ensuring debt sustainability. We are determined to sustain fiscal discipline whilst investing prudently in infrastructure and social development.

277. Mr. Speaker, we are on course through the Transformation Agenda to building a better Ghana for all. We trust that in this endeavour we can count on the support of all. God Bless Us All, God Bless Our Homeland Ghana.

278. Rt. Hon. Speaker, I so move

APPENDIX 1: SUMMARY OF CENTRAL GOVERNMENT OPERATIONS – 2015-2016

	2015 Budget	2015 Revised Budget	2015 Prov Outturn	2016 Budget	2016 Prog. Jan-May	2016 Prov. Jan-May
I. REVENUES						
Total Revenue & Grants	**32,406,173,413**	**30,526,225,646**	**32,040,407,836**	**38,038,053,009**	**14,907,479,094**	**13,456,589,871**
(per cent of GDP)	24.0	22.8	22.9	24.0	9.4	8.1
Domestic Revenue	**30,855,399,413**	**28,524,461,136**	**29,351,651,470**	**36,430,187,242**	**14,174,479,094**	**12,724,240,662**
Tax Revenue	**25,406,031,034**	**23,127,915,766**	**24,140,916,818**	**28,868,452,668**	**11,032,843,104**	**10,326,164,154**
Taxes on Income and Property	**11,228,607,519**	**9,410,805,540**	**8,706,504,262**	**12,071,992,938**	**4,307,211,902**	**3,637,126,403**
Company Taxes	3,750,096,201	3,753,662,159	3,619,856,171	5,501,187,815	1,812,110,000	1,584,661,779
Company Taxes on Oil	1,652,205,048	52,451,306	44,852,396	111,487,914	47,780,535	42,017,365
Other Direct Taxes	5,826,306,271	5,604,692,074	5,041,795,694	6,459,317,209	2,447,321,367	2,010,447,259
Taxes on Domestic Goods and Services	**9,471,695,219**	**9,348,439,004**	**9,926,832,338**	**11,323,878,211**	**4,928,211,202**	**4,969,792,522**
Excises	2,426,772,151	2,303,541,933	2,401,938,316	2,893,537,211	1,661,319,535	1,593,265,912
VAT	5,749,079,617	5,760,738,412	6,254,377,722	6,971,538,000	2,692,688,333	2,795,144,167
National Health Insurance Levy (NHIL)	1,003,090,000	1,003,090,000	1,018,667,885	1,145,250,000	444,803,333	444,709,221
Communication Service Tax	292,753,451	281,068,659	251,848,416	313,553,000	129,400,000	136,673,221
International Trade Taxes	**4,705,728,295**	**4,368,671,223**	**5,507,580,218**	**5,472,581,519**	**1,797,420,000**	**1,719,245,228**
Import Duties	3,549,372,598	3,275,342,457	3,078,350,198	4,752,581,519	1,797,420,000	1,629,245,228
Export Duties	340,000,000	340,000,000	370,580,000	720,000,000	0	90,000,000
Import Exemptions	816,355,697	753,328,765	2,058,650,020	0	0	0
Social Contributions	**182,584,914**	**182,584,914**	**289,317,300**	**352,025,000**	**146,200,536**	**77,480,000**
SSNIT Contribution to NHIL	182,584,914	182,584,914	289,317,300	352,025,000	146,200,536	77,480,000
					0	
Non-tax revenue	**5,266,783,466**	**5,213,960,456**	**4,921,417,352**	**7,209,709,574**	**2,995,435,454**	**2,320,596,508**
Grants	**1,550,774,000**	**2,001,764,510**	**2,688,756,366**	**1,607,865,766**	**733,000,000**	**732,349,209**
Project Grants	1,017,586,000	1,065,472,400	1,743,505,715	1,474,665,766	733,000,000	717,749,809
Programme Grants	533,188,000	936,292,110	945,250,651	133,200,000	0	14,599,400
II. EXPENDITURE						
Total Expenditure	**39,152,568,262**	**37,930,282,498**	**38,589,912,790**	**43,505,103,547**	**17,414,608,926**	**15,408,049,816**
(percent of GDP)	29.0	28.3	27.6	27.5	11.0	9.2
Compensation of Employees	12,312,909,378	12,312,909,378	12,111,177,961	14,023,994,590	5,829,990,023	5,811,922,921
Wages & Salaries	10,286,474,000	10,286,474,000	10,555,934,067	11,722,807,482	4,873,351,185	5,055,936,673
(percent of GDP)	7.6	7.7	7.5	7.4	3.1	3.0
Social Contributions	2,026,435,378	2,026,435,378	1,555,243,894	2,301,187,109	956,638,838	755,986,248
Use of Goods and Services	1,970,009,170	1,856,409,779	1,388,219,696	2,536,775,747	869,127,510	800,833,570
Interest Payments	**9,577,175,000**	**9,349,795,000**	**9,075,338,365**	**10,490,600,361**	**4,180,837,088**	**4,013,961,500**
Domestic	8,034,000,000	7,734,000,000	7,312,908,665	8,317,230,361	3,217,237,088	3,055,701,800
External	1,543,175,000	1,615,795,000	1,762,429,700	2,173,370,000	963,600,000	958,259,700
Subsidies	50,000,000	50,000,000	25,000,000	50,000,000	25,000,000	0
Grants to Other Government Units	7,408,583,655	7,190,118,586	6,797,969,708	9,651,420,600	3,707,532,706	2,894,049,666
Social Benefits	60,754,863	60,754,863	0	75,434,987	45,542,953	0
Other Expenditure	816,355,697	753,328,765	2,058,650,020	0	0	0
Capital Expenditure	**6,956,780,498**	**6,356,966,127**	**7,133,557,040**	**6,676,877,262**	**2,756,578,647**	**1,887,282,159**
Domestic Financed	2,557,357,298	1,834,483,117	1,215,055,477	1,783,212,516	726,578,647	206,994,145
Foreign Financed	4,399,423,200	4,522,483,010	5,918,501,563	4,893,664,746	2,030,000,000	1,680,288,014
Overall Balance (Commitment)	**-6,746,394,848**	**-7,404,056,852**	**-6,549,504,954**	**-5,467,050,538**	**-2,507,129,833**	**-1,951,459,945**
(percent of GDP)	-5.0	-5.5	-4.7	-3.5	-1.6	-1.2
Road Arrears	-322,306,373	-322,306,373	-322,276,665	0	0	0
o/w ABFA	-322,306,373	-322,306,373	-322,276,665	0	0	0
Non-Road Arrears	-1,239,043,166	-1,539,043,166	-2,087,204,799	-2,313,169,767	-690,612,201	-72,000,000
o/w other outstanding payments/deferred paym	-776,877,424	-917,077,424	-1,544,939,311	-1,040,768,559	-408,388,679	-72,000,000
o/w Wage Arrears	-371,000,000	-371,000,000	-805,666,483	0	0	0
o/w DACF	-282,103,434	-441,903,434	-441,903,434	-282,223,522	-282,223,522	0
o/w GETF	-180,062,309	-180,062,309	-100,362,055	-196,255,443	0	0
Tax Refunds	-508,120,621	-462,017,364	-627,085,847	-627,438,420	-249,941,950	-433,415,659
Overall Balance (Cash)	**-8,815,865,008**	**-9,727,423,756**	**-9,586,072,266**	**-8,407,658,725**	**-3,492,775,034**	**-2,456,875,603**
(percent of GDP)	-6.5	-7.3	-6.9	-5.3	-2.2	-1.5
Discrepancy	0	0	825,733,658	0	0	-1,721,784,257
Overall balance (incl. Divestiture and Discre	**-8,815,865,008**	**-9,727,423,756**	**-8,760,338,607**	**-8,407,658,725**	**-3,492,775,034**	**-4,178,659,860**

	2015 Budget	2015 Revised Budget	2015 Prov Outturn	2016 Budget	2016 Prog. Jan-May	2016 Prov. Jan-May
Financing	**8,815,865,008**	**9,727,423,756**	**8,760,338,607**	**8,407,658,725**	**3,492,775,034**	**4,178,659,860**
Foreign (net)	**1,255,808,700**	**4,748,965,710**	**5,877,910,574**	**3,398,858,980**	**224,983,000**	**-128,887,150**
Borrowing	4,055,037,200	9,382,372,610	8,612,003,022	7,062,998,980	1,297,000,000	962,538,205
Project Loans	3,381,837,200	3,457,010,610	4,174,995,848	3,418,998,980	1,297,000,000	962,538,205
Programme Loans	673,200,000	818,012,000	821,957,974	644,000,000	0	0
Sovereign Bond	0	5,107,350,000	3,615,049,200	3,000,000,000	0	0
Amortisation (due)	-2,799,228,500	-4,633,406,900	-2,734,092,449	-3,664,140,000	-1,072,017,000	-1,091,425,355
Domestic (net)	**8,697,559,537**	**5,064,425,377**	**2,982,413,439**	**5,441,233,055**	**3,490,540,771**	**4,351,354,445**
Banking	3,349,993,308	741,376,471	-793,476,242	1,325,287,464	552,203,110	941,584,545
Bank of Ghana	1,219,993,308	0	-201,188,242	0	0	1,634,285,845
Comm. Banks	2,130,000,000	741,376,471	-592,288,000	1,325,287,464	552,203,110	-692,701,300
Non-banks	5,347,566,229	4,323,048,906	3,483,959,400	4,115,945,591	2,938,337,661	3,409,769,900
Other Domestic	0	0	291,930,281	0	0	0
Other Financing	**-85,710,829**	**-85,710,829**	**-222,552,000**	**0**	**0**	**-86,210,500**
Other Domestic Financing	-85,710,829	-85,710,829	-222,552,000	0	0	-86,210,500
Ghana Petroleum Funds	**-627,101,390**	**-256,502**	**390,345,653**	**-205,405,822**	**-128,386,075**	**-71,097,189**
Transfer to Ghana Petroleum Funds	-627,101,390	-205,974,272	-172,410,862	-205,405,822	-128,386,075	-71,097,189
o/w Stabilisation Fund	-311,563,670	-144,181,991	-147,465,509	-75,675,829	-31,454,221	-49,768,033
o/w Heritage Fund	-315,537,720	-61,792,282	-24,945,353	-129,729,993	-53,921,521	-21,329,157
Transfer from Stabilisation Fund	0	205,717,770	562,756,515	0	0	0
Sinking Fund	**-283,127,340**	**0**	**-178,519,372**	**-151,351,658**	**-62,908,441**	**113,500,255**
Contingency Fund	**-141,563,670**	**0**	**-89,259,686**	**-75,675,829**	**-31,454,221**	**0**
Memorandum items						
Domestic Revenue	30,855,399,413	28,524,461,136	29,351,651,470	36,430,187,242	14,174,479,094	12,724,240,662
(percent of GDP)	22.9	21.3	21.0	23.0	8.9	7.6
Domestic expenditure	25,684,090,682	24,520,021,853	23,397,425,051	28,748,276,860	11,453,713,788	11,869,000,217
(percent of GDP)	19.0	18.3	16.7	18.1	7.2	7.1
Primary Balance	761,309,992	-377,628,756	314,999,758	2,082,941,636	688,062,054	-164,698,360
(percent of GDP)	0.6	-0.3	0.2	1.3	0.4	-0.1
Non-oil Primary Balance	-3,442,353,255	-2,144,505,967	-1,116,049,283	74,544,832	-169,425,533	-500,112,640
(percent of GDP)	-2.8	-1.7	-0.8	0.0	-0.1	-0.3
Overall Balance (cash, discrepancy)	-8,815,865,008	-9,727,423,756	-8,760,338,607	-8,407,658,725	-3,492,775,034	-4,178,659,860
(percent of GDP)	-6.5	-7.3	-6.3	-5.3	-2.2	-2.5
Oil Revenue	4,203,663,247	1,766,877,212	1,431,049,041	2,008,396,803	857,487,587	335,414,280
(percent of GDP)	3.1	1.3	1.0	1.3	0.5	0.2
Non-Oil Revenue and Grants	28,202,510,167	28,759,348,434	30,609,358,796	36,029,656,205	14,049,991,506	13,121,175,591
(percent of GDP)	20.9	21.5	21.9	22.7	8.9	7.9
Benchmark Oil Revenue	3,505,974,669	1,268,922,434	962,668,095	1,441,444,364	599,128,014	236,990,631
(percent of GDP)	2.6	0.9	0.7	0.9	0.3	0.1
Annual Budget Funding Amount (ABFA)	2,454,182,268	1,062,948,162	1,062,948,162	1,009,011,055	419,389,610	165,893,442
(percent of GDP)	1.8	0.8	0.8	0.6	0.3	0.1
Nominal GDP	**135,010,806,378**	**134,073,000,000**	**139,936,000,000**	**158,453,673,000**	**158,453,673,000**	**166,768,473,037**
Non-Oil Nominal GDP	**123,098,634,578**	**123,098,634,578**	**132,538,000,000**	**149,569,848,000**	**149,569,848,000**	**162,527,848,302**

APPENDIX 2: ECONOMIC CLASSIFICATION OF CENTRAL GOVERNMENT – REVENUE - 2015-2016

	2015 Budget	2015 Revised Budget	2015 Prov Outturn	2016 Budget	2016 Prog. Jan-May	2016 Prov. Jan-May
TAX REVENUE	**25,406,031,034**	**23,127,915,766**	**24,140,916,818**	**28,868,452,668**	**11,032,843,104**	**10,326,164,154**
TAXES ON INCOME & PROPERTY	**11,228,607,519**	**9,410,805,540**	**8,706,504,262**	**12,071,992,938**	**4,307,211,902**	**3,637,126,403**
Personal	3,663,944,604	3,547,309,392	3,309,858,682	4,229,346,000	1,580,280,000	1,385,462,025
Self Employed	258,902,281	264,743,478	260,385,580	344,822,000	136,200,000	103,074,472
Companies	3,750,096,201	3,753,662,159	3,619,856,171	5,501,187,815	1,812,110,000	1,584,661,779
Company Taxes on Oil	1,652,205,048	52,451,306	44,852,396	111,487,914	47,780,535	42,017,365
Others	1,903,459,386	1,792,639,205	1,471,551,432	1,885,149,209	730,841,367	521,910,763
Other Direct Taxes	1,586,469,386	1,375,859,205	1,064,962,563	1,397,901,209	564,931,367	362,578,931
o/w Royalties from Oil	629,774,733	445,864,552	383,722,010	446,873,209	168,411,367	70,988,876
o/w Mineral Royalties	597,960,000	496,260,000	518,346,081	709,478,000	318,950,000	234,137,893
National Fiscal Stabilisation Levy	246,400,000	246,400,000	172,051,518	213,011,000	64,200,000	48,106,202
Airport Tax	70,590,000	170,380,000	234,537,351	274,237,000	101,710,000	111,225,631
TAXES ON DOMESTIC GOODS AND SERVIC	**9,471,695,219**	**9,348,439,004**	**9,926,832,338**	**11,323,878,211**	**4,928,211,202**	**4,969,792,522**
Excises	**2,426,772,151**	**2,303,541,933**	**2,401,938,316**	**2,893,537,211**	**1,661,319,535**	**1,593,265,912**
Excise Duty	212,627,391	213,819,629	238,550,637	250,329,211	101,360,000	125,613,791
Petroleum Tax	2,214,144,760	2,089,722,305	2,163,387,678	2,643,208,000	1,559,959,535	1,467,652,121
VAT	**5,749,079,617**	**5,760,738,412**	**6,254,377,722**	**6,971,538,000**	**2,692,688,333**	**2,795,144,167**
Domestic	2,468,654,190	2,398,088,121	2,765,510,108	2,959,870,000	1,148,708,333	1,209,425,155
External	3,280,425,428	3,362,650,291	3,488,867,613	4,011,668,000	1,543,980,000	1,585,719,013
National Health Insurance Levy (NHIL)	**1,003,090,000**	**1,003,090,000**	**1,018,667,885**	**1,145,250,000**	**444,803,333**	**444,709,221**
Customs Collection	559,970,000	559,970,000	557,749,497	613,200,000	237,220,000	240,329,412
Domestic Collection	443,120,000	443,120,000	460,918,388	532,050,000	207,583,333	204,379,809
Communication Service Tax	**292,753,451**	**281,068,659**	**251,848,416**	**313,553,000**	**129,400,000**	**136,673,221**
TAXES ON INTERNATIONAL TRADE	**4,705,728,295**	**4,368,671,223**	**5,507,580,218**	**5,472,581,519**	**1,797,420,000**	**1,719,245,228**
Imports	**3,549,372,598**	**3,275,342,457**	**3,078,350,198**	**4,752,581,519**	**1,797,420,000**	**1,629,245,228**
Import Duty	3,549,372,598	3,275,342,457	3,078,350,198	4,752,581,519	1,797,420,000	1,629,245,228
Exports	**340,000,000**	**340,000,000**	**370,580,000**	**720,000,000**	**0**	**90,000,000**
o/w Cocoa	340,000,000	340,000,000	370,580,000	720,000,000	0	90,000,000
Import Exemptions	**816,355,697**	**753,328,765**	**2,058,650,020**	**0**	**0**	**0**
SOCIAL CONTRIBUTIONS	**182,584,914**	**182,584,914**	**289,317,300**	**352,025,000**	**146,200,536**	**77,480,000**
SSNIT Contribution to NHIL	182,584,914	182,584,914	289,317,300	352,025,000	146,200,536	77,480,000
NON-TAX REVENUE	**5,266,783,466**	**5,213,960,456**	**4,921,417,352**	**7,209,709,574**	**2,995,435,454**	**2,320,596,508**
Retention	2,833,040,000	2,833,040,000	2,530,649,910	3,532,373,894	1,420,089,769	1,420,089,769
Lodgement	2,433,743,466	2,380,920,456	2,390,767,442	3,677,335,680	1,575,345,685	900,506,739
Fees & Charges	306,280,000	306,280,000	662,655,469	606,330,000	257,330,000	178,098,700
Dividend/Interest & Profits from Oil	1,630,647,852	1,155,573,308	994,514,838	1,172,110,163	502,332,927	219,542,366
Surface Rentals from Oil/PHF Interest	4,923,064	6,188,046	5,878,836	4,205,109	2,102,554	2,865,673
Gas Receipts	286,112,550	106,800,000	2,080,961	273,720,408	136,860,204	0
Dividend/Interest & Profits (Others)	205,780,000	806,079,102	725,637,338	950,970,000	666,720,000	500,000,000
Receipts from on-lent Facilities				50,000,000	10,000,000	
Licences	0	0	0	620,000,000	0	0
DOMESTIC REVENUE	**30,855,399,413**	**28,524,461,136**	**29,351,651,470**	**36,430,187,242**	**14,174,479,094**	**12,724,240,662**
GRANTS	**1,550,774,000**	**2,001,764,510**	**2,688,756,366**	**1,607,865,766**	**733,000,000**	**732,349,209**
Project Grants	1,017,586,000	1,065,472,400	1,743,505,715	1,474,665,766	733,000,000	717,749,809
Programme Grants	533,188,000	936,292,110	945,250,651	133,200,000	0	14,599,400
TOTAL REVENUE & GRANTS	**32,406,173,413**	**30,526,225,646**	**32,040,407,836**	**38,038,053,009**	**14,907,479,094**	**13,456,589,871**
Memorandum items						
Taxes on Income and Property	8.3	7.0	6.2	7.6	2.7	2.2
Taxes on Goods and Services	7.0	7.0	7.1	7.1	3.1	3.0
Taxes on International Trade	3.5	3.3	3.9	3.5	1.1	1.0
Tax Revenue	18.8	17.3	17.3	18.2	7.0	6.2
Non-Oil Tax Revenue	18.8	18.4	17.9	18.9	7.2	6.3
Non-Tax Revenue	3.9	3.9	3.5	4.6	1.9	1.4
Domestic Revenue	22.9	21.3	21.0	23.0	8.9	7.6
Non-Oil Domestic Revenue	21.9	21.8	21.1	23.2	9.0	7.6
Grants	1.1	1.5	1.9	1.0	0.5	0.4
Total Revenue and Grants	24.0	22.8	22.9	24.0	9.4	8.1
Import Exemptions	**816,355,697**	**753,328,765**	**2,058,650,020**	**998,042,119**	**4,990,210,595**	**3,565,919,200**
Benchmark Oil Revenue	**3,505,974,669**	**1,268,922,434**	**962,668,095**	**1,441,444,364**	**599,128,014**	**236,990,631**
Nominal GDP	**135,010,806,378**	**134,073,000,000**	**139,936,000,000**	**158,453,673,000**	**158,453,673,000**	**166,768,473,037**
Non-Oil Nominal GDP	**123,098,634,578**	**123,098,634,578**	**132,538,000,000**	**149,569,848,000**	**149,569,848,000**	**162,527,848,302**

APPENDIX 3: ECONOMIC CLASSIFICATION OF CENTRAL GOVERNMENT EXPENDITURE - 2015-2016

	2015 Budget	2015 Revised Budget	2015 Prov Outturn	2016 Budget	2016 Prog. Jan-May	2016 Prov. Jan-May
II EXPENDITURE						
Compensation of Employees	12,312,909,378	12,312,909,378	12,111,177,961	14,023,994,590	5,829,990,023	5,811,922,921
Wages & Salaries	10,286,474,000	10,286,474,000	10,555,934,067	11,722,807,482	4,873,351,185	5,055,936,673
Social Contributions	2,026,435,378	2,026,435,378	1,555,243,894	2,301,187,109	956,638,838	755,986,248
Pensions	750,912,602	750,912,602	676,633,107	788,944,944	327,976,535	307,650,367
Gratuities	216,015,954	216,015,954	159,735,418	222,733,342	92,593,673	139,728,118
Social Security	1,059,506,822	1,059,506,822	718,875,369	1,289,508,823	536,068,630	308,607,763
Use of Goods and Services	1,970,009,170	1,856,409,779	1,388,219,696	2,536,775,747	869,127,510	800,833,570
o/w ABFA	736,254,680	318,884,448	182,020,215	302,703,316	87,666,005	88,335,871
Interest Payments	9,577,175,000	9,349,795,000	9,075,338,365	10,490,600,361	4,180,837,088	4,013,961,500
Domestic	8,034,000,000	7,734,000,000	7,312,908,665	8,317,230,361	3,217,237,088	3,055,701,800
External (Due)	1,543,175,000	1,615,795,000	1,762,429,700	2,173,370,000	963,600,000	958,259,700
Subsidies	50,000,000	50,000,000	25,000,000	50,000,000	25,000,000	0
Subsidies to Utility Companies	0	0	0	0	0	0
Subsidies on Petroleum products	50,000,000	50,000,000	25,000,000	50,000,000	25,000,000	0
Grants to Other Government Units	7,408,583,655	7,190,118,586	6,797,969,708	9,651,420,600	3,707,532,706	2,894,049,666
National Health Fund (NHF)	1,185,674,914	1,185,674,914	1,132,046,000	1,497,275,000	608,364,723	497,680,500
Education Trust Fund	843,899,218	853,200,063	923,185,856	1,021,526,914	410,512,868	250,486,851
Road Fund	257,034,280	257,034,280	267,846,042	277,489,961	103,258,454	408,595,235
Petroleum Related Funds	5,327,590	5,327,590	5,421,503	5,935,470	2,391,977	5,092,662
Dist. Ass. Common Fund	1,585,919,077	1,557,886,962	1,470,439,451	2,013,913,015	599,309,427	213,681,000
Retention of Internally-generated funds (IGFs)	2,833,040,000	2,833,040,000	2,530,649,910	3,532,373,894	1,427,586,943	1,420,089,769
Transfer to GNPC from Oil Revenue	697,688,578	497,954,778	468,380,945	566,952,440	258,359,574	98,423,649
Other Earmarked Funds				735,953,906	297,748,740	0
Social Benefits	60,754,863	60,754,863	60,754,863	75,434,987	45,542,953	0
Lifeline Consumers of Electricity	60,754,863	60,754,863	60,754,863	75,434,987	45,542,953	0
Other Expenditure	816,355,697	753,328,765	2,058,650,020	0	0	0
Tax Expenditure (Exemptions)	816,355,697	753,328,765	2,058,650,020	0	0	0
Capital Expenditure	6,956,780,498	6,356,966,127	7,133,557,040	6,676,877,262	2,756,578,647	1,887,282,159
Domestic financed	2,557,357,298	1,834,483,117	1,215,055,477	1,783,212,516	726,578,647	206,994,145
o/w GIIF	966,608,331	1,039,215,991		1,198,103,849	490,221,173	0
o/w ABFA	1,272,913,171	235,741,412		529,730,804	220,179,545	0
Foreign financed	4,399,423,200	4,522,483,010	5,918,501,563	4,893,664,746	2,030,000,000	1,680,288,014
TOTAL EXPENDITURE	39,152,568,262	37,930,282,498	38,650,667,653	43,505,103,547	17,414,608,926	15,408,049,816
APPROPRIATION	44,021,266,921	44,887,056,302	44,421,327,413	50,109,851,734	19,427,180,078	17,004,890,830
Total Expenditure	39,152,568,262	37,930,282,498	38,650,667,653	43,505,103,547	17,414,608,926	15,408,049,816
Road Arrears	322,306,373	322,306,373	322,276,665	0	0	0
Non-Road Arrears	1,239,043,166	1,539,043,166	2,087,204,799	2,313,169,767	690,612,201	72,000,000
Tax Refunds	508,120,621	462,017,364	627,085,847	627,438,420	249,941,950	433,415,659
Amortisation	2,799,228,500	4,633,406,900	2,734,092,449	3,664,140,000	1,072,017,000	1,091,425,355
Memorandum items:						
Compensation of Employees	9.1	9.2	8.7	8.9	3.7	3.5
Goods and Services	1.5	1.4	1.0	1.6	0.5	0.5
Interest Payments	7.1	7.0	6.5	6.6	2.6	2.4
Subsidies	0.0	0.0	0.0	0.0	0.0	0.0
Recurrent Expenditure	21.3	21.2	20.3	20.3	8.2	7.5
Capital Expenditure	5.2	4.7	5.1	4.2	1.7	1.1
Total Capital Expenditure (including those under (	7.7	7.1	7.3	6.7	2.6	1.7
Total Expenditure	29.0	28.3	27.6	27.5	11.0	9.2
Annual Budget Funding Amount (ABFA)	2,454,182,268	1,062,948,162	1,062,948,162	1,009,011,055	419,389,610	165,893,442
Benchmark Oil Revenue	3,505,974,669	1,268,922,434	962,668,095	1,441,444,364	599,128,014	236,990,631
Nominal GDP	135,010,806,378	134,073,000,000	139,936,000,000	158,453,673,000	158,453,673,000	166,768,473,037
Non-Oil Nominal GDP	123,098,634,578	123,098,634,578	132,538,000,000	149,569,848,000	149,569,848,000	162,527,848,302

APPENDIX 4: ECONOMIC CLASSIFICATION OF CENTRAL GOVERNMENT EXPENDITURE - 2015-2016

	2016 Budget	2016 Revised Budget	2016 Supplementary Budget
I. REVENUES			
Total Revenue & Grants	**38,038,053,009**	**37,889,346,641**	**-148,706,368**
(per cent of GDP)	24.0	22.7	-1.3
Domestic Revenue	**36,430,187,242**	**36,300,087,954**	**-130,099,288**
Tax Revenue	**28,868,452,668**	**29,129,044,069**	**260,591,401**
Taxes on Income and Property	**12,071,992,938**	**11,358,930,103**	**-713,062,835**
Company Taxes	5,501,187,815	5,201,180,000	-300,007,815
Company Taxes on Oil	111,487,914	42,017,365	-69,470,549
Other Direct Taxes	6,459,317,209	6,115,732,738	-343,584,471
Taxes on Domestic Goods and Services	**11,323,878,211**	**12,116,542,790**	**792,664,579**
Excises	2,893,537,211	3,333,631,350	440,094,139
VAT	6,971,538,000	7,347,650,000	376,112,000
National Health Insurance Levy (NHIL)	1,145,250,000	1,124,880,000	-20,370,000
Communication Service Tax	313,553,000	310,381,439	-3,171,561
International Trade Taxes	**5,472,581,519**	**5,653,571,176**	**180,989,657**
Import Duties	4,752,581,519	4,899,571,176	146,989,657
Export Duties	720,000,000	754,000,000	34,000,000
Social Contributions	**352,025,000**	**352,825,919**	**800,919**
SSNIT Contribution to NHIL	352,025,000	352,825,919	800,919
Non-tax revenue	**7,209,709,574**	**6,818,217,965**	**-391,491,609**
Grants	**1,607,865,766**	**1,589,258,687**	**-18,607,079**
Project Grants	1,474,665,766	1,463,148,687	-11,517,079
Programme Grants	133,200,000	126,110,000	-7,090,000
II. EXPENDITURE			
Total Expenditure	**43,505,103,547**	**43,356,397,179**	**-148,706,368**
(percent of GDP)	27.5	26.0	-1.5
Compensation of Employees	14,023,994,590	13,730,924,403	-293,070,187
Wages & Salaries	11,722,807,482	11,722,807,482	0
(percent of GDP)	7.4	7.0	-0.4
Social Contributions	2,301,187,109	2,008,116,922	-293,070,187
Use of Goods and Services	2,536,775,747	2,126,866,278	-409,909,469
Interest Payments	**10,490,600,361**	**10,490,266,111**	**-334,250**
Domestic	8,317,230,361	8,317,230,361	0
External	2,173,370,000	2,173,035,750	-334,250
Subsidies	50,000,000	50,000,000	0
Grants to Other Government Units	9,651,420,600	10,489,855,960	838,435,361
Social Benefits	75,434,987	75,434,987	0
Capital Expenditure	**6,676,877,262**	**6,393,049,439**	**-283,827,823**
Domestic Financed	1,783,212,516	1,605,536,603	-177,675,913
Foreign Financed	4,893,664,746	4,787,512,836	-106,151,910
Overall Balance (Commitment)	**-5,467,050,538**	**-5,467,050,538**	**0**
(percent of GDP)	-3.5	-3.3	0.2
Road Arrears	0	0	0
o/w ABFA	0	0	0
Non-Road Arrears	-2,313,169,767	-2,313,169,767	0
o/w other outstanding payments/deferred paym	-1,040,768,559	-1,040,768,559	0
o/w DACF	-282,223,522	-282,223,522	0
o/w GETF	-196,255,443	-196,255,443	0
Tax Refunds	-627,438,420	-627,438,420	0
Required Fiscal Measures	**0**	**0**	**0**
Overall Balance (Cash)	**-8,407,658,725**	**-8,407,658,725**	**0**
(percent of GDP)	-5.3	-5.0	0.3
Discrepancy	0	0	0
Overall balance (incl. Divestiture and Discre	**-8,407,658,725**	**-8,407,658,725**	**0**

	2016 Budget	2016 Revised Budget	2016 Supplementary Budget
Financing	**8,407,658,725**	**8,407,658,725**	**0**
Foreign (net)	**3,398,858,980**	**2,236,963,694**	**-1,161,895,286**
Borrowing	7,062,998,980	7,938,013,449	875,014,469
Project Loans	3,418,998,980	3,324,364,149	-94,634,831
Programme Loans	644,000,000	1,688,649,300	1,044,649,300
Sovereign Bond	3,000,000,000	2,925,000,000	-75,000,000
Amortisation (due)	-3,664,140,000	-5,701,049,755	-2,036,909,755
Domestic (net)	**5,441,233,055**	**6,406,317,122**	**965,084,067**
Banking	1,325,287,464	3,051,703,591	1,726,416,127
Bank of Ghana	0	1,445,292,426	1,445,292,426
Comm. Banks	1,325,287,464	1,606,411,165	281,123,702
Non-banks	4,115,945,591	3,354,613,531	-761,332,060
Other Financing	**0**	**-86,210,500**	**-86,210,500**
Other Domestic Financing	0	-86,210,500	-86,210,500
Ghana Petroleum Funds	**-205,405,822**	**71,790,849**	**277,196,670**
Transfer to Ghana Petroleum Funds	-205,405,822	-190,441,119	14,964,703
o/w Stabilisation Fund	-75,675,829	-111,567,565	-35,891,736
o/w Heritage Fund	-129,729,993	-78,873,554	50,856,439
Transfer from Stabilisation Fund	0	262,231,967	262,231,967
Sinking Fund	**-151,351,658**	**-109,634,875**	**41,716,783**
Contingency Fund	**-75,675,829**	**-111,567,565**	**-35,891,736**
Memorandum items			
Domestic Revenue	36,430,187,242	36,300,087,954	-130,099,288
(percent of GDP)	23.0	21.8	-1.2
Domestic expenditure	28,748,276,860	28,706,056,652	-42,220,208
(percent of GDP)	18.1	17.2	-0.9
Primary Balance	2,082,941,636	2,082,607,386	-334,250
(percent of GDP)	1.3	1.2	-0.1
Non-oil Primary Balance	74,544,832	681,764,933	607,220,100
(percent of GDP)	0.0	0.4	0.4
Overall Balance (cash, discrepancy)	-8,407,658,725	-8,407,658,725	0
(percent of GDP)	-5.3	-5.0	0.3
Oil Revenue	2,008,396,803	1,400,842,454	-607,554,350
(percent of GDP)	1.3	0.8	-0.4
Non-Oil Revenue and Grants	36,029,656,205	36,488,504,187	458,847,982
(percent of GDP)	22.7	21.9	-0.9
Benchmark Oil Revenue	1,441,444,364	876,372,821	-565,071,543
(percent of GDP)	0.9	0.5	-0.4
Annual Budget Funding Amount (ABFA)	1,009,011,055	613,460,974	-395,550,080
(percent of GDP)	0.6	0.4	-0.3
Nominal GDP	**158,453,673,000**	**166,768,473,037**	**166,768,473,037**
Non-Oil Nominal GDP	**149,569,848,000**	**162,527,848,302**	**149,569,848,000**

APPENDIX 5: ECONOMIC CLASSIFICATION OF CENTRAL GOVERNMENT REVENUE – 2016

	2016 Budget	2016 Revised Budget	2016 Supplementary Budget
TAX REVENUE	**28,868,452,668**	**29,129,044,069**	**260,591,401**
TAXES ON INCOME & PROPERTY	**12,071,992,938**	**11,358,930,103**	**-713,062,835**
Personal	4,229,346,000	4,136,412,381	-92,933,619
Self Employed	344,822,000	346,163,340	1,341,340
Companies	5,501,187,815	5,201,180,000	-300,007,815
Company Taxes on Oil	111,487,914	42,017,365	-69,470,549
Others	1,885,149,209	1,633,157,017	-251,992,192
Other Direct Taxes	1,397,901,209	1,167,909,017	-229,992,192
o/w Royalties from Oil	446,873,209	306,281,017	-140,592,192
o/w Mineral Royalties	709,478,000	649,478,000	-60,000,000
National Fiscal Stabilisation Levy	213,011,000	191,011,000	-22,000,000
Airport Tax	274,237,000	274,237,000	0
TAXES ON DOMESTIC GOODS AND SERVICES	**11,323,878,211**	**12,116,542,790**	**792,664,579**
Excises	**2,893,537,211**	**3,333,631,350**	**440,094,139**
Excise Duty	250,329,211	290,861,350	40,532,139
Petroleum Tax	2,643,208,000	3,042,770,000	399,562,000
VAT	**6,971,538,000**	**7,347,650,000**	**376,112,000**
Domestic	2,959,870,000	3,185,930,000	226,060,000
External	4,011,668,000	4,161,720,000	150,052,000
National Health Insurance Levy (NHIL)	**1,145,250,000**	**1,124,880,000**	**-20,370,000**
Customs Collection	613,200,000	580,240,000	-32,960,000
Domestic Collection	532,050,000	544,640,000	12,590,000
Communication Service Tax	**313,553,000**	**310,381,439**	**-3,171,561**
TAXES ON INTERNATIONAL TRADE	**5,472,581,519**	**5,653,571,176**	**180,989,657**
Imports	**4,752,581,519**	**4,899,571,176**	**146,989,657**
Import Duty	4,752,581,519	4,899,571,176	146,989,657
Special Tax	0	0	0
Other Taxes	0	0	0
Exports	**720,000,000**	**754,000,000**	**34,000,000**
o/w Cocoa	720,000,000	754,000,000	34,000,000
SOCIAL CONTRIBUTIONS	**352,025,000**	**352,825,919**	**800,919**
SSNIT Contribution to NHIL	352,025,000	352,825,919	800,919
NON-TAX REVENUE	**7,209,709,574**	**6,818,217,965**	**-391,491,609**
Retention	3,532,373,894	3,532,373,894	0
Lodgement	3,677,335,680	3,285,844,071	-391,491,609
Fees & Charges	606,330,000	612,330,000	6,000,000
Dividend/Interest & Profits from Oil	1,172,110,163	1,048,444,090	-123,666,073
Surface Rentals from Oil/PHF Interest	4,205,109	4,099,981	-105,128
Gas Receipts	273,720,408	0	-273,720,408
Dividend/Interest & Profits (Others)	950,970,000	950,970,000	0
Receipts from on-lent Facilities	50,000,000	50,000,000	0
Licences	620,000,000	620,000,000	0
DOMESTIC REVENUE	**36,430,187,242**	**36,300,087,954**	**-130,099,288**
GRANTS	**1,607,865,766**	**1,589,258,687**	**-18,607,079**
Project Grants	1,474,665,766	1,463,148,687	-11,517,079
Programme Grants	133,200,000	126,110,000	-7,090,000
TOTAL REVENUE & GRANTS	**38,038,053,009**	**37,889,346,641**	**-148,706,368**
Memorandum items			
Taxes on Income and Property	7.6	6.8	-0.8
Taxes on Goods and Services	7.1	7.3	0.1
Taxes on International Trade	3.5	3.4	-0.1
Tax Revenue	18.2	17.5	-0.8
Non-Oil Tax Revenue	18.9	17.7	-1.2
Non-Tax Revenue	4.6	4.1	-0.5
Domestic Revenue	23.0	21.8	-1.2
Non-Oil Domestic Revenue	23.2	21.5	-1.7
Grants	1.0	1.0	-0.1
Total Revenue and Grants	24.0	22.7	-1.3
Import Exemptions	**998,042,119**	**998,042,119**	**0**
Benchmark Oil Revenue	**1,441,444,364**	**876,372,821**	**-565,071,543**
Nominal GDP	**158,453,673,000**	**166,768,473,037**	**166,768,473,037**
Non-Oil Nominal GDP	**149,569,848,000**	**162,527,848,302**	**162,527,848,302**

APPENDIX 6: ECONOMIC CLASSIFICATION OF CENTRAL GOVERNMENT EXPENDITURE - 2016

	2016 Budget	2016 Revised Budget	2016 Supplementary Budget
II EXPENDITURE			
Compensation of Employees	**14,023,994,590**	**13,730,924,403**	**-293,070,187**
Wages & Salaries	11,722,807,482	11,722,807,482	0
Social Contributions	2,301,187,109	2,008,116,922	-293,070,187
Pensions	788,944,944	788,944,944	0
Gratuities	222,733,342	222,733,342	0
Social Security	1,289,508,823	996,438,636	-293,070,187
Use of Goods and Services	**2,536,775,747**	**2,126,866,278**	**-409,909,469**
o/w GoG	**2,234,072,430**	**1,942,827,985**	**-291,244,445**
o/w ABFA	302,703,316	184,038,292	-118,665,024
Interest Payments	**10,490,600,361**	**10,490,266,111**	**-334,250**
Domestic	8,317,230,361	8,317,230,361	0
External (Due)	2,173,370,000	2,173,035,750	-334,250
Subsidies	**50,000,000**	**50,000,000**	**0**
Subsidies to Utility Companies	0	0	0
Subsidies on Petroleum products	50,000,000	50,000,000	0
Grants to Other Government Units	**9,651,420,600**	**10,489,855,960**	**838,435,361**
National Health Fund (NHF)	1,497,275,000	1,477,705,919	-19,569,081
Education Trust Fund	1,021,526,914	1,082,088,469	60,561,554
Road Fund	277,489,961	1,061,820,000	784,330,039
Petroleum Related Funds	5,935,470	30,860,000	24,924,530
Dist. Ass. Common Fund	2,013,913,015	2,048,153,104	34,240,089
Retention of Internally-generated funds (IGFs)	3,532,373,894	3,532,373,894	0
Transfer to GNPC from Oil Revenue	566,952,440	524,469,633	-42,482,807
Other Earmarked Funds	735,953,906	732,384,942	-3,568,964
Social Benefits	**75,434,987**	**75,434,987**	**0**
Lifeline Consumers of Electricity	75,434,987	75,434,987	0
Capital Expenditure	**6,676,877,262**	**6,393,049,439**	**-283,827,823**
Domestic financed	1,783,212,516	1,605,536,603	-177,675,913
o/w GoG	55,377,863	94,025,452	38,647,589
o/w GIIF	1,198,103,849	1,189,444,139	-8,659,710
o/w ABFA	529,730,804	322,067,012	-207,663,792
Foreign financed	**4,893,664,746**	**4,787,512,836**	**-106,151,910**
TOTAL EXPENDITURE	**43,505,103,547**	**43,356,397,179**	**-148,706,368**

	2016 Budget	2016 Revised Budget	2016 Supplementary Budget
APPROPRIATION	**50,109,851,734**	**51,998,055,121**	**1,888,203,387**
Total Expenditure	**43,505,103,547**	**43,356,397,179**	**-148,706,368**
Road Arrears	**0**	**0**	**0**
Non-Road Arrears	**2,313,169,767**	**2,313,169,767**	**0**
Tax Refunds	**627,438,420**	**627,438,420**	**0**
Amortisation	**3,664,140,000**	**5,701,049,755**	**2,036,909,755**
Memorandum items:			
Compensation of Employees	8.9	8.2	-0.6
Goods and Services	1.6	1.3	-0.3
Interest Payments	6.6	6.3	-0.3
Subsidies	0.0	0.0	0.0
Recurrent Expenditure	20.3	18.9	-1.4
Capital Expenditure	4.2	3.8	-0.4
Total Capital Expenditure (including those under (	6.7	6.7	0.0
Total Expenditure	27.5	26.0	-1.5
Annual Budget Funding Amount (ABFA)	**1,009,011,055**	**613,460,974**	**-395,550,080**
Benchmark Oil Revenue	**1,441,444,364**	**876,372,821**	**-565,071,543**
Nominal GDP	**158,453,673,000**	**166,768,473,037**	**166,768,473,037**
Non-Oil Nominal GDP	**149,569,848,000**	**162,527,848,302**	**162,527,848,302**