



REPUBLIC OF GHANA

MINISTRY OF FINANCE

DRAFT 2023 BUDGET SPEECH

**24TH NOVEMBER 2022
10:00AM**



2023 BUDGET STATEMENT

2023 BUDGET SPEECH

Introduction

1. Right Honourable Speaker, Honourable Members of Parliament, on the authority of the President of the Republic of Ghana, and in accordance with the requirement under Article 179 of the 1992 Constitution of the Republic of Ghana, I present to you the 2023 Budget Statement and Economic Policy of His Excellency Nana Addo Dankwa Akufo-Addo.
2. Mr. Speaker, I beg to move that this House approves the Budget Statement and Economic Policy of the Government of Ghana for the year ending 31st December, 2023.
3. I also respectfully submit to this House the following statutory reports:
 - The 2022 Annual Report on the Petroleum Funds, pursuant to Section 48 of the Petroleum Revenue Management Act, 2011 (Act 815), (as amended); and
 - The 2022 Report on the Utilisation of the African Union Levies, pursuant to Section 7 of the African Union Import Levies Act, 2017 (Act 952).
4. Mr. Speaker, this Budget Speech is an abridged version of the 2023 Budget Statement and Economic Policy of Government. I request the Hansard Department to capture the entire Budget Statement and Economic Policy of Government for the year ending 31st December, 2023.
5. Mr. Speaker, at the outset, permit me to thank you, personally, the leadership of Parliament, Honourable Members of this august House for your individual and collective support, understanding and cooperation the past six years that I have had the honour and privilege to be the Minister responsible for Finance.
6. As we all are fully aware, a lot has happened this year in the economy and more so in recent weeks over my role in the management of the economy. These are very erratic



2023 BUDGET STATEMENT

times and, on behalf of the President of the Republic and, for myself in particular, I am eternally grateful, first, to the leadership of the New Patriotic Party, and the majority leadership and caucus of this House. And, to the Minority caucus of the National Democratic Congress in Parliament, I thank you, on your decision yesterday to participate fully in the process of passing this budget and, to quote, you stressed how “also mindful” you are “of the timeliness regarding the IMF negotiations and the crucial role a timely presentation of the 2023 budget will play in the advancement” of Ghana’s case in the negotiations with the Fund.

7. I wish to assure this House of my strong commitment and unflinching cooperation in our collective efforts to secure an historic IMF programme very soon; a programme that will assist the country in its post-covid recovery efforts. Our disagreements notwithstanding, what should never be in doubt, especially in the eyes and ears of the general public, is our common desire to serve the Republic. Our democracy is richer for it. Let me quote Simón Bolívar; “In the unity of our nations rests the glorious future of our peoples.”.
8. But Mr. Speaker, The President of the Republic who is in Qatar enjoins us to remember Nehemiah when he said ‘Let us rebuilt the walls of Jerusalem and we will in disgrace. They replied “Let is start rebuilding”. So they began to work.
9. Mr. Speaker, the year 2022 will go down as one of the most difficult and eventful years in the economic history of our country. While we continue to deal with the devastating impact of the COVID-19 pandemic which led to significant reduction in our revenues and increased our expenditures enormously, we also have had to contend with the double jeopardy of the Russian-Ukraine war. What has resulted in unprecedented global crises ravaging all currencies and historic living and inflation levels
10. In the midst of these really challenging times, Parliament has in many, many instances supported Government's programmes presented to this House. The eventual passage of the E-levy Act, the Fees and Charges Act, the Exemptions Act and the US\$750 million Afrexim Loan, among others, attest to the support received from this august



2023 BUDGET STATEMENT

House. At the same time, the exceptional challenges that the Electronic Levy bill encountered months before it was passed, also attest to the challenges that we must be mindful of going forward.

11. Mr. Speaker, I also wish to express the deep appreciation of Government to the various stakeholders, including Employers' Associations, Labour Unions, Civil Society, Faith-Based Organizations, Association of Ghana Industries, Ghana Union of Traders Association, Bankers, Academia and Think-Tanks for the support we have received throughout the year, as well as the inputs that have informed and enriched our policy choices. It is, Mr Speaker, when God's people live together in unity- the Lord bestows His blessings.

A CHALLENGING YEAR

12. Mr. Speaker, a year ago, I came to present a Budget with significant revenue measures to tackle our fiscal difficulties, finance the transformative agenda of Government and sustain the post COVID-19 recovery. However, what started as a political disagreement over revenue measures in this House, triggered a series of events that significantly undermined the credibility of our budget, consequently leading to serious economic challenges, as investor confidence hit a new low.
13. This manifested in credit rating downgrades which triggered the closure of Ghana's access to the International Capital Market; tightening domestic financing conditions; and increasing cost of borrowing. The combined effects of the developments contributed to the rapid depreciation of the cedi and compounded the high debt service levels.
14. Mr. Speaker, our inability to access the International Capital Markets meant that, for the first time in our administration, we did not have the needed foreign currency to complement our forex earnings. We have had to make strenuous efforts to meet our import bill, which exceeds US\$10.0 billion annually. Considering our low foreign



2023 BUDGET STATEMENT

earnings, it has been difficult to meet our import requirements including crude oil and petroleum products of about US\$400m (GHc4.80 billion) a month. At the same time, Ministry of Finance still needs to find about US\$1.0 billion annually to keep our lights in our homes and workplaces.

15. Mr. Speaker, the demand for foreign exchange to support our unbridled demand for imports undermines and weakens the value of the cedi. This contributed to the depreciation of the cedi, which has lost about 53.8 percent of its value since the beginning of the year. Compared to the average 7 percent average annual depreciation of the Cedi between 2017 and 2021, the current year's depreciation, which is driving the high costs of goods and services for everyone, is clearly an aberration – a very expensive one.
16. The increases in fuel prices (Diesel currently GHS20.5 and Petrol GHS16.8) has led to increases in prices of most goods and services. Inflation which we managed to bring down from 15.4 percent at the end of 2016 to 7.9 percent at the end of 2019 and remained in single digits till the pandemic hit in March 2020 is now 40.4 percent.
17. It is not only the individuals and households who are adversely affected by the depreciation of the cedi. For us at the Ministry of Finance, the depreciation of the cedi seriously affects our ability to effectively manage our debt. Indeed, our stock of debt has increased by GHc93 billion this year alone due to the depreciation of the cedi since the beginning of 2022. Even as the State struggles to raise sufficient revenues, high inflation rates continue to eat away the already meagre wages of the average Ghanaian. The lesson from this relapse in macro-economic stability makes us even more determined, as your government, to permanently restructure and transform this economy and build resilience.
18. Mr. Speaker, we have been honest with Ghanaians about the economic challenges that the country is facing. H.E. The President pointed out that, never have so many malevolent forces come together, in a perfect storm, to so dramatically impact our lives. The current challenges on the back of two difficult years, since March 2020, have really



2023 BUDGET STATEMENT

tested our people and our resolve. We empathize greatly with all Ghanaians for the undue pressures this has placed on their livelihoods. We want to commend all of you for your forbearance during these difficult times. We are confident that together, and with God on our side, we will turn things around.

19. On behalf of His Excellency the President, let me assure all Ghanaians that Government is working to change this negative narrative and demonstrate our resilience as a people and our ability to rebuild for a better future. We have demonstrated this many times in our country, but more recently between 2017 and 2019. We are resolved that in the next two years, Government would work with you all, with a restless determination, to turn around this economy.

20. Mr. Speaker, in a few hours, the Black Stars will be playing their first game in the 2022 FIFA World Cup tournament in Qatar. It is clear that we stand united as a nation behind our Black Stars. A successful passage of the 2023 budget, a successful conclusion of negotiations with the IMF; and, making Ghana's performance in Qatar 2022, the most successful that is winning the Cup not only for the country but for any African side on the World Cup stage, will, I dare say, bring this most challenging year to a very successful end. To this, Mr Speaker, we pray. As the bible says 'behold How good and pleasant it is when God's people live together in unity! for there, the Lord commands the blessing" Psalm 133 verse 1-3

Resetting Our Economy

21. Mr. Speaker, events since March 2020 have taught us the pervasive volatility of our world today and the wisdom in the vision of President Akufo-Addo to reset our economy through industrialisation. This budget reflects our resolve to reset the economy and restore macroeconomic stability. But, to do so, we need the support of the people of Ghana and the cooperation and approval of this Parliament. Our goal now is to significantly enhance revenues, significantly cut down the cost of running government, significantly expand local production, invest more to protect the poor and vulnerable,



2023 BUDGET STATEMENT

continue expanding access to good roads, education and health for every Ghanaian everywhere in Ghana and the diaspora.

22. Mr. Speaker, this Budget is, therefore, anchored on a seven-point agenda aimed at restoring macro-economic stability and accelerating our economic transformation as articulated in the Post-COVID-19 Programme for Economic Growth (PC-PEG). These comprise an agenda to:

- i. Aggressively mobilize domestic revenue;
- ii. Streamline and rationalise expenditures;
- iii. Boost local productive capacity;
- iv. Promote and diversify exports;
- v. Protect the poor and vulnerable;
- vi. Expand digital and climate-responsive physical infrastructure; and
- vii. Implement structural and public sector reforms.

23. To achieve these, there are three (3) critical imperatives: successfully negotiating a strong IMF programme; coordinating an equitable debt operation programme; and attracting significant green investments. This will enable us to generate substantial revenue, create needed fiscal space for the provision of essential public services and facilitate the implementation of the PC-PEG programme to revitalise and transform the economy.

24. Mr. Speaker, we will undertake the following actions, initiatives, and interventions under the seven-point agenda.

- To aggressively mobilize domestic revenue, we will among others:



2023 BUDGET STATEMENT

- Increase the VAT rate by 2.5 percent to directly support our roads and digitalization agenda;
 - Fast-track the implementation of the Unified Property Rate Platform programme in 2023; and
 - Review the E-Levy Act and more specifically, reduce the headline rate from 1.5% to **one percent (1%)** of the transaction value as well as the removal of the daily threshold.
- To boost local productive capacity, we will among others:
 - cut the imports of public sector institutions that rely on imports either for inputs or consumption by 50% and will work with the Ghana Audit Service and the Internal Audit Agency to ensure compliance;
 - support the aggressive production of strategic substitutes, including the list disclosed at the President's last address to the nation;
 - Support large-scale agriculture and agribusinesses interventions through the Development Bank Ghana and ADB Bank;
 - introduce policies for the protection and incubation newly formed domestic industries to allow them to make the goods produced here competitive for local consumption and also for exports.
 - To promote exports, we will among others:
 - expand our productive capacity in the real sector of the economy and actively encourage the consumption of locally produced rice, poultry, vegetable oil and fruit juices, ceramic tiles among others;
 - To pursue efficiency in Government expenditures, we will among others:
 - Implement the Government directives on expenditure measures;



2023 BUDGET STATEMENT

- Integrate public procurement approval processes with GIFMIS to ensure that projects approved are aligned with budget allocation;
 - Review key government programmes to reflect relevance, promote efficiency, and ensure value for money; and
 - Review the efficiency of Statutory Funds
- To implement structural and public sector reform, we will among others:
 - Impose a debt limit on non-concessional financing;
 - Undertake major structural reforms in the Public Sector by reviewing the operations of 36 State-owned Enterprises, 8 Special Purpose Vehicles, 90 Joint Venture Companies, 38 Regulatory institutions, 68 Statutory Bodies and 6 Subvented Agencies;
 - Enforce compliance with legal and regulatory framework on foreign exchange;
 - Initiate measures to overhaul the tax structures in the extractive industry;
 - Expand the gold purchase programme by Bank of Ghana to support FX Reserve accumulation, promote an LBMA certified gold refinery in Ghana and promote local currency stability;
 - To safeguard the social protection programmes, we will among others:
 - Expand social protection programmes such as LEAP, School Feeding, and NHIS for the vulnerable and socially excluded.

25. Mr. Speaker, last year, I presented our plan to get us back to pre-pandemic macro-stability and growth levels. More importantly, I shared the President's strategy to improve the living standards of Ghanaians and address our central challenge – unemployment. The strategy was anchored on building a Sustainable Entrepreneurial Nation through fiscal consolidation and Job Creation. I am happy to report that we have piloted the YouStart Programme and launched the District Level programme.



2023 BUDGET STATEMENT

26. Mr. Speaker, we now have the commitment of our banks and development partners and are confident that the GHS10 billion, 1 million jobs will be achieved in the next three (3) years.
27. We are now embarking on a journey to fundamentally reposition our economy with the Post-COVID-19 Programme for Economic Growth (PC-PEG), to be supported by the IMF, World Bank and other friendly sovereigns and the private sector (domestic and international), as our blueprint. We are mindful that it will require broad-based contributions and sacrifices. There will be costs to the fiscal adjustments we intend to make in the coming years to sustain our stability, recovery and eventual transformation. My pledge to this House is that there will be fiscal discipline. That every pesewa that we ask the Ghanaian people and businesses operating in Ghana to contribute will be spent well.
28. The challenges we face are daunting but we must not lose sight of the greatest strength of being Ghanaian: resilience, entrepreneurial zeal, faith, courage, solidarity and hope. I, therefore, ask all of us to play a constructive role in getting our nation fully back on track. Ours is a country with real prospects and the challenges notwithstanding, Ghana will rise again, and my faith is premised on the fact that a lot has already been achieved, especially over the course of the Fourth Republic and our policy, as outlined in this budget to reset the economy, if supported will ensure that, indeed, we have not wasted the current global crisis, but used it to make our economy stronger and the progress and prosperity of our people even more assured.



2023 BUDGET STATEMENT

SECTION 2: GLOBAL ECONOMIC DEVELOPMENTS AND OUTLOOK

Economic Growth and Inflation

29. Mr. Speaker, the global environment is fragile, and the outlook remains uncertain. Global economic activity in 2022, has slowed down more broadly and sharply than anticipated. Economic growth in Emerging Markets and Developing Economies is expected to slow down from 6.7 percent in 2021 to 3.7 percent in 2022, with a similar pattern expected in 2023. In Sub-Saharan Africa, growth is expected to slow down to 3.6 percent in 2022 and 3.7 percent in 2023, from 4.7 percent in 2021 due to low investment and a worsening trade balance.
30. Overall, global inflation has risen, driven largely by increases in energy and food prices. Inflation in Emerging and Developing Economies has also risen from an average 5.9 percent in 2021 to 9.9 percent in 2022. The war in Ukraine has further heightened inflationary pressures.
31. The exchange rates across the major international currencies depreciated rapidly by the end of the third quarter of 2022. As at 23rd November, 2022, the Ghana cedi depreciated cumulatively by 54.2 percent against the US Dollar. Similarly, the Ghana cedi depreciated cumulatively by a 48.5 percent against the British Pound.



2023 BUDGET STATEMENT

Overview of Macroeconomic Performance (Jan-Sep. 2022)

32. Mr. Speaker, I now present to this august House the provisional macroeconomic performance for the first three quarters of 2022 based on available data for the period.
33. To better assess the macroeconomic developments for the first three quarters of the year, permit me to restate the macroeconomic targets set for 2022 as presented in the 2022 Mid-Year Fiscal Policy Review:
- Overall Real GDP growth of 3.7 percent;
 - Non-Oil Real GDP Growth rate of 4.3 percent;
 - End-period inflation of 28.5 percent;
 - Overall fiscal deficit of 6.6 percent of GDP;
 - Primary surplus of 0.4 percent of GDP; and
 - Gross International Reserves sufficient to cover at least three and half months of imports of goods and services.
34. Mr. Speaker, data on the performance of the economy at the end of the third quarter highlights the continued adverse impact of the challenging global and domestic environment on the economy. As I indicated earlier, these developments have manifested through rapid exchange rate depreciation, high inflation, unsustainable debt burden, fiscal stress and external sector shocks, among others, despite the monetary and fiscal policy interventions that were deployed in the first three quarters of the year.
35. Mr. Speaker, the economic performance for the first three quarters of the year is summarised as follows:
36. Mr. Speaker, provisional GDP data from Ghana Statistical Service (GSS) published in September 2022 indicate that overall Real GDP for the first half of 2022 recorded an average year-on-year growth of 4.0 percent (3.4 percent in Q1 2022 and 4.8 percent



2023 BUDGET STATEMENT

in Q2 2022 respectively). Non-Oil GDP expanded by 4.1 percent and 6.2 percent in the first and second quarters in 2022, respectively.

- The latest data indicates that headline inflation accelerated to 40.4 percent in October 2022, from 37.2 percent in September and 33.9 percent in August. The rise in the October inflation was broad-based, driven by both food and non-food prices.
- The Monetary Policy Rate has increased by 1,000 basis points (from 14.5% to 24.5%) since the beginning year as the Central Bank deployed its monetary policy tools to anchor inflation expectations;
- Developments on the money market broadly showed rising interest rates across the yield curve. For example, the discount rate on the 91-day instrument has increased to 32.5 percent as at today from 12.5 percent in December 2021;
- The Public Debt-to-GDP ratio stood at 75.9 percent at the end of September 2022, up from 76.7 percent at the end of December 2021.
- Gross International Reserves (GIR) stood at US\$6,591.8 million, equivalent to 2.9 months of imports cover, at the end of September 2022 from a stock position of US\$9,695.2 million (equivalent to 4.3 months imports cover) at the end of December 2021.

Fiscal Developments

Summary of Fiscal Performance Q1-Q3 2022

37. Mr. Speaker, the 2022 Mid-Year Fiscal Policy Review revised the 2022 fiscal framework against the backdrop of unfavourable global and domestic developments. The fiscal deficit target was revised to 6.6 percent of GDP down from the 7.4 percent set in the 2022 Budget. Similarly, the primary balance target was revised upwards to a surplus of 0.4 percent of GDP from a surplus of 0.1 percent.

38. This was on the back of revisions in GDP projections, adjustment in the expected yield from the 2022 revenue measures, adjustments to reflect the 30 percent



2023 BUDGET STATEMENT

discretionary expenditure cuts, adjustment in interest payments, and adjustments in the allocation for compensation of employees to incorporate a 15 percent Cost of Living Allowance (COLA), adjustment in exchange rate on account of higher depreciation, and adjustment to the Benchmark Crude oil price.

39. Mr. Speaker, provisional data on Government fiscal operations for January – September 2022 shows a shortfall in revenue performance and a faster execution of expenditures. This resulted in an overall budget deficit of GH¢41,699 million (7.0% of GDP), against a programmed deficit target of GH¢36,684 million (6.2% of GDP). The corresponding primary balance for the period was a deficit of GH¢9,597 million (1.6% of GDP), against a deficit target of GH¢5,794 million (1.0% of GDP).

Revenue Performance

40. Mr. Speaker, Total Revenue and Grants amounted to GH¢65,399 million (11.0 percent of GDP), compared with a target of GH¢67,307 (11.4 percent of GDP) and the GH¢49,108 million (10.7 percent of GDP) recorded in the corresponding period in 2021. The outturn for Total Revenue and Grants represents a shortfall of 2.8 percent compared to the period's target and year-on-year growth of 33.2 percent. The shortfall in revenue stemmed from the less robust performance recorded in all the revenue handles for the period.
41. Mr. Speaker, Domestic Revenue for the period amounted to GH¢64,601million (10.9 percent of GDP), falling below the target of GH¢66,503 million (11.2 percent of GDP) by 2.9 percent. The outturn, however, represents a year-on-year growth of 34.0 percent and constituted 98.8 percent of Total Revenue and Grants.

Expenditure Performance

42. Mr. Speaker, Total Expenditure (including arrears clearance and discrepancy) for the period amounted to GH¢109,421 million (18.5 percent of GDP), above the target



2023 BUDGET STATEMENT

of GH¢103,992 million (17.6 percent of GDP) by 5.2 percent. Compensation of Employees amounted to GH¢27,146 million (4.6 percent of GDP), 2.9 percent below the budgetary provision of GH¢27,947 million (4.7 percent of GDP). The Wage bill constituted 91.3 percent of the total Compensation and amounted to GH¢24,734 million.

43. Interest Payments for the period amounted to GH¢32,101 million (5.4 percent of GDP), against the target of GH¢30,890 million (5.2 percent of GDP) reflecting the higher cost of borrowing and the adverse impact of the currency depreciation on external interest. Domestic Interest Payments constituted 78 percent of total Interest Payments for the period.

Financing Operations

44. Mr. Speaker, the fiscal operations for the period resulted in an overall budget deficit of GH¢44,022 million (7.4% of GDP), against a target of GH¢36,684 million (6.2% of GDP). The corresponding primary balance for the period was a deficit of GH¢11,921 million (2.0% of GDP), against a deficit target of GH¢5,794 (1.0% of GDP).
45. The fiscal deficit for the period was financed mainly from domestic sources amounting to GH¢37,491 million (6.3% of GDP), accounting for 85.2 percent of the total financing. Foreign financing for the period amounted to GH¢6,531 million (1.1% of GDP) and accounted for the remaining 14.8 percent of the financing.

Public Debt Developments for January - September 2022

46. Mr. Speaker, provisional debt data as at end September 2022 shows a significant increase in Ghana's public debt largely due to exogeneous factors.
47. The end-September 2022 provisional figures indicate that total gross public debt stood at GH¢467,371.31 million (US\$48,871.34 million), representing approximately 75.9 percent of GDP.



2023 BUDGET STATEMENT

48. The domestic debt component is GH¢195,657.60 million, which is 31.79 percent of GDP, whilst external debt is GH¢271,713.71 million, representing 44.15 percent of GDP. The increase in the domestic debt is largely on account of rising interest costs. Domestic debt as a share of total public debt reduced from 51.6 percent in 2021 to 41.9 percent as at end September 2022.
49. Mr. Speaker, the external debt as a percentage of the total debt stock is 58.1 percent as at end September 2022. The sharp growth in the external debt stock is largely driven by the depreciation of the local currency. The depreciation of the Ghana cedi added GH¢93,855.15 million to the external debt stock.
50. Overall, debt accumulation increased from 20.7 percent in 2021 to 32.7 percent as at end September 2022, reflecting the impact of the depreciation of the Ghana cedi on the external debt side.



2023 BUDGET STATEMENT

Outlook for External Sector in 2023 and the Medium Term

51. Mr. Speaker, the external sector performance in the outlook will depend largely on the quick resolution of the Russia-Ukraine war and the outcome of recession fears in advanced economies. The thrust of the external sector will focus on rebuilding external buffers enough to cover at least three and half months of imports of goods and services to cushion the economy against adverse external shocks. This will be underpinned by, among others, bilateral support, and strong remittance inflows.

Measures by BOG to address the Exchange Rate depreciation

52. Mr. Speaker, the Bank of Ghana will continue to monitor inflation developments and respond appropriately to contain price pressures. Monetary Policy will focus on using the monetary policy rate to, among others, contain inflationary pressures.
53. Since August 2022, the Bank of Ghana has successfully been working with the mining firms, international oil companies, and their bankers to purchase all foreign exchange arising from the voluntary repatriation.

UPDATE ON THE GHANA'S ENGAGEMENT WITH THE IMF FOR A FUND-SUPPORTED PROGRAMME

54. Mr. Speaker, since Government announced its engagement with the International Monetary Fund (IMF or the Fund) for a supported Programme on 1st July, 2022, we have made substantial progress. The Fund assured Government of its strong commitment and support in these difficult times.
55. Mr. Speaker, Government and the IMF have agreed on programme objectives, a preliminary fiscal adjustment path, debt strategy and financing required for the programme to be in line with the Government's Post-COVID-19 Programme for Economic Growth (PC-PEG). The PC-PEG is Government's blueprint to restore macroeconomic stability, promote debt sustainability, sustain economic recovery and support structural reforms.



2023 BUDGET STATEMENT

2023 and Medium-Term Overall Macroeconomic Targets

56. Mr. Speaker, guided by the medium-term policy objectives, the following macroeconomic targets are set for the medium-term (2023-2026):
- i. Overall Real GDP to grow at an average rate of 4.3 percent;
 - ii. Non-Oil Real GDP to grow at an average rate of 4.0 percent;
 - iii. Inflation to be within the target band of 8 ± 2 percent;
 - iv. Primary Balance on Commitment basis to average 0.8 % of GDP in the 2023-2026 period; and
 - v. Gross International Reserves to cover at least 4 months of imports.
57. Mr. Speaker, based on the overall macroeconomic objectives and the medium-term targets, the following macroeconomic targets are set for the 2023 fiscal year:
- i. Overall Real GDP growth of 2.8 percent;
 - ii. Non-Oil Real GDP growth of 3.0 percent;
 - iii. End-December inflation rate of 18.9 percent
 - iv. Primary Balance on Commitment basis of 0.7% of GDP; and
 - v. Gross International Reserves to cover not less than 3.3 months of imports.

Resource Mobilisation and Allocation For 2023

Resource Mobilisation for 2023



2023 BUDGET STATEMENT

58. Mr. Speaker, Total Revenue and Grants is projected at GH¢143,956 million (18.0% of GDP) and is underpinned by permanent revenue measures - largely Tax revenue measures - amounting to 1.35 percent of GDP as outlined in the revenue measures.

Resource Allocation for 2023

59. Mr. Speaker, Total Expenditure (including clearance of Arrears) is projected at GH¢205,431 million (25.6% of GDP). This estimate shows a contraction of 0.3 percentage points of GDP in primary expenditures (commitment basis) compared to the projected outturn in 2022 and a demonstration of Government's resolve to consolidate its public finances.

60. Mr. Speaker, the following projections underpin the resource allocation for 2023:

- Compensation of Employees is projected at GH¢44,990 million (5.6% of GDP).
- Mr. Speaker, Use of Goods and Services is also projected at GH¢8,048 million (1.0% of GDP).
- Mr. Speaker, Interest Payment is projected at GH¢52,550 million (6.6% of GDP).
- Mr. Speaker, Grants to Other Government Units is estimated at GH¢30,079 million (3.8% of GDP).
- Mr. Speaker, Capital Expenditure (CAPEX) is projected at GH¢27,694 million (3.5% of GDP).
- Mr. Speaker, Other Expenditure, mainly comprising Energy Sector Levies (ESL) transfers and Energy Sector Payment Shortfalls is estimated at GH¢26,739 million.

Budget Balances and Financing Operations for 2023



2023 BUDGET STATEMENT

61. Mr. Speaker, based on the estimates for Total Revenue & Grants and Total Expenditure (including arrears clearance), the overall Budget balance to be financed is a fiscal deficit of GH¢61,475 million, equivalent to 7.7 percent of GDP. The corresponding Primary balance is a deficit of GH¢8,925 million, equivalent to 1.1 percent of GDP.
62. Mr. Speaker, I wish to notify you that, Budget items such as Interest Payments, Amortisation and Financing will be adjusted accordingly once Government's debt management strategy and financing to be provided by international partners in the context of the Fund-supported programme have been finalised.

Revenue Measures

63. Mr. Speaker, Government has consistently indicated its intention to improve the revenue collection effort by leveraging technology to enhance tax administration, identify and register taxable persons and improve tax compliance.
64. Mr. Speaker, Government has received several proposals for review of the Electronic Transfer Levy and is working closely with all stakeholders to evaluate the impact of the Levy in order to decide on the next line of action which will include revision of the various exclusions. As a first step, however, the headline rate will be reduced to **one percent (1%)** of the transaction value alongside the removal of the daily threshold.
65. To this end, the income tax regime will undergo reforms to among others, review the upper limits for vehicle benefits and introduce an additional income tax bracket of 35%.



2023 BUDGET STATEMENT

Expenditure Measures

66. Mr. Speaker, key expenditure measures will also be pursued to support the fiscal consolidation process. In this regard, it is proposed that Government:
- i. Reduce the threshold on earmarked funds from the current 25 percent of Tax Revenue to 17.5 percent of Tax Revenues;
 - ii. Migrate all earmarked funds onto the GIFMIS platforms and ensure they use the GIFMIS platform to process all their revenue and expenditures transactions.
 - v. Continue with 30% cut in the salaries of the President, Vice President, Ministers, Deputy Ministers, MMDCEs, and political office holders including those in State-Owned Enterprises;
 - vii. Place a cap on salary adjustment of SOEs to be lower than negotiated base pay increase on Single Spine Salary Structure for each year;

Fiscal Contingency Planning

67. Mr. Speaker, given the uncertainties about the macroeconomic environment, Government stands ready to deploy additional tools if fiscal outturns require further interventions. On the revenue side, some of the measures that will be identified for the Medium Term Revenue Strategy being designed by Government in the context of the IMF programme could be implemented early on. On the spending side, MDAs budget allocation for Goods and Services or Domestic CAPEX would be strictly controlled by the quarterly budget allotment system.

Key Government Interventions

68. Mr. Speaker, the present economic challenges have heightened the need to transform our economy through a renewed focus on boosting local capacity for increased export promotion, to expand job creation while protecting the vulnerable.



2023 BUDGET STATEMENT

69. Government is therefore taking active steps to address the impact of these economic shocks on Ghanaians through the seven-point agenda to restore macro-economic stability and accelerate our economic transformation as articulated in the Post-COVID-19 Programme for Economic Growth.

DEVELOPING LOCAL CAPACITY FOR PRODUCTION

70. Mr. Speaker, as I have already indicated, Ghana's heavy dependence on imports places tremendous pressure on the Cedi, creating an unfavourable balance of payments position. On average, Ghana's import bill exceeds US\$10 billion annually and is accounted for by a diverse range of items that include iron, steel, aluminum, sugar, rice, fish, poultry, palm oil, cement, fertilizers, pharmaceuticals, Toilet roll, toothpick, fruit juices, etc.
71. We currently have the capacity as a country to locally produce items that account for about 45 percent of the value of our annual imports. These include rice, fish, sugar, poultry, cement, pharmaceuticals, jute bags, computers, etc. To this end, Government will target these products for import substitution by supporting the private sector, through partnerships with existing and prospective businesses to expand, rehabilitate and establish manufacturing plants targeted at producing these selected items.

GhanaCARES "Obaatan pa" Programme

72. Mr. Speaker, it has been two years since the launch of the GhanaCARES programme to mitigate the severe impact of the COVID-19 pandemic on the economy. Significant achievement has been made with the implementation of agreed activities despite the current macroeconomic challenges.
73. Mr. Speaker, the high food prices and pressures on the local currency validates the current focus of the GhanaCARES Programme to bolster the productive and export capacity of the private sector. To this end, an Economic Enclave project with focus on



2023 BUDGET STATEMENT

providing support for the cultivation of up to **110,000 acres** of land in the Greater Accra, Ashanti, Central, Savannah and Oti Regions is being pursued.

74. Mr. Speaker, this initiative which seeks to expand our production and productivity in rice, tomato, maize, vegetables and poultry is being led and coordinated by the Millennium Development Authority (MiDA) in collaboration with other Government institutions such as the Ministry of Food and Agriculture (MoFA), Ministry of Energy, Ghana Irrigation Development Authority (GIDA), 48 Engineers Regiment of the Ghana Armed Forces (GAF) under the Ministry of Defence, the National Entrepreneurial and Innovation Programme (NEIP) and the National Service Secretariat (NSS).
75. Mr. Speaker, consistent with the private sector-led approach, the programme will engage interested private sector actors to expand and agricultural production and processing in the Asutwaa-Tsopoli Economic Enclave area based on a Partnership Framework. The same approach will be adopted for the lands secured in the Ashanti, Central, Savannah and Oti regions.
76. Mr. Speaker, we have also initiated discussions with the Graphic Communication Group Limited to explore the feasibility of producing paper locally using the by-products of the cultivated rice in the Economic Enclave at Asutwaa as raw material. It is envisaged that the imports of paper will be replaced, and more jobs created.
77. Mr. Speaker, in addition to the Enclave Project, GhanaCARES programme in 2023 will continue to offer catalytic support in the following targeted areas. To this end, the programme will:
- work with DBG to provide funding to interested and targeted farmers
 - support MoFA to adopt and deploy the farmer registration database for the farmer input subsidy programme to enhance efficiency;



2023 BUDGET STATEMENT

- support the Ministry of Communication and Digitalisation (MoCD) to establish a tech hub to improve knowledge in Technology and innovation by the youth, in collaboration with the University of Ghana;
- ensure the operationalisation of the Foundry under a sustainable private sector management framework;
- provide interest rate subsidies and direct financing; including supporting prioritised sectors in the rural economy through the ARB Apex Bank and its network of banks as agreed under the AfDB-supported Post-COVID Skills and Productivity Enhancement Project.

YouStart

78. Mr. Speaker, in fulfillment of our pledge of building an entrepreneurial state, the implementation of the YouStart programme began this year. The programme was successfully piloted with 70 beneficiaries and an amount of GH¢1.98 million was disbursed to support youth-led (below the age of 40 years) SMEs in poultry, agro processing, ICT, textiles, and food processing sectors.
79. Government has successfully signed an MoU with the Ghana Association of Banks (GAB) and eleven (11) other commercial Banks for the implementation of the commercial component of the programme.
80. Mr. Speaker, a launch for the District Entrepreneurship Programme (DEP) component of the programme was held on 14th November, 2022 and it is expected that the launch of the Commercial component of the Programme will occur by the end of 2022 to enable qualified beneficiaries access support.



2023 BUDGET STATEMENT

One District One Factory (1D1F)

81. Mr. Speaker, the One-District-One-Factory (1D1F) Initiative continued to make remarkable progress in 2022. To date, a total of 296 1D1F projects are at various stages of implementation, out of which 126 are currently operational, 143 are under construction, and 27 are pipeline projects.
82. In 2023, Government will intensify support to existing and new manufacturing enterprises with technical assistance, credit facilitation, and access to electricity and other infrastructure.

Automotive Assembly Programme

83. Mr. Speaker, in addition to the Automotive Assembly Programme, Government has developed a new Components Manufacturing Policy which seeks to support the local production and supply of components and spare parts for the automotive industry. The Ministry of Trade and Industry will launch and commence implementation of the policy in 2023 which is expected to expand job creation.

Promotion of Organic Fertilizer

84. Mr. Speaker, the recent global crisis has severely disrupted inorganic fertilizer supply chains. This has resulted in sharp increases in prices making it difficult for farmers to access the commodity and thus threatening food security.
85. The Ministry of Food and Agriculture is intensifying efforts to promote the local production and use of organic fertilizers. Further to this, under the subsidy programme, the Ministry has increased the quota for organic fertilizer suppliers to cover the shortfall in supply of inorganic fertilisers.



2023 BUDGET STATEMENT

86. Additionally, Government is facilitating the establishment and the expansion of local organic fertilizer production plants with support from the EXIM Bank.

African Continental Free Trade Agreement (AfCFTA)

87. Mr. Speaker, we will pursue strategically, opportunities that ensure that we take full advantage of the African Continental Free Trade Agreement (AfCFTA) as part of efforts to pursue an export-led economic recovery. The Ministry of Trade and Industry is working with over 200 Ghanaian companies to facilitate their entry into the African market including about 70 1D1F companies. Additionally, the AfCFTA Guided Trade Initiative (GTI) has been launched to start commercially meaningful trade. The products identified for the Initiative include batteries, tea, coffee, ceramic tiles, processed meat products, corn starch, sugar, and pasta, amongst others, in line with the AfCFTA focus on value chain development.

88. Mr. Speaker, the Ghana Export Promotion Authority will enhance its coordination role by facilitating support to key export-sector stakeholders. Export Trade Houses (ETHs) will be established in selected markets to promote made-in-Ghana products brands, including the completion of the first ETH in Kenya. Additionally, opportunities will be created for local Ghanaian businessmen and investors to invest in export product transformation and value addition at the district level in partnership with the Ministry of Local Government and Rural Development.

Development Bank Ghana

89. Mr. Speaker, Government through the Development Bank Ghana (DBG) has established a GH¢500 million special credit programme: the DBG Emergency Economic Programme (DEEP) to support businesses in the agribusiness value chain over the next five years. The priority sectors are Poultry, Rice & Cereals,



2023 BUDGET STATEMENT

Pharmaceutical manufacturing, Tourism, Textiles & Garments for investments to help build economic resilience.

90. Mr. Speaker, to support SMEs with equity funding, DBG is also in the process of establishing a private equity fund with an initial capitalization of about GH¢400m (US\$30m). DBG has fully on-boarded four Participating Financial Institutions (PFIs) and will engage other financial institutions to expand its loan channels. A total of seven loans amounting to GH¢ 245,322,000.00 was disbursed to SME's saving over 1,000 jobs. DBG has partnered with a PFI to build a digital lending platform to shorten the processing time for lending to SMEs and increase its ability to reach a lot more businesses across the country.

Ghana Agricultural Insurance Pool (GAIP)

91. Mr. Speaker, the National Insurance Commission, is spearheading the development of agricultural insurance for farmers through the Ghana Agricultural Insurance Pool (GAIP). GAIP provides traditional agricultural insurance and index-based weather insurance products to commercial farmers and small-holder farmers. An estimated USD\$400 million in agricultural insurance will be extended to eligible farmers in 2023.

EXPANDING INFRASTRUCTURE DEVELOPMENT

92. Mr. Speaker, as part of effort to ensure power is affordable for industrial, commercial and residential use, Government has substantially completed a renegotiation and restructuring exercise of Power Purchase Agreements (“PPAs”) with 6 operational Independent Power Producers (“IPPs”), namely, Karpower, Cenpower, Early Power, Twin City Energy (formerly Amandi), AKSA Energy and CENIT Energy.



2023 BUDGET STATEMENT

93. Government has also pursued cost-cutting and green initiatives, including conversion to a tolling model, refinancing of expensive debt, profiling of tariffs and switching power plants from imported liquid fuel to locally produced natural gas as primary fuel.
94. On connectivity to the national grid, a total of 157 communities were linked to the national grid as of September 2022. The Ministry of Energy will further connect an additional 400 towns under the SHEP-4, SHEP-5 and Turnkey Projects in 2023.

The Coastal Fishing Ports And Landing Sites Redevelopment Project

95. Mr. Speaker, substantial progress has been made in the development of 12 coastal fish landing sites and 2 fishing ports along the coast of Ghana namely, Axim and Dixcove in the Western Region, Moree, Mfantsiman, Ekumfi, Mumford, Winneba, Senya Beraku, Gomoa Fetei and Elmina, in the Central Region, Teshie, Osu and James Town in the Greater Accra Regions and Keta in the Volta Region.
96. Mr. Speaker, overall, the project is about 95 percent complete and will ensure safe launching and landing of artisanal fishing canoes and promote hygienic environmental conditions.

Climate Change

97. Mr. Speaker, global warming poses major threats to the economies of climate vulnerable countries like Ghana. According to the Vulnerable Twenty (V20) Loss and Damage Report, Ghana lost US\$15.20billion from 2000 to 2019 to climate change. According to the World Bank Group's new Country Climate and Development Report (CCDR) for Ghana, incomes could reduce by up to 40% for poor households by 2050, if urgent climate actions are not taken.



2023 BUDGET STATEMENT

98. At COP27, the Government took the opportunity to leverage its bilateral engagements to expand consultations on debt-for-nature swaps as well as increased private sector investments to accelerate our transition to low carbon growth and finance our climate action measures.

99. Mr. Speaker, I can report that Ghana has assumed the Presidency (from 2022 to 2024) of the Climate Vulnerable Forum (CVF) and Chair of the Vulnerable Twenty (V20) Group of Ministers of Finance. Government will leverage this opportunity to accelerate our climate agenda which is outlined in Ghana's Climate Prosperity Plans.

SOCIAL PROTECTION

100. Mr. Speaker, even amidst the current difficulties, we remain committed to implementing Ghana's social protection programmes. We will not renege on our responsibilities towards the vulnerable and socially excluded and the implementation of our various social protection programmes will be expanded.

Livelihood Empowerment Against Poverty (LEAP)

101. Mr. Speaker, the Livelihood Empowerment Against Poverty (LEAP) Programme has since its inception in 2008, supported extremely poor and vulnerable households; increasing beneficiary coverage from 143,552 in 2015 to 344,389 households comprising 1,827,035 individuals as of September 2022.

102. Government is committed to expanding coverage to all 2,500,000 extreme poor individuals as estimated by the Ghana Living Standards Survey (GLSS 7) by 2024. While improving efficiency through digitalisation and assessment, Government will, in 2023, increase the value of the LEAP grant from the average of GHC 41.75 per household to GH¢95.19 bi-monthly.



2023 BUDGET STATEMENT

Ghana School Feeding Programme (GSFP)

103. Mr. Speaker, the Ghana School Feeding Programme (GSFP) which provides one hot nutritious meal each day for 3,448,065 beneficiary pupils in public basic schools as of December, 2021 will be sustained.
104. In 2023, the feeding grant will be increased to reflect the current cost of living. The programme will also strengthen domestic production by sourcing locally produced food from the National Buffer Stock company.

Capitation Grant

105. Mr. Speaker, Government abolished the charging and payments of all forms of fees/levies in all public basic schools and replaced them with the capitation grant in 2005. This has contributed to steady increases in enrollment over the years.
106. Mr. Speaker, Government will continue to strengthen monitoring to address teething challenges in the implementation of the policy which include; timely release of the grant, misuse of funds, transparency and poor book keeping and value of grant amount.

EXPANDING INFRASTRUCTURE

107. Mr. Speaker, in fulfillment of Government's commitment to improve road infrastructure, the Ministry of Roads and Highways continued its Nationwide Road and Bridge Construction Programme.
108. Works on the La Beach Road Project and the construction of a 3-tier interchange at Nungua Barrier are progressing steadily. Works on the interchange currently stand at 62 percent. Construction of the Kumasi Lake Roads and Drainage Extension project is almost complete and stands at 97 percent.



2023 BUDGET STATEMENT

109. Work is ongoing on the 17.85 km Ofankor Nsawam dual carriage road which is scheduled to be completed in May 2024
110. Mr. Speaker, dualisation on the Tema – Aflao and the Tema – Akosombo roads has commenced. Works are ongoing on the rehabilitation of Assin Fosu – Assin Praso road including the dualisation of 1.2km of Assin Fosu township roads into a 4-lane carriageway is at 53 percent. Additionally, works on the reconstruction of Bechem – Techimantia – Akomadan and Agona Nkwanta – Tarkwa roads are at 21 percent and 7 percent completion, respectively.
111. Works on Phase II of the Obetsebi Lamptey Circle Interchange and ancillary work is at 71 percent completion. Additionally, construction of the Flyover over the Accra-Tema Motorway from the Flower Pot roundabout is 56 percent complete.
112. Mr. Speaker, to improve connectivity within areas cut off by waterways, work on the construction of 50No. prefabricated bridges continued in 2022. Progress of the new bridge being constructed over River Pra to separate vehicular traffic from the rail along the Twifo Praso-Dunkwa road is at 87 percent completion.
113. Mr. Speaker, the Critical Regional and Inter-Regional Road Projects initiated in 2019 are at various stages of completion. Completed projects include:
- Upgrading of Golokwati-Wli Road;
 - Upgrading of Nsuta – Beposo, Lot 3;
 - Rehabilitation of Nkonya Wrumpung - Kwamikrom;
 - Partial Reconstruction of Bawjiase - Adeiso; and
 - Resealing of Tamale - Salaga Road - Lot.
114. Progress on the following roads, among other have achieved significant progress:
- Upgrading of Navrongo - Naga Road



2023 BUDGET STATEMENT

- Upgrading of Wa-Bulenga-Yaala Road
- Upgrading of Salaga - Ekumdiye - Kpandai Road
- Kpandai - Nkanchina Road (10.8km)
- Rehabilitation of Atebubu – Kwame Danso Roads
- Upgrading of Anwiankwanta – Obuasi Road
- Rehabilitation Of New Abirem – Ofoasekuma Road
- Upgrading of Sefwi Wiawso - Akontombra Road
- Upgrading of Akrodie - Sayereso Road
- Rehabilitation of selected roads in Greater Accra.

115. Mr. Speaker, contract works under the Master Project Support Agreement (MPSA) with Sinohydro Corporation Limited are stages of completion:

- Tamale Interchange Project (100%)
- Western Region and Cape Coast Inner City Roads (100%)
- Upgrading of Selected Feeder Roads in Ashanti and Western Regions (100%)
- Construction of Hohoe-Jasikan–Dodi-Pepesu (100%)
- PTC Roundabout Interchange Project, Takoradi (60%)
- Sunyani Inner City Roads (63%)
- Kumasi Inner City Roads (10%)



2023 BUDGET STATEMENT

116. Mr. Speaker, in 2023, a number of pipeline projects which are at various stages of preparation will be pursued. These include:

- Construction of Accra – Kumasi Road: Anyinam Bypass;
- Construction of Accra – Kumasi Road: Konongo Bypass;
- Construction of Adidome – Asikuma Junction and Asutsuare – Aveyime including 2No. interchanges at Dufor Adidome and Asikuma Junction;
- Kasoa – Cape Coast Dualisation;
- Dualization of Sekondi and Adiembra Roads;
- Takoradi -Agona-Nkwanta- Apemanim
- Construction of Bridge over the Volta River at Volivo;
- Buipe, Yapei and Daboya Bridges;
- Adawso-Ekyi Amanfrom Bridge; and
- Dikpe, Iture and Ankobra Bridges.

Road Financing

117. Mr. Speaker, Government is pursuing the strategic decision to procure the 27.7km of the Accra-Tema Motorway and Extensions Project through the Ghana Infrastructure Investment Fund (GIIF). A PPP Concession Agreement backed by an appropriate toll arrangement will be presented to Parliament for approval to facilitate its execution. Provision has also been made in the 2023 and the Medium-Term Budget for the Equity and Viability Gap Funding required by a GIIF Special Purpose Vehicle (SPV) to enable the project to start in earnest in 2023. The project will be delivered in phases.

118. Mr. Speaker, the iconic nature of the project is such that when completed, there will be five lanes each on both sides of the main Accra-Tema Motorway stretch,



2023 BUDGET STATEMENT

and six lanes each on the Tetteh Quarshie – Apenkwa stretch of the road. The project will include the remodeling of Tetteh Quarshie Interchange, the reconstruction of the Apenkwa Interchange and the construction of new interchanges at the Fiesta Royale cross roads and Neoplan area.

Debt Exchange Programme

119. Mr. Speaker, the Debt Sustainability Analysis (DSA) based on the macroeconomic outlook has been conducted by the Ministry of Finance. It analyzes the country's capacity to finance its policy objectives and service its debts. It covers public, publicly guaranteed debt of central government and partial non-guaranteed debt of SOEs.
120. The sustainability of our debt has been continuously affected by the negative impact of exchange rate depreciation, particularly on external debt, as well as the crystallization of significant contingent liabilities in recent years. The current debt sustainability analysis conducted reveals that Ghana is now considered to be in high risk of debt distress.
121. Mr. Speaker, despite the heightened debt levels, Government remains committed to ensuring that debt is brought to sustainable levels over the medium to long-term. To this end, we will implement a debt exchange programme to address the challenges identified in the portfolio in collaboration with all relevant stakeholders including the Ghanaian public, investor community and development partners.
122. Furthermore, Government will continue to strengthen its oversight of all SoEs, in particular, financial and energy sectors. The reforms and discipline at the SoEs will reduce potential fiscal risks from incidence of contingent liabilities.



2023 BUDGET STATEMENT

123. Mr. Speaker, in line with our objective to restore debt sustainability, concessional loans will continue to be the preferred financing option for projects. We, however, recognize that there may be cases where non-concessional borrowing may be required to finance critical transformative projects. Such financing will be determined within limits that are consistent with our debt sustainability programme.
124. We will inform this House, at the Mid-Year Fiscal Policy Review, of projects that will be financed within our non-concessional borrowing limits. Accordingly, we will not publish any list of projects to be financed from external non-concessional loans in this budget, previously titled 'Appendix 10C'.

Implementation of the Cabinet directives on expenditure measures

125. Mr. Speaker, as a first step toward expenditure rationalisation, Government has approved the following directives which takes effect from January, 2023:
- All MDAs, MMDAs and SOEs are directed to reduce fuel allocations to Political Appointees and heads of MDAs, MMDAs and SOEs by 50%. This directive applies to all methods of fuel allocation including coupons, electronic cards, chit system, and fuel depots. Accordingly, 50% of the previous years (2022) budget allocation for fuel shall be earmarked for official business pertaining to MDAs, MMDAs and SOEs;
 - A ban on the use of V8s/V6s or its equivalent except for cross country travel. All government vehicles would be registered with GV green number plates from January 2023;
 - Limited budgetary allocation for the purchase of vehicles. For the avoidance of doubt, purchase of new vehicles shall be restricted to locally assembled vehicles;
 - Only essential official foreign travel across government including SOEs shall be allowed. No official foreign travel shall be allowed for board members. Accordingly, all government institutions should submit a travel plan for the year 2023 by mid-December of all expected travels to the Chief of Staff;



2023 BUDGET STATEMENT

- As far as possible, meetings and workshops should be done within the official environment or government facilities;
- Government sponsored external training and Staff Development activities at the Office of the President, Ministries and SOEs must be put on hold for the 2023 financial year;
- Reduction of expenditure on appointments including salary freezes together with suspension of certain allowances like housing, utilities and clothing, etc.;
- A freeze on new tax waivers for foreign companies **and review of tax exemptions for free zone, mining, oil and gas companies**;
- A hiring freeze for civil and public servants
- No new government agencies shall be established in 2023;
- There shall be no hampers for 2022;
- There shall be no printing of diaries, notepads, calendars and other promotional merchandise by MDAs, MMDAs and SOEs for 2024;
- All non-critical project must be suspended for 2023 Financial year

CONCLUSION

126. Mr. Speaker, Government cares deeply about our people, and is very much concerned about their current plight and the future of our country. The 2023 Budget has been prepared with high consideration for the aspirations of Ghanaians and the brighter prospects of our economy to transition into Upper Middle Income within a decade. It reflects our determination and resolve to confront the current daunting economic challenges facing our nation head-on and reset the economy.

127. In the immediate term, we will work towards securing an agreement with the International Monetary Fund, execute the debt exchange programme, improve the



2023 BUDGET STATEMENT

management of foreign exchange, and support our local productive capacity for food security. We are confident that the measures outlined in this 2023 Budget will redirect us on the path of macroeconomic stability and growth.

128. Mr. Speaker, the mission ahead is for the determined and not the pessimist. We acknowledge that our people have been severely impacted by the current economic challenges. As a responsive Government, we have acted swiftly and boldly by developing the PC-PEG and will work with local and international partners to implement it.

129. Mr. Speaker, the 2023 Budget, will focus on Government's resolve to structurally transform the economy. We plan to:

- Aggressively mobilise domestic revenue;
- Boost local productive capacity;
- Promote a diversified and vibrant value-added export sector;
- Streamline expenditures;
- Protect the poor and vulnerable;
- Expand digital and physical infrastructure; and
- Implement structural and public sector reforms.

130. We will continue the implementation of key interventions like the YouStart, Economic Enclaves, 1D1F, and Tech Hubs with the limited resources that we have complemented with the support from Development Bank Ghana.

131. Specifically, on the YouStart, we intend to support 30,000 youth and under the Economic Enclaves, we intend to develop 110,000 acres of land for rice maize, soya bean as well as poultry. Funding will be sought from the GHc500 million DBG fund and



2023 BUDGET STATEMENT

GoG sources. We will also be aligning support from our development partners to boost growth in the real-sector, focusing mainly on agriculture, entrepreneurship and value-addition.

132. Mr. Speaker, as I have indicated it has become even more urgent to mobilise domestic revenue especially in times like this when our access to the international capital market is largely closed. We urgently need to restore debt sustainability, macro-economic stability and grow the economy. As a responsible Government, we will take the hard, unpopular, but necessary decisions to build back better and emerge stronger.

133. Mr. Speaker, post-COVID, we identified the need to ramp-up our domestic revenue mobilisation efforts to match the performance of our peers and finance our development agenda. Last year, we started with the E-Levy which has not yielded the resources as expected.

134. Mr. Speaker, we know that we have to:

- Keep the lights on at the cost of US\$1 billion annually;
- keep the hospitals running and ensure that the over 15.5m Ghanaians on NHIS are properly catered for;
- Keep our schools running and pay the over 300,000 teachers every month;
- Keep our hospitals running and pay the over 119,000 nurses every month;
- Keep the law courts open and ensure timely access to justice; and
- Keep the local assemblies working to deliver essential social services to our people.

135. Mr. Speaker, it has also become clear that we cannot take the territorial integrity and internal cohesion of our country for granted. In the last couple of years, we have invested significantly in retooling the security sector to maintain territorial integrity and improve internal security (we have procured CCTV cameras, motor bicycles, vehicles,



2023 BUDGET STATEMENT

Forward Operating Bases, and recruitment of security personnel among other interventions). We can all attest that police visibility has increased tremendously.

136. Mr. Speaker, our ability to continue to deliver all these critical public services will require significant resources and we believe that together we can raise the necessary revenues to implement them.

137. Mr. Speaker, the demand for roads has become the cry of many communities in the country. Unfortunately, with the current economic difficulties and the absence of dedicated source of funding for road construction, it is difficult to meet these demands. In that regard we are proposing the implementation of new revenue measures. The major one is an increase in the VAT rate by 2.5 percentage points.

138. This increase is expected to yield GHc2.70 billion which will be used to augment funding for our road infrastructure development. This will be complemented by a major compliance programme to ensure that we derive the maximum yields from existing revenue handles.

139. Mr. Speaker, in this Budget, we have highlighted the need for robust public sector reforms to complement the existing public financial management regime. Here, the focus is to introduce private sector participation in the retail sub-sector of the Energy Sector to reduce system losses and improve delivery of service for Ghanaians.

140. Mr. Speaker, this afternoon, the senior National Team, the Black Stars, will be representing our nation for the fourth time at the Football World Cup in Qatar. Let us continue to bear them in prayers and offer our support. Working together after missing the last tournament, we have risen again and taken our place on the world stage.

141. Mr. Speaker, we must be inspired by the re-emergence of the Black Stars on the world stage. We must work together to ensure that our economy rises again to the comfort of our people. This Budget offers us a better opportunity to jointly work towards



2023 BUDGET STATEMENT

rebuilding the economy and rediscovering our providential way towards our manifest destiny.

142. Together let us arise!

143. Mr. Speaker, let us not squander the opportunity to turnaround, and reset our economy and create a bright medium-term for our country and its people. This is the time to rebuild, not to destroy and tear down. Let us work together for our collective benefit as is said in Nehemiah 2:18, with unity of purpose, service to the Republic, and the abiding grace of God

144. Mr. Speaker, I repeat, Mr. Speaker, N) fiaa n) baa hi!!

145. Mr. Speaker, let us go forward, believing in the assurance of the Psalmist that “For the sake of the house of the LORD our God, I will seek your prosperity”.

146. Mr. Speaker, I present to you the ‘NKABOM’ Budget.

147. I beg to move.

