

REPUBLIC OF GHANA

THE BUDGET STATEMENT AND ECONOMIC POLICY

of the

GOVERNMENT OF GHANA

for the

2004 FINANCIAL YEAR

presented to

PARLIAMENT
On

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by

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MINISTER OF FINANCE AND ECONOMIC PLANNING

On the authority of

HIS EXCELLENCY JOHN AGYEKUM KUFUOR
PRESIDENT OF THE REPUBLIC OF GHANA

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SECTION ONE: INTRODUCTION AND OVERVIEW

1. **Mr. Speaker,** once again and for the 4th consecutive time, on behalf of His Excellency, President John Agyekum Kufuor and his government, it is my singular honour and privilege to present to this House, and by extension, to the entire nation, the 2004 Budget Statement and Economic Policy of the Government.

2. His Excellency the President in his "**State of the Nation Address"** on 22nd January 2004 stated that "for the past 3 years, we have initiated and implemented policies aimed at halting the downward slide of the economy and kick-starting its growth". And indeed we have. The economy of Ghana is in a more sound and healthier condition today than it has been for decades. All the macro-economic indicators are pointing in the direction of robust and sustainable development, and it is our resolve to maintain this positive thrust which underpins this Budget Statement and Economic Policy for the 2004 Fiscal Year.

3. We have come a long way from 2001 and we are particularly happy that we have been able to fulfil the economic 'prophesies' we made in the 2001 Budget. During this period, and with the understanding and support of the good people of Ghana, we have demonstrated consistency in the implementation of our economic policies and programmes. This gives us the assurance that our Government can continue to be guided by the tenets and aspirations outlined in the Ghana Poverty Reduction Strategy (GPRS) document which we presented to the nation and our development partners. The indisputable fact is that people are eating better, schools, health facilities and transportation are improving apace, and the economic environment is definitely more stable.

4. With a firm commitment, we shall continue to reduce poverty, create an enabling environment for wealth creation, and maintain a sound economy. The exigencies of an election year will not divert us from the pursuit of rational economic policies.

5. I would like to extend our Government's heartfelt gratitude and appreciation to the workers, farmers, religious groups, security forces, market women, civil society, private sector, financial institutions, politicians, traditional leaders, professional bodies, students and the youth and children of this country. It is their spirit of forbearance, endurance, fortitude and support which has enabled us to lay the solid foundation that can serve as a launching pad for the take-off of our economic emancipation, development and growth.

6. **Mr. Speaker,** just as one pointer of our positive economic change, the Ghana Stock Exchange 'All Share Index' went up by 154 per cent in 2003, the best in the history of the Exchange and one of the best among the world's emerging capital markets.

7. His Excellency the President's priorities under the GPRS Programme launched in 2002 required that we concentrate our efforts in 5 priority areas as focal points for economic growth. These are:

- Infrastructure Development;
- Modernisation of Agriculture based on Rural Development;
- Delivery of Enhanced Social Services;
- Strengthening Institutions of Good Governance; and
- Strengthening the Private Sector

8. In line with the President's vision to transform our society into an export-led middle-income economy within the present generation, the 2004 budgetary targets and policy direction include major policy initiatives and financial provisions for the attainment of those goals. The President's Special Initiatives in Salt Production, Oil Palm Development, Cassava and Starch, Sorghum and Millet, Information Technology, Clothing and Garments, will be given further impetus this year.

9. Having taken steps to establish sound macro economic fundamentals, we shall continue to instil discipline in our public financial management systems to achieve greater transparency and accountability in all Ministries, Departments and Agencies (MDAs), as well as state owned enterprises (SOEs).

10. Prudent fiscal management resulted in sustained growth, facilitated by improvements in tax revenue collection, effective expenditure controls, and strategic generation of higher than anticipated external inflows.

11. An acknowledgement should be made of the achievements of the Revenue Agencies Governing Board, which spearheaded the "crusade" that yielded significant increases in our revenues, growing from ¢4.4 trillion in 2000, to ¢6.6 trillion in 2001, to ¢8.5 trillion in 2002, and to ¢13.4 trillion in fiscal year 2003.

12. Expenditure increases were well below the rate of increase in tax collection due largely to the introduction of new cash and commitment control systems.

13. Government reliance on domestic financing of its expenditures was lower than planned, allowing the domestic public debt to decline to 22.6 per cent of GDP by end 2003, down from 29 per cent at the end of 2002.

14. **Mr. Speaker,** the Government will continue to implement its Road Infrastructure Programmes aimed at:

- A better functioning and integration of Ghana's domestic Markets;
- Improving access to our neighbours in the ECOWAS sub-region;
- Impacting significantly on safe travel; and
- In particular, facilitating transportation of goods from food growing areas to the market centres.

15. **Mr. Speaker,** this year we will continue to place emphasis on modernising agriculture through the dissemination of better farming practices, and provision of irrigation schemes, improved varieties of seeds and planting materials. We shall particularly promote the development of agro-businesses. There is no doubt that if we continue to pay more attention to modernising agriculture, our avowed aim of accelerating rural development and eliminating mass poverty will be achieved sooner than many people expect.

16. One of the greatest successes of our policies in the agricultural sector has been the impact of the mass spraying of cocoa farms and greatly enhanced producer prices on productivity. These have helped restore Ghana to the enviable position of being the second largest cocoa producer in the world. We will pursue these and other proven sound policies to further increase cocoa production, create more jobs and increase incomes in our rural economy.

17. **Mr. Speaker,** in the area of Enhanced Social Services, we will continue to intensify our effort at educating public health officers to enable them implement effectively the Government's health policies, including fee exemption policies, which are meant to improve maternal and child health and are also targeted at helping the poor and vulnerable in deprived areas throughout the country.

18. The National Health Insurance Scheme will become operational during the course of the 2004 fiscal year to replace the unlamented 'Cash and Carry System'. This major change in Ghana's social welfare system will greatly reduce the burden and anxieties of the vast majority of our people who, due to poverty, shy away from the health delivery system when they most need help.

19. **Mr. Speaker,** Government will begin the implementation of the Education Strategy Plan (ESP) this year. This programme, which will be implemented over a 13-year period, will focus on ensuring equal access to quality education for all.

20. Government is determined to undertake a critical review of ongoing programmes and activities in the field of Environment and Sanitation with a view to optimising and accelerating gains to the quality of life in our society. The focus will particularly be towards improving timely implementation of projects in our towns and cities in order to bring about healthier and cleaner conditions of urban living on a sustainable basis.

21. **Mr. Speaker,** the Government will continue to commit itself to the implementation of programmes, which will deepen the effectiveness and performance of governance institutions and also facilitate the enactment of outstanding related laws. This House, I believe, will continue to give us the needed support in this regard.

22. We are making a special appeal to this august House, to give priority to all the pending draft regulations needed to complement the corresponding parent Acts for improved governance that have recently been passed by the House. These Acts and their corresponding Regulations will ensure responsible use of Government funds and significantly reduce wastage in the machinery of Government. We shall continue to plug all identifiable loopholes that facilitate corrupt practices and militate against the transparent and efficient utilisation of public revenues and other resources.

23. **Mr. Speaker,** the Government has declared 2004 as the **"Business Friendly Year".** In this regard we resolve to continue to reduce the cost of doing business in this country in order to make Ghana an attractive destination for both local and foreign investors. The ready availability and competitive pricing of utility services, banking facilities, land, transportation and legal services to the business community is the bedrock of numerous initiatives and provisions in this Budget.

24. The Government is introducing in this Budget important measures to provide incentives to the private sector to enable the sector generate high levels of employment, particularly in Afforestation and Construction.

25. **Mr. Speaker,** I remember the heated debate that characterised our adoption of the HIPC Initiative when it was announced during the presentation of the 2001 Budget. We opted for this facility in view of the dire straits in which we found the economy that had been bequeathed to

us by our predecessors. This bold decision was driven by our deep appreciation of the expected positive impacts which we foresaw, and which we believed would help to ameliorate the suffering of the vulnerable and deprived segments of our society. Looking at the benefits that have so far inured to our communities in the form of availability of potable water, model schools, clinics, feeder roads, provision of school furniture, culverts and drains, places of convenience, support for HIV/AIDS education programmes and malaria control programmes among others, we are proud of the overwhelming evidence on the ground which is a clear vindication of our decision in 2001. Those whose poorer foresight deprived them of a vision of the potentialities of the HIPC Initiative need no longer deny the immense reality of its benefits but come on board and help to deliver those benefits to their fellow Ghanaians who they represent here.

26. As His Excellency announced, Government will assiduously pursue the implementation of the covenants and undertakings under the HIPC arrangements that are necessary for Ghana to reach "**Completion Point**" this year, in order to fully benefit from debt relief that can accrue under this programme.

27. **Mr. Speaker,** I am glad to be able to give assurance to all Ghanaians and our Development Partners, that in this election year, we will continue to pursue the prudent economic policies that have enabled us attain our present healthy economic status. We will not allow any slippages in responsible economic management to derail us from our chartered course. It is amply evident that in staying focused, we shall also lay the foundation for the sound economy that H.E. President J. A. Kufuor will need in his coming second term of office.

SECTION TWO: WORLD ECONOMIC DEVELOPMENTS AND OUTLOOK

Global Economic Developments

28. **Mr. Speaker,** after a disappointing performance in 2002 when hopes of recovery faded and the downward slide in global activity continued, 2003 saw the start of the long-awaited global economic upswing. Although it was delayed by geo-political tension in the run-up to the Iraq war, most major economies witnessed a significant acceleration in activity rates in the latter parts of the year.

29. To combat the global economic slowdown, there was pressure on central banks of advanced countries to ease monetary policy. Consequently, to provide a stimulative policy backdrop to recovery, interest rates in the industrialised world had, by mid-2003, hit their lowest level for almost half a century.

30. Since that time, long-run interest rates have rebounded sharply, apparently reflecting growing expectation of recovery and higher inflationary expectations.

Developments in ECOWAS Sub- Region

31. **Mr. Speaker,** subdued external environment, together with poor weather and home-grown problems of governance and civil strife, which slowed down growth in Sub-Saharan Africa from 3.2 per cent in 2001 to 2.8 per cent in 2002, continued to impact negatively on the on the economic fortunes of the region in 2003.

32. The recent economic history of the West African region has been characterised by acute economic crises leading to the marginalisation of the region. The geneses of these problems are many and varied, but mostly political and economic.

33. The overall economic situation in the sub-region was adversely affected by the political and military crisis which erupted in Cote d'Ivoire in September, 2002.

34. As one of the leading engines of growth in ECOWAS and an important trading partner with its neighbours, Cote d'Ivoire's economic problems in have had a domino effect on the other countries of the sub-region.

35. **Mr. Speaker,** preliminary provisional statistics show that growth in West Africa increased by 3.1 per cent in 2003 from the 2 per cent recorded for 2002.

Outlook for 2004

- A further acceleration in global economic activity rates is expected in 2004, given the still clearly stimulative policies in place.

- Despite the expected pick-up in economic activity, Consumer Price inflation pressures should remain modest in the world's leading economies.

- The depreciation of the US dollar against the euro and pound sterling is expected to continue in 2004.

- Developing countries appear poised for growth to resume at a more rapid rate in 2004. Despite continued geo-political uncertainties and subdued conditions in the rich countries, developments in several areas support the expectation of a step up in output growth. Should conditions in the external environment improve as expected, developing countries should have the opportunity to advance export market shares, and growth in export volumes at more robust rates.

- For countries in the ECOWAS sub-region, fundamentals for growth are improving. Fiscal positions have generally improved, allowing a degree of stimulus to bolster domestic demands and overall growth.

36. **Mr. Speaker,** in the last few years even countries that were thought to have stable political landscape have fallen within the ambit of military adventurism causing significant mayhem and destruction of life and property including the productive base of their economies. The instability experienced in these war-torn countries have also impacted negatively on the growth performance of most of their direct neighbours.

37. There are, however, signs of hope in the horizon. In Cote d'Ivoire and Liberia, for example, the mediation role of ECOWAS under the able leadership of H.E. President J.A. Kufuor has led to the formation of governments of national unity and the restoration of relative peace.

38. **Mr. Speaker,** against this backdrop GDP growth in our sub-region is expected to improve from 3.1 per cent in 2003 to 4.0 per cent in 2004.

Consumer Price inflation is also estimated to decline from an average of 6.2 per cent in 2003 to 4.0 per cent in 2004.

Developments in the West African Monetary Zone (WAMZ)

39. **Mr. Speaker,** the success of the European Union in embarking on a single currency in 1999, has created a renewed strength for ECOWAS to push ahead the creation of a second currency zone in the sub-region.

40. In pursuit of the second monetary zone in West Africa, the Authority of Heads of State and Government of the Gambia, Ghana, Guinea, Sierra Leone and Nigeria at its meeting in Lome in 1999, adopted the following set of primary convergence criteria:

- A limit on budget deficit (excluding grants) of not more than 5 per cent of GDP;
- A single digit inflation;
- Central Bank financing of budget deficit limited to 10 per cent of previous year's tax revenue; and
- Gross official reserves of at least 3 months of imports

41. **Mr. Speaker,** provisional data on macroeconomic performance and convergence indicate that overall macroeconomic performance of the five countries worsened in 2003 relative to 2002. The Gambia, Guinea, and Sierra Leone registered some slippages compared to the previous performance for 2002. Nigeria, however, maintained her achievement of 2 primary criteria from 2001 to 2003.

42. **Mr. Speaker,** Ghana made remarkable progress in moving from the achievement of one convergence criterion in 2001 to achieving two additional major criteria bringing Ghana's total to 3 out of the 4 convergence criteria in 2003. The only outstanding criterion is the single digit inflation, which we are determined to achieve this year through the pursuit of sound macroeconomic policies in readiness for the take-off in July 2005 of the monetary union.

Table 1: Achievement of the Primary Criteria in the WAMZ (2000-2003)

	2000	2001	2002	2003
The Gambia	4	3	2	1

Ghana	0	1	0	3
Guinea	1	2	1	0
Nigeria	3	2	2	2
Sierra Leone	1	2	3	1
Number of Countries Meeting Criterion	45%	50%	40%	35%

43. **Mr. Speaker,** another interesting development in the creation of the second monetary zone was the decision taken at the sixth summit of the Authority of Heads of State and Government of the WAMZ on December 19, 2003, that Ghana should host the headquarters of the West African Central Bank when set up in 2005.

44. It is the expectation of all that the monetary union will reduce the cost of doing business by eliminating the fees and commissions charged for currency conversions in intra-regional transactions and increase trade between the partner countries.

45. **Mr. Speaker,** there will also be a general stability of the exchange rate of the new currency, compared to the existing weak individual currencies in the zone. This will allow businessmen and women to plan with relative certainty in international transactions and investment.

SECTION THREE: MACROECONOMIC PERFORMANCE IN 2003

46. **Mr. Speaker,** the main objective of Government in 2003 was to consolidate the remarkable achievements chalked during the 2002 fiscal year. Against this background, the economic policies of the NPP Government in 2003 were aimed at strengthening and sustaining economic growth, reducing inflationary pressures while ensuring effective implementation of the poverty reduction programmes of the GPRS.

47. I would like to recall the goals that we set for ourselves in the 2003 Budget Statement and Economic Policy that was presented on 27th February 2003, and subsequently approved by this House. The key macroeconomic targets were the following:

- a real GDP growth of at least 4.7 per cent;
- a reduction in the year-to-year rate of inflation from 15.2 per cent at end-December, 2002 to 9.0 per cent by end-December, 2003;
- an overall budget deficit of 3.1 per cent of GDP;
- a domestic primary budget surplus of 3.0 per cent of GDP; and
- rebuilding of gross official reserves equivalent to 2.3 months of imports

48. Key policies that were outlined to deliver those outcomes included:

- reducing and stabilising the domestic debt with a view to stemming the increase in interest payments, and achieving the desired decline in real interest rates;
- reinforcing effective monitoring, control, and transparency in public expenditure operations, in particular, the tracking of pro-poverty reduction related expenditures;
- reducing the losses and restructuring the debts of the major parastatals;
- phased adjustments of utility prices to achieve and maintain full cost recovery;
- effective implementation of the divestiture programme;

- continued development of the financial sector, including improved banking supervision and policies to facilitate increased credit by the banking system in support of private sector development; and

- improving the quality and timeliness of the dissemination of economic statistics for effective planning of the economy.

Revisions to the Macroeconomic Framework and Policy

49. **Mr. Speaker,** the institution of adjustments and corrective measures to rationalise the prices of petroleum products sparked off a chain of price increases, as commercial transport operatives took advantage of the situation and increased transport fares over and above the levels anticipated by Government. This led to a jump in the rate of inflation from 16.3 per cent at the end of January 2003 to 29.4 per cent at the end of February 2003. These developments necessitated a revision of the macro economic targets for the 2003 economic programme.

50. Consequently, I announced in March 2003 the need to recalibrate the macroeconomic indicators as a result of the steep adjustment in the prices of petroleum products.

51. In the event, the following revisions were made to the key targets I have already mentioned: -

- the end-period inflation target of 9.0 per cent was revised upwards to 22.0 per cent;

- the domestic primary budget surplus was revised downwards from 3.0 per cent to 2.3 per cent of GDP; and

- the overall budget deficit was revised from 3.1 per cent to 3.3 per cent of GDP.

52. The other key macroeconomic targets, however, remained the same.

53. **Mr. Speaker,** on 4th November 2003, I returned to this House to present a review of the performance of the economy, based on the Budget Statement and Economic Policy for the 2003 fiscal year.

54. In that review, I enumerated some revisions to the original budget that had become necessary as a result of new information and developments in the economy since the presentation of the Budget in February 2003.

55. Consequently, we requested for the approval of a supplementary budget based on new budgetary projections, and this august House approved same in accordance with article 179 (8) of the Constitution and Standing Order 143 of Parliament.

56. **Mr. Speaker,** most of the discussions on the review of macroeconomic performance will, therefore, be measured against the revised budget that was approved by this House in November 2003, but reference will be made to the original budget as and when necessary.

Performance during 2003

57. **Mr. Speaker,** the implementation of the 2003 Budget was beset with some challenges. These included:

- the high and volatile world oil prices, which necessitated the transfer of resources to the VRA for the procurement of crude oil to enable it provide uninterrupted electricity to Ghanaians; and

- the continued restructuring of the Tema Oil Refinery debt, which posed a systemic risk to the domestic banking system.

58. **Mr. Speaker,** notwithstanding those challenges, economic performance during 2003 was strong as a result of the hard work and prudent measures put in place by the Government. All the key economic indicators pointed at a sound and vibrant economy:

- real GDP growth was higher than expected — 5.2 per cent against a projected 4.7 per cent ;

- year-on-year inflation declined to 23.6 per cent at end-December, 2003, after peaking at 30 per cent at end-April 2003;

- the cedi remained relatively stable throughout the year — depreciating by only 4.7 per cent against the US dollar;

- the overall budget deficit was contained at 3.4 **per cent** of GDP against the targeted 3.3 per cent of GDP;

- net domestic borrowing by Government represented the best performance since 1995, registering a net repayment of 0.4 per cent of GDP, against the target of zero net borrowing ;

- gross foreign exchange reserves at the Bank of Ghana was equivalent to 3.9 months of imports. This was the highest since the liberalisation of the foreign exchange market in 1990;

- interest rates assumed a downward trend, with the benchmark 91-day Treasury bill rate falling sharply from a peak of 35.3 per cent in June 2003 to 18.7 per cent at the end of the year;

- total tax revenues exceeded expectations in 2003 as a result of measures taken to improve efficiency in tax administration; and

- expenditures were kept within budget ceilings.

59. **Mr. Speaker,** with the foregoing summary of events, I seek your permission to now present the details of economic developments in 2003.

Overall Growth of Gross Domestic Product

60. **Mr. Speaker,** provisional figures indicate that in 2003, overall GDP recorded a growth rate of 5.2 per cent, exceeding the projected 4.7 per cent for the year, and better than the 4.9 per cent stipulated in the GPRS for the medium-term.

61. All the major broad sectors contributed to this impressive performance, with the **Agricultural Sector** leading the way with a remarkable 6.1 per cent growth against the growth of 4.4 per cent achieved in 2002. The **Industrial Sector** growth of 5.1 per cent exceeded the 2002 growth of 4.7 per cent, while the **Services Sector** growth rate of 4.7 per cent matched the 2002 performance.

Agriculture

62. The strong performance of the Agriculture Sector was propelled by the strong recovery of the cocoa sub-sector, which improved, from a decline of 0.5 per cent in 2002 to a remarkable 16.4 per cent positive growth in 2003. This performance is mainly attributed to the cumulative favourable impact of the continued mass spraying exercise initiated by the NPP Government in 2001. Growth in the other remaining sub-sectors similarly exceeded their 2002 levels.

Table 2: Growth in Agriculture (Per cent)

	2002 Actuals	2003 Prov. Actuals
Agriculture	**4.4**	**6.1**
Crops and Livestock	5.2	5.3
Cocoa	-0.5	16.4
Forestry	5.0	6.1
Fishing	2.8	3.0

Industry

63. In the Industrial Sector the growth performance of the various sub-sectors was generally better than the 2002 outcome. With the exception of the manufacturing sector which recorded a relatively lower growth rate all the other remaining sub-sectors recorded growth outcomes that surpassed the respective performances in 2002.

Table 3: Growth in Industry (Per cent)

	2002 Actuals	2003 Prov. Actuals
Industry	**4.7**	**5.1**
Mining and Quarrying	4.5	4.7
Manufacturing	4.8	4.6
Electricity and Water	4.1	4.2
Construction	5.0	6.1

Services

64. Growth performances of the various sub-sectors of the Services Sector were mixed. The sub-sectors of Transport, Storage and Communications; Government Services; Production of Private Non-profit Services achieved higher growth rates in 2003 than in 2002, while the others comprising the Wholesale and Retail Trade, Restaurants and Hotels; Finance and Insurance and Community Services achieved relatively lower growth rates.

Table 4: Growth in Service (Per cent)

	2002 Actuals	2003 Prov. Actuals
Services	**4.7**	**4.7**
Transport	5.7	5.8
Wholesale, Trade & Retail	5.6	5.0
Finance and Insurance	5.5	5.2
Government Services	3.6	4.0
Community, Social and Personal Services	4.4	4.1
Producers of Private Services	3.1	3.3

Fiscal Developments

65. **Mr. Speaker,** in 2003, the principal objective of fiscal policy was to reduce and stabilize the domestic debt. The underlying fiscal objective was, therefore, to eliminate the reliance on domestic financing. The challenges that confronted Government then, were in relation to the ever-increasing wage bill and the burden of servicing the accumulated debt at TOR. These were addressed alongside maximising social and development spending to propel growth and reduce poverty.

66. **Mr. Speaker,** with the cooperation of all Ghanaians, we were able to achieve most of the objectives that were set in the Budget.

67. In spite of the lower-than-projected receipts derived from the new revenue measures introduced during the year, overall tax revenue performance improved, nonetheless, reflecting in part, intensified efforts to strengthen compliance through effective administration.

Total Receipts

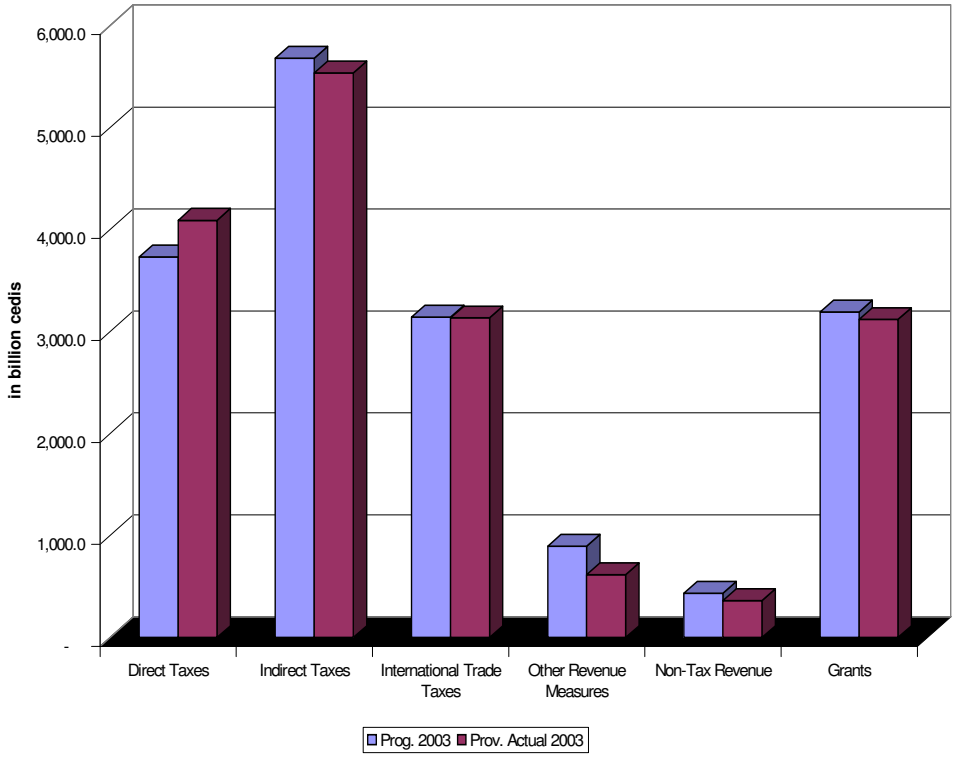
68. **Mr. Speaker,** provisional fiscal data indicate that **total receipts** for 2003 amounted to ¢21,997.6 billion, about ¢259 billion below the revised budget projection of ¢22,256.7 billion. Compositionally, **tax revenue** exceeded the target of ¢12,556.3 billion by ¢205.8 billion. The shortfall was mainly on account of domestic **non-tax revenue**, total **grants**, and receipts expected from **other revenue measures** that fell short of the projections by ¢71.4 billion, ¢73.5 billion and ¢279.3 billion, respectively.

69. **Direct taxes**, including PAYE and company taxes, were ¢4,091.5 billion, against a target of ¢3,732.5 billion, showing a positive deviation of 9.6 per cent .

70. **Value Added Tax (VAT**) receipts amounted to ¢3,331.2 billion, compared to the target of ¢3,593.7 billion, representing a shortfall of ¢262.6 billion attributable to the import VAT. Domestic VAT collections were, however, on target, recording an outcome of ¢1,023.4 billion against the targeted ¢1,024.4 billion.

71. **Import duties** registered a yield of ¢2,367.2 billion, exceeding the target of ¢2,350.3 billion by 0.7 per cent.

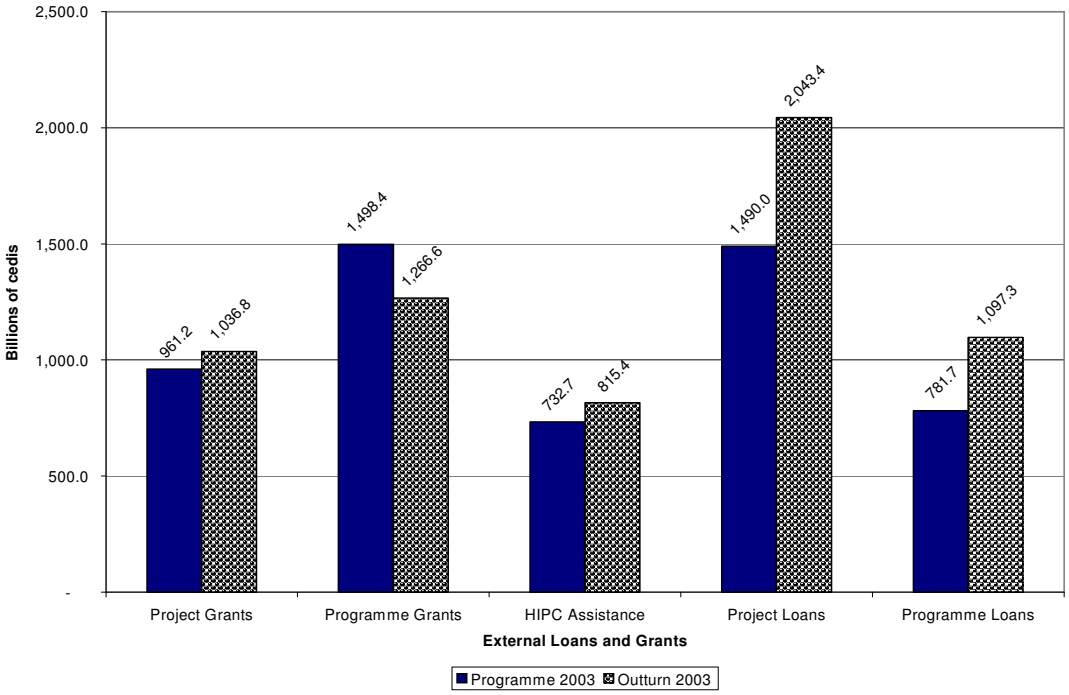
Figure 1: Total Receipts in 2003



72. The receipt of ¢3,118.8 billion, in **total grants** including multilateral HIPC relief in 2003 represented a disbursement rate of almost 98 per cent , the highest in many years.

73. In terms of the components, **HIPC relief** from our multilateral development partners and inflows of **project grants** amounted to ¢815.4 billion, and ¢1,036.8 billion, respectively, exceeding the corresponding targets by ¢82.6 billion and ¢75.7 billion. On the other hand, realised programme grants of ¢ 1,266.6 billion fell short by ¢231.8 billion. This shortfall was, however, offset partially by over-performance by project grants and HIPC assistance from multilaterals resulting in the overall better performance of grant inflows.

Figure 2: Programme and Outturn for External Loans and Grants in 2003



74. **Mr. Speaker,** our receipts on foreign loans during 2003 was equally impressive. Recorded inflows amounted to ¢3,141 billion compared to a projection of ¢2,272 billion, representing an increase of ¢870 billion above the target.

75. This remarkable performance in the inflow of external resources in 2003 was the result of timely disbursements influenced by the innovative Multi-Donor Budgetary Support (MDBS) framework arrangement with our development partners arising from the confidence and trust they have gained in us due to the prudent economic and structural measures that have been instituted by the NPP Government.

76. Noticeable progress was made with regard to the **planned divestiture** of government interests in a number of joint venture enterprises, which resulted in the achievement of the target for 2003. **Divestiture receipts** amounted to ¢421.4 billion representing nearly 96 per cent of the target amount. The outturn, however, is higher than in previous years, as a result of better asset valuations resulting from the infusion of greater transparency and efficiency into the divestiture programme.

77. **Exceptional Financing** which shows, in part, the extent of HIPC debt relief, recorded ¢1,802.9 billion, some ¢253 billion less than anticipated. The shortfall was the result of delayed negotiations in respect of inflows of relief expected from some bilateral development partners.

Total Payments

78. **Mr. Speaker, total budgeted payments** for 2003 fiscal year were estimated at ¢22,256.7 billion. The provisional outturn for the period was ¢21,997.6 billion. The resultant savings of ¢259.1 billion, was due to the relatively lower statutory payments, particularly, in respect of domestic and external interest.

79. Of the total payments, **Statutory payments** were projected at ¢9,653.0 billion, while **Discretionary payments** were projected at ¢12,603.8 billion. The outturn for statutory payments, however, was ¢9,035.8 billion, while discretionary payments amounted to ¢12,961.8 billion.

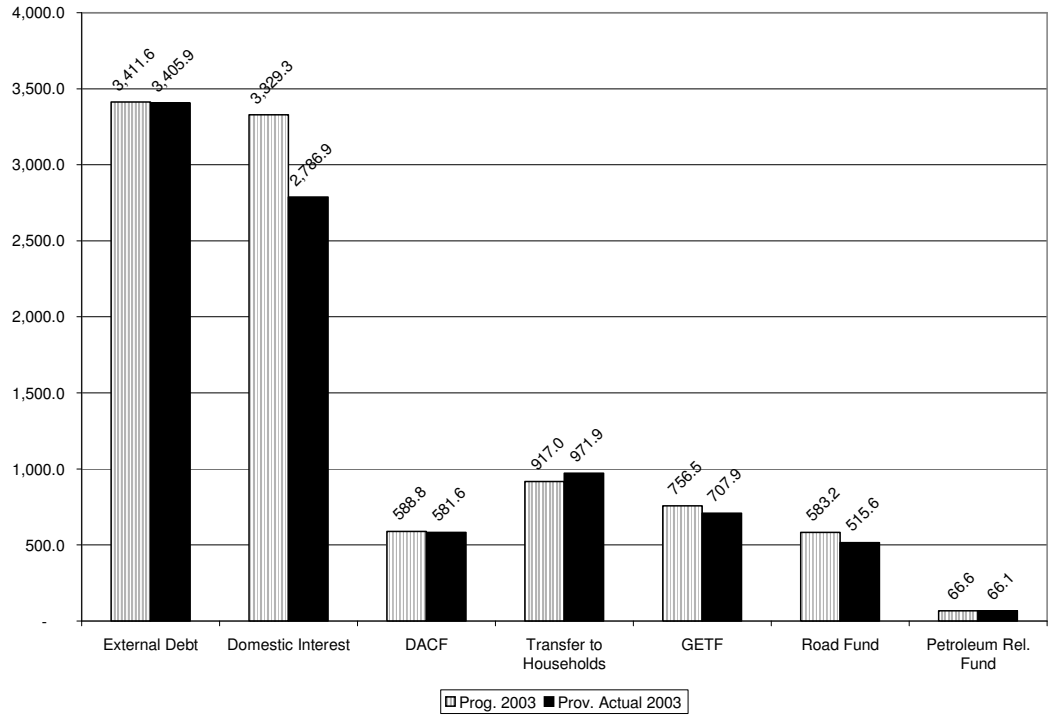
Statutory Payments

80. Total **external debt service due** for payment amounted to ¢3,405.9 billion against a projection of ¢3,411.6 billion. Actual payments amounted to ¢1,602.7 billion.

81. Repayments on the **principal component** of external debt due was ¢2,559.3 billion, against a targeted amount of ¢2,565.0 billion. Actual payments made amounted to ¢1,234.8 billion.

82. **External interest due** for payment in 2003 amounted to ¢846.6 billion, while actual payments made amounted to ¢568.3 billion.

Figure 3: Programmed and Provisional Actual Statutory Payments, 2003



83. The difference between the amounts that were due for payment on those external obligations and the actual payments effected represents savings that were realised as a result of debt relief obtained from the HIPC initiative. These savings consist of HIPC assistance under grants, and traditional debt rescheduling, and HIPC relief (cologne terms) under exceptional financing, as shown in Appendix Table 2. The savings, moreover, reflect the positive fiscal impact of the HIPC debt relief.

84. In spite of the accrued interests resulting in part from the conversion of TOR debt into Government bonds, **domestic interest payments** amounted to ¢2,786.9 billion, about ¢542.4 billion lower than programmed. The favourable outcome was due to the sharp decline in treasury bill rates as a result of prudent fiscal management.

85. Transfers into **the Road Fund** totalled ¢515.6 billion, compared to the projected ¢583.3 billion while those in respect of other **Petroleum Related Funds** amounted to ¢66.1 billion which was marginally below the target of ¢66.6 billion by ¢0.5 billion.

86. **Transfers to households,** comprising **pensions**, **gratuities** and **social security** contributions by Government on behalf of public servants, collectively amounted to ¢971.9 billion, against a budget of ¢917.0 billion. The over-expenditure was the result of more-than-programmed increases in pensions and gratuities for retired workers.

District Assemblies Common Fund and Ghana Education Trust Fund

87. **Mr. Speaker,** current transfers into the **District Assemblies Common Fund** (DACF) amounted to ¢581.6 billion, close to the projection of ¢588.8 billion. The apparent shortfall was due to the fact that actual payments are made quarterly in arrears and are, therefore, based upon actual tax collections in the previous quarter. The transfers were, therefore, based on actual revenues collected for the 4th quarter of 2002, through the 3rd quarter of 2003.

88. In addition to the current transfers, an amount of ¢53.9 billion was transferred in respect of arrears clearance as was stated in the Budget for 2003.

89. With respect to the **Ghana Education Trust Fund** (GETFund) the law requires transfers to be made with no more than a month's lag. The actual transfers of ¢707.9 billion that covered the period of October 2002

through November 2003, thus, ensured that there were no arrears in respect of the 2003 fiscal year.

90. In addition to the current transfers of ¢707.9 billion, scheduled payments of arrears amounting to ¢43.1 billion were also effected as proposed in the 2003 Budget.

91. **Mr. Speaker,** I would like to remind this House of the promise we made in the 2003 Budget to be current on transfers into the GETFund and the DACF as required by law. We also assured this House and, indeed, the whole nation that the scheduled payments in respect of the accumulated arrears on those two Funds would be adhered to.

92. **Mr. Speaker,** it is my pleasure to inform the House that we have dutifully delivered on both promises.

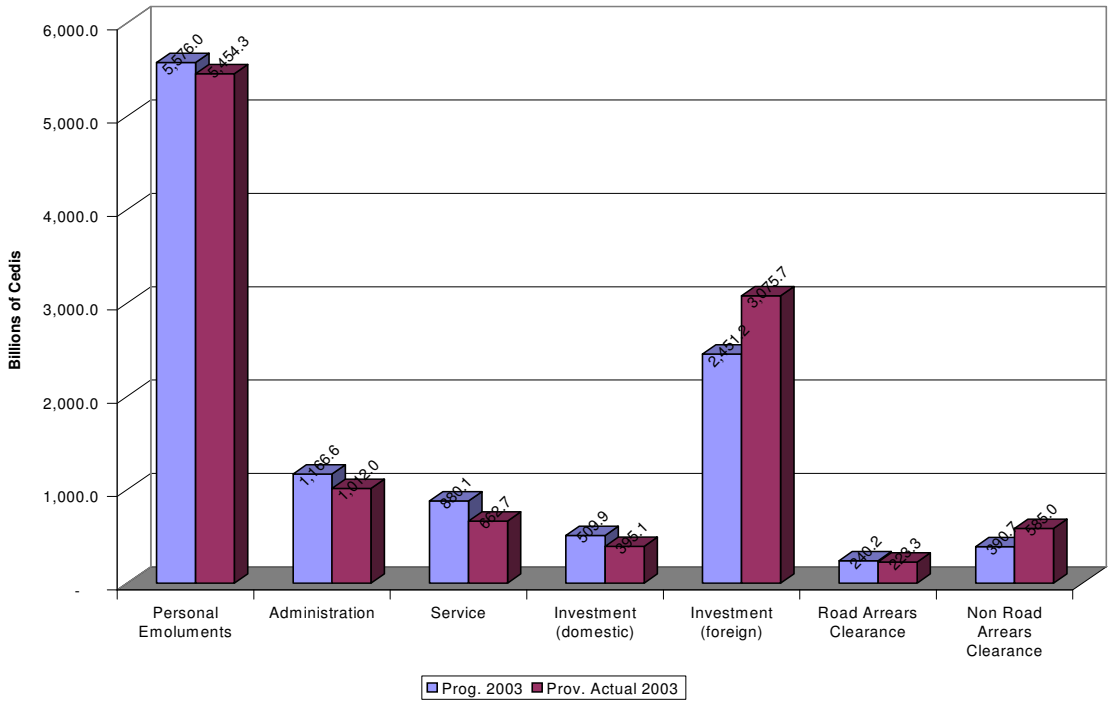
Discretionary Payments

93. **Mr. Speaker,** the outturn for **personal emoluments** amounted to ¢5,661.3 billion, exceeding the budget of ¢5,576.0 billion.

94. Expenditures in respect of **Administration and Service** totalled ¢1,762.9 billion, against a budget of ¢2,046.7 billion. Out of the outturn, an amount of ¢662.7 billion was on account of Service activities.

95. **Investment** outlays amounted to ¢3,600.7 billion, against a budget of ¢2,961.1 billion. The outturn was made up of domestic-financed investment of ¢524.9 billion, and a foreign-financed component of ¢3,075.7 billion. The additional outlay was due to the accelerated disbursement of foreign inflows in response to prudent economic management by the NPP Government.

Figure 4: Programmed and Provisional Actual Discretionary Payments, 2003



96. **Road arrears** of ¢223.3 billion, were cleared in 2003 compared to the target of ¢240.2 billion, while clearance of non-road arrears amounted to ¢395.2 billion against the programmed target of ¢390.7 billion.

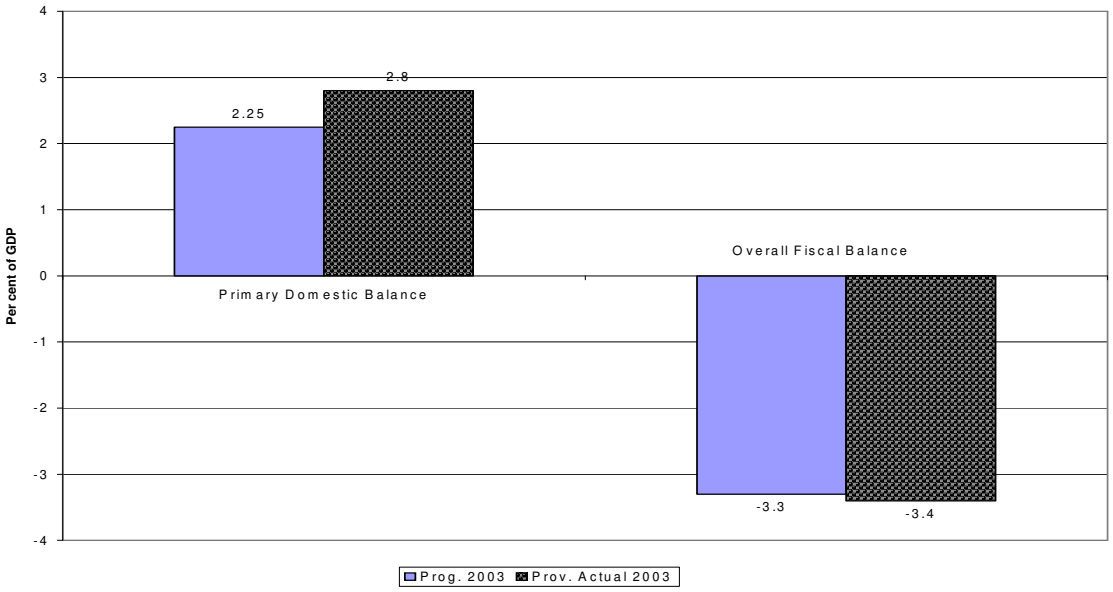
97. **HIPC-financed expenditures** amounted to ¢866.3 billion, against the targeted amount of ¢956.1 billion.

Overall Balance

98. **Mr. Speaker,** the provisional fiscal outturn for 2003 shows an **overall budget deficit** of 3.4 per cent of GDP, marginally above the budget target of 3.3 per cent of GDP. The **domestic primary balance**, however, recorded a surplus equivalent to 2.5 per cent of GDP, 0.3 per cent age point over the target of 2.2 per cent of GDP.

99. **Mr. Speaker,** considering the balance between the achievements, progress and challenges, the fiscal performance in 2003 was a marked improvement and consolidation over the achievements in 2002.

Figure 5: Overall Fiscal Balance and Primary Domestic Balance, 2003

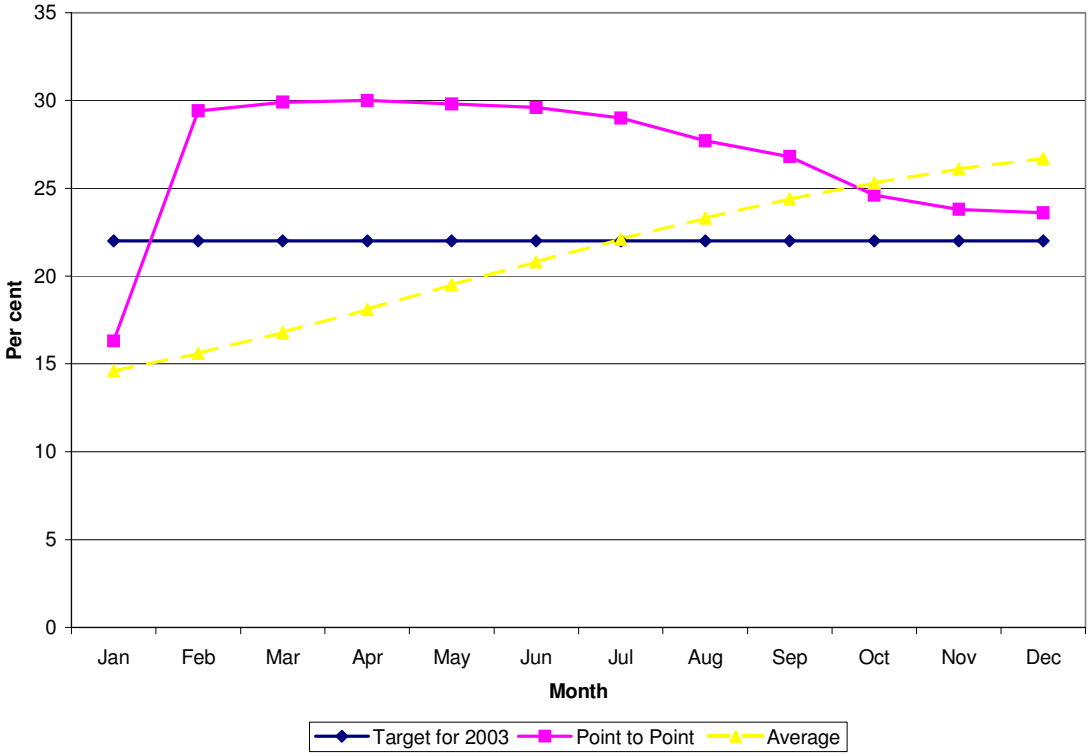


Developments in Prices

Inflation

100. **Mr. Speaker,** inflationary developments during the first four months of 2003 were dominated by the adjustments and corrective measures instituted in the petroleum sector of the economy. In February 2003, inflation jumped up to 29.4 per cent , mainly on the strength of the pass-through effects of the fuel price adjustments that were made in January 2003.

Figure 6: Average and Yearly Inflation (Jan-Dec 2003)



101. However, the sustained implementation of the fiscal framework along with prudent monetary policies implemented by the Bank of Ghana, initiated a process of disinflation. In the event, inflation dropped from its peak of 30.0 per cent in April, 2003 to 23.6 per cent at end-December 2003. The disinflation process was reflected in the sustained decline in the monthly rates of inflation for seven consecutive months from March to September, 2003.

102. The data further showed that for the months of August, September and October, the nation experienced actual price declines, a process also known in economic parlance as **deflation**.

Interest Rates

103. **Mr. Speaker,** interest rates generally declined in 2003. In line with macroeconomic developments earlier in the year, the Monetary Policy Committee of the Bank of Ghana raised the Bank of Ghana Prime Rate to 27.5 per cent in the first half of the year. Subsequently, as a result of good economic performance that led to the abatement of inflationary

pressures, the prime rate was reduced by 6.0 per cent age points to 21.5 per cent at the end of the year.

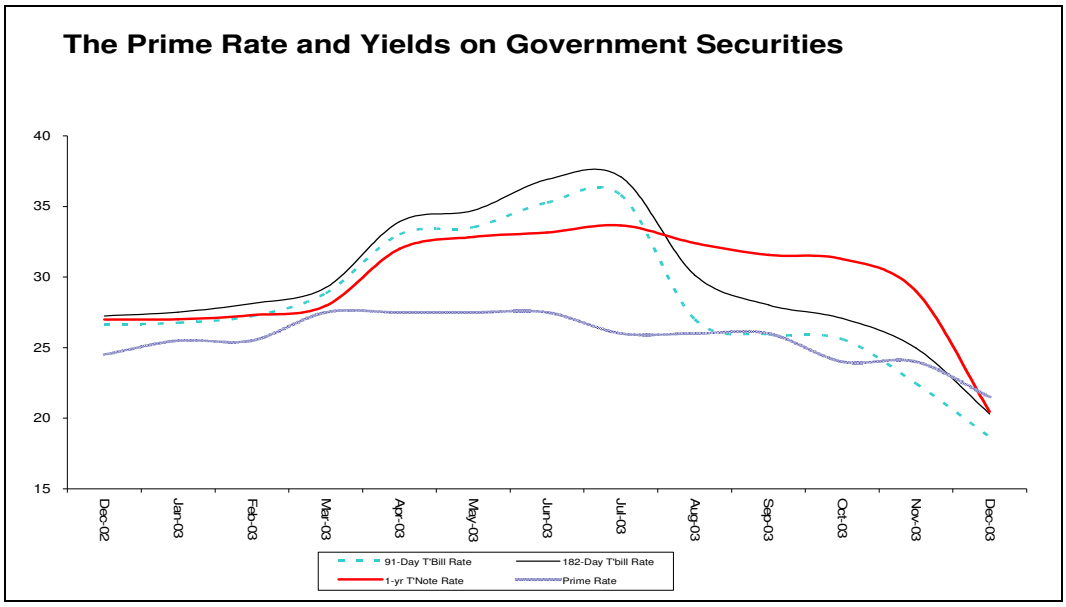
104. On the money market, interest rates fell sharply in the second half of the year, as a result of easing inflationary pressures from the relatively high levels attained in the first half of the year. Reduced Government borrowing requirements on the auction market contributed significantly to this development. The benchmark 91-day Treasury bill rate also moved in consonance from 26.6 per cent at the beginning of the year to 35.3 per cent at the end of June, and then fell sharply to 18.67 per cent by the end of December 2003. The rates for the 182-day Treasury bill and the 1-year note, similarly, fell from 30.2 per cent and 32.4 per cent in June to 20.31 per cent and 20.5 per cent , respectively, at the end of December, 2003.

105. There has been a shift in market preference in favour of long-dated government securities. The share of 91-day Treasury bills declined from about 50 per cent in December 2002 to 43.3 per cent at the end of December 2003, while the share of the long-dated instruments improved from about 50 per cent to 56.7 per cent.

106. The reduced borrowing by the Government on the auction market, coupled with the downward trend in interest rates should make room for additional and cheaper credit to the private sector.

107. Interest rates on the **Interbank market** followed a similar pattern, declining from 27.3 per cent in June 2003 to about 17.0 per cent at end-December 2003. Commercial bank base rates, after initially lagging behind, also followed the general pattern, dropping from an average of about 32.0 per cent to 28.5 per cent at the end of December 2003.

Figure 7: The Prime Rate and Yields on Government Securities



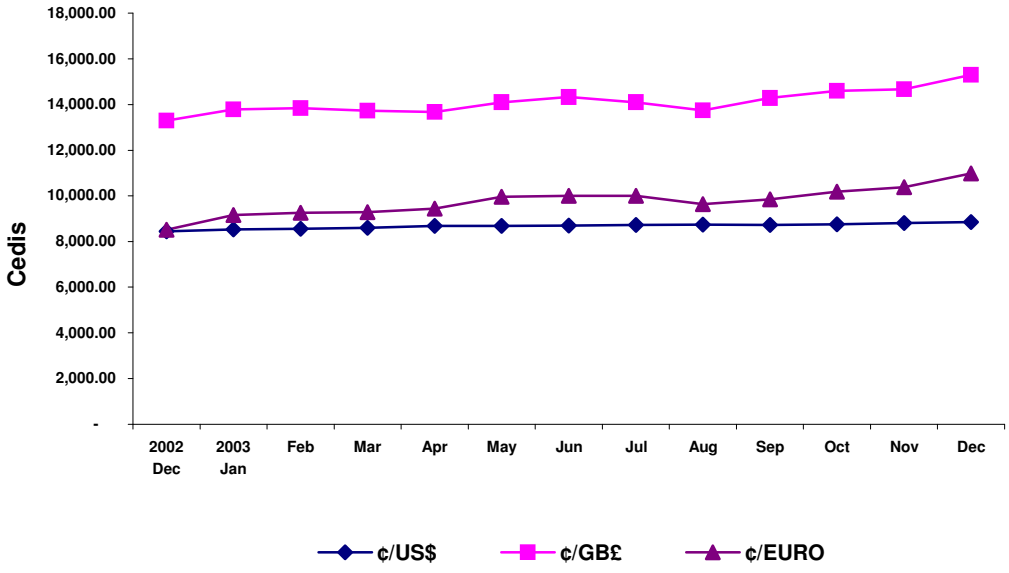
108. Similarly, average lending rates and rates on 3-month time deposits charged by the DMBs were reduced by 3.75 and 5.75 per cent age points, respectively, by year end. The only exceptions were the rates on demand deposits and certificates of deposit which, respectively, rose by 150 and 25 basis points.

109. On November year-on-year basis, credit extended by DMBs to the private sector grew by 34.8 per cent in 2003 while that to the public sector declined by 32.0 per cent ; this compares with increases of 34.7 per cent (¢1,562.5 billion) and 50.3 per cent (¢721.6 billion) to the private and public sectors, respectively in 2002.

Exchange Rate Developments

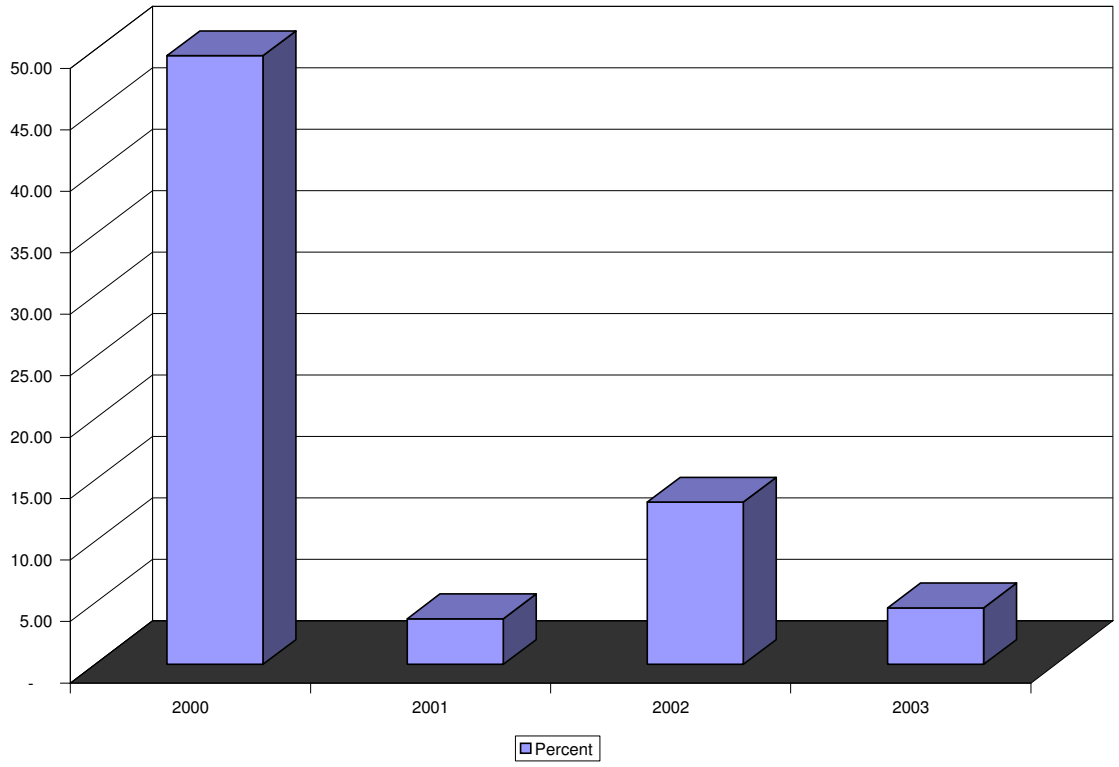
110. **Mr. Speaker,** the strength of the cedi in relation to the major currencies broadly reflected the strengths of those currencies on the international market. In nominal terms the cedi was fairly stable against the US dollar. On the interbank market, it depreciated by 4.7 per cent by December 2003. The relative strengths of the euro and the pound sterling on the international markets, and the fact that Ghanaian traders use more of those currencies for importation from Europe resulted in higher depreciation of the cedi against those currencies at 22.5 per cent and 13.0 per cent respectively.

Figure 8: Interbank Exchange Rate (Dec 2002 to Dec 2003)



111. The behaviour of the cedi on the forex bureaux market broadly mirrored developments on the inter-bank market. For the year the cedi depreciated by 4.6 per cent against the US dollar and by 20.4 per cent and 13.4 per cent against the euro and the pound sterling, respectively.

Figure 9: Depreciation of the Cedi (2000-2003)



Monetary Developments

112. **Mr. Speaker,** the overall stance of monetary policy in 2003 was focused on the need to reduce the rate of inflation and exchange rate volatility. The Bank of Ghana also pursued policies to ensure that adequate bank credit was available to support the growth of the real sector.

113. Monetary policy in 2003 was prudent and effective allowing the disinflation process to take hold, leading to a significant fall in interest rates as well as a sizeable foreign exchange reserve accumulation. This was achieved through the effective use of monetary policy instruments, especially, the prime rate, to influence inflationary expectations as well as effective use of open market operations that resulted in sterilisation of excess cedi liquidity.

114. The rate of growth in the **monetary aggregates** significantly declined from the 2002 levels. **Reserve money** recorded a growth of 28.2 per cent at the end of December 2003, compared to a growth of 42.6 per cent for the same period in 2002.

115. Provisional data for 2003 indicated that **broad money** including foreign currency deposits (M2+) grew by 35.6 per cent compared with 39.8 per cent in 2002, while the growth in broad money excluding foreign currency deposits (M2) was 37.8 per cent.

116. The main driving force behind the growth in reserve money in 2003 was the **Net Foreign Assets** of Bank of Ghana which rose in cedi terms by 274.0 per cent and was partially off set by a decline of 129.8 per cent in the Bank's Net Domestic Assets (NDA).

Private Inward remittances

117. Private inward remittances through the banks and finance companies amounted to US$1,910.3 million. This represented about 57 per cent increase over that for 2002, and reflects increasing confidence in the economy.

Stock Market Developments

118. **Mr. Speaker,** the Ghana Stock Exchange (GSE) performed remarkably well in 2003. All the basic performance indicators of the market showed positive outturns. The GSE ALL-SHARE INDEX, the main gauge of performance on the Exchange, appreciated by 154.7 per cent (or 142.7 per cent in dollar terms), making it the best performing year to date in the history of the Exchange. (Refer to figure 11). It was also among the best performing markets in the world. MARKET CAPITALISATION went up by 104.0 per cent , while MARKET TURNOVER in both volume and value terms increased by 118.3 per cent and 335.4 per cent , respectively. A total of 16 out of the 25 listed stocks (representing 64 per cent) outperformed the effective yield of the benchmarked 91 and 182-day Treasury bills. Of the best performing stocks, thirteen recorded CAPITAL GAINS of over 100 per cent at the close of 2003, while 3 of the equities recorded remarkable capital gains in excess of 400 per cent . On the whole, the year 2003 witnessed an impressive bullish market on the Exchange.

119. **Mr. Speaker,** this exceptional performance of the Exchange in 2003 was propelled by the relatively stable macroeconomic environment which was reflected in declining inflation and inflationary pressures, the downward

trend of interest rates in the money market and the relative stability in the foreign exchange rate regime. It is expected that the sustenance of this impressive bullish performance will attract more investors to the Exchange.

Figure 10: Ghana – Stock Market Performance, (2002-2003)

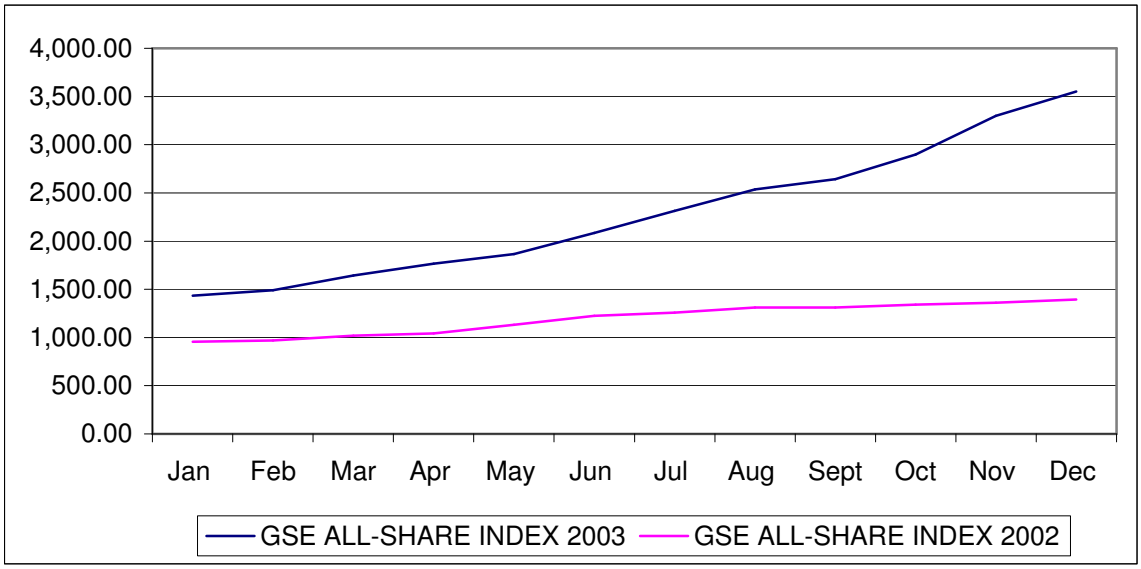
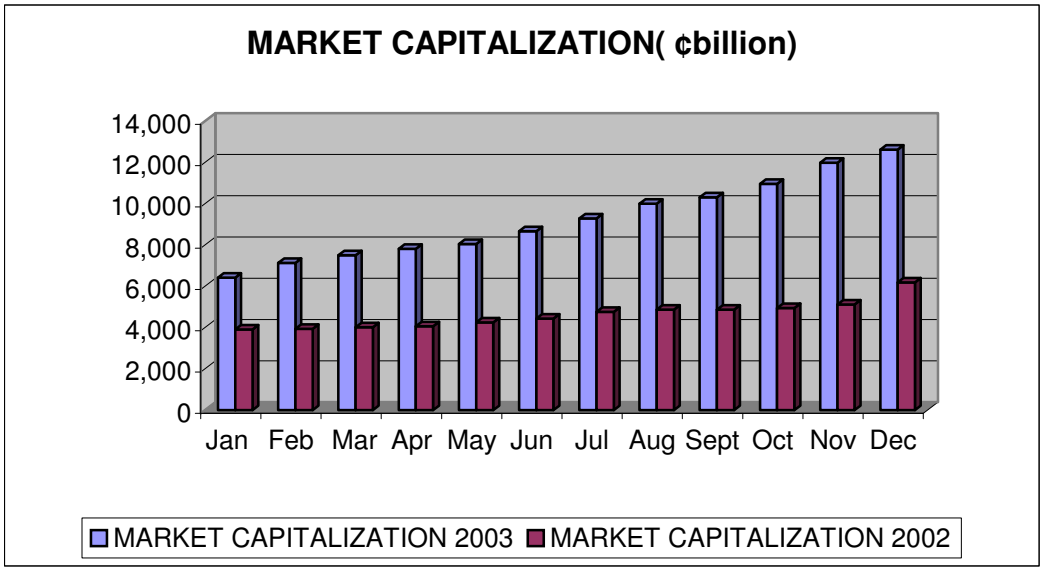


Figure 11: Ghana - Stock Market Capitalization, 2002 - 2003



Source: *Ghana Stock Exchange Market Statistics (2002/03)*

External Sector Developments

120. **Mr. Speaker,** external sector policy in 2003 and for the medium-term was targeted at building net international reserves to more comfortable levels, not only to cushion the economy against short-term external shocks, but also to provide a basis for meeting ECOWAS sub-regional economic convergence criteria.

121. Provisional estimates at the end of 2003 indicated a net international reserves build-up of US$657.7 million as against a programmed US$130.0 million. Gross international reserves at the Bank of Ghana at the end of the year stood at US$1,425.6 million (equivalent to 3.9 months of imports of goods and services), compared with a target of US$811.0 million (equivalent of 2.2 months of imports of goods and services). This is the largest build-up of foreign exchange reserves since 1990. The large build-up in reserves was on account of better performance of both the current and capital accounts.

Balance on Current Account

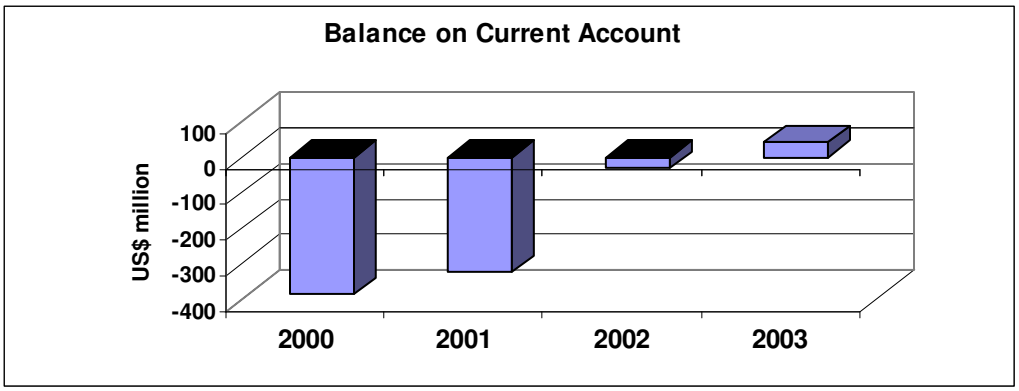
122. For the first time since 1983, the current account showed a surplus as a result of a substantial surplus recorded on the net invisibles balance.

123. For the year under review, the estimated value of exports grew by 14.0 per cent, compared to a growth of 7.9 per cent in 2002. This improvement is largely attributed to favourable developments in both the price and volume of cocoa and higher-than-programmed prices of gold. Import value also grew by 9.7 per cent for the year, reflecting the 10 per cent growth in both oil and non-oil imports.

124. In spite of the increase in export values, a higher value of imports resulted in a trade deficit, albeit a lower deficit compared to last year as a result of stronger performance of exports.

125. The trade deficit was moderated by a large increase in the net invisibles account and, therefore, resulted in a modest surplus of US$40.8 million in the current account for the first time in decades.

Figure 12: Balance on Current Account (2000 –2003)



Exports

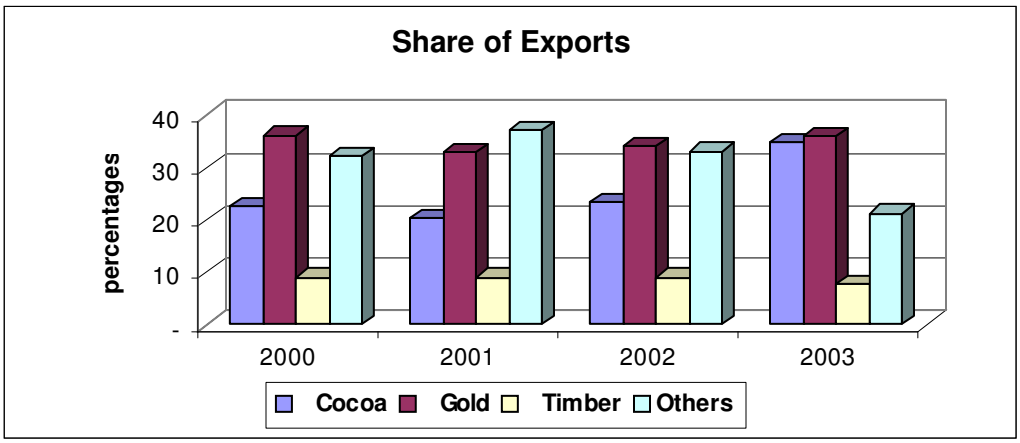
126. **Mr. Speaker,** Favourable developments in the export prices of Ghana's two major exports, cocoa and gold, contributed significantly to a strong performance of exports in the year. The value of exports was provisionally estimated at US$2,297.2 million, compared with US$2,015.2 million recorded in 2002 and US$1,867.1 million in 2001. Total exports in 2003 however, marginally fell short of the programmed value of US$ 2,314.0 million by 0.7 per cent primarily as a result of the closure of VALCO, which had been expected to contribute about $150.0 million in exports value of aluminium.

127. Cocoa production for the 2002/2003 crop season (October 2002 to September 2003), was 496,869 tonnes, the highest level recorded since 1964.

128. Despite the high production of cocoa during the 2002/2003 season, the volume of exported cocoa beans in 2003 grew by only 11.4 per cent due to the policy to add more value domestically. Cocoa products on the other hand recorded 54.0 per cent growth in value 87.3 per cent growth in prices.

129. Gold exports grew by 20.5 per cent to US$830.1 million and this was attributed mainly to a growth in prices by 14.5 per cent to US$364.5 per fine ounces. Gold exports in 2003 expanded by only 2.3 per cent in 2003 over the quantities exported in 2002. The share of gold in total exports value was estimated at 36.14 per cent, compared to 34.19 per cent in 2002.

Figure 13: Share of Exports (2000-2003)



130. The estimated value of timber fell short of both the level recorded in 2002 as well as the target for 2003 by 4.4 per cent and 5.4 per cent respectively mainly as a result of lower volumes exported in 2003. Volume exported was 34,088 tonnes below the target for 2003 and also 26,515 tonnes below the actual exports in 2002. Correspondingly, export value also fell to US$174.7 million in 2003 from US$182.72 million in 2002.

131. Exports of other goods (including those in the non-traditional category) amounted to an estimated US$490.1 million, equivalent to 21.3 per cent of total exports in 2003, reflecting a steep decline from the levels attained in previous years. The closure of VALCO, which was expected to contribute about US$150.0 million during the year and the slow down in exports such as electricity, residual oil and bauxite, were some of the factors that contributed to the decline.

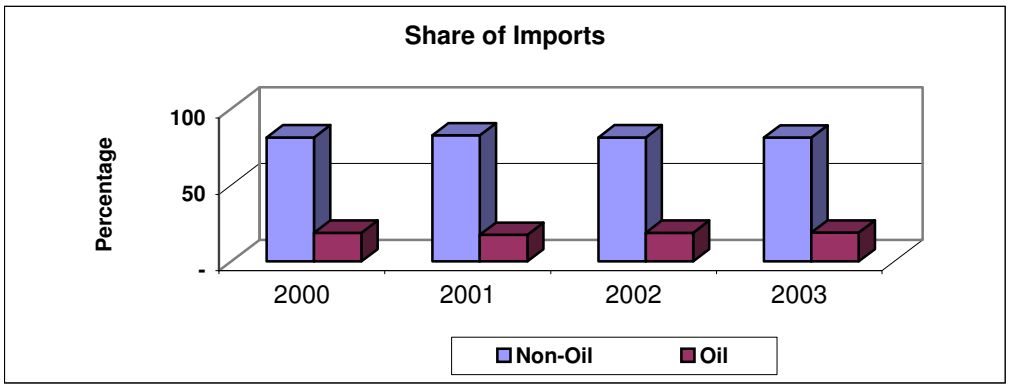
Imports

132. **Mr. Speaker,** provisional estimates indicate that imports of goods rose to US$2,969.4 million, an increase of 10 per cent from US$2,707.0 million

recorded in 2002 and 6 per cent lower than the US$3168 million programmed for 2003. The increase in imports was the result of 10 per cent rise in both oil and non-oil imports. The persistent appreciation of the Euro relative to the US dollar almost throughout the year increased the value of dollar-denominated non-oil imports.

133. Oil imports, on the other hand, were affected by rising prices following the war in Iraq, the cut in production by OPEC, and the need to meet increased domestic consumption.

Figure 14: Share of Imports (2000-2003)



Net Services and Current transfers

134. The services account registered a deficit of US$371.6 million during the review year, driven mainly by large payments in freight and insurance on merchandise imports and travel services. At the same time, current transfers, from both private and official sources recorded net inflows of US$850.5 million and US$234.1 million, respectively, resulting in a surplus of US$713 million on the invisibles account balance.

Capital Account (excluding reserves)

135. **Mr. Speaker,** there was a large net inflow of US$302 million in the capital account compared with a deficit of US$38.6 million in 2002 and a programmed target of US$54.0 million. The increase was mainly attributable to an estimated US$206.9 million net inflow in the private capital account and US$54.7 million in the short-term account.

136. Inflow of direct investments increased to US$77.9 million from US$58.9 million recorded in 2002 compared with the programmed estimate of US$87 million.

137. The net official capital outflow of US$115.2 million in 2002 improved to US$40.4 million in 2003 mainly as a result of 67.0 per cent rise in official borrowing and 8 per cent decline in amortisation.

Domestic Debt

Debt Stock

138. The total stock of domestic debt at the end of December, 2003, exclusive of revaluation stock, decreased by ¢298.2 billion. The decline was due to the redemption of ¢218.9 billion of TOR Bonds held by Ghana Commercial Bank (GCB) in December, 2003 and net redemption of Treasury bills by ¢520.1 billion. As a result of these developments, the outstanding stock of Government securities fell from 17 per cent of GDP in 2002 to about 16.1 per cent of GDP in 2003.

On-Lending and Government Guaranteed Loans

139. It was projected to recover a total amount of ¢68 billion of on-lent and government guaranteed loans from State Owned Enterprises (SOEs), parastatal, private enterprises and individuals, to boost domestic revenue in 2003. However, we were able to recover a total amount of ¢61.6 billion, representing 90.6 per cent of the programmed amount.

140. In 2004, we estimate to recover a total of ¢90 billion from on-lent government-guaranteed loans from State Owned Enterprises (SOEs), parastatals, private enterprises and individuals.

Developments In External Assistance

External Debt Stock

141. Ghana's total medium and long-term external debt as at end 2003 was US$6,446.7 million representing an increase of about 4 per cent over the 2002 level. Of the total debt stock, 65 per cent was owed to multilateral institutions, 29 per cent to bilateral creditors, and 2 per cent to commercial creditors.

New Loans Commitments

142. In year 2003, 17 new concessional loans were contracted from both multilateral and bilateral sources to support projects that are directly linked to the GPRS. The main sectors that benefited from the new facilities

amounting to US$409.1 million include health, agriculture and energy. This clearly demonstrates our donor partners' continued confidence in the Ghanaian economy since the NPP Government took the bold decision to take advantage of the HIPC debt relief mechanism.

External Debt Management Strategy

143. Mr. Speaker, Government continued to pursue the strategy of contracting new borrowings on very concessionary terms after opting for debt relief under the HIPC initiative. Thus, the policy to contract loans with a minimum grant element of 35 per cent was adhered to, as evidenced in the Table 5 below. From an average rate of about 31.6 per cent in 2000, the grant element, which defines the concessionality of a loan, rose sharply to about 74 per cent in 2001, 74.6 per cent in 2002 and further to about 79 per cent in 2003.

Table 5: Average Terms of Creditors

ALL CREDITORS	2000	2001	2002*	2003
Interest (%)	1.7	1.6	2.8	0.8
Maturity (years)	17	34.6	16	43.2
Grace Period (years)	4.8	8.4	5	10
Grant Element (%)	31.6	73.8	74.6	79.1

144. Although the average interest rate, maturity period and grace period for 2002 were less favourable compared with the 2000 and 2001 average terms, the grant element increased in 2002 because most of the loans contracted had a pure grant component of 35 per cent .

Grants

145. Total number of grants signed in 2003 was 26 with a total committed amount of US$509.03 million. Of these 5 were programme grants, amounting to US$248.18 million, representing about 49 per cent of the total commitments. In terms of sectoral allocation, the committed amounts were distributed along the spending patterns of the GPRS, with emphasis on the social sector, infrastructure development, and agriculture.

Ghana's Sovereign Credit Rating

146. **Mr. Speaker,** in 2003, Government contracted Standard and Poors (S & P) to conduct a sovereign credit rating on Ghana. Factors considered in the rating include among others; sovereign default, good governance, socio-economic stability and political stability and risk associated with financial transactions in the country.

147. Due to the Government's firm commitment to macroeconomic stabilization and structural reforms including the bold initiative to go for HIPC debt relief, Ghana scored a high rating of 'B+' under the S & P ratings. The B+ rating compares favourably with those of Senegal, Brazil and Turkey and is a big boost for the private sector, which can now take advantage of this rating to obtain external sources of funding on more competitive terms.

148. In addition, Ghana, at the same time, was rated 'B' with a positive outlook by Fitch Ratings, another renowned international sovereign credit rating company.

SECTION FOUR: OUTLOOK FOR 2004

Macroeconomic Framework For 2004

149. **Mr. Speaker,** in 2004 substantial progress will be made in:

- increasing revenue to create room for increased poverty-related spending and accelerated development;
- strengthening public expenditure management; and
- using an optimum mix of appropriate fiscal and monetary policies to deliver on our inflation and other macroeconomic targets.

150. Looking forward, the policies set out in this year's Budget Statement and Economic Policy, together with continued implementation of the broader policy agenda in the GPRS, will aim at solidifying these gains in the period ahead.

151. **Mr. Speaker,** the GPRS, which was finalized in February 2001, defined Ghana's medium-term economic objectives and policy agenda for 2003-2005 period. The implementation of this strategy is receiving broad-based support from the international community, and we hope that with the implementation of those policies, this country will reach the completion point under the enhanced HIPC Initiative during the course of this fiscal year.

Macroeconomic Objectives

152. **Mr. Speaker,** the fiscal objectives for 2004 will be consistent with the Ghana Poverty Reduction Strategy (GPRS) and its underlying medium-term economic framework.

153. The key macroeconomic targets for 2004 are the following:

- a real GDP growth of at least 5.2 per cent ;
- a commitment to bringing the 12-month CPI inflation rate down to under 10 per cent by the end of December, 2004;
- maintaining our goal to buildup the stock of gross international reserves to no less than 3 months of imports cover;
- a domestic primary surplus of 1.7 per cent of GDP; and

- a budget deficit of 1.7 per cent of GDP.

Growth Prospects

154. **Mr. Speaker,** a real GDP growth rate of at least 5.2 per cent is projected for the 2004 fiscal year.

155. The **agricultural sector** will continue to spearhead this growth with 6.0 per cent growth rate. The crops and Livestock sub-sector is projected to grow at 5.4 per cent, while Cocoa Production and Marketing is targeted to grow at 13.1 per cent. Forestry and Logging and Fishing, are expected to grow at 6.3 per cent and 3.5 per cent respectively, higher than their growth rates in 2003.

156. **Industry** is projected to grow at 5.2 per cent against the rate of 5.1 per cent recorded in 2003. All the sub-sectors are expected to record rates higher than the provisional growth rates achieved in 2003. Mining and Quarrying sub-sector is expected to grow at 4.9 per cent, manufacturing at 4.7 per cent and Water & Electricity at 4.3 per cent. Growth in the Construction sector will continue to be robust at 6.2 per cent in 2004 in view of the several construction projects being undertaken in the road sector.

157. The **Services Sector** is projected to grow at 4.7 per cent on account of the expected new investments in public transport and telecommunications during the year. Transport, Storage and Communication sub-sector is expected to grow at 5.7 per cent.

158. Wholesale/Retail Trade and Restaurants and Hotels sub-sector will grow at 4.6 per cent, while Finance, Insurance, Real Estate and, Business Service and Government Services sub-sectors are projected to record grow rates of 4.8 per cent and 4.4 per cent, respectively.

Outlook for Fiscal Policy

159. **Mr. Speaker,** the medium-term framework underlying the GPRS aims at halving the domestic debt/GDP ratio by end-2005 from the level prevailing at the end-2002. To achieve this, the medium-term fiscal programme targeted zero net domestic financing in 2003, and net domestic debt repayments of 2.2 per cent and 2.6 per cent of GDP in 2004 and 2005 respectively.

160. Budget subsidies were given to TOR and the utility companies with VRA receiving government assistance totaling ¢ 272.5 billion to clear part of the Authority's external arrears owed to La Cote d'Ivoire. Further payments totaling ¢ 392 billion will be made to utility companies in 2004.

161. The fiscal outlook for 2004 and the medium-term should allow our expenditure needs, as envisaged in the GPRS, to be met in full, while adhering to the GPRS target path for domestic debt reduction:

- The targeted ratio of revenues (excluding grants) to GDP in 2004 remains in line with the GPRS, at around 22.5 per cent.
- Budgetary subsidies to public enterprises in 2004 will be limited to ¢392 billion, including ¢60 billion needed to cover the cost of preferential utility tariffs for the poorest consumers, the lifeline consumers.
- Consistent with spending plans under the GPRS, domestic capital expenditure will increase by about 0.7 per cent of GDP in 2004, to 6 per cent of GDP.
- The 2004 budget will incorporate a further increase in poverty-related expenditure as a share of GDP.

Resource Mobilisation

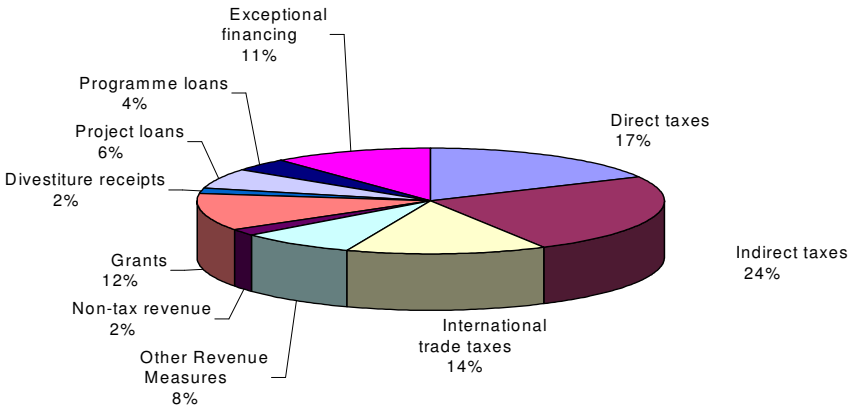
162. **Mr. Speaker, total receipts** for 2004 are estimated at ¢24,853billion. The contribution from **tax revenue** is projected at ¢16,854.8 billion, while non-tax revenue is estimated at ¢517.0 billion.

163. **Foreign grants** disbursements are projected at ¢ 3,053.8 billion, of which **HIPC assistance** from multilateral development partners is ¢995.1 billion. This is in addition to the traditional programme grants estimated at ¢1,188.0 billion, and project grants of ¢870.7 billion.

164. Revenue from **Other Receipts** is estimated at ¢ 4,427.3 billion, which includes **divestiture receipts** of ¢ 426.8 billion, **project loans** of ¢1,621.5 billion and **programme loans** of ¢980.0 billion.

165. The total receipts includes **exceptional financing** of ¢2,950.7 billion, comprising traditional **debt rescheduling** of ¢1,472.4 billion and **HIPC relief** of ¢512.9 billion from non-multilateral development partners. A **gap** of ¢ 965.4 billion is included in the exceptional financing for which we will call upon our development partners to provide additional concessional programme funding.

Figure 15: Composition of Domestic Revenue, 2004



Resource Allocation

166. **Total payments** are estimated at ¢24,853.0 billion, made up of **Statutory Payments** of ¢9,870.5 billion and **Discretionary Payments** of ¢14,982.5 billion.

167. **Statutory payments** include **external debt service** of ¢3,658.8 billon on accrual basis, out of which ¢972.1 billion is earmarked for **external interest** payments. **Domestic interest** payments are estimated at

¢2,456.5 billion including accrued interest payments for the restructured TOR debt that was taken over by Government.

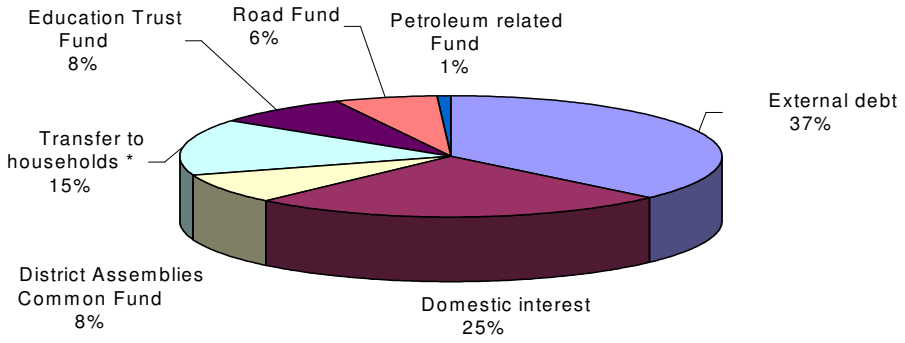
168. For 2004, the **District Assemblies Common Fund (DACF)** is projected to receive ¢787.2 billion, while an amount of ¢810.5 billion is estimated to be transferred to the **Ghana Education Trust Fund (GETF).** The Government will remain current on all transfers to the GETF and the DACF, and will pay the ¢97 billion due under the medium-term plan for eliminating arrears to those statutory Funds.

169. **Transfers to Households** which include **pensions**, **gratuities** and **social security** payments on behalf of workers are programmed at ¢1,475.3 billion.

170. An amount of ¢420.4 billion has been allocated to the **National Health Fund** under transfers, to support the implementation of the National Health Insurance scheme.

171. An amount of ¢607.7 billion has also been earmarked for the **Road Fund,** while other **Petroleum-related Funds** will receive ¢74.6 billion.

Figure 16: Composition of Statutory Expenditures, 2004



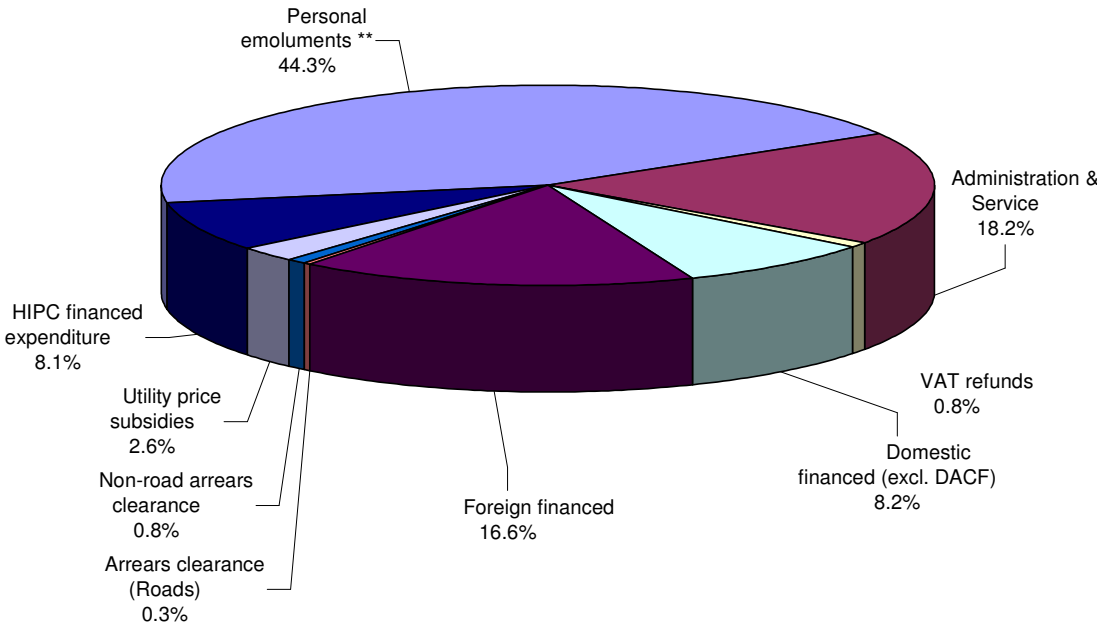
Discretionary Payments

172. **Personal Emoluments** are estimated at ¢6,631.9 billion, while expenditures in respect of **Administration and Service** are programmed at ¢2,734.3 billion. **Total investments** are also estimated at ¢3,725.7 billion, out of which ¢2,492.2 billion will be foreign-financed.

173. Government has earmarked an amount of ¢392.0 billion for **utility price subsidies** to ameliorate the adverse price effect on lifeline consumers.

174. Poverty reduction activities for the year will benefit from an additional allocation of ¢1,206.4 billion through the **HIPC Relief**.

Figure 17: Composition of Discretionary Expenditures, 2004



Overall Budget Balance

175. **Overall budget deficit** equivalent to 1.7 per cent of GDP is projected for 2004, while the **domestic primary balance** is expected to yield a surplus equivalent to 1.7 per cent of GDP.

176. **Mr. Speaker**, working within the budget framework elaborated above, we project to achieve a **net domestic debt repayment** of ¢1,732.2 billion, equivalent to 2.2 per cent of GDP in 2004. This is in line with government's objective to reduce domestic debt and free more resources to the private sector.

Monetary Outlook

177. **Mr. Speaker,** Government remains committed to bringing 12-month CPI inflation down to below 10 per cent in 2004. To achieve the inflation objective, the Bank of Ghana intends to keep the pace of monetary expansion consistent with the targeted inflation rate. This implies bringing the 12-month growth rate of broad money (excluding foreign currency deposits) down from 37.8 per cent at end-December 2003 to around 19.0 per cent by end-December 2004. The intermediate goal of 18.8 per cent growth in reserve money (excluding banks' foreign currency deposits) during 2004 will be pursued in support of this objective. The Bank of Ghana will use open market and repurchase operations, and adjustments in its prime rate to achieve its monetary objectives.

178. In order to secure the desired buildup in international reserves of at least 3 months of imports cover, Bank of Ghana's net domestic assets will be reduced further in 2004.

179. The Bank of Ghana will continue to allow the cedi exchange rate to be market determined, limiting interventions to smoothing short-term fluctuations in the exchange market and ensuring achievement of the targeted buildup of international reserves.

Balance of Payments Outlook

180. **Mr. Speaker,** in 2004, external sector policy will build on the achievements made in 2003, by further building up reserves which will serve as cushion to the economy against unanticipated external shocks. To achieve this, policies geared towards attracting foreign direct investment and increasing foreign exchange earnings substantially will be pursued.

181. Balance of Payments projections for 2004 indicate a bright outlook, comparable to 2003. This is derived from the general macro-economic stability experienced in the country in recent years as well as the policy interventions put in place to prop up the export sector.

182. **Export receipts** are expected to grow by 2.3 per cent to US$2368.0 million. Cocoa is expected to contribute over 33 per cent of this growth by generating US$784.0 million. Gold exports are also expected to grow by 27.8 per cent to contribute about 32 per cent of total export earnings.

183. Exports of timber and timber products are also expected to generate an amount of US$188.0 million, equivalent to about 8 per cent of total export receipts.

184. Other exports, including non-traditional exports are expected to contribute US$640.0 million, the equivalent of 27 per cent of total export proceeds.

185. Imports are projected at US$3,355.0 million in 2004, out of which oil imports are expected to account for 17 per cent amounting to US$571.0 million. The trade balance, is thus, projected to record a deficit of US$987.0 million.

186. The Services account is projected to record a net deficit of US$288.0 million

187. Unrequited transfers are expected to record a surplus of US$1,177.0 million of which private unrequited remittances are projected at US$841.0 million, and official transfer (net), US4336.0 million.

188. The current account balance (excluding official transfers) is expected to record a deficit of US$434.0 million. Including net official transfers this deficit reduces to US$98.0 million.

189. The capital account balance is projected at US$26.0 million, made up of official capital inflow of US$65.0 million and private capital outflow of US$39.0 million.

190. The surplus on the capital account will fall short of what is required to finance the projected deficit on the current account.

191. Consequently, the overall balance of payments is expected to record a deficit of US$72.0 million.

192. Exceptional financing is expected to amount to US$221.0 million, out of which US$ 72 million will be used to finance the deficit in the balance of payments and the remaining US$149 million used to augment the Bank of Ghana's international reserves.

Debt Stock Outlook

193. Ghana's total external debt stock for medium-term, long-term and IMF obligations is expected to decrease by US$ 1.6 million in the year 2004 when Ghana reaches Completion Point and bilateral creditors provide debt stock cancellation. It is, therefore, expected that there will be a significant change in the creditor category composition of the external debt stock, with over 75 per cent being owed to multilateral creditors.

External Assistance Policy and Strategy

194. The policy of contracting new loans with a minimum grant element of 35 per cent will still be pursued. Government will also continue to seek maximum grants and debt relief from our development partners in order to maintain long-term debt sustainability.

SECTION FIVE: 2003 SECTORAL PERFORMANCE AND 2004 OUTLOOK

195. **Mr. Speaker,** this being the fourth budget of this administration and the third since we began implementing the Ghana Poverty Reduction Strategy (GPRS), it is appropriate to consider our performance in relation to the development goals we have set ourselves.

196. **Mr. Speaker,** we would like to recall the main objectives of the GPRS which are:

i. to accelerate real GDP growth to 5 per cent by the year 2005;
ii. to reduce poverty from 39.0 per cent to 32.0 per cent over the same time period;
iii. to improve basic infrastructure such as roads, water, sanitation and market access;
iv. to increase the level of primary enrolment and education completion rates;
v. to reduce infant, child and maternal mortality and the incidence of infectious diseases; and
vi. to improve governance and the efficiency of the public sector.

197. In the context of the aforementioned objectives, which are in consonance with the vision of His Excellency the President, we have identified five priority areas to focus on to ensure that the probability of achieving those objectives is enhanced. These are:

- Infrastructure Development;
- Modernisation of Agriculture based on Rural Development;
- Enhanced Social Services;
- Good Governance; and
- Private Sector Development.

198. **Mr. Speaker**, in reviewing the performance of and the outlook for the sectors of the economy we will highlight the extent to which progress is being made towards achieving the goals set up in the five priority areas in 2003 and what actions will be taken in 2004 in furtherance of those goals[1].

199. In the outlook for 2004, we have detailed out this year's priority programmes that we intend to focus on. These programmes are in part

[1] Appendix 8 provides the Medium Term Priority Programmes and Projects under the GPRS and the associated budget for 2003 and 2004.

some activities that are being continued from last year, while others are a response to emerging issues that we intend to address.

INFRASTRUCTURE DEVELOPMENT

200. **Mr. Speaker,** the goal of this priority area is to facilitate both intra regional trade and to open up rural areas for investment, productivity enhancement and job creation, introduce competition, and create an enabling environment for the private sector. The key MDAs with responsibility for achieving these objectives are:

- Ministry of Roads and Transport;
- Ministry of Ports, Harbours and Railways;
- Ministry of Communications;
- Ministry of Energy; and
- Ministry of Works and Housing.

Ministry of Roads and Transport

201. **Mr. Speaker,** in the context of the GPRS, the prioritised activities of the Ministry of Roads and Transport include major highway construction, enhanced access to markets through improved farm/feeder roads and enhanced access to urban markets. These activities are intended to support the government's continuous effort to reduce the incidence of poverty, improve the standard of living in the urban and rural areas and raise the quality of life through improvements in access to social services and economic opportunities.

Performance In 2003

Trunk Roads

202. With regard to major highway construction, that is the reconstruction, rehabilitation and maintenance of major highways would be a priority. Work started in earnest on all the three major trunk roads radiating from Accra. These are Accra – Kumasi, Accra – Yamoransa and Accra – Aflao roads. Progress of work on these roads are summarized below:

Accra – Kumasi

203. The Bunso – Anyinam section of the road was completed in 2003. Also 62 per cent and 28 per cent works were completed on the Apedwa – Bunso and Konongo – Anyinam sections respectively.

Accra – Yamoransa

204. Works started in December 2003 on the dual carriageway section from Mallam – Kasoa. The remaining section from Kasoa towards Yamoransa is to be constructed in two phases; the first phase of 41km from Kasoa to Ankamu also started in December, 2003.

Accra – Aflao

205. Work is progressing steadily on the Tema – Sogakope section. As at 31st December 2003, 36 per cent of the physical works has been completed at a cost of ¢60.0 billion.

206. Work on the Tetteh Quarshie Interchange is about 50 per cent complete and is progressing steadily.

207. **Mr. Speaker,** the status of completion of other important trunk road projects as at the end of year 2003 are as follows:

- Wenchi – Sampa (Brong Ahafo) - 70% completed
- Wenchi – Bamboi (Brong Ahafo) - 32% completed
- Tamale – Yendi (Northern) - 27% completed
- Abuakwa – Bibiani (Ashanti/Western) - 7% completed
- Axim Junction – Tarkwa (Western) - 9% completed
- Jasikan – Brewaniasi -
- (Dzindzinso – Dodo Papase section – Volta) - 16% completed
- Kwahu Tafo – Adawso (Eastern) - 15% completed
- Bekwai – Kuntunase – Ejisu (Ashanti) - 54% completed
- Ejura – Nkoranza (Brong Ahafo/Ashanti) - 36% completed
- Aframso – Sekyedumase – Nkoransa

- (Ashanti/BA) - 19% completed
- Mankranso – Tepa (Ashanti) - 76% completed
- Bole – Tinga (Northern) - 22% completed
- Bolgatanga – Bongo – Feo (Upper East) - 5% completed
- Wa – Dorumum (Upper West) - 30% completed
- Ayanfuri – Diaso (Central) - 50% completed

208. In addition, construction of four bridges at Hiawa (Western) Jomoro (Western), Ofoase (Eastern) and Aframso (Ashanti) had been completed as at the end of 2003.

Urban Roads

209. **Mr. Speaker,** under the urban roads programme, construction of the underlisted roads commenced in 2003. The status of implementation is as follows:-

- Kwame Nkrumah Circle – Achimota Road (Neoplan Junction) completed - 15%
- Tema Hospital – Ashaiman Road, including an
- Interchange on the motorway completed - 45%
- Inchaban – Sekondi (and arterial roads in Sekondi – Takoradi municipality) completed - 45%

Feeder Roads

210. **Mr. Speaker,** the major priorities of the feeder roads programme in relation to the GPRS are to construct and rehabilitate one good road linking rural and urban markets in every region and to improve farm roads to markets through regravelling, spot improvements and upgrading of feeder roads.

211. In fulfillment of this commitment to open up the country, a number of feeder roads projects were undertaken during 2003. In addition to covering 10,200km of the routine maintenance works, about 2,000 km of

feeder roads were either regravelled, rehabilitated or underwent spot improvement.

212. A total of 120km of town roads and second-cycle school roads were also surface dressed (tarred).

213. Under the small streams bridge development programme, the following were completed in the Western and Central regions:

- 14 composite bridges
- 28 steel bridges
- 11 box culvert bridges

214. These projects have helped in reducing travel time and improving access to farm gates, marketing centres and social services.

215. In addition to the above, a contract has been signed with DIJKSTAAL BV of Holland for the construction of 90 bridges nationwide to improve rural mobility and accessibility to market centres, schools and hospitals.

Transport Services and Safety

216. **Mr. Speaker,** the Metro Mass Transit System, which was introduced by the Government, has been extended to three more cities namely, Kumasi, Sekondi-Takoradi and Tamale. The fleet increased from 17 buses in October 2002 to 296 buses by December 2003. In the area of Inter-City passenger transport, the Inter-City STC Company was allocated 25 DAF/Neoplan buses and 23 IVECO buses to augment their fleet. This has improved their services during the year under review, thereby enhancing workers' access to the public transportation system.

217. The Ministry through its National Road Safety Commission (NRSC) and the Driver and Vehicle Licensing Authority (DVLA) continued road safety programmes and activities to reduce the incidence of road traffic accidents.

218. **Mr. Speaker,** Ghana has had a poor record of road traffic accidents and high fatality rate for some time now. For example prior to year 2000 when the Road Safety Action Plan was developed, the fatality rate had been about 73 deaths per 10,000 vehicles. Following the heightened activities of the NRSC and DVLA, these indices have seen remarkable and very positive changes. The fatality rate dropped to 29 per 10,000 vehicles in 2002. As at December 2003, the rate was 27 per 10,000 vehicles.

219. To ensure effective enforcement of traffic regulations and safety , the MTTU of Ghana Police Service was provided with road safety logistics such as Radar Guns to check over speeding and Alco meters to control drunk-driving.

Outlook for 2004

220. The programme of activities of the Ministry of Roads and Transport for 2004 aims at further improving access to farm gates and markets, which will ensure competitive and stable prices of agricultural produce through the minimization of transport cost. Other economic and social activities will also be facilitated by the improvement in spatial accessibility within the country.

Trunk Roads

221. Under the trunk road programme, the aim is to increase the number of trunk roads to support commerce and improve the distribution of industrial and manufactured products both internally and externally. Our geographical disposition also confers on us the added responsibility to provide a transit corridor for our landlocked compatriots.

222. On the development and rehabilitation of trunk roads, the following will be undertaken:

Accra to Kumasi

- Construction of Accra – Kumasi road will. Work will include the dual carriageways from Ofankor-Nsawam and Kumasi- Fumesua sections.

Accra to Yamoransa

- Work will be concentrated on the Mallam – Kasoa dual carriageway and the Kasoa – Ankamu sections.

Accra – Aflao

- Work will start on the Sogakope to Akatsi section of the Accra – Aflao road this year.

223. **Mr. Speaker,** in addition to the on-going trunk road projects, the following new projects will commence this year:

- Nsawam – Apedwa - 41km
- Kumasi – Techiman - 113km
- Madina – Pantang – Manfe - 35km
- Techiman – Kintampo - 62km
- Akatsi – Aflao - 56km
- Akatsi – Dzodze – Neope - 30km

224. The Pantang - Mamfe section of the road will commence during the first quarter of the year. Earlier this year, His Excellency the President performed the sod cutting ceremony for the formal commencement of physical work on the Pantang – Mamfe section of the Tetteh Quarshie – Mamfe corridor project.

Regional Roads

225. **Mr. Speaker,** Government's Regional road programme of improving spatial access to urban markets by construction and rehabilitation of one good road linking rural and urban market in every region is also on course. Rehabilitation and upgrading works will be continued on the following roads.

- Wa-Han-Tumu (Upper West Region)
- Hwidiem – Kenyasi No. 1 – Atronie – Sunyani (Brong Ahafo Region)
- Kpando – Worawora – Dambai – Kete Krachi (Volta Region)
- Asokwa – Bodwesango – Gyadem – Ofoase – Tuaso (Ashanti Region)
- Twifo Praso – Dunkwa (Central Region)
- Bawdie – Asankragua – Enchi (Western Region)
- Kwahu Tafo – Adawso – Donkorkrom (Eastern Region)
- Amasaman – Obeyeyie – Ayikuma – Doblo – Odukpon Kpehe (Greater Accra)
- Navrongo – Chuchiliga – Tumu (Upper East Region)
- Fufulso – Sawla (Northern Region)

226. **Mr. Speaker,** in order to preserve the investments made in our road network, the Ministry will undertake a number of maintenance and rehabilitation works . These include among others, the following road projects to be rehabilitated or upgraded to bituminous surfacing:

- Upgrading of Yendi – Bimbilla (Norther Region)
- Upgrading of Dormaa Ahenkro – Gonokrom (Brong Ahafo Region)
- Resealing of Mpataba – Half Assini (Western Region)
- Resealing of Kasoa – Bawjiase Road (Central)

- Upgrading of New Abirem – Adesena (Eastern)
- Resurfacing of Golokwati – Hohoe (Volta)
- Upgrading of Oda-Wenchi-Kade

227. **Mr. Speaker,** in addition, rehabilitation of the following important town roads among others will commence:

- Manso –Nkwanta Roads
- Atebubu and Kwame Danso town Roads
- Kintampo Town Roads
- Prestea town roads
- Apam/Mumford Town Roads
- Suhum Town Roads
- Asesewa Town Road
- Enchi Town Roads
- Kadjebi Town roads
- Tumu Town Roads

Feeder Roads

228. The general lack of farm – to village access roads and limited access to intermediate means of transport imposes significant drudgery on rural populations and contributes significantly to post harvest losses. The objective of the feeder roads programme for 2004 will include improving farm roads to markets through re-gravelling, spot improvements and upgrading of feeder roads. Under this programme, the following roads, among others, will be surface-dressed in 2004.

- Kumasi – Ahodwo – Trede (Ashanti);
- Nobekaw – Nyamebekyere (Brong Ahafo)
- Enyinabrim – Baako (Central)
- Huhunya – Ehiamankyene (Eastern)
- Doryumu – Agomeda (Greater Accra)
- Bole – Baale (Northern)
- Tilli – Binaba (Upper East)
- Jirapa – Bodada – New Baika (Volta)
- Daboase Jn – Daboase (Western) and
- Jirapa – Babile (Upper West)
- Juaboso – Benchema Junction (Western Region)

229. **Mr. Speaker,** the following town roads will also be rehabilitated by the Department of Feeder Roads:

- Hohoe Town Roads
- Vakpo Town Roads
- Denu Town roads
- Fosu Town Roads
- Agona Swedru Town Roads
- Zabzugu Town roads
- Tolon town Roads

230. **Mr. Speaker,** the following roads among others will be upgraded to bituminous seal:

- Asawinso – Nkronua
- Kutukrom – Sikaneasem
- Konongo – Dwease
- Akomadan – Techimantia
- Sandema town roads.

Urban Roads

231. **Mr. Speaker,** in Accra, construction works will commence on the Central Business District roads including the reconstruction of the High Street.

232. Other major urban road projects to be undertaken in 2004 will include the development of Asafo Market Interchange and the continuation of the Tamale Arterial Roads.

233. The Department of Urban Roads will undertake resurfacing and road rehabilitation works under the Periodic Maintenance Programme in some cities and municipalities. These include:

Accra

- Korle Gonno Local roads
- Teshie By-pass Road
- Dome By-pass Road
- Chantang – Alhaji Main Road

Kumasi

- Moshie Zongo Road
- Bomso Road

Sekondi – Takoradi

- European Town Local Roads
- Ngyiresia – Kojokrom Road
- Harbour Road

Tema

- Communities 8 and 9 Commercial Road
- Meridian Beach and Lumumba Roads

234. During the year 2004, key rehabilitation projects will be carried out on these areas of our cities among others:

Accra

- Rehabilitation of Hansonic – Sakaman Road
- Rehabilitation of Baatsona Highway
- Rehabilitation of Teshie Link Road

235. In the Ga District, the following will be given attention:

- Rehabilitation of Amasaman Town Roads
- Rehabilitation of New Achimota Roads
- Rehabilitation of Tantra Hill Roads Rehabilitation
- Completion of the Ningo Bridge

Kumasi

236. In Kumasi attention will be given to:

- Resurfacing of Pankrono Estate Road
- Rehabilitation of Atosomanso – Lord Cecil – Daban road

Sekondi – Takoradi

237. **Mr. Speaker,** the following roads in the Sekondi – Takoradi metropolis will be maintained:

- Resurfacing of Tadisco – Kwesimentsim Police Station Road;
- Rehabilitation of Airport Ridge Roads; and
- Rehabilitation of selected Roads in the Takoradi Central Business District

238. The Department of Urban Roads of the Ministry of Roads and Transport now has added responsibility for the newly created municipalities of Ho, Bolgatanga and Bawku. Initially, the municipalities of Koforidua, Cape Coast, Bolgatanga and Bawku will be given priority.

Koforidua

- Rehabilitation of Nana Asafo Adjei Main Road
- Rehabilitation of Charlie Junction – Omanhene Palace.

Cape Coast

- Resurfacing of Ola Estate Road
- Rehabilitation of Beula and Kwanopaoh Roads

Bawku

- Resealing of Mongori road
- Resealing of Hospital Highway

Bolgatanga

- Resurfacing of Estate Access Road
- Resealing of Commercial street

Transport Services & Safety

239. **Mr. Speaker,** in the area of Metro Mass Transport Services, the fleet of buses is to be augmented to improve delivery and the expansion of the bus services to other cities. The Metro Mass Transit Company will take delivery of 100 DAF/Neoplan buses from Holland. Government has already acquired 50 buses from China for which delivery is expected soon. Arrangements are being made to acquire additional 200 buses from China.

240. For effective implementation of road safety activities, five new National Road Safety Commission (NRSC) regional offices will be opened in Volta, Greater Accra, Ashanti Region, Northern Region and Eastern Region. NRSC will focus its activities on a national campaign against over-speeding, drunk-driving, fatigue and sensitization on the use of seat belts.

241. **Mr. Speaker,** the DVLA on the other hand will continue with its activities in the areas of Vehicle and Driver Licensing and better driver training

through the introduction of new syllabi for driving schools. The Authority has developed guidelines and conditions for the registration of private sector garages to undertake vehicle inspection.

242. The Ghana Civil Aviation Authority will complete the installation of essential equipment in the refurbished departure hall to make it operational by the end of the first quarter of this year.

243. **Mr. Speaker,** in addition, the following activities will be undertaken to modernize the airport:

- Installation of aerobridges to enable passengers embark and disembark directly from aircraft.
- Installation of Very Small Aperture Satellite Equipment (VSAT) to improve aeronautical Communication system in our Flight Information Region (FIR) and between adjacent FIRs.
- Upgrading of the Kotoka International Airport (KIA) taxiway to category II status.

244. **Mr. Speaker,** Government will continue with its efforts to restructure Ghana Airways through joint partnership and the replacement of its over-aged fleet to more modern and fuel efficient aircraft.

245. To undertake its programmes and activities for 2004, the Ministry of Roads and Transport has been allocated an amount of ¢937,301 million

Ministry of Communications

246. **Mr. Speaker,** the main objective of this MDA under the GPRS is to improve communications for wealth creation and human development. In the medium term, its focus is to renegotiate existing telecommunications agreement to introduce more competition and accelerate access to telephones, internet and information technology in general throughout the country.

Performance for 2003

247. **Mr. Speaker,** among other things, the Ministry's focus in 2003 was to provide Information Communications Technology (ICT) for schools and expand telephone facilities outside urban areas.

248. **Mr. Speaker,** last year Ghana Telecom initiated a programme to roll out an additional 400,000 fixed lines within 3 years. This is intended to support extension of broadband connectivity to towns with Senior Secondary Schools and Training Colleges to facilitate extension of computer literacy facilities in the schools.

249. **Mr. Speaker,** as at end 2003 about 68,600 new lines had been completed. This has helped to improve the teledensity in the country from 0.7 per cent as at December 2000 to 5 per cent by December 2003. Some of the areas that have benefited from the extensions are : Akatsi, Teshie Nungua, Sekondi, Kwame Nkrumah University of Science and Technology and its environs, Akyem Swedru, Dormaa Ahenkro, Dompoase, New Edubiase and Navrongo.

250. **Mr. Speaker,** the Kofi Annan Centre of Excellence for Information and Communication Technology (ICT) to run courses in ICT and specialized technical skills in an effort to build capacity to support human resource development was commissioned.

251. **Mr. Speaker,** two important policy documents to improve the legal and regulatory environment under which the Communication Policy of the country is to operate, so as to promote the development, deployment and exploitation of ICT within the economy were produced.

252. **Mr. Speaker,** to improve the communication network, the construction of 12 Community Information Centres (CIC's) to bring digital opportunities to under-served areas commenced.

253. The construction and rehabilitation works of 50 Postal Agencies, with 5 in each region was also started.

254. **Mr. Speaker,** the rehabilitation of existing observation stations and creation of new ones to enhance forecasting at Volta, Northern, Upper East and Upper West Regions was completed by the Meteorological Services Department.

Outlook for 2004

255. **Mr. Speaker,** the Ministry of Communications will execute its programmes and activities in furtherance of achievements of its objectives under the GPRS.

256. **Mr. Speaker,** to provide information technology for schools and increase telephone access outside the urban centres, the Ministry will facilitate the extension of telephone facilities to second cycle schools and will continue with its expansion programme of rolling out new telephone lines to more towns so as to achieve the target of 400,000 fixed lines by end 2005.

257. **Mr. Speaker,** in order to accelerate access to Internet and Information Technology in general as required under the GPRS, the Ministry will complete the construction of 12 Model Community Information Centres (CIC's) which began in 2003 and set-up a Technology Park in the free zone area in Tema to attract ICT specific firms and industries. In addition, CIC's will be located in each Polytechnic in the ten regions of Ghana to undertake the human capacity development in ICT across the country.

258. The Ministry will also submit to Parliament, a National Information Communication Technology Agency (NICTA) Bill.

259. The Ministry has been provided with an amount of ¢42,250 million to carry out its programmes and activities for year.

Ministry of Ports, Harbours and Railways

260. **Mr. Speaker,** to actualize H.E. The President's vision of revitalizing rail and maritime infrastructure to facilitate domestic and international trade, the Ministry was created in 2003.

261. **Mr. Speaker,** under the GPRS, the objective relevant to the function of the Ministry is to accelerate the further development of the nation's Ports (Tema, Takoradi and Inland Ports), through private sector participation to make them competitive for global trade.

Performance in 2003

262. **Mr. Speaker,** the Ministry's activities therefore focused on the rehabilitation of urban rail System for workers and goods in the Accra/Tema area and on the development of the nation's Ports as the maritime gateway to the sub-region. The Ministry facilitated the transit

trade from our ports to the land-locked countries to the north. The specific activities undertaken include the following:

- Commencement of work on the Quay 2 Extension Project at the Port of Tema.

- Continuation of the development of Container Terminal at Takoradi.

- Rehabilitation of some of existing Wagons and procurement of new high-density coaches, resulting in the increase in the haulage of goods from a target of 1.4 million tons to 1.57 million tons in 2003.

- The Boankra Inland Port development project on a Build Operate and Transfer basis is also progressing accordingly.

Outlook for 2004

263. **Mr. Speaker,** in pursuance of its objectives, the Ministry will undertake the following activities:

- Continue with the rehabilitation of the Accra – Tema Railroad leading to increased cargo and passenger activity between the Port of Tema and Accra Central;

- Conclude the Railway Concessioning Process that will cover the Western, Central and Eastern lines;

- Establish the Railway Development Authority (RDA) to regulate the activities of investors;

- Prepare a feasibility study for the extension of Railway to the North and Burkina Faso;

- Provide modern car ports in Kumasi, Techiman and Tamale to assist the flow of transit goods;

- Establish the Inland Port Authority to implement Inland port activities; and

- Upgrade and improve facilities at Tema, Takoradi and inland ports so as to make these ports the preferred trans-shipment ports of the sub-region.

264. Mr. Speaker, under the Poverty Reduction Strategy Facility (PRSF-2), the Ministry will review cargo handling, stevedoring etc. and develop an implementation plan to improve performance of the appropriate agency so as to improve trade facilitation.

265. To carry out its programmes and activities for 2004 the Ministry has been allocated ¢13,179 million.

Ministry of Works and Housing

266. **Mr. Speaker,** the priority policy areas in the GPRS for which the Ministry of Works and Housing has primary responsibilities are the areas of Safe Water and Environmental Health. The activities of he Ministry of Works and Housing are undertaken through its agencies to ensure the provision of safe water, so as to facilitate the National Guineaworm Eradication Programme and the vigorous development of infrastructure in the area of Housing, Drainage Works, Coastal Protection Works, Operational Hydrology, and water related Sanitation facilities throughout the country.

Performance in 2003

Rural Water

267. **Mr. Speaker,** increasing access to potable water and sanitation is key to achieving health outcomes and sustained poverty reduction. A major activity relating to the objective of accelerating the provision of water in rural areas under the GPRS is the accelerated provision of water in the guinea worm endemic areas through subsidies to the communities for infrastructural development.

268. Towards this end, the CWSA completed civil works on four major projects in the country. These are:

- 25 small towns water supply project in the Ashanti, Brong-Ahafo and Western Region;

- Rural water supply and sanitation project in the Greater Accra, Eastern and Volta Regions providing water and sanitation facilities to the 26 districts in the Regions;

- Phase 1 of the second small towns water supply project in the Eastern and Volta Regions with Asiakwa and Donkorkrom in the Eastern Region and Akatsi and Nkwanta in the Volta Region earmarked for commissioning in the first quarter of 2004; and

- The Greater Accra Region small towns water supply project in Oyibi, Teiman and Abokobi.

- In addition, 31 out of 60 programmed small towns pipe systems were completed in the Ashanti, Brong Ahafo and the Western Regions.

269. **Mr. Speaker,** the following rural water projects were also undertaken:

- Out of the planned 1,950 new boreholes for 2003, 1,130 new boreholes fitted with hand pumps were completed throughout the country;

- 115 existing boreholes were rehabilitated throughout the country as against a target of 100 planned for the year.

- Out of the programmed 306 hand dug wells in 2003, 225 hand dug wells were completed in Upper East, Upper West and Brong Ahafo regions;

- In addition, 7 small communities pipe scheme were completed in the coastal Belt of the country including Wusuta in the Volta Region and Abokobi, Teiman and Oyibi in the Greater Accra Region.

270. **Mr. Speaker,** the guinea worm eradication programme experienced a setback over the past year, with a resurgence of guineaworm especially in the Voltaian Basin communities; end year figures reported was around 8,000 people. The Government responded quickly to this issue by initiating the construction of 245 boreholes at a cost of ¢29.2 billion in the following guinea worm endemic areas:

- 5 districts in Northern Region;
- 2 districts in Brong Ahafo Region; and
- 2 districts in Volta Region.

271. Mr. Speaker in line with Government's priority of providing safe drinking water in guineaworm endemic areas, the 9 districts indicated above were exempted from the 5 per cent community contribution to capital costs for water infrastructure as is normally required. Government is paying fully for the construction of the boreholes.

272. **Mr. Speaker,** in the area of sanitation, the Agency carried out the following activities:

- The programmed construction of 3,428 household places of convenience was exceeded about three fold with the construction of 9,400 units.
- Similarly, 530 institutional places of convenience were completed

273. **Mr. Speaker,** drilling works for boreholes commenced in various areas throughout the country towards the eradication of guinea worm. The geographical distribution is as follows:

- 65 boreholes in 6 districts of the Northern Region (i.e East Gonja, West Gonja, Gushiegu Karaga, Nanumba, Tamale and Yendi);

- 17 boreholes in 3 districts of Brong Ahafo Region (i.e. Kintampo, Atebubu and Sena);

- 23 boreholes in 5 districts of the Volta Region (i.e. Nkwanta, Krachi, Akatsi, Kpando and Ho);

- 150 boreholes in 3 districts of the Western Region (i.e. Bibiani-Anhwiaso, Aowin-Suaman and Wassa-Amenfi).

274. All these were targeted towards improving the living standards of the beneficiary communities for the economic growth of the country.

275. Mr Speaker, as a result of these activities, rural population with access to safe water increased from 41.3 per cent in 2002 to 47.7 per cent in 2003.

Urban Water

276. **Mr. Speaker,** under the urban water programme the Ghana Water Company Limited (GWCL) is the agency charged with the effective management of water for urban users through the mobilisation of investments for refurbishment and extension of coverage of the urban water systems. It undertook the following activities during the year under review which reliability of water supply to Sekondi-Takoradi and Western Accra:

- Rehabilitation and expansion of water treatment works at Weija and Inchaban;

- Pipeline transmission works at Anyaa, Sowutuom and Amasaman to serve an additional 30,000 people;

277. **Mr. Speaker,** GWCL extended and rehabilitated distribution networks at Tamale, Beposo-Nsuta and commenced rehabilitation works at Koforidua, Anum Boso, Nsawam, Asamankese, Akim Swedru and Nkawkaw under the six towns Water Project in the Eastern Region. This project is on-going and on completion is expected to provide additional supply of 700,000 gallons per day to serve an additional 30,000 people.

278. Further, a draft report on the feasibility study on the project for Improvement of the Accra Sewerage System was completed.

Management of Liquid and Solid Waste

279. **Mr. Speaker,** one major objective of the GPRS is to improve sanitation through the management of liquid and solid waste in a safe environment. One instrument for achieving this objective is the provision of simplified sewerage systems for poor areas with high population. In this regard, the Ministry commenced work on the Tamale storm water drainage project.

280. The Ministry, as part of its flood control activities, also carried out channel improvement works consisting of desilting, deepening and widening of steams and major drains in Accra, Tema and some district capitals to protect life and property from floods.

281. **Mr. Speaker,** the Channel improvement works were complemented with the construction of culverts at East Legon, Agenta, and Dodowa, and on the Lafa Stream to improve flow of floodwaters and provide access to communities in these areas.

282. **Mr. Speaker,** linked to the key objectives of management of liquid and solid waste and the effective management of urban water systems are the activities to protect our coastline. In this regard, coastal protection works were carried out at Akplabanya, Cape Coast and Princess – Akatakyie.

283. The second phase of Nkontompo Emergency Coastal Protection Works and Shama Coastal Protection Works were also started.

284. The Hydrological Services Department (HSD) of the Ministry of Works and Housing continued to perform its core function of monitoring all rivers and surface water bodies countrywide, to collect up to date hydrological data and information for planning, development and management of the country's water resources.

Keta Sea Defence Project

285. **Mr. Speaker,** the objective of the Keta Sea Defence Project is to protect both the existing and planned development between Keta and Horvie from erosion, to stabilise the shoreline, prevent inundation of inhabited areas from ocean waters, reclaim land from the lagoon for habitation, and prevent flooding from the lagoon.

286. By the end of 2003, Government had spent approximately US$79.16 million on the Keta Sea Defence Project to achieve the following:

- 96 per cent completion of the total project;
- 100 per cent reclamation of the land earmarked the resettlement of the inhabitants of Kedzi, Vodza and Adzido;
- completion of 100 housing units under Phase 1 of the programme for housing resettlement; and
- 10 per cent completion of dredging works.

287. With this level of progress the 10km shoreline from Horvie to Keta has been protected and economic activities in the Keta Township and surrounding villages have been rejuvenated.

288. Currently, 100 houses have been completed at the cost of ¢8.5 billion and allocated to 1,200 people. Additionally, an amount of ¢240 million was spent to provide temporary water supply and sanitation facilities to the 100 houses completed so far.

Housing

289. **Mr. Speaker,** to ensure the availability of affordable decent homes for the majority of Ghanaians in the low income group, the Ministry carried out the following activities in 2003:

- Memoranda of Understanding (MOUs) was signed with nine Financial Organisations and Construction companies from the United States of America, China, Slovakia, Korea, Australia, Switzerland and the United Kingdom as a means of securing funds on very soft terms for the Government's Housing sector programme;

- Initiation of discussions with NTHC Limited, for the floating of the National Housing Bonds to raise capital internally for the National Housing Programme; and

- Provision of site plans to the Survey Department covering about 50,000 acres of land sourced countrywide for the National Housing Programme, and the appointment of consultants to prepare master plans, development schemes, infrastructure layouts, architectural and engineering designs for the project.

Outlook for 2004

290. **Mr. Speaker,** in accordance with the GPRS objective of accelerating the provision of rural water and sanitation with emphasis on guinea worm endemic areas and effectively managing urban water system, the Ministry will undertake the following activities:

- Construction of 2000 new boreholes fitted with hand pumps
- Rehabilitation of 130 boreholes
- Construction of 100 new hand dug wells
- Construction of 10 small communities pipe systems
- Construction of 40 new small town pipe systems; and
- Construction (pilot) of 8 roof catchment systems.

291. The Ministry will also construct additional 85 boreholes in guinea worm endemic areas to assist in the effort at eradicating guinea worm, and

continue work on the water and sanitation project in Greater Accra, Eastern and Volta Regions with an extension to the Central Region.

292. In addition 10,000 new household and 500 institutional places of convenience will be constructed for 2,000 communities.

Urban Water

293. **Mr. Speaker,** Ghana Water Company Limited (GWCL) will continue with its objective of securing the output of existing water systems, through rehabilitation and minor expansion to provide the modest increase of 500,000 million gallons daily.

294. In addition, the following expansion projects will be commenced in some regional and district capitals so as to effectively manage urban water systems:

- Rehabilitation and expansion programme at Weija and Sekondi-Takoradi as well as on the low capacity treatment plants at New Tafo, Beposo-Nsuta, Sunyani and Tamale will be continued.

- Works will also continue on the rehabilitation of the Koforidua, Anum Boso, Nsawam, Asamankese, Akim Swedru and Nkawkaw systems under the six Towns water project at a total cost of about US$10.0 million.

- Detail designs on the Accra Sewerage System Improvement Study will be produced.

- Civil Works for 13 urban water systems under the urban Water Project in seven Regions – Greater Accra, Ashanti, Central, Northern, Upper East, Volta and Western will be commenced.

295. **Mr. Speaker,** Government has also allocated an amount of ¢14.5 billion to fund the underlisted projects:

- Completion of Pankrono-Ahwiaa-Buokrom Water Project;

- Continuation/completion of the Assin Foso Water Project;

- Improvement of the Ashanti Mampong water supply systems;

- The Ashaley-Botwe Water Project;

- Buokrom Estates Water Project;
- Agona Jamasi Water Project;
- Atiwa Water Project;
- Akim Oda Water Project;
- Dry Season Emergency Measures for the Cape Coast water supply system; and
- Extension of water supply to communities in the Tamale Metropolis namely Kakpayill, Nakpanzo /Datoyilli and Adubihyilli, as part of measures to eradicate guinea worm infestation in those areas.

Korle Lagoon Ecological Restoration Project (KLERP)

296. **Mr. Speaker,** a major outcome of the management of liquid and solid waste is the reduction in the number of Households without proper sanitation facilities. The Korle Lagoon Ecological Restoration Project is one that seeks to address these concerns as it provides a simplified sewerage system for poor areas with high population. In this regard, the Ministry will undertake the following activities under the project:

- An interceptor weir – at the confluence of Odaw, Kaneshie and Agbogbloshie drains.
- Pumping station and pre-treatment plant at the upstream of the interceptor weir.
- Landline and new sea outfall pipe.
- Final dredging of material from part of the lower lagoon.
- Relocation of identifiable traders and removal of squatters from Sodom and Gomorrah.

297. **Mr. Speaker,** other activities of the Ministry that will address the management of liquid and solid waste safely in 2004 are the following:

298. In 2004, work on the Tamale Storm Water Drainage Project (TSWDP) will be completed.

299. The Hydrological Services Department of the Ministry will continue to implement the ongoing drainage and channel improvement works all over the country. Construction of culverts in parts of Dzorwulu and Tema Communities 18, 19 and 20 will be undertaken.

300. In coastal protection, the Department will implement coastal protection works at Ngyiresia and Dixcove in the Western Region.

301. Finally, the Department will continue to provide vital hydrological data and information for the efficient and sustainable development and management of the country's water resources.

Keta Sea Defence Project (KSDP)

302. **Mr. Speaker,** additionally 150 houses, a church, a mosque, a school with library and computer facilities will be constructed at Vodza/Adzido and Kedzi under the resettlement programme. Infrastructural facilities including electricity, water, sewerage, and drainage will also be provided.

303. The tarring of the 8.3km main link road from Havedzi to Keta will be completed.

Housing Sub-Sector

304. **Mr. Speaker,** on Housing, the Ministry will pursue the National Housing Bond Scheme being handled by NTHC Limited to raise both domestic and foreign capital to the tune of about US$200.0 million, to embark on the provision of low-income, safe and affordable housing for all workers of Ghana.

305. The Ministry will continue with the process initiated to revise the existing rent law by submitting a draft bill to Parliament later in the year. In addition the Ministry of Works and Housing is making strenuous efforts to increase low income housing supply, in order to make housing more accessible, and affordable to the workers of this country; and force down or eliminate the high rent advances currently being demanded by landlords.

306. **Mr. Speaker,** in furtherance of the objective of increasing the stock of low income housing, Government has decided that the Ministry of Works and Housing should immediately take inventory of the stock of Low Cost Government Houses nationwide and have their current values established and discounted at a reasonable rate and offered for sale to existing

tenants so as to increase the number of owner-occupied houses for low income Ghanaians.

307. The incomes so generated would be used as seed money to commence effectively Government's Rural Housing Programme.

308. The Ministry has been allocated an amount of ¢428,199 million to undertake its programmed activities for the year.

Ministry of Energy

309. **Mr. Speaker,** for the energy sector, Government aims to increase the availability of energy to boost industrial growth and production and to support social and economic activities. It is also the sector's aim to develop efficient, reliable and affordable energy delivery systems to support socio economic activities especially in the rural areas to reduce poverty.

310. Mr Speaker the achievement of these objectives would require a continuation of reforms in the petroleum sector. These include the restructuring of the Volta River Authority (VRA), including separation of transmission and generation (unbundling), phased deregulation of the Petroleum Sector, development of renewable energy technologies and promotion of energy efficiency technologies.

Performance in 2003

311. **Mr. Speaker,** in the energy sector, the following activities were undertaken:

a. The automatic adjustment formula for electricity tariffs was fully implemented to assure full cost recovery; and

b. The power sector reform was dully launched with the formation of several committees tasked to deal with the various issues relating to the unbundling of the VRA (legal, regulatory, financial, institutional etc).

West African Gas Pipeline

312. Mr. Speaker, to ensure cheaper cost of production of energy, the following activities relating to the West African Gas Pipeline were untaken:

- The treaty of the WAGPP which would make LPG available at affordable cost was signed;
- The Environmental Impact Assessment of the project was completed;
- The Front End Engineering Design package was submitted and put in public domain.

Bui Hydroelectric Project

313. **Mr. Speaker,** to secure other sources of energy supply pre-feasibility studies for the Bui Hydroelectric project were completed and the process to select a Developer for the project commenced

314. In the Petroleum Sector, you will recall that this august House passed the Petroleum Debt Recovery Levy Fund Act (Act 642) to ensure the achievement of full cost recovery as well as help pay the accumulated debt of TOR over time.

315. Again in 2003, the National Petroleum Tender Board was formed with a mandate to administer the automatic adjustment formula independently of the Ministry of Energy.

316. **Mr. Speaker,** for the year under review, Government also signalled its full commitment to deregulate the Petroleum Sector to encourage Private Sector participation in the importation of crude oil as well as refined product for sale in the local market. In furtherance of his objective, Government tasked the National Petroleum Planning Committee to come up with an action plan for the envisaged phased deregulation of the petroleum sector.

Renewable Energy Technology

317. **Mr. Speaker,** in 2003 the Ministry also addressed the issue of support for the development of renewable energy technologies in accordance with the objectives of the GPRS. **Mr. Speaker,** to minimize the environmental impacts of energy supply and to secure future energy supply, solar energy is being promoted vigorously. The ministry facilitated the installation of solar PV systems in schools, in clinics with vaccine refrigeration needs, in homes and for streetlights. Villages in Fanteakwa, Afram Plains (Kwahu South) and Nkwanta districts as well as others in the Brong Ahafo, Northern, Upper East and Upper West regions benefited from these installations. In all, by the end of 2003, 4,500 solar power installations had been completed.

318. **Mr. Speaker,** Government is committed to extending electricity services to poor and rural communities. In furtherance of their objective, Ministry of Energy under the Self Help Electrification Programme (SHEP) undertook the following activities:

- Under Phase 1 of the Self Help Electrification Programme (SHEP 4) project, survey work for the extension of electricity to communities was completed and work on the High Voltage, Low Voltage and Pole Mounted sub-stations was completed in 84 communities.

- In line with the on-going Rural Kerosene Distribution Improvement Programme, 700 out of the planned 1800 Kerosene surface tanks were fabricated and distributed to the rural areas in all the 110 districts through the District Assemblies.

319. It is the priority of Government to promote the use of liquefied Petroleum Gas (LPG). With regard to the key focus areas of the West African Gas Pipeline (WAGPP), the Bui Hydroelectric Project and the expansion of the thermal plant at Takoradi for which the following activities were carried out in 2003:

Outlook for 2004

320. **Mr. Speaker,** in 2004 the Ministry will continue with the implementation of activities that would enable it to continue with the supply of affordable energy services economically whilst protecting the poor.

321. The energy sector reform process will be accelerated, particularly in the area of effecting change management at the Electricity Corporation of Ghana.

322. The Electricity Company of Ghana (ECG) will begin the process of improving the quality of power distributed in the country. Funds obtained from the World Bank will be used to improve the stability and quality of power provided in the Accra-Tema industrial area. The improvements will be extended to other areas in the country subsequently in 2004.

323. The activities regarding the modalities for the unbundling of VRA will continue in 2004. The enabling legislation in respect of the West African Gas Pipeline Project (WAGPP) will be submitted to Parliament for ratification. Government will take steps towards regularising its equity participation in the WAGPP. The framework for organizing the secondary

natural gas network and criteria for the selection of Local distribution Company will be developed.

324. It is expected that this year, the process for the selection of a developer for the Bui Hydroelectric Project will be completed.

325. **Mr. Speaker,** the first phase of the deregulation process began in earnest on January 1, 2004 with TOR being restricted from importing refined products. The National Petroleum Planning Commission will be expected to complete its work and submit its final recommendation for the entire deregulation programme.

326. The Bulk Oil Storage and Transportation Company Limited (BOST) will be strengthened to take a commanding strategic position in the petroleum sector by expanding storage deposits and pipeline network and managing the national strategic reserves.

327. The private sector will be encouraged to take advantage of the incentives provided under the Ghana Free Zones Board to invest in an export oriented refinery to be located in the Free Zone Enclave in Takoradi as a further effort to deregulate the petroleum sector. The existing facilities at TOR will be expanded. These are in line with the vision of Ghana becoming a net exporter of fuel in the next five years.

328. To demonstrate the viability of solar as a source of energy, 120 rural J.S.S. buildings will be provided with solar systems. This will enable the children to study at night and be connected to the Distance learning programme on TV. A total number of 200 Solar PV systems will be installed in Northern Ghana for Schools, Police Stations and Health Centres. Solar PV systems would be retrieved from areas connected to the national grid and relocated in Schools, Police Stations/Barriers and Health Centres.

329. The third phase of the SHEP 3 programme will be completed in the course of the year so as to enable more rural communities enjoy a reliable supply of high quality energy services. This would involve the completion of HV, LV and Transformer Sub-stations in 48 communities and the completion of customer service connections in 88 communities. SHEP 4 Phase II will commence in 2004. A total of 1,069 electrification projects will be completed.

330. **Mr. Speaker,** the following other activities will be undertaken to help achieve the sector's objective of increasing the availability of power.

- Feasibility studies of off-grid communities will be conducted.
- Rehabilitation of the Appolonia Renewable Energy facility
- Facilitation of the development of the 50MW Wind Park at Tema.
- Collaboration with Enterprise Works (an NGO) to facilitate the promotion of efficient and less polluting cooking stoves for rural and urban households in support of the development of energy efficiency technologies for domestic users.
- Facilitation of the completion and implementation of the national wood-fuel policy initiated by the Traditional Energy Project in Tamale, in an effort to promote the development of woodlots by communities.

331. **Mr. Speaker,** the Ministry will also facilitate the completion of the Single Buoy Morring (SBM) project to enhance the discharge of larger volume of crude oil at the Port.

332. Other activities to increase the supply of energy to boost industrial growth and production include the following:

- Under Phase II of the Rural Kerosene Distribution Improvement programme 1,500 additional kerosene surface tanks will be fabricated to make kerosene more affordable to the poor.

- To ensure that Liquefied Petroleum Gas (GAS) gets to the rural communities at affordable prices in accordance with the GPRS priorities, studies would be undertaken for the promotion of 2-kg cylinders with cook-stoves in rural communities.

333. A review exercise in respect of the fiscal regime for petroleum exploration in the country is to be completed in the course of the year to enable Ghana's terms to be competitive with our neighbours in the West African sub-region which is now regarded as the new frontier for oil/gas exploration in the world.

334. An amount of ¢188,236 million has been provided to the Ministry of Energy to undertake its programmes and activities for the year.

MODERNISED AGRICULTURE BASED ON RURAL DEVELOPMENT

335. **Mr. Speaker,** the overall objective of the Government in this priority area is to develop the country to become an Agro-Industrial Economy by the year 2010. This will require the development of the rural economy.

336. The key MDAs which will contribute to the achievement of this objective are:

- Ministry of Food and Agriculture;
- Ministry of Trade, Industry and Presidential Initiative;
- Ministry of Lands and Forestry; and
- Ministry of Environment and Science.

Ministry of Food and Agriculture (MOFA)

337. The major policy thrust of MOFA is the transformation of the rural economy through agro processing. This involves reform in the area of land acquisition to facilitate access to land, efficient land ownership and title processes. Towards this end, the Ministry is expected to develop policies to assist and support the Private Sector in agro processing. Specific activities to be undertaken will include the following:

- Promotion of Farm Mechanisation;
- Provision of Irrigation facilities;
- Acquisition of land for commercial farming;
- Rehabilitation of Fish Hatcheries;
- Improvement of access to inputs for livestock and crop production;
- Promotion of the production of high value crops; and
- Promotion and development of agri-business.

Performance in 2003

338. The Ministry of Agriculture continued its objective of modernizing agriculture based on rural development as stipulated in the GPRS. There were significant efforts in the provision of quality seeds, controlling pests and diseases, improving access to quality inputs for the livestock industry and the provision of farm machinery and equipment. Achievements under the various sub-sectors of the Ministry are detailed below:

Crops Sub-Sector

339. **Mr. Speaker,** to promote the production of high value crops,

- The Crop Sub-sector produced two improved cowpea varieties (Marfo Tua and Pagbaala).

- A citrus orchard of 1.2 hectares consisting of 350 bud-woods has been established at Afraku in the Ejisu-Juaben District of the Ashanti Region by Grains and Legumes Development Board (GLDB).

- Under the Root and Tuber Improvement Project (RTIP) improved cassava planting materials have been supplied to the Ayensu Starch Company Limited (ASCo) under the President's Special Initiative (PSI) on Starch for planting 464 hectares.

- To increase the export volume of pineapple, observation trials of Maya Gold, MD2 and Cowboy varieties were undertaken. In addition, five pineapple cooperative groups of FARMAPINE have been trained in plastic mulch technique to achieve higher yields and exportable weights of pineapple.

340. Under the policy to accelerate rice production, 446 hectares of rice field have been planted and four storage warehouses have been constructed for small-scale farmers. In addition, the design and fabrication of parboiling equipment is on-going.

341. In an effort to provide ready market for rice farmers, the Ministry through the 'Smallholder Credit Input Supply and Marketing Project' (SCIMP) has provided an amount of **¢7.6 billion** to specialized companies and individuals with technical know-how in the purchasing, processing, storage and marketing of locally produced rice. Rice farmers in and around Tamale and Yendi benefited from this support.

342. **Mr. Speaker,** to serve as a catalyst to assist the private sector to increase the production of grains e.g. rice, maize, tubers, affordable credit to support farmers was provided under the following:

- The Food Crop Development Project (FCDP) through which an amount of ¢4.898 billion was disbursed to 3,391 farmers for the cultivation of 3134 hectares of cereals and legumes while an amount of ¢1.252 billion **was disbursed as credit to 76 marketing groups consisting of 611 traders in the Nkwanta, Ejura, Wenchi and Damongo Districts to ensure ready market for farm produce.**

- The SCIMP, continued to advance funds to qualified rural and community banks in 38 districts in the Volta, Ashanti, Brong-Ahafo, Western, Eastern and Central Regions for on-lending to identified groups.

- In the implementation of the Coconut Development Project, a total of 168 hectares out of the annual target of 340 hectares were replanted for 162 farmers in 29 communities in the 6 participating districts in the Western and Central Region during the period under review.

- With regard to the Cashew Development Project a total of 13,040kg (163 bags) of improved cashew seed nut was procured from Benin and distributed to 10 beneficiary districts for sale to farmers. A nursery has also been established at Bole to raise the initial stock of 20,000 seedlings for the clonal garden, which was established in consultation with research scientists from Cocoa Research Institute of Ghana (CRIG).

343. Under Phase II of the Rubber Out-grower Project, 258 out-growers were assisted to develop a total of 366.06 hectares of rubber plantations while 1,785 hectares of affected rubber diseased tress were treated.

344. To promote the development of agro-business the Ministry in collaboration with Technoserve, has sponsored 1,232 outgrowers to cultivate 894 hectares of sorghum and 29 outgrowers to cultivate 360 hectares of maize for the brewery industry.

345. A 2.5 hectare fodder legume plantation was established under the Special Program of Food Security (SPFS) for livestock, and cultivated with leucaena and cajanus to supplement dry season feeding by some livestock farmers in Brong-Ahafo Region.

Livestock Sub-Sector

346. **Mr. Speaker,** in the livestock sub sector the major objective is to improve access to inputs for livestock production. In 2003 the main activities undertaken include:

- The Animal Production Directorate in collaboration with the Ghana Standards Board (GSB) and the Animal Research Institute (ARI) established feed quality standards to ensure that good quality feed is produced by commercial feed manufacturers.

- The Ministry facilitated the access to funding through SCIMP for the importation of three incubators for hatching ostrich eggs at Sogakope in the Volta Region and Lashibi in the Greater Accra Region.

- **Mr. Speaker,** as you are aware, Ostrich farming is a high income-yielding venture. The skin for instance is used in the manufacture of high-value bags, belts and shoes etc.

- **Mr. Speaker,** the Ministry procured dairy equipment for dairy farmers and trained 425 dairy farmers, processors and vendors in hygienic milking, handling and processing, thus enabling them to produce yoghurt, flavoured and pasteurised milk, butter and cheese and thereby improving their income.

Fisheries Sub-Sector

347. **Mr. Speaker,** Ghana's fish resource has been dwindling over the years due to the use of inappropriate fishing methods and illegal fishing gears. To regulate the industry, the Fisheries Regulation has been revised to give effect to the Fisheries Act 625.

348. To rehabilitate fish hatcheries and support aquaculture development at the district level, three dams at Karm, Saamambo and Mangwe in the Upper East Region were sampled and stocked with **32,000 fingerlings** of tilapia and catfish. Additionally, 20 fish ponds at the Tono project area were rehabilitated.

Irrigation Development

349. **Mr. Speaker,** one of the greatest challenges facing agriculture in Ghana is its dependence on nature –' by the grace of God agriculture'. As part of its agricultural policy of modernization in line with the key priority areas of government, the Ministry embarked on a strategy to exploit the vast and untapped water resources of the country, both surface and underground for irrigation. Some of the activities undertaken in this direction include the following:

- **Gravity drip irrigation** system was installed on 1 hectare of land at Anyakpor in the Dangbe East District, using threadle pumps to lift water into tanks from existing shallow tube-wells;

- A new **model of micro-irrigation system,** under the Special Program for Food Security (SPFS), was developed on a 20 hectare land at Ejisu-Besease. The development of another new model of micro-irrigation system using low lift-pumps has been initiated on a 20 hectares of land at Xavi in the Akatsi District and 10 hectares of land at Kobure in the Bawku West District;

- **Installation of manually operated low lift pumps** on existing open wells at Nakolo (Kassena-Nankana District) for irrigation of 20 hectares of land has commenced. An additional 10 hectares of agricultural land improved with water harvesting bunds for millet/sorghum has also been completed at Sherigu;

- Work on the rehabilitation of five selected dams and one dugout in Wa, Nadowli and Sissala District in the Upper West Region has started under UWADEP. In addition, construction work is on-going on five irrigation schemes at Gyadem in the Eastern Region, Tokpo in the Greater Accra Region, Dordoekope and Koloe-Dayi in the Volta Region and New Longoro in the Brong Ahafo Region under the Small Scale Irrigated Development Project (SSIDP);

- Rehabilitation of two dams at Golinga and Libga in the Northern Region is 60per cent completed, and

- To support farmers to take up water harvesting techniques through bonding, low-cost water lifting devices, a prototype **Wind pump** for lifting ground water for agricultural purposes has been manufactured and installed at Kweiman in the Ga District under the Village Infrastructure Project (VIP).

350. **Mr. Speaker,** one of the strategies is to foster partnership with the private sector to introduce and promote improved technologies. In this regard, the following activities were undertaken:

- The Agricultural Engineering Services Division (AESD) was supported by Dunkwa Continental Gold Fields Ltd with ¢2.25 billion to fabricate 50 rice threshers, 50 trailers, 25 cassava graters and 25 sugar cane crushers. The farm machineries are being distributed to farmers through the District Directorates of Agriculture.

- A total of 107 farmers, agricultural extension agents and students from tertiary institutions have been trained in animal traction technologies at Nyankpala in the Northern Region, Nkwanta in the

Volta Region and the Agricultural Research Station of the University of Ghana, Legon.

Outlook for 2004

351. **Mr. Speaker,** the Ministry of Agriculture will continue with the implementation of activities that will enable it achieve the GPRS objective of modernising agriculture.

352. Major activities and programmes to be undertaken under the GPRS are highlighted below:

- Five animal traction centres will be rehabilitated at Nyankpala in the Northern Region, Wenchi in the Brong Ahafo Region, Nkwanta in the Volta Region, Doba in the Upper East Region and Babile in the Upper West Region. The necessary training materials and logistics will be provided to enable them function effectively.

- Under the project for the promotion of community level soybean production, processing and utilization technologies, two pilot plants will be set up to serve as service centres.

- To support the development of ground water for agriculture, the Ministry will purchase 20-groundwater irrigation equipment (distribution pumps, irrigation pipes and sprinklers). In addition, two drilling rigs and a number of submersible water pumps to facilitate the development of groundwater for agricultural purpose will be procured.

- The Ministry will support the private sector procure a wide range of agricultural machinery and equipment targeted at production of specific crops at a particular locality. These machinery and equipment will be used to provide mechanized services for farmers in and around the locality thus increasing agricultural production and productivity.

- The Ministry will support small scale agro-processing industries with procurement or fabrication of the following equipment and machinery:
- 10 complete liens of tomato processing facilities for sale
- to communities and individuals engaged in
- tomato processing;

- 50 mechanical dryers for distribution to
- stakeholders engaged in the drying of grains and
- other commodities;

- 100 pieces each of cassava grater and press for sale
- to groups and individuals engaged in cassava
- processing activities; and

- 100 solar dryers for sale to groups and individuals
- engaged in processing and drying of vegetables
- and other commodities.

353. To increase operational and cropping efficiency of the existing irrigation schemes, the following improvements will be carried out:

- Rehabilitation of 2 kilometres of canal at Tono irrigation dam;

- Rehabilitation of 1 kilometre canal at Vea irrigation dam

- Provision of pumps and pipes for Mankessim irrigation project;

- Modernization of the pumping station at Dawhenya project

- Increasing the weir height and provision of two pumps for the Anum Valley Irrigation project.

354. Support will be given to privately owned small-scale rice millers with destoner equipment to improve upon quality and increase acceptability of locally produced rice by consumers and thereby boost local production and reduce importation.

355. Under the crop sub-sector, programmes for food security will be carried our through:

- Increasing the production and availability of planting materials;

- Strengthening the capacity of breeder seed producers of rice, soybean, sweet potato, maize, sorghum and cotton;

- Testing and certifying imported seed;

- Developing standards for vegetable, root and tuber crops;

- Improving soil fertility and plant nutrition management, and

- Promoting the use of bio-agents and chemicals for pest control.

356. **Mr. Speaker,** for the livestock sub-sector, the Ministry's main focus will be on:

- Improving indigenous breeds of small ruminants and the West African Short Horn (WASH);

- Developing improved forages and communal grazing lands through over sowing;

- Reducing incidence of PPR through routine vaccinations and controlling incidence of Newcastle Disease in village chicken

- Facilitating the revamping of collapsed hatcheries;

- Improving quality of locally produced day old chicks;

- Providing stock water to livestock farmers; and

- Increasing milk production through Friesian-Sanga cross breeding using artificial insemination.

357. With regard to the Fisheries sub-sector, MOFA will focus on:

- Implementing fisheries management plan;

- Carrying out feasibility studies for the development of landing sites at selected locations across the country;

- Increasing the production and availability of fingerlings; and

- Facilitating the construction of new and rehabilitation of old fish ponds.

358. **Mr. Speaker,** on Post harvest management, the Ministry will:

- Promote the use of improved storage facilities; and

- Encourage District Assemblies and NGOs to put up community level storage facilities.

359. To undertake its programmes and activities for 2004, the Ministry of Food and Agriculture has been provided ¢394,376 million.

Cocoa Industry

360. **Mr. Speaker,** the cocoa industry is a sector the Government attaches a great deal of importance to because of its immense contribution to the

economy. Thus, since assuming office in January 2001, the NPP Government has developed and pursued consistent policies and strategies towards the continued improvement of the cocoa industry. These measures have been aimed at improving the quality of life of cocoa farmers, improving the yield of their farms and increasing the sector's contribution to foreign exchange receipts and revenues through the following initiatives: -

- increased farmer incomes;
- Sustainable producer prices;
- Prudent marketing and sales strategies
- improved agronomic practices;
- diseases and pests control exercise;
- increased value addition; and
- innovative farm practices on a pilot basis in selected districts in all cocoa farming regions.

Improved Incomes for Cocoa Farmers

Producer Prices

361. **Mr. Speaker,** Government has over the past three years, maintained a policy of increasing the cocoa farmers share of the FOB price as a reward for their continued hard work and contribution to the development of the economy. This has culminated in the increase of producer prices five times by the NPP Government in line with its commitment to increase the farmers' share of the FOB price to 70 per cent by the 2004/2005 Crop Season. At the beginning of the 2003/2004 Crop Season in October, last year, the farmer's share was increased to 69 per cent , far in excess of what pertained before the assumption of office of the NPP Government. This translates into a producer price of ¢9.0 million per metric tonne in the 2003/2004 Crop Season which is a three fold or 259 per cent increase over and above the ¢3,475,000 per metric tonne paid in the 2000/2001 Main Crop Season. Against the background of a stable cedi, this has increased in real value terms.

Bonus Payment

362. **Mr. Speaker,** an important element in the policy of the payment of remunerative prices to the cocoa farmer is the payment of bonuses. Government has consistently passed on the benefits realized from better than expected prices to farmers by way of bonus payments, among others. To this end, bonuses have been paid four times since 2001. During the 2002/2003 Crop Season, a total amount of ¢156.4 billion was

paid as bonus to cocoa farmers. As a result the incomes of cocoa farmers have increased substantially.

Establishment of Special Equalizing Account

363. During the 2002/2003 cocoa season, Government directed Ghana Cocoa Board to establish a Special Equalising Account into which price windfalls would be paid. The Account has been established and it is in operation. It is out of this account that bonuses to cocoa farmers are paid.

Diseases and Pests Control Programme

364. **Mr. Speaker,** the programme of diseases and pests control initiated by the Government in 2001 to protect cocoa farms against capsid and black pod has been very successful as shown by the increased output. In 2003 an amount of ¢253.0 billion was spent on the exercise which was expected to cover an area of 1.6 million hectares of which black pod control was approximately 750,000 hectares while capsid control was 850,000 hectares. During the period, there were two applications of capsid control while black pod had three applications. According to the Cocoa Research Institute of Ghana (CRIG), the black pod disease incidence has been mild and there are strong indications that the yield will be good this year. Through such programmes as well as other agronomic practices, the Government shall ensure that Ghana maintains its lead role in the quality of cocoa produced and offered for sale on the world market. The tradition of producing good quality cocoa shall be treasured and maintained.

Cocoa Scholarship Scheme

365. In 2003 an amount of ¢10 billion was approved for the cocoa scholarship scheme for the education of the wards of cocoa farmers.

Innovative Farm Practices

366. The programme to introduce innovative farm practices for cocoa cultivation and husbandry was begun last year. Under the supervision of the Cocoa Research Institute of Ghana (CRIG), the pilot project of 40,000 hectares involving 50,000 farmers was undertaken. An amount of ¢53.1 billion was spent on the programme in 2003.

Cocoa Roads Rehabilitation

367. In the year 2001, the Government decided to fund the rehabilitation of some selected roads in the cocoa growing areas to remove bottlenecks to cocoa evacuation and other operations. The first phase covered selected areas in the Western and Brong Ahafo Regions. During this phase a total of 134 kms of roads was rehabilitated in the two regions. The second phase which started last year covers roads in selected districts in the Eastern and Volta Regions. A total of 122.2km is expected to be rehabilitated under this phase.

Output for 2002/2003 Crop Season

368. **Mr. Speaker,** these policy initiatives resulted in increased output by cocoa farmers of 496,793 metric tonnes during the 2002/2003 Crop Season, the country's second highest cocoa production in history surpassed only by the record 580,869 metric tonnes produced in the 1964/65 Crop Season, almost 40 years ago. This significant achievement has restored the country to the position of second biggest producer of cocoa beans in the world.

2004 Initiatives

Financing Arrangement for Cocoa Purchases

369. **Mr. Speaker,** the Government, through the Ghana Cocoa Board, has been able to arrange for an off-shore loan syndication of US$650.0 million towards the financing of cocoa purchases in the 2003/2004 Crop Year. The facility was over subscribed, a reflection of the good track record of Ghana Cocoa Board. This is the single largest non-oil credit facility in Sub-Saharan Africa. As was done in the past season, Bank of Ghana will issue Cocoa Bills to supplement the trade finance facility if the need arises. We intend to explore using cocoa trading activities to deepen the diversity of the financial instruments available on the local financial markets.

Diseases & Pests Control Programme

370. This year, an amount of ¢341.0 billion has been approved for the continuation of the diseases and pests control programme in all the six cocoa growing regions. This would cover almost 1.7 million hectares made up of approximately 900,000 hectares of capsid control and 800,000 hectares of black pod control We shall make strenuous efforts to further improve the exercise which is expected to increase the over 46,000 jobs already created for the youth in the cocoa growing areas since this exercise was initiated.

Cocoa Scholarship Scheme

371. The Cocoa Scholarship Scheme will receive an additional amount of ¢12.0 billion in 2004 to support the wards of cocoa farmers in their education. Cocoa Board has been directed to ensure that the scheme is transparently administered with the view to enhancing the development of the cocoa industry.

The Akuafo Cheque System

372. **Mr. Speaker,** our cocoa farmers have had problems with payment for their cocoa purchased. An efficient payment system is required to remove these deficiencies. Government has, therefore, decided to intensify the use of the Akuafo Cheque for cocoa purchases. Government intends to promote the use of the Akuafo Cheque by Licensed Buying Companies (LBC's) to purchase cocoa from farmers.

373. Government in collaboration with the Bank of Ghana is taking steps to avoid the long queues, delays and frustration associated with the encashment of the Akuafo cheques. Furthermore, special arrangements have been put in place to serve the needs of marginal areas, which have limited accessibility to banking services.

Prudent Marketing and Sales Strategies

374. The development of the cocoa industry requires steady streams of incomes which allow for predictability of earnings and investment decisions. Government shall continue to support Ghana Cocoa Board to pursue prudent marketing and sales strategies that would maximize our earnings from cocoa to the benefit of the cocoa farmer and the economy.

Innovative Farm Practices

375. In 2004, the programme to introduce innovative farm practices will cover 100,000 hectares and will involve about 125,000 cocoa farmers selected from all the cocoa growing districts in the country. Approximately ¢102 billion has been earmarked for this exercise.

Cocoa Roads Rehabilitation

376. This year, Government has allocated an amount of ¢30.0 billion to continue the rehabilitation of roads in the cocoa growing areas in the Western, Eastern and Volta Regions. About 115 kilometers will be rehabilitated with 15 kilometers of this being of bituminous surface especially within the towns and hilly areas to check erosion.

377. Additionally, the utilization of the EU Stabex Facility of Euro 11.0 million for cocoa roads rehabilitation will come on stream this year. Under this programme, about 650 kilometers of roads in the cocoa growing areas of the Western, Ashanti, Brong Ahafo and the Central Regions will be covered.

Ministry of Trade, Industry and Presidential Special Initiative (PSI)

378. **Mr. Speaker,** the Ministry of Trade, Industry and PSI plays a vital role in the economy by carrying out activities aimed at providing a comprehensive range of technical, financial and managerial support to small and medium enterprises in particular, and industry as a whole. It also facilitates a variety of catalytic initiatives that constitute new strategic pillars of growth for the economy. In the area of trade, it coordinates interventions that enhance the development of exports on the one hand, and promotes the use of locally manufactured goods through import competition and substitution on the other hand.

379. All these activities are undertaken to enhance the achievement of the objective of increasing production and employment by promoting agro-processing and other manufacturing activities and improving productivity in the industrial and services sector under the GPRS.

Performance in 2003

380. **Mr. Speaker,** the activities carried out by the implementing agencies of the Ministry were as follows:

381. The Ghana Export Promotion Council (GEPC) supported the

382. national efforts at the expansion and diversification of exports through the successful facilitation of production and supply of 12,860 exportable mango seedlings and 33kg of pepper chilli seeds to 156 farmers groups in 26 Districts.

383. Thirteen districts in Northern, Brong Ahafo and Ashanti Regions have received Logistics, technical and financial support for soyabean cultivation under HIPC support. 177 mini bags of seeds were provided for 8,000 farmers in Ashanti and Brong Ahafo Regions for planting in 2003 under the HIPC support Programme.

384. GEPC concluded special market access programmes for six selected products to four ECOWAS countries through collaborative efforts with the Association of Ghana Industries (AGI). Made-in-Ghana exhibitions were held in Mali, Burkina Faso and Benin with favourable results. There were demands for pharmaceuticals, plastics, aluminium, salt, wood and textile products.

385. As part of NBSSI's programme for 2003 the following were implemented:

- 378 entrepreneurs were assisted with loans amounting to ¢209,729,000 under the various financial schemes being operated by the NBSSI;
- The NBSSI facilitated the establishment of 120 new businesses; and
- 400 businesses were incorporated into the formal sector.

386. Ten Business Advisory Centres were established in 10 districts to promote rural entrepreneurship, create employment opportunities, reduce rural-urban migration and increase income levels of the rural population.

387. **Mr. Speaker,** the Ghana Standards Board (GSB) attained ISO 9002 quality certification, which gives it a worldwide recognition;

- The GSB harmonised relevant national standards with international versions and adopted appropriate international standards to cater for high risk goods for which there were no national specifications;

- The GSB is accredited to certify fish and fish products exported from Ghana into the European Union (EU) and other foreign markets;

- The GSB issued certification of fish export to America and EU markets; and

- 1,175 high risk goods were tested by GSB under the Destination Inspection Scheme to ensure consumer safety.

388. Under the HIPC funded programme, five craft villages and production centres in five regions were established for entrepreneurial, managerial and technical skills training.

389. Ghana Free Zones Board registered 35 firms bringing the total number of directly employed persons by Free Zones Enterprises at the end of year to 13,760. The Board has been able to attract 10 Garment Companies that are ready to relocate in the Garment and Textile sector in Ghana.

President's Special Initiatives (PSI)

390. **Mr. Speaker,** under the PSI on cassava starch, the Ayensu Starch Factory, started production in June 2003 and exported their first consignment of 240 tonnes in September 2003, while two new COVES, that is Eastern Starch Company in the Eastern Region and Sika Starch Company in Ashanti Region were also incorporated in November 2003. They will commence operations in 2004.

391. In addition, a Manual Cassava harvester was produced to reduce harvesting time for cassava. Mobilisation and education of farmers were also carried out in 20 districts while cassava multiplication farms were established in 10 districts.

392. On Oil Palm, 1.2 million germinated oil palm seed nuts were raised by the Oil Palm Research Institute (OPRI) while 12 private nursery operators have been selected to produce oil palm seedlings for out-planting in 2004. In addition, an amount of ¢10 billion was released under the HIPC funds to initiate the pre-nursery activities.

393. With regard to the PSI on salt, community sensitisation programmes were organized for all the Salt producing areas while two workshops on capacity building were organised for 102 industry operators. In addition, six production zones were identified and fifteen production units were registered.

394. Under the PSI on Garments and Textiles, 4,500 sewing operators were trained at the Clothing Technology and Training Centre (CTTC) in mass production techniques while a Commercial Production Unit, Gold Collections Limited was established to serve as a model to be replicated by the local entrepreneurs in the PSI program. A large industrial park with 100 factory units to be rented out to local entrepreneurs is under construction at the modern Garment Village within the Tema Free Zone enclave. A total of 100,000 units of assorted clothing were exported to the United States under AGOA.

Outlook for 2004

395. **Mr. Speaker,** the Ministry of Trade, Industry and PSI will pursue its programmes outlined in the GPRS.

396. In order to accelerate the growth of Trade and Industry, the Ministry is embarking on a growth agenda to complement the programmes for poverty reduction under the GPRS. The Ministry has therefore launched the New Industrial Reform and Accelerated Growth Programme underpinned by two core strategies; which are:

- The development of an export-oriented industrialization drive, focused primarily on agro-processing and other manufacturing activities that involve mass mobilization of rural communities and other vulnerable groups.

- The development of a comprehensive domestic market-oriented Industrialization Programme, targeted at producing locally, a substantial proportion of non-petroleum government imports, as well as processed foods and agricultural products imported by individuals and companies.

397. **Mr. Speaker,** the Ministry will continue the President's Special Initiatives with additional programmes to stimulate private enterprise, increase productivity and job creation, both in agricultural production and processing.

398. The Ministry has programmed to export 20,000 tons of starch, and commence farming operations in 2 COVES in the Ashanti and Eastern Regions, under the PSI on cassava starch. In addition, the Ministry will facilitate the commercial production of manual harvesters and start the construction of 2 new starch plants in Ashanti and Eastern regions.

399. For the PSI on Salt, the Ministry will facilitate the establishment of 30 medium scale companies with production capacities of between 50,000 and 100,000 metric tones of salt annually and establish community-based Artisanal Production Units with capacity of about 50,000 metric tones.

400. For Oil Palm, the Ministry will deepen the nursery programme to enable 17 nursery operators to produce additional 2 million seedlings to plant a further 10,000 hectares. The Ministry will also provide credit to farmers

Associations to plant seedlings to cover 6,700 hectares while increasing the geographical spread of nurseries to cover Ashanti and Volta regions.

401. Under Garments and Textiles, 100 factory units will be completed in the Garment Village in Tema to be leased out to local entrepreneurs who will be assisted to produce on a large scale for export. It is planned that 5,000 youth will be trained in basic clothing technology while 2 new clothing technology training centers will be established in the Ashanti and Western Regions. 5 large-scale foreign firms will be assisted to relocate to Ghana. The PSI on Garments is expected to create 35,000 jobs.

402. Under the new Rural Enterprises Development Programme (REDP), all the 110 Districts will be assisted based on demand to establish one flagship commercially viable enterprise targeted at using locally available resources in which the District has a comparative advantage. Each District Enterprise will be a joint venture between private and institutional shareholders, the District Assemblies and the communities, through a Community Trust Mechanism. It is projected that 30 such District Enterprises will commence operations in 2004.

403. **Mr. Speaker,** the Ministry will also coordinate the implementation of a Technology Improvement Programme, under which selected industrial establishments, particularly SMEs, will go through a Technology Audit exercise, with a view to implementing a major industry retooling programme.

404. In order to effectively operationalise its new Industrial Reform Programme, the Ministry will work closely with the universities, polytechnics and vocational institutions to introduce specialized training programmes to create the critical manpower base for industry.

405. The Ghana Standards Board will intensify and extend its standardization activities to industries. Planned activities include:

- The development and adoption of **150** Standards for selected industries;

- Small Scale Industries under PSI, AGOA and Rural Enterprise Development Programme will be assisted to develop company standards that are harmonized with relevant national standards;

- Quality assurance will be performed for **10,600** imported High Risk goods under the Destination Inspection Scheme to ensure consumer safety, and

- Training workshops/seminars on ISO Quality Management System (QMS) will be organised for Industry.

406. The Ministry of Trade, Industry and PSI has been allocated an amount of ¢139,717 million to carry out its programmes and activities for the year 2004.

Ministry of Lands and Forestry

407. **Mr. Speaker,** under the medium term priorities of the GPRS, the Ministry is to sustainably develop and manage land, forest and wildlife resources for the socio-economic development of the country through reform in land acquisition to ensure easier access and more efficient land ownership and title processes.

Performance in 2003

408. Government's programme to introduce reforms in land tenure and land administration commenced in 2003 through the Ghana Land Administration Programme (LAP). Under this programme a loan of US$20.5 million was sourced from the World Bank to finance the first phase of the programme, which covers a five-year period.

409. The Land Administration Programme will among other things, harmonise land policies and legislative framework with customary land law practices for sustainable land administration.

410. **Mr. Speaker,** as part of the programme, the Ministry started an inventory of all state acquired and state occupied land, to be used as a basis for shipping Government policy on acquisitions and compensations, including those outstanding.

411. Two land secretariats were inaugurated, one for Wassa Amenfi Traditional Area and the other for the Gbawe Kwate Family in Accra. These customary land secretariats are to form a fulcrum around which customary lands will be managed with proper record keeping and transparent procedures.

412. In collaboration with the relevant agencies, Lands Commission, as part of the Accra Strategic Plan selected prime residential areas for redevelopment through a competitive bidding process. These included the Ridge Circle Area, parts of Cantonments, Switchback road, Kanda and Airport residential area.

413. **Mr. Speaker,** for the forestry sector, a number of initiatives were undertaken including the approval of a major set of complimentary reforms to move the sector forward.

414. As a means of restoring forest cover of degraded forest reserves and ecologically sensitive areas, the Ministry raised 47 million plantation seedlings in nurseries throughout the country. This figure far exceeded the 25 million target set.

415. **Mr. Speaker,** in addition, the Ministry also established 30,305 hectares of plantation in 2003, which exceeded the set target of 20,000 hectares. This increase was due to the provision of ¢41 billion from the HIPC funds, which was partly used to establish 9,300 hectares of plantation. This initiative has led to the creation of 95,000 jobs.

416. **Mr. Speaker,** in order to make the timber industry competitive and also generate more revenue to the state, the Ministry introduced Timber Utilisation Contracts under competitive bidding basis. A total of 28 plantation lots were offered and 24 awarded to the successful bidders. This realised ¢117 billion exceeding the set target of ¢50 billion.

417. The Ministry maintained 30,586 km of forest reserve boundaries as against the target of 30,000 km.

Outlook for 2004

418. **Mr. Speaker,** in line with the GPRS priorities of land administration reforms and re-afforestation of degraded forests, the Ministry will implement the following activities:

- Establish and strengthen 5 customary land secretariats to assist in the proper administration of land to reduce the numerous cases of litigation associated with customary land ownership and the attendant adverse socio-economic effects.

- Undertake an inventory of 1,500 state-acquired lands to facilitate compensation payment and/or release unutilised lands throughout the country.

- To facilitate the registration of titles, the Ministry will establish 5 deed registries to enable many more people to have title to their lands to be used as collateral for sourcing credit.

419. For the Forestry Sector, the Government will consolidate the gains made in the implementation of the reforms initiated in the sector. These include:

- Expanding the National Forest Plantation Development Programme with resources from the Community Forestry Development Programme;

- Rationalising the fiscal and taxation regime in the forestry sector

- Implementing measures (such as long tracking, increasing benefit flows to resource owners and active community involvement) to enhance law enforcement and good governance;

- Improving incentives for sustainable forest management and development, including ensuring equitable distribution to communities, resource owners and farmers;

420. **Mr. Speaker,** in order to continue with restoration of forest cover of degraded forest reserves and ecologically-sensitive areas, the Ministry intends raising 72 million plantation seedlings in nurseries for the establishment of 50,000 ha of plantations.

421. The Ministry will also address the wood deficit situation especially timber and fuel wood which will lead to the creation of about 140,000 jobs.

422. **Mr. Speaker,** 69 lots of Timber Utilisation Contracts will be allocated under competitive bidding basis and is expected to yield revenue of ¢180 billion to the state.

423. The Ministry of Lands and Forestry has been allocated an amount of ¢135,421 million to undertake its programmed activities in 2004.

Ministry of Environment and Science

Performance in 2003

424. **Mr. Speaker,** the Ministry of Environment and Science's role under the strategic Framework of the GPRS is to provide technical support for the various Ministries and Agencies to pursue their activities in the safe and clean environment. Towards this end, the following activities were carried out by the Ministry during the year under review:

- The Ministry through the Environmental Protection Agency (EPA) operationalised the Pesticides Registration Scheme as required under the Pesticides Control and Management Act 1996, Act 528.

- The Chemicals Control and Management Centre of the Agency issued a total of 154 annual clearance and 26 supplementary certificates for industrial and consumer chemicals, 1004 single import permits for selected industrial and consumer chemicals and 223 single import permits for agricultural chemicals (pesticides and fertilizers) and meat permits.

425. **Mr. Speaker,** the EPA in collaboration with the National Development Planning Commission (NDPC) conducted a Strategic Environmental Assessment (SEA)of the Ghana Poverty Reduction Strategy (GPRS) which will provide information to develop a framework for mainstreaming environmental concerns across all sectors.

426. The EPA during 2003, undertook a study of vehicular emission in the Accra-Tema Metropolitan Area to establish baseline situations towards the phase-out of lead in petrol. The study will also provide information for development of regulations for vehicular emissions.

427. **Mr. Speaker,** to support the Reforestation Programme, the Council for Scientific and Industrial Research (CSIR) raised and distributed 12 million seedlings of prime timber for Planting. The tree species included Teak, Ofram, Kussia, Emire, Mahogany and Edinam.

428. **Mr. Speaker,** in line with the Government's policy to increase food production, the Ministry assisted farmers at Bawjiase, Obogu and Sekesua catchments with planting materials of lesser-known yams for multiplication.

429. The Ministry launched the phase two of the Rural Enterprises Project (REP-II) to achieve a broad-based increase in productivity, employment and income of rural poor.

Outlook for 2004

430. In line with its mandate of ensuring a clean and safe environment the Ministry has earmarked a number of activities to be undertaken during the year. They include:

- Reforestation of Akwamu-Krobo-Akwapim mountain range;
- Afforestation of Brimsum Dam on the Kakum River and the Volta Basin;
- Rehabilitation and Protection of the Ayensu and Densu River Basins;
- Restoration of the historic Krobo Mountain site;
- Restoration and management of sacred Groves in the Sefwi Wiawso District;
- Rehabilitation of the Watershed of the Akaa Waterfalls in the Eastern Region, and
- Rehabilitation of deprived sand winning areas in Ga and Dangme West Districts.

431. **Mr. Speaker,** the Ministry will initiate moves to implement the National Action Plan (NAP) on Desertification with emphasis in the three Northern Regions and monitor the environmental performance of industrial and mining establishments, especially, quarries and salt mining sites.

432. To promote food sufficiency throughout the year, the Ministry will ensure the provision and release of seeds and plantlets of disease resistant and high-yielding crop varieties, including rice, maize and other cereals, cassava, sweet potato and other tubers and legumes.

433. The Tissue Culture Laboratory at the Biotechnology and Nuclear Agricultural Research Institute (BNARI) of the Ghana Atomic Energy Commission will be completed to ensure rapid multiplication of planting materials to enable farmers increase the yield of their crops.

434. **Mr. Speaker,** under the Demarcation and Opening Up of Access Roads Project, the TCPD will commission a number of projects including:

- West Kabakaba Hill Planning Scheme, Ho District Assembly, Volta Region;

- South Essupon/Upper Inchaban Planning Scheme, Shama-Ahanta East Metropolitan Assembly in Western Region;

- Nkawie/Kuma/Panin/Toase Planning Scheme, Atwima District Assembly in the Ashanti Region;

- Gushiegu Planning Scheme, Gushiegu/Karaga District Assembly in the Northern Region; and

- Bawku Planning Scheme, Bawku West District in the Upper East Region

435. **Mr. Speaker,** under the Rural Enterprises Project phase II, the following programmes will be undertaken in the year 2004;

- About 1,100 existing and potential small scale enterprises operators will be trained to acquire entrepreneurial skills;

- About 500 clients will be trained to take up new and profitable business opportunities; and

- About 5,000 individuals, of whom not less than 50per cent are women, will be supported to increase productivity, employment and income.

436. In order to reduce poverty and relieve pressure on land use in rural communities, the Ministry will undertake off-farm alternative livelihood training activities in selected districts, namely, Jaman, Assin, Wassa West, Sekyere East and West, Tolon-Kunbungu.

437. The Ministry and its Agencies and Departments will promote technology transfer for rural non-farm income generation activities. This will involve the training of 1,000 entrepreneurs in snail farming, 1,000 entrepreneurs in bee keeping and 200 entrepreneurs in mushroom cultivation.

438. The development of simple agro-processing equipment and technologies to add value to agricultural produce, promote food security and improve upon the income generating capacity of the rural population will be intensified in 2004.

439. To implement the activities of the Ministry, an amount of ¢172,300 million has been allocated for 2004.

ENHANCED SOCIAL SERVICES AND REDUCING VULNERABILITY

440. **Mr. Speaker,** the objective of the medium term priority area of Enhanced Social Services is to enhance the delivery of social services to ensure locational equity and quality, particularly with regard to education and health services. The outcomes attained in these two areas go a long way to improve the human capacity of people to enhance growth and reduce poverty.

441. A number of initiatives and activities were undertaken by MDAs in the social services area to promote the stated objective.

442. The key MDAs under the Enhance Social Service sector are:

- Education Youth and Sports;
- Health;
- Manpower Development and Employment; and
- Women and Children Affairs.

Ministry of Education Youth and Sports (MOEYS)

443. **Mr. Speaker,** in education, the focus of the GPRS is on increasing enrolment and raising quality, reducing gender disparities, improving the effectiveness of expenditures and improving on management especially teacher deployment, distribution of textbooks among other things.

Review of performance in 2003

444. The Ministry of Education, Youth and Sports (MOEYS) completed the Education Strategic Plan (ESP), covering the period 2003 – 2015, which sets out the framework for the development of education and forms the basis for a sector-wide approach in the financing of education.

445. The major objectives of increasing access to and quality of education as specified in the GPRS were met in the past year in varying degrees.

446. **Mr. Speaker,** Primary Gross Enrolment Ratios (PGER) at national level improved from 79.5per cent in 2001/2 to 81.1per cent in 2002/3 academic year.

447. For the three northern regions, where the ratios have been lower than the national average, PGER increased by a range of about 3 to over 6 per cent age points in the 2002/3 academic year, even exceeding the national average PGER growth rate. This evidence supports the emphasis being given to improving access especially in the most deprived regions.

448. **Mr. Speaker,** the enrolment of girls at the basic level was given a boost with the implementation of the incentive schemes. Material support including school uniforms, stationery and school bags was provided to 5,500 needy pupils, 80 per cent of whom were girls. In addition, over 700 bicycles were provided to girls in remote and deprived districts; complemented by the food rations to girls programmes, these factors improved girls' attendance in school.

449. The national average for female participation in enrolments, improved by 0.2 per cent to 47.6 per cent, while the deprived regions, registered higher improvements ranging from 0.4 per cent to 0.9 per cent.

450. **Mr. Speaker,** to improve access to education, 685 3-unit classrooms each with toilet facilities, urinal, teachers' common room, store and library were built across the country exceeding the programmed 505 mentioned in the 2003 budget. Out of this number 420 were built in the three northern regions.

451. In addition, construction work on the 440 six-unit classroom blocks was commenced in place of the programmed rehabilitation of 2,000 six-unit blocks indicated in the 2003 budget, because of the severe state of disrepair of these buildings.

452. On improving quality of education, interventions included the procurement and supply of teaching and learning materials totalling ¢20.7 billion at the basic level and ¢65 billion at the Senior Secondary School level.

453. BECE results were as follows: for mathematics, 59 per cent passed; in English, 60.3 per cent passed; Science had 59per cent of pupils passing; and in Social Studies, 61 per cent passed.

454. The non-salary component of the education sector's budget saw an improvement in the year. We targeted an execution rage of at least 75 per cent. We exceeded this target with the services sector showing an an

execution rate of 84.4 per cent while that for investments had 76.25 per cent.

455. To bridge the gap between rural deprived districts and well-endowed urban schools, government initiated the policy of upgrading one Senior Secondary School in each district. Work on the first batch of 31 schools began and it is progressing rapidly.

456. **Mr. Speaker,** work on the provision of modern equipment and plant in 20 technical institutes under the Vocational and Technical Resource Centre was commenced and 19 were completed.

457. The tertiary sub-sector also saw significant expansions in 2003. The GETFund provided ¢224 billion to continue the modernisation and enlargement of capacity in universities and polytechnics through the on-going construction of library blocks, lecture theatres, administration blocks, storm drains, laboratories etc. An additional amount of ¢28 billion was also allocated from the GETFund for faculty research and development and ¢32 billion was allocated to support the Students Loan Scheme.

458. As a result of these projects, admissions into the universities rose from 40,673 in 2002 to 53,895 in 2003, an increase of 30.5 per cent. Intake in the polytechnics also increased from 18,459 in 2002 to 23,717 in 2003 up by 26.5 per cent.

459. Distance education enrolments also grew from 750 in 2002 to 3,618 in 2003. The increase was supported by an allocation of ¢839.3 million from the GETFund to facilitate the coordination of distance education in the two main providers of this service, the University of Cape Coast and the University of Education, Winneba.

460. The increase in 2003 distance education enrolments enabled the reduction from 10,000 in 2002 to 5,000 in 2003, in the number of paid study leave places granted.

Youth and Sports

461. **Mr. Speaker,** the thrust of policy under the Youth and Sports sub-sector of MOEYS is to build, nurture and produce hardworking and resourceful youth who will become self-reliant and capable of supporting national efforts at attaining a stable, peaceful and progressive nation.

462. Towards this end an amount of ¢1.3 billion was utilised in the construction of a multi-purpose office complex for the National Youth Council at Kaneshie. The complex consists of offices, an assembly hall for organising youth programmes and indoor games. The offices are completed and are in use.

463. Phase 2 of the rehabilitation of the National Sports College, Winneba, progressed steadily. A total of ¢370 million was spent on rehabilitating the hall of residence and upgrading one of the football parks.

464. **Mr. Speaker,** in the field of sports, there were modest achievements. For the first time in several years, a total of 23 medals including four gold were won at the All African Games in Abuja. Similarly, the national women's football team, the Black Queens also performed creditably at the Women's World Cup Finals in the USA.

465. The Ministry is also collaborating with all the 28 sporting associations in the country in order to strengthen the various sports and games at the regional and district levels to make them more competitive for international competitions.

466. The appropriate budgetary allocations have been made to the Ministry to ensure the qualification and participation of the Black Meteors, Black Queens and Ghana's contingent at this year's Olympic Games in Athens.

467. With respect to the Senior National Soccer Team, they will be adequately catered for this year to enable them excel in the World Cup and African Cup qualifying matches which begins in June this year.

Outlook for 2004

468. **Mr. Speaker,** the budget of the sector is geared towards implementation of the ESP, which was informed by the GPRS. Implementation of the ESP will facilitate the achievement of the targets of Universal Primary Completion by 2015 and Gender Parity in enrolments by 2005. In line with the ESP, the activities for 2004 include the following:

469. The Ministry will complete work on the new Education Bill. The Bill will provide the legal framework for the implementation of the education sector reforms that the nation has embarked upon.

470. The ESP targets an increase in national Gross Primary Enrolments to 86.1 per cent in 2004 accompanied by an increase in the primary level gender parity index.

471. An amount of ¢9.0 billion has been approved as capitalization grant to primary schools in 40 selected deprived districts. This will lead to the abolition of school fees/levies in those districts and ensure increased enrolment of school pupils in primary schools. The programme will be extended eventually to cover all other districts in subsequent years.

472. Also targeted is an increase in the national pupil: teacher ratio to increase from **31.3:1 in 2003 to 32.7:1 in 2004**. This will help to improve cost efficiency and human resource management within the sector, approaching the long term target of achieving 35:1 by 2010.

473. The MOEYS hopes to further reduce geographical inequities, targeting an increase in PTR in Northern region from 34.2:1 to 34.8:1, and a fall in the PTR of 49.8:1 to 47.4:1 in the Upper East and from 41.8:1 to 37.9:1 in Upper West region in order that all regions will eventually converge on the national target.

474. **Mr. Speaker,** in order to achieve this, the policy of providing an incentive package to encourage teachers to locate in deprived areas will be aggressively pursued. The package will include the supply of bicycles, radio sets and teachers accommodation. The Ministry has put in place strategies to meet teacher demand in the deprived districts. A total amount of ¢20.0 billion has been earmarked for the construction of staff bungalows for teachers in basic schools in deprived areas.

475. To supplement the availability of teachers in rural areas, the National Service Secretariat will continue the National Volunteer Service Programme this year. The programme involves a targeted local volunteer force of 5,000 to be posted to the rural areas at a cost of ¢18.0 billion.

476. The Ghana Education Service is also pursuing a policy to achieve a pupil textbook ratio of three core textbooks per pupil at both primary and JSS levels, a target of 1:3 public schools by 2005. The interim target is 1:2.3 at the primary level and 1:2.8 at the JSS level for 2004. To enable the achievement of this target, an amount of ¢42.2 billion has been earmarked for 2004 for the provision of teaching and learning materials, including textbooks for basic schools.

477. **Mr. Speaker,** to accelerate education sector development, government will implement the Education Sector Project (EdSeP) under which a number of programmes will be initiated. Some of these programmes are:

- The National Capacity Building programme at a cost of ¢24.4 billion to support and enhance service delivery; and
- Pilot Programmatic Scheme (PPS), at a cost of ¢55.8 billion targeting basic education and supporting the implementation of the Education Strategic Plan.

478. Government plans to complete the 440 6-unit classroom blocks with ancillary facilities for basic schools in all districts of the country which started last year.

479. Twenty-five SSS have been selected for the second phase of the Model Senior Secondary Schools Programme and an amount of ¢52 billion will be spent to upgrade physical facilities in these schools. In addition, work on the first phase of the programme involving 31 schools will also continue.

480. The National Science Resource Centre will be provided with computer and accessories at the cost of ¢2.0 billion to facilitate the upgrading of computer skills in teaching. Similarly, some selected senior secondary schools will be provided with well-equipped computer laboratories at a cost of ¢3.0 billion.

481. **Mr. Speaker,** Technical and Vocational Education and Training (TVET) will continue to be an important focus of the Ministry. The national policy on TVET will be in place in the course of the year. With the completion of the 20 Vocational and Technical Resource Centres, an amount of ¢14.0 billion has been earmarked for the training of technical teachers. Additionally, ¢6.0 billion has been earmarked for the construction of new workshops and ¢2.0 billion for rehabilitation works in the Technical Institutes respectively.

482. At the tertiary level, Government has received a Spanish facility amounting to $14.6 million, which will be utilised to expand facilities at the University for Development Studies and some Polytechnics.

483. An amount of ¢52.0 billion will be made available for the National Functional literacy programme, which provides instruction to the level of functional literacy for the adult population.

484. Government will also continue to support distance education programme as a complementary mode of education delivery.

485. **Mr. Speaker,** the Education Sector Project (EdSeP) will also include ¢55.8 billion in 2004 for a number of activities at the tertiary level including he establishment of a Teaching and Learning Innovation Fund for tertiary institutions to improve postgraduate training, support the University of development Studies, develop polytechnic education as a viable alternative to university education and improve HIV/AIDS awareness and prevention in tertiary institutions.

486. **Mr. Speaker,** under the National Youth Fund, skilled youth will have access to credit at the job centers of Youth Institutes, Technical Schools and the Integrated Community Centers For Employable Skills (ICCES). This is to create sustainable jobs for the youth.

487. As part of efforts at reviving the game of football and other sporting activities, the Accra and Kumasi stadia will be rehabilitated. Lands have also been acquired at Sekondi-Takoradi and Tamale for the construction of modern stadia in anticipation of hosting the 2008 African Cup of Nations Football Tournament. A 5-year football plan that was launched by the Ghana Football Association will assist to develop and promote football at the grassroots, unearth football talents and develop skills to improve the game of football in the country.

488. The Ministry is also collaborating with all the 28 sporting associations in the country in order to strengthen the various sports and games at the regional and district levels to make them more competitive for international competitions.

489. The appropriate budgetary allocations have been made to the Ministry to ensure the qualification and participation of the Black Meteors, Black Queens and Ghana's contingent at this year's Olympic Games in Athens.

490. An allocation of ¢3,466,008 million has been made to the Ministry to carry out its planned activities for 2004.

Ministry of Health

491. **Mr. Speaker,** the key objectives of the Ministry of Health under the GPRS framework are to increase geographical and financial access to all basic health services and to provide better quality of care in all health care delivery centres.

Review of Performance in 2003

492. A review of health status for the past year indicates significant improvements in various areas. The following changes were recorded in the health indicators:

- Expanded Programme of Immunisaton (EPI) coverage continued to improve; the coverage of third dose of Pentavalent vaccine and measles immunization reached 52.8 per cent and 58.7 per cent respectively by mid-2003 well above the target for the period;
- Under-5 malaria case fatality rate reduced from 6.4 per cent to 4.4 per cent
- Tuberculosis cure rates improved from 44.9 per cent to 49 per cent
- Maternal mortality rate improved by decreasing from 204 per 100,000 to 202 per 100,000 livebirths by mid year.

493. In terms of health services, the improvements realised were:

- Antenatal coverage improved to 68.1 per cent by mid-year;
- Post-natal care coverage to 37.4 per cent by mid-year;
- Supervised deliveries to 38.9 per cent by mid-year; and
- Number of specialised outreach services carried out increased from 141 to 176 by the end of the year.

494. Quality of care indicators recorded the following positive changes by the end of the year:

- Tracer drug availability improved from 70 per cent to 73.3 per cent
- Maternal deaths audited increased from 10 per cent to 40 per cent
- AFP non-polio rate improved from 2.8 per cent to 3.0 per cent

495. With regard to the objective of improving the level and distribution of health resources, the following improvements were noted:

- 105 out of 110 districts began implementing the Community Health Planning and Services (CHPS) programme; 47 CHPS zones in 11 districts were completed;
- Proportion of non-wage recurrent spending on health increased from 10.5 per cent to 11.8 per cent;
- Expenditures on exemptions increased from ¢12.7 billion to ¢24 billion.

496. Government also introduced exemptions for maternal delivery in the three northern regions and the Central Region, which had high maternal

mortality rates. An amount of ¢17.2 billion was provided to fund these exemptions. Guidelines for the implementation of these exemptions were drawn and actual execution of the facility started late in the year.

497. To reduce malnutrition and inequalities in under-5 and maternal mortality in the country, the Ministry piloted the high impact and rapid delivery programme in selected districts in the Northern and Upper East regions.

498. For HIV/AIDS the Ministry collaborated with the Ghana AIDS Commission and other opinion leaders to increase awareness of the risk of HIV/AIDS in the general population.

499. **Mr. Speaker,** the Ministry also implemented a programme for the prevention of mother to child transmission of HIV in 19 sites and provided Anti-Retro-viral Therapy (ARTs) to AIDS patients in Korle-Bu Teaching Hospital, Komfo Anokye Teaching Hospital, Atua Government Hospital and St. Martin De Pores Hospital, Agomenya. In spite of these efforts the sero-prevalenace of HIV/AIDS in sentinel sites increased from 3.4 to 3.8 per centum.

500. The Guineaworm Eradication Programme has suffered major set backs in the last two years. The number of guineaworm cases increased from 5,545 in 2002 to about 8,000. In 2003, the intersectoral effort was intensified and government increased allocation to the water sector to support the provision of potable water in guineaworm endemic communities. The dividends of government's efforts will be realised in 2004.

501. In line with the NPP Government's policy to replace the "Cash and Carry" System with an insurance scheme, Parliament has passed the National Health Insurance Act to give legal backing to nation wide launching of the National Health Insurance Scheme.

502. Funding was also provided for the implementation of the 120 District Mutual Health Insurance Scheme in 90 districts including 12 sub-metros in Accra, Kumasi and Sekondi-Takoradi using the HIPC inflows.

503. **Mr. Speaker,** the 45 districts that have piloted the District Mutual Health Insurance scheme are in various stages of implementation as described below:

- 10 are managing benefits and claims
- 15 are at the stage of registration of members and collection of contributions

- 7 are coding streets and houses
- 8 are sensitising their communities
- 5 have started their stakeholder consultation

504. **Mr. Speaker,** to improve access to health services the following construction works were carried out in 2003:

- 15 Health Centres were completed in Abromase, Apirede, Agona Nsaba, Bugri, Dromankese, Jukwa, Kyinderi, Mpha, Nkawia, Nkroful, Old Ningo, Poase Cement, Prang, Sameye, Teshie;
- 2 District Hospitals in Bimbilla and Begoro were constructed and completed;
- One block of flats was constructed for nurses at Komfo Anokye Teaching Hospital;
- Temporary office for the Ghana Postgraduate College of Physicians and Surgeons was completed;
- 6 Physiotherapy Blocks at Hohoe, Oda, Kibi, Bolgatanga, Ashanti Mampong and Wa were constructed; and
- Construction of two blocks of flats for doctors at Korle Bu Teaching Hospital was completed.

505. **Mr. Speaker,** in addition, contracts for the refurbishment of Central Medical Stores at Tema and for upgrading 3 polyclinics in the Greater Accra Region were awarded and work started.

506. For the provision of quality services, the Ministry carried out the following:

- A patient's charter and code of ethics were developed and disseminated
- In preparation for the implementation of the National Health Insurance Scheme, instruments for accrediting health institutions were developed
- Nurses and Midwives Council (NMC) in collaboration with National Accreditation Board competed the accreditation of the Rural Health Programme in the University of Development Studies, Tamale
- Food and Drugs Board completed international inspections of over 40 pharmaceutical companies in India and other countries that export drugs to Ghana
- The delivery of health services is threatened by high attrition of trained health professionals and inequitable distribution of the remaining professionals leading to wide disparities between the urban areas in the southern regions and the rural areas in the northern regions. To stem the brain drain, the Ministry sustained the Additional Duty Hours Allowances (ADHA) and have so far distributed over 400 vehicles for service improvement and 63 saloon cars for staff under hire purchase.

507. **Mr. Speaker,** the Ministry established 4 new community health nursing training schools in Esiama, Fomena, Jirapa and Navrongo and expanded the intake of existing schools in order to increase community health nurses for the CHPS programme.

508. The Ghana College of Physicians and Surgeons (GCPS) Bill was passed by Parliament. This will help in producing the number of Specialists required for service delivery and also tone down the effect of the high rate of attrition among health practitioners. Recruitment of prospective candidates has been advertised in the national dailies.

509. The Ministry formulated draft bills covering the National Ambulance Service and Traditional and alternative medicine Practice in 2003.

Outlook for 2004

510. The major thrust of the delivery of health care in 2004 will be on:

- Promotion of healthy lifestyles;
- Disease prevention and control;
- Improving emergency preparedness;
- Improving health service delivery;
- Providing support for financing arrangements that sustainably protect the poor and vulnerable;
- Implementing strategies for reducing the brain drain of key health personnel

511. In relation to disease prevention and control priority, interventions will be undertaken in:

- HIV/AIDS and STI prevention and control
- Tuberculosis and buruli ulcer control
- Malaria control
- Guineaworm eradication
- EPI including polio eradication and measles elimination
- Prevention of blindness
- Non-communicable disease prevention and control
- Maternal and child health

512. **Mr. Speaker,** for service delivery, community-based care will be emphasised and the CHPS programme streamlined to support increased utilisation of health services in the most deprived regions.

513. In 2004 the high impact rapid delivery programme will be integrated into the CHPS programme and extended to Central and Upper West Regions based on lessons from the first two regions.

514. To enhance the implementation of the National Health Insurance Scheme, facility-based services will be improved towards meeting the demands of the NHIS.

515. Government will continue the implementation of the exemptions for maternal deliveries in the four deprived regions, with measures to streamline its use to improve maternal health outcomes and to support the attainment of the Millennium Development Goals.

516. The sensitivity of the community surveillance system will be increased to improve epidemic preparedness and ensure timely response to epidemics.

517. As part of emergency preparedness, the Ghana Ambulance Service (with zonal coverage) will be also developed.

518. For HIV/AIDS, the Ministry will increase access to ART while still sustaining the traditional preventive and promotive strategies.

519. This year, financing of health service delivery will focus on scaling up the implementation of the National Health Insurance with in-built protection of the poor and the vulnerable.

520. A new recurrent expenditure allocation formula favouring the most deprived areas will be completed and used in the preparation of the 2005 budget.

521. **Mr. Speaker,** this year, an incentive package for attracting and retaining health professionals in the deprived areas will be implemented. This package includes the completion of procurement and distribution of 405 saloon cars for staff under a hire purchase scheme, 500 motorcycles and 1,000 bicycles. The Ministry will also introduce an additional incentives package of 30 per cent of salary to attract health personnel to the deprived areas.

522. **Mr. Speaker,** as part of infrastructure development, expected work to be completed by the Ministry includes:

- Completion of 15 health centres in Abakrampa, Adeiso, Adjena, Adutor, Aframso, Akontombra, Anhiaso, Anyanui, Banda Ahenkro, Juapong, Kotokuom, Kwame Danso, Mankesim, Pokrom, Sewuom.
- Rehabilitation of 7 health facilities in Effiduase, Jirapa, Navrongo, New Abirem, Nsawora, Tanoso and Twifo Praso
- Rehabilitation of the Maternity and Medical Blocks at the Korle Bu Teaching Hospital
- Construction of 5-storey block of flats for doctors at Komfo Anokye Teaching Hospital
- Completion of 12 blocks of flats for doctors at Korle Bu
- Expansion of 11 nurses training schools to accommodate double intake
- Construction of permanent office for Ghana College of Physicians and Surgeons
- Refurbishment of offices for the National Health Insurance programme.

523. At the sub-district level, the focus will be on increasing access to health and more importantly ensuring equity in the distribution of health facilities at the lower level. Thus 16 new health centres will be constructed and equipped at various locations in the country.

524. **Mr. Speaker,** other programmes and projects to be undertaken include:

- Major rehabilitation works in Tamale hospital
- Rehabilitation of Bolgatanga Hospital
- Construction of new district hospitals in Tarkwa and Bekwai
- Upgrade of Juabeso, New Edubiase and Nkwanta Health Centres to District Hospitals
- Construction of at least 20 CHPS compounds
- Upgrading of 7 polyclinics in Kaneshie, Mamobi, Mamprobi, Manhyia, Kumasi South Suntreso, Old Tafo
- Refurbishment of Central Medical Stores at Tema
- Setting up of Blood Transfusion Centres Tamale, Sekondi, Ho, Korle-Bu and Komfo Anokye
- Construction Ghana Health Service office
- Refurbishment of an office for the National Health Insurance.

525. To undertake its programmes and activities for 2004, the Ministry has been provided an amount of ¢1,449,462 million

Ministry of Manpower Development and Employment

526. **Mr. Speaker,** Ministry of Manpower Development and Employment (MMDE) is mandated to support human capacity development and in particular facilitate skills development and generate employment under the GPRS. It is responsible for facilitating a healthy environment for employment and social welfare issues including those of vulnerability and exclusion.

Performance in 2003

527. **Mr. Speaker,** in skills development, a number of initiatives undertaken by the Ministry resulted in the following:

- The Skills Training and Employment Placement programme (STEP) saw a total of 3,500 people throughout the country trained in various skills under the first phase of the programme;

- The National Vocational Training Institute (NVTI) trained and tested about 10,000 students in Technical Vocational Skills during the year;

- The Management Development and Productivity Institute (MDPI) provided in-plant training and project-related training to 835 staff and 484 participants respectively;

- One thousand youth were trained in various vocational skills by the Opportunities Industrialization Centre; and

- The Ghana Cooperative Movement has within the past year, sensitised the general public in better ways of generating revenues for business expansion.

528. **Mr. Speaker,** in the area of employment creation, since the coming into power of the NPP Government, employment created in the economy stands at 98,278 in the formal sector and 166,200 in the informal sector.

529. The Ministry during the period was able to engage its social partners, particularly Organized Labour in constant dialogue on matters of national interest. This reduced the incidence of labour unrest to a minimum level. The facilitation of the tripartite dialogue has promoted employment.

530. **Mr. Speaker,** the Ministry spearheaded the promulgation of the new labour law, which received Presidential assent in 2003.

531. **Mr. Speaker,** in the area of providing opportunities to the vulnerable, about 750 street children in Accra, Kumasi, Sekondi-Takoradi and Tamale were offered Vocational Skills and formal education. Some of these children were linked with their families through the intervention of the Street Children Project.

532. Child Labour issues have also been mainstreamed into the learning curricula of basic schools as a follow up to the ratification of ILO convention 182 on the elimination of the worst forms of child labour.

Outlook for 2004

533. Under the second phase of STEP, a total of 10,000 youth will be trained by the end of the year 5,000 of this number will be set up in vocational agriculture ventures and the other 5,000 placed in an apprenticeship programme to form the basis of a formalized national apprenticeship programme, using 400 selected public and private institutions.

534. **Mr. Speaker,** the Street Children project will provide skills to 500 street children and repatriate them to their communities of origin by the end of the year. In addition through the International Programme to Eliminate Child Labour (IPEC), 1,000 child labourers will be withdrawn and a total of 3,000 over the next three years.

535. Other programmes to be undertaken by the ministry in the course of the year include following:-

- Establish and equip 15 new employable skills training centres;
- Integrate 500 people with disabilities into society;
- Equip 600 disabled youth with employable skills;
- Rehabilitate child welfare services for 20,000 children.

536. **Mr. Speaker,** the MMDE will restructure some of the agencies to increase efficiency and effectiveness. These agencies and their enhanced functions are provided below:

- The Labour Department to play an active role in Labour Administration to ensure a peaceful industrial atmosphere for higher productivity;
- MDPI to plan and establish productivity indicators; and

- Social Welfare Department to engage more social workers to take care of the vulnerable in society.

537. The Ministry will embark on a national manpower survey to provide data on the nation's labour force to aid socio-economic planning.

538. A Presidential Summit of stakeholders is planned to deliberate on strategies for job and wealth creation as a Presidential Special Initiative.

539. **Mr. Speaker,** during the year, the Ministry will facilitate the drafting and or passing of the following legislation in support of Government policies:

- The Disability Bill;
- Human Trafficking Bill;
- Draft National Policy for Strategic Partnership with NGOs;
- Draft Policy on Ageing;
- National Policy on Occupational Health and Safety;
- National Employment Policy; and
- National Policy on Technical and Vocational Education and Training

540. An amount of ¢47,441million has been allocated to the MMDE in 2004

Ministry of Women and Children's Affairs

541. **Mr. Speaker,** the Ministry of Women and Children's Affairs (MOWAC) is mandated to ensure increased participation of women and children in the development of the country. The policy thrust of this Ministry is to enhance women's access to and control of productive resources. In addition, it is required to take action to reduce the vulnerability of women and children.

Performance in 2003

542. In providing access to productive assets, MOWAC successfully established the Women's Development Fund (WDF) with an initial sum of ¢21 billion,

out of which ¢10 billion was disbursed to 20,000 women farmers. Financial support was also provided for women engaged in commercial activities, agricultural production and processing and other women related ventures. In all 500,000 women have so far benefited from this fund with 50,000 new jobs created for women throughout the country.

543. In pursuit of its role in protecting the rights of children and reducing vulnerability, the Ministry successfully carried out a programme code named "Operation bring the children home" as part of measures to combat Child Trafficking. The Ministry spearheaded the return of children trafficked from some coastal fishing communities to Yeji and communities around the Volta lake.

544. The Ministry, in addition assisted some of the mothers to withdraw their children and enroll them in schools and supported these women with over ¢825 million. The Ministry also sourced the support for the provision of 200 school uniforms for some of the children.

Outlook for 2004

545. **Mr. Speaker,** in 2004, the ministry will continue with its programmes in line with the objective of GPRS to enhance the socio economic status of women and children in Ghana. Consequently, the following will be undertaken:

- An amount of ¢10 billion will be disbursed to support Agro Processing from the Women's Development Fund;
- ¢10 billion support for Traders and Food Evacuators; from the Women's Development Fund;
- ¢5 billion support for Batik, Tie and Dye trainees and dressmakers from the Women's Development Fund; and
- ¢15 billion to 30,000 beneficiaries under the Japanese Fund.

546. **Mr. Speaker,** other programmes and projects to be undertaken by MOWAC will include:

- Commissioning of 3 Women and Children's Centres in 3 Regions in the country. The first to take off is in the Akrofuom in the Adansi East District;

- Sensitisation of the public on the proposed Domestic Violence Bill in all regions of the country to build a national consensus on Domestic Violence; and

- Conduct survey on operations of Market Queens and food security in 4 major markets in Accra, Kumasi, Takoradi and Tamale.

547. The Ministry will continue to honour its obligations by sending regular reports and on time on women and children to the international bodies that demands these reports.

- United Nations
- ECA
- AU
- ECOWAS

548. An amount of ¢20,563 million has been allocated to the Ministry for its activities in 2004.

Ghana AIDS Commission (GAC)

549. The Ghana AIDS Commission was set up to coordinate the implementation of the national strategy on HIV/AIDS. The work of the GAC is supported by the Ghana HIV/AIDS Response Fund (GARFUND), amounting to US$25 million.

Performance in 2003

550. **Mr. Speaker,** in 2003 the Ghana AIDS Commission supported and co-ordinated the implementation of HIV/AIDS intervention activities by MDAs, NGOs and other civil society organisations throughout the country. The activities were funded under the GARFUND during the year and included the following specific interventions countrywide:

- Information, Education and Communication (IEC)
- Advocacy (among political, traditional and religions leaders)
- Peer education (among youth groups – both in and out of school)
- Voluntary counselling and testing
- Capacity building (for civil society organisations)
- Care and support (for people living with HIV/AIDS)
- Training and technical support (for beneficiary organisations)

551. **Mr. Speaker,** the AIDS Commission had as at December 2003 approved a total of 2,658 proposals which are being implemented by MDAs NGOs and Community Base Organisations (CBOs) throughout the country.

552. The following activities were undertaken during the year:

- A fourth Call for proposals was announced in November 2003.

- By December 2003 the US$25 million (GARFUND), in terms of disbursements and commitments had been exhausted. Action was therefore initiated to prepare a second project.

553. **Mr. Speaker,** the Commission also undertook field investigations involving random checks of the activities of 509 NGOs and CBOs in Greater Accra, Eastern and Volta Regions. In the main, it was found that beneficiaries were carrying out their projects satisfactorily. However in about 30 cases, instances of irregularities were discovered and these are being addressed through termination of projects, refund of amounts allocated and freezing of project accounts. Organisations that have not refunded the amounts are to be prosecuted.

554. Research work sponsored by the Commission were at various stages of performance by the end of the year as follows:

- Socio-economic impact of HIV/AIDS studies initiated
- Development of a National HIV/AIDS Communication Strategy started
- Study on Orphans and Vulnerable children completed and disseminated
- Study of Associations and Support Networks for PLWHAs and home-based care commissioned

555. **Mr. Speaker,** capacity building activities were continued during the year for the following groups:

- NGOs and CBOs
- Technical training for leaders of beneficiary organisations
- Training of field investigators to improve supervision and fight corruption
- MDAs in preparation of sectoral plans

556. In consultation with the stakeholders a draft HIV/AIDS/STI Policy was also prepared during the year.

Outlook for 2004

557. **Mr. Speaker,** in 2004, priority intervention areas for the Ghana AIDS Commission will include:

- Creating an enabling environment for people living with and/or affected by HIV/AIDS
- Strengthening decentralised structures such as District assemblies and Regional Coordinating Councils as they engage in HIV/AIDS interventions
- Monitoring and evaluation of HIV/AIDS sub-projects
- Designing strategies and activities to encourage behaviour change
- Up-scaling Voluntary Counselling and Testing (VCT)
- Strengthening care and support for people living with and/or affected by HIV/AIDS
- Encouraging commissioned research into the socio-economic impact of HIV/AIDS and other policy issues

558. Priority will be given to proposals that will focus on:

- High risk groups e.g. migrant population
- Vulnerable groups e.g. orphans, children and youth
- High incidence and high-risk areas e.g. mining and rural areas
- Private sector involvement.

GOOD GOVERNANCE

559. **Mr. Speaker,** Government is committed to the principle of Good Governance, which we perceive as a system in which public and private agencies and actors are empowered to contribute to the development process and to safeguard their interests and that of others in an equitable manner.

560. Good Governance for Ghana's wealth creation and Poverty reduction framework therefore rests on the effective application of legal, regulatory and institutional frameworks to facilitate transparency and accountability of State Institutions, the Private Sector and Civil society Groups.

561. **Mr. Speaker,** under the priority area of Good Governance the overall objective is to ensure the transparency and accountability in resource generation, allocation and management, the rule of law, respect for human rights, participation of local communities in decision making and the attainment of social justice and equity so as to lead to the

strengthening of the three major arms of Government namely, the Executive, Judiciary and the Legislature.

562. A number of key MDAs contribute to the achievement of these objectives these include:

- Ministry of Finance and Economic Planning
- Ministry Local Government and Rural Development
- National Development Planning Commission
- Ministry of Interior
- Ministry of Defence
- Ministry of Justice
- National Electoral Commission
- Ghana Audit Service
- Office of the Head of Civil Service
- Ministry of Parliamentary Affairs
- Office of Parliament
- Judicial Service; and
- National Commission for Civic Education

Ministry of Finance and Economic Planning

563. **Mr. Speaker,** the activities undertaken by the Ministry under the objective of Good Governance are such as to ensure transparency and accountability in domestic and external resource generation, allocation and management of resources as well as the practice of sound, credible and prudent economic policies in order to achieve macro stability and sustained economic growth.

Performance in 2003

564. **Mr. Speaker,** in pursuance of these objectives the Ministry undertook the following activities during the year under review.

565. The promotion of effective debt management and the improvement of expenditure management are the specific objectives of the Ministry of Finance and Economic Planning under the GPRS priority area of Fiscal policy management. Consequently the Ministry carried out the following activities in 2003:

- The Ministry, on behalf of Government, effectively controlled domestic borrowing by monitoring and regulating the weekly issue of Treasury

Bills by the Bank of Ghana so as minimize the increase in the stock of debt.

- The Ministry also reduced the stock of domestic debt with the use of 20 per cent of HIPC Funds in the clearance of part of the domestic debt.

566. **Mr. Speaker,** other activities undertaken by the Ministry of Finance and Economic Planning (MoFEP) included the following:

- MDA Budget Committees and members of the Budget Development unit were trained on the need for the Budget to be driven by the priorities of the GPRS.

- Expenditure Initiation Forms were introduced as a basis for requesting for release of funds for all expenditures except wages. This is to ensure that MDAs conform to their planned programmes and activities.

- Quarterly expenditure Ceilings and Commitment Control Systems were also introduced to regulate the expenditure patterns of MDA to prevent the accumulation of arrears during the execution of the Budget.

- The implementation of a Budget and Public Expenditure Management System (BPEMS) in the Ministry of Finance and Economic Planning and the Controller and Accountant-General's Department continued.

- Following the release of the final report of the census of public sector employees the Controller and Accountant-General's Department updated the Government payroll through the removal of approximately 400 employees from the non-subvented organisations payroll;

- Improved and more timely reconciliation of treasury and banking data allowed for the production of government accounts within 6 weeks after the end of the month and the;

- Timely submission of monthly fiscal report to Cabinet within 8 weeks after the end of the month was ensured.

567. **Mr. Speaker,** in support of the effective implementation of programmes and projects under the GPRS the Ministry successfully negotiated the following agreements with key development partners:

- The first ever Poverty Reduction Support Facility (PRSF) with the World Bank (US$128.0m);

- A new 3-year (2003-2005) Poverty Reduction and Growth Facility with the IMF (US$ 285.0m); and

- The ground-breaking Multi-Donor Budget Support Framework with a donor group consisting of bilateral and multilateral Partners (US$280.0 million).

568. The Ministry in the year 2003 also facilitated the successful passage of three bills fundamental to Public Financial Management. These are Financial Administration Bill, the Procurement Bill and Central Internal Audit Bill.

569. **Mr. Speaker,** I will like, on behalf of His Excellency the President and on my own behalf, to congratulate this august House, especially the Finance Committee for all the efforts at ensuring the successful passage of these Bills.

570. With the promulgation of these bills the regulatory and legal environment for public financial management will, in my opinion, be greatly enhanced leading to efficiency accountability and transparency.

Outlook For 2004

571. **Mr. Speaker,** the implementation of the Public Financial Management Reform Programme has met with serious challenges in the past. Apart from severe capacity problems, there have been severe difficulties in respect of our relationship with various vendors in the implementation of the reform programme.

572. I am pleased to inform this august House that in the past week, Government has been able to resolve these problems. Full implementation of the reform programme under the Oracle Financial Platform is expected to resume in 2 weeks. It is expected that within the framework of a Short Term Action Plan, significant progress will be made towards the final completion of the computerised infrastructure.

573. **Mr. Speaker,** other activities to be undertaken by the Ministry include the following:

- The use of the enhanced cash management system (Quarterly Expenditure Ceilings) and the Commitment Control Systems to control expenditure patterns of MDAs to guide against the build up of arrears;

- Operationalisation of the Financial Administration Act in accordance with the following:

    - Presentation of Regulations for Cabinet and Parliament's Approval
    - Publishing of FAR
    - Development of Training materials and Mounting of Training Programme
    - Sensitisation of the Executive, Legislature, Media and the general public on the Act

- Operationalization of the Internal Audit Agency (IAA) Act to include the following:

    - Establishment of IAA Board and Secretariat
    - Recruitment of staff for Internal Audit positions within the Ministries and MMDAs
    - Sensitisation within the MDAs and MMDAs on role and position of internal auditors within the institutions.

- Operationalization of the Procurement Act through the following activities:

    - Establishment of Public Procurement Board (PPB), Secretariat, Tender Committees and Review Boards
    - Training on new Procurement Act for National, Regional and District Procurement Officers

- Enhance the activities of External Audit through the following:

    - Recruitment of retired and experienced auditors to clear backlog of Audits.
    - Special audits of utilisation of HIPC Funds, GPRS and Ghana Aids Response Fund.

574. **Mr. Speaker,** to deepen the budget preparation and expenditure monitoring process so as to improve public expenditure management, additional activities will be undertaken as follows:

- Change in Budget Timetable
- Analysis of Budget information to conform with international accepted standards – GFS classification
- Oracle Public Sector Budget Module finalised to prepare 2005 budget.

- Fully implement 6 Oracle Financial Application Modules in all pilot MDAs and interfacing existing legacy systems
- Counduct PER along one GPRS priority area
- Establishment of Project Management Team for IPPD2
- Full implementation of Payroll module of IPPD2

575. **Mr. Speaker,** I am pleased to inform you that this year Government will finally complete the Financial Information Centre which will house the technological infrastructure and personnel for BPEMS.

576. One of the most difficult challenges has been the management of payroll. The current technology and database simply do not allow us to accurately monitor who is on the payroll. We intend this year, **Mr. Speaker,** to vigorously tackle the implementation of Integrated Payroll and Personnel Database (IPPD2) programme, to facilitate the management, and cost of Human Resource and related issues in Public Service. Furthermore, Government will continue to act on the results census of public employees and remove any irregular names from the payroll.

577. To improve upon decision making in the area of domestic management, Government has decided to establish a domestic debt unit in the Ministry of Finance and Economic Planning.

578. **Mr. Speaker,** admittedly, we have had some difficulties in the area of Public Sector Borrowing Requirement (PSBR). This is particularly so because of the information gaps among the relevant MDAs. To improve decision-making in the area of PSBR a Fiscal Policy Advisory Committee comprising officials from Bank of Ghana, MOFEP and CAGD will be constituted to provide policy guidelines for PSBR on a weekly basis.

579. In the past some MDAs managed to open and operate accounts without the approval of the Ministry of Finance and Economic Planning. As part of measures to improve public financial management, new instructions regarding the opening of accounts by MDAs have been issued by the Controller and Accountant General's Department.

580. Section of 48 of the FAA 2003 (ACT 654) also enjoins all statutory corporations and other public institutions to seek approval from the Ministry of Finance and Economic Planning before accounts are opened in any bank.

581. In 2004, the Ministry will strictly enforce all the guidelines relating to the opening of bank accounts.

Non-Tax Revenue

Performance in 2003

582. **Mr. Speaker,** as part of our efforts to increase domestic resources and reduce our debt burden the Non-Tax Revenue Unit (NTRU) of the Ministry MOFEP has over the past two years implemented measures to improve collection and lodgement of non-tax revenue and internally generated funds (NTRU/IGF) into the Consolidated Fund.

583. **Mr. Speaker,** in furtherance of our objective to improve NTR management the following measures were implemented in 2003:

- Regional and District monitoring of NTR generating cost centers/collection points was intensified by a combined team of NTRU/staff, Audit Service and the CAGD;

- Obsolete rates, fees and charges were revised for 8 MDAs;

- Accounting procedures were further streamlined by opening more transit and collection accounts for MDAs in order to facilitate reconcilation;

- NTR budgeting was regularized as part of the budget cycle and an NTR budget estimate was prepared for 2003; and

- Additional funding of about ¢7.0 billion was provided to 13 MDAs to procure logistics and pay for services to support revenue enhancement activities.

584. **Mr. Speaker,** these measures and others undertaken over the past 2 years have resulted in a significant improvement in NTR mobilization and management and raised awareness of MDAs about the law and regulations governing revenue collected on behalf of the state.

585. As a result of these measures, NTR lodgement into the consolidated fund in 2003 exceeded the 2002 lodgement by 44 per cent.

Outlook for 2004

586. **Mr. Speaker,** to further improve revenue collections and strengthen NTR management in 2004 the following activities will be implemented:

- To ensure that government derives reasonable return on its resources invested in Corporations and other statutory bodies, the NTRU will be strengthen and supported by a team of Auditors to monitor and report on Government's investment in such organization.

- To further strengthen the collection, accounting and lodgement of NTR by MDAs, MOFEP will work with all MDAs to ensure compliance with the new law that requires full disclosure of all IGF on monthly basis.

- To improve the budgeting of NTR, all agencies that generates NTR will be assisted to establish accurate statistical data bases and will be trained in revenue projection techniques.

- Additionally, measures would be implemented to further curtail revenue leakages. These include:

  - Provision of more security features in value books; and

  - Elimination of illegal operators.

587. To enable the MoFEP carryout its programmes and projects for 2004 financial year, an amount of ¢279,400 million has been allocated to the Ministry.

Ministry of Local Government and Rural Development

588. **Mr. Speaker,** in line with the medium term priorities of the GPRS, the Ministry's objective is to accelerate the pace of implementation of decentralization by way of strengthening the administrative capacity of District Assemblies and deepening the District Assemblies' collaboration with civil society.

Performance in 2003

589. In furtherance of this objective, the Ministry carried out the following activities:

590. **Mr. Speaker,** to enable the decentralization of human resource management to local authorities, the Ministry facilitated the process of the passage of the Local Government Bill into an Act. The Act has received the Presidential Assent. The Ministry has subsequently begun the groundwork to operationalize the plan and work has started on the preparation of a Scheme of Service and Conditions of Staff of the new Local Government Service.

591. **Mr. Speaker,** activities to enhance decentralization, also include the preparation of a draft National Decentralization Action Plan (NDAP) during the year and stakeholders consultations on it are in progress. A Presidential Advisory Committee has been set up to provide the necessary policy guidance and will have the mandate to approve the NDAP once it receives Cabinet's endorsement.

592. Further actions to achieve decentralization include the preparation of district composite budgets. During the course of the year, the Ministry initiated action in 3 pilot districts, Dangme East Dangme West and Akuapem North, to prepare composite budgets.

593. **Mr. Speaker,** in order to further deepen the decentralisation process the Ministry put in efforts to promote cooperation and collaboration between District Assemblies and civil society organizations. For instance, there have been several joint efforts between District Assemblies and civil society groups to fight HIV/AIDS or bush fires.

594. **Mr. Speaker,** in line with its responsibilities for environmental sanitation, the Ministry also carried out a number of activities during the year. These include:

- Re-construction of the Avenor and Alajo bridges as well as the 1.25km Odaw drain bringing the work done to 50 per cent completed;

- The sanity landfills in Tamale and Kumasi were successfully completed during the year. The two facilities will enable all liquid and solid waste generated in the two cities to be treated and managed properly.

- The pilot solid waste collection exercise involving the use of the private sector in Tamale, Kumasi, Sekondi-Takoradi and Tema was

successfully completed. The exercise will be replicated in other urban centres.

- Rehabilitation of basic municipal services under the Urban V project, including markets, lorry parks, public toilets, town roads, slaughter houses in the remaining 16 towns were completed during the year, bringing the total to 25;

- Under the District Capitals II Project, initiatives to improve conditions in 22 markets in Ashanti and Brong-Ahafo regions were commenced;

- The department of Community Development trained a total of 1,625 Women's Groups made up of 32,500 members in small-scale commercial/artisanal and entrepreneurial ventures. This figure exceeded the target for 2003 by 25 women's groups.

Outlook For 2004

595. **Mr. Speaker,** for 2004, the Ministry will continue to pursue actions aimed at further deepening the decentralization process and improving the involvement of the general citizenry in the process of governance. In furtherance of this objective the following will be undertaken:

596. Operationalize the local government service Act through the following:

- Setting up of the Local Government Service Council.
- Preparation of a scheme of service and conditions of service of staff under the local government service.
- Clarification of the functions of Metropolitan/Municipal/District Assemblies.

597. Operationalisation of the National Decentralisation Action Plan including the following:

- Establishment of the National Decentralisation Secretariat to service the Inter-Sectoral Committee and the Presidential Advisory Council.

598. **Mr. Speaker,** as a further step in fiscal decentralisation, preparation of District composite budgets will be completed in 3 districts Dangme West, Dangme East and Akuapem North.

599. **Mr. Speaker,** under the District Capitals 1 project the construction of 1500 household toilets at Ggura Nkoranza and Kintampo will be completed.

600. As part of measures to strengthen environmental sanitation capacity of District Assemblies, 500 Environmental Health officers will receive training in Environmental health inspection.

601. The public park concept will be introduced in all districts to promote eco-tourism and generate revenue.

602. **Mr. Speaker,** under the District Towns III Project, improvement to schools, clinics and water supply systems in 27 towns within 10 Districts in Asanti and Brong-Ahafo regions will be carried out. A total of 65 new classroom blocks will be constructed, 8 hospital and clinic facilities will be improved, and water supply systems in 3 towns will also be improved.

603. Under the District Towns IV Projects, work will begin on the improvement of schools, clinics, water supply systems in thirty-one (31) towns within the project area.

604. **Mr. Speaker,** I am pleased to inform this august House that the Odaw drainage works will be completed during the year and will comprise the completion of the reconstruction the Avenor Bridge, Alajo Bridge and 1.25km Odaw Drain between the two bridges. Work on the Odaw drain from Alajo to the Apenkwa bridge will also begin.

605. **Mr. Speaker,** Urban Environmental Sanitation Project (UESP-2), which seeks to further improve the environmental sanitation programme, will come on stream in 2004. The project includes the construction of additional storm drains, sanitation facilities, two sanitary landfills in Accra and Tema, as well as institutional support to the participating District Assemblies.

606. The procurement of twenty-three cesspit emptiers and 20 solid waste collection skip trucks, to enhance environmental sanitation in 25 urban towns, will also be completed.

607. In addition, 150 tractors with roll-on-roll-off skip are being procured to improve solid waste management in the sub-metros, Municipals and all the districts.

608. **Mr. Speaker,** I am reliably informed that the Deputy Speaker of Parliament of The Gambia recently stated in this august House that she

was impressed with the 'cleanliness' of Accra from the Airport to Parliament. **Mr. Speaker,** inspite of these generous remarks we all know the serious challenges that we face with sanitation in Accra. We are committed to tackling this problem head on.

609. **Mr. Speaker,** in this regard, H.E President J. A. Kufuor has directed come all sub-metro's in the Accra Metropolitan Area to come up with a fast-track sanitation improvement programme two weeks for which funding will be provided through the HIPC window.

610. The department of community development will undertake training programmes including Vocational/Technical training for 3,600 youth in 24 Mass educational institutions, facilitate the empowerment of existing 900 Women's Groups through income generation ventures as well as improving technical skills of rural artisans

611. The Ministry of Local Government and Rural Development has been provide with an amount of ¢306,531 million to implement their planned activities in 2004.

National Development Planning Commission

612. The National Development Planning Commission together with the Ministry of Finance and Economic Planning has responsibility for the update of the GPRS coordination and monitoring and evaluation of its implementation.

Performance in 2003

613. **Mr. Speaker,** The major achievements of the National Development Planning Commission in 2003 include the following:

614. Monitoring of the Ghana Poverty Reduction Strategy (GPRS) was undertaken with special emphasis on the Medium Term Priorities of Government and the utilisation of HIPC funds. Some of the major outputs at the end of the year were the Annual Progress Report (APR) for 2002 and the Quarterly Bulletins on GPRS implementation.

615. **Mr. Speaker,** in collaboration with the Ministry of Local Government and Rural Development, the NDPC developed Guidelines for operationalising and streamlining effective and efficient functioning of District Planning Co-ordinating Units (DPCUs), and Regional Planning Co-ordinating Units (RPCUs). In addition draft guidelines for the preparation of Sector

Medium-Term Development Plans were prepared to be used by Ministries, Departments and Agencies to prepare their medium term plans for 2005 – 2008.

616. **Mr. Speaker,** as part of the process of improving evidence-based policymaking and assessing the impact of Government policies on the poor, and to propose alternative policies or measures to mitigate their impact, the NDPC initiated the process of preparation of five Poverty and Social Impact Analysis (PSIA) studies in five areas –

- Electricity tariffs and the Poor
- Pro-poor decentralisation
- Modernisation of agriculture
- Tackling vulnerability and Exclusion
- Petroleum pricing policy and the poor

617. **Mr. Speaker,** in collaboration with the Environmental Protection Agency (EPA), the NDPC also conducted Strategic Environmental Assessment (SEA) of the GPRS. This was to assess the environmental effects of the policies in the GPRS to ensure that sound environmental management practices that contribute to sustainable growth and lasting poverty reduction, were put in place.

618. The NDPC is coordinating the Ghana Macroeconomic and Health Initiative, a strategy document indicating strategic options for scaling-up investments in health, water and sanitation. This document will be used to revise the GPRS to achieve coverage levels consistent with the recommendations of the Commission on Macroeconomics and health (CMH) and Millennium Development Goal targets in order to accelerate poverty reduction and economic growth. The document will be finalized in the first quarter of 2004

619. The NDPC prepared a comprehensive communications strategy to inform and educate the various stakeholders about the GPRS

620. To further inform the public about the contents of the GPRS, the NDPC prepared an abridged version of the GPRS which currently is being disseminated. It is also currently being translated into the major Ghanaian languages

621. **Mr. Speaker,** the NDPC, in carrying out its mandated functions has oversight responsibility for some special programmes some of whose achievements are as follows:

- the Community-Based Poverty Reduction Project (CPRP) co-ordinated the implementation of 3 sub-projects which generated lessons about reducing poverty through Nutrition and Food Security Interventions; Street Children and the Measurement of Poverty at the District and Community levels. The project has developed an automated database in 3 pilot districts for the capture and analysis of selected indicators.

- Social Investment Fund (SIF) expanded its activities to cover 35 new districts in 2003 bringing the total coverage to 80 districts with sub-projects relating to water, education, health, skill development, micro-enterprise development

- The Wealth Creation and Social Development Programme developed handbooks for operational planning and budgeting for districts. It also began a nationwide sensitisation programme to sensitise district functionaries on their roles in the implementation of the GPRS. It also supported the development of a website for GPRS documentation – www.development.gov.gh

Outlook for 2004

622. **Mr. Speaker,** the NDPC will continue its coordinating functions for the GPRS. In this context major activities and programmes to be undertaken under the GPRS are:

- Review and Update of the GPRS in collaboration with the Ministry of Finance and Economic Planning
- Continue Coordination of the implementation of the GPRS
- Harmonisation of Sector Plans and Regionally Harmonised District Development Plans into a Medium Term Development Plan (2005-2008)
- Implementation of the GPRS Communication Strategy
- Continue monitoring and evaluating the implementation of the GPRS and other national development activities.
- Preparation of the National M&E Report (GPRS Annual Progress Report), Quarterly Bulletins and HIPC Monitoring Reports.

623. Other programmes to be continued by NDPC including:

- Development of National Spatial Policy Framework
- Ghana Macroeconomics and Health Initiative
- Strategic Environment Assessment focusing on specific programmes

- Poverty & Social Impact Assessment (PSIA)
- Participatory Monitoring & Evaluation training for DPCUs
- Co-ordination of the implementation of the Community-Based Poverty Reduction Project (CPRP).

624. For 2004, the National Development Planning Commission has been provided an amount of ¢51,249 million to carry out its planned activities.

Ministry of Foreign Affairs

625. **Mr. Speaker,** in an increasingly globalized world, Ghana's GPRS cannot be evaluated in isolation from global developments. Furthermore, to the extent that almost 30 per cent of the resources used to support the activities envisaged under the GPRS come from our development partners, the importance of the Ministry of Foreign Affairs cannot be over-emphasized.

626. Whether at the regional or international level, it is the responsibility of the Ministry of Foreign Affairs to ensure that the nation's interest are promoted vigorously so as to sustain cordial and mutually respectful relationships between Ghana and her partners.

627. In this context, the activities of the Ministry of Foreign Affairs are geared towards among other things;

- Promotion and Protection of the supreme interest of Ghana abroad;

- Promotion and Protection of the interests of Ghanaian expatriates abroad;

- Upgrading of human and institutional capacity for efficient execution of Ghana's foreign policy.

- Promotion, development and sustenance of cordial and mutual relations between Ghana and her neighbouring countries;

- Contribution to the resolution of conflicts within the West African sub-region in particular and African Continent in General;

- Strengthening of continental ties within the context of ECOWAS and the African Union as well as realization of the objectives of NEPAD;

- Coordination and facilitation of Ghanaian exports and attraction of Foreign Direct Investments into Ghana;

- Promotion of Ghana as an important partner in good governance and a haven for private sector investment.

Performance in 2003

628. In pursuit of the overall objectives of the GPRS, the Ministry of Foreign Affairs undertook several activities in 2003, including the following :

- the Ministry's information system was computerized during the year with the provision of fifty (50) new computers, all hooked to the Internet;

- rehabilitation and refurbishment of the Foreign Ministry Headquarters;

- rehabilitation programme for our Missions abroad including Lome, Luanda, Rome, Berlin.

- reactivation of missions in Mali, Morocco and Equatorial Guinea, among others.

629. Mr. Speaker, the Ministry is in negotiation with a major foreign firm to start the construction of a new office Complex. It is expected that if this project is completed the image of the Foreign Affairs will be elevated such that its mission will be greatly enhanced.

2004 Outlook

630. **Mr. Speaker,** given Ghana's history of fiscal imprudence during elections years, it will be important for the Ministry of Foreign Affairs to assure our development partners of the commitment of the Kufuor government not to repeat history.

631. The Ministry will, thus, need to elevate its tempo of activities beyond normal times.

632. In line with this, the Ministry's activities regarding the rehabilitation and refurbishment of missions in Cairo, Brasilia, the Hague, Bamako, New York etc. will be accelerated.

633. **Mr. Speaker,** given the role of H.E. the President as Chairman of ECOWAS in promoting peace and stability in the sub-region, the Ministry of Foreign Affairs will continue to play host to a number of meetings, summits etc. in Accra. Efforts will be made towards the rehabilitation of the Accra International Conference Centre to accommodate a larger number of expected participants to those conferences and workshops.

634. **Mr. Speaker,** it is expected that in 2004, two new missions, Dakar in Senegal and Madrid in Spain will be opened to promote Ghana's interest abroad for strategic purposes.

635. The Ministry has been allocated an amount of ¢474,162 million to carry out its programmes and activities in 2004.

Ministry of the Interior

636. Government has identified the provision of security within Ghana and the entrenchment of the rule of law as major issues to be addressed under the priority area of Governance. In furtherance of these priorities issue the Ministry of the Interior has the objective of enhancing social order by improving the efficiency of the Internal Security Agencies by the provision of equipment, vehicles, communications gadgets, increased staffing and enhanced training.

Performance In 2003

637. **Mr. Speaker,** the Ministry of the Interior carried out activities through its agencies to ensure the achievement of the above objective. In addition, as part of its coordinating functions, the Ministry completed work on the policy document governing the operations of private security organizations.

Ghana Police Service

638. **Mr. Speaker,** the specific activity under the GPRS is to equip and train the police to enable them enforce law and order. In this regard Mr Speaker, the communication system of the Ghana Police was enhanced with the acquisition of a number of two-way radio and mobile phones and

the installation of new telephone lines and PABX systems to replace the old and outmoded ones in some stations.

639. The service recruited 1200 new personnel to enhance its work. As a result, day and night patrols in cities, towns and communities as well as on the highways, were intensified to check criminal activities, leading to reduced levels of crime throughout the country.

640. The police also promoted the formation of Neighbourhood Committees to support its community-policing programme.

641. Construction of new barracks continued in Accra for Non-Commissioned Officers while the rehabilitation of a number of Police barracks and stations also continued in selected areas throughout the country.

642. **Mr. Speaker,** work on the computerization of crime and criminal database of the Police progressed significantly and linkages were established with Ghana's neighbours for the exchange of information on criminals leading to the arrest of a number of them.

643. **Mr. Speaker,** offices of the Women and Juvenile Unit (WAJU) were established in the Ashanti and Western Regions to deal with issues of domestic violence, child trafficking and other gender-related offences.

Ghana National Fire Service

644. Under the broad objective of providing security within Ghana, the Service continued with its programme of awareness creation to the public on the dangers associated with industrial, domestic and bush fires.

645. The Service also trained more fire volunteer squads to assist in combating fire.

Ghana Immigration Service

646. **Mr. Speaker,** strengthening the rule of law is another activity under the GPRS aimed at providing security within Ghana Consequently, the Ghana Immigration Service continued with its programmed activity to ensure that foreigners entering the country do so with proper documentation so as to weed out the undesirables.

647. The Data Centre for the Service was completed and will be officially opened this year.

Narcotics Control Board

648. **Mr. Speaker,** similarly, the Narcotics Control Board enhanced its performance at the Kotoka International Airport with the acquisition of equipment to help in detecting the presence of narcotic drugs on persons and luggage.

Outlook for 2004

649. The 2004 programme of the Ministry will continue to focus on ensuring social order. This year being an election year, the Ministry will be adequately resourced to undertake the additional responsibilities.

Ghana Police Service

- The Service will recruit about 2,000 more personnel to augment its current staff level;

- The first phase of a nation-wide digital communication system will be executed this year.

- The Service will organize in-service training in the form of refresher courses for its personnel to improve upon their skills in the performance of their duties.

Ghana Prison Service

650. The Ghana Prison Service will undertake the following activities and programmes under the overall governance objective of providing security and strengthening the rule of Law in line with the established priorities of Government:

- Recruitment of 250 personnel to augment the present low staff strength of the Service; and

- Opening of the Yeji and Forifori Camp Prisons to help reduce the level of overcrowding in the walled prisons.

- Establishment of Vocational Development programmes for Inmates

Ghana National Fire Service

651. The Ghana National Fire Service will undertake the following activities and programmes within the broad objectives of the Ministry of the Interior;

- Step up campaign on dangers of bushfires and other disasters;
- Sponsor television and radio commercials and advertisements and organize durbars and seminars; and
- Train 10,000 fire volunteers nationwide.

Ghana Immigration Service

652. The Ghana Immigration Service will also undertake the following programmes in 2004:

- Modernize the infrastructure for migration management;
- Improve Infrastructure at the land borders and enhance security through the effective use of personnel and technology;
- Provide targeted training, particularly in Document Fraud and Risk Profiling in combating drug and other illegal trafficking and smuggling;
- Upgrade training facilities at its Training Schools and train more personnel; and
- Cultivate a 20-acre citrus farm at Assin Fosu in the Central Region.

National Disaster Management Organisation (NADMO)

653. **Mr. Speaker,** NADMO will undertake the following towards the achievement of the objective of enhancing social order under the GPRS:

- Provision of equipment for each of the 10 regional Rapid Response Units;
- Development of early warning systems through the upgrading of 11 Operations Rooms countrywide; and
- Linking of 40 districts secretariats by telephone with regional capitals and Headquarters.

654. **Mr. Speaker,** another Programme to be undertaken is the implementation of Phase II of the Emergency Agricultural Input Supply

Programme for Ghanaian returnees from Sierra Leone, Liberia and La Cote d'Ivoire, as well as internally displaced persons in the 3 northern regions of Ghana.

Narcotics Control Board

655. **Mr. Speaker,** the Board will undertake the following programmes during the year:

- Increase public awareness programmes, especially in second cycle institutions and certain identified communities, on the dangers associated with narcotic drugs;

- Institute a programme to deepen the awareness of the public on the linkages between HIV/AIDS and drug abuse;

- Increase intermittent operations at the airport and other areas of the country where cannabis is cultivated; and

- Extend the Alternative Development Programme to various parts of the country where cannabis is known to be cultivated on a large scale.

656. To undertake its programmes and activities for 2004, the Ministry of the Interior has been allocated an amount of ¢712,246 million.

Ministry of Defence

657. The activities of the Ministry under the GPRS are designed to:

- Enable the achievement of the objective of expanding essential basic services to the vulnerable and the excluded

- Enhance Government's priority area of infrastructural development to facilitate production and distribution

Performance in 2003

658. **Mr. Speaker,** in line with the objective of expanding essential basic services, the Ministry carried out the following activities:

- Continuation of the rehabilitation and expansion work at the 37 military hospital involving the construction of the following:

- Polyclinic, Information Technology Centre, Physiotherapy Department, Male Surgical Ward and Public Health Department.

- Out patient clinics for surgical, obstetrics and gynecology, ear, nose and throat (ENT), dermatology and medical departments.

- An auditorium with a seating capacity of 2000 and a Library Complex with offices.

659. **Mr. Speaker,** the Ministry also carried out a number of activities in accordance with its programme for 2003 and in line with the infrastructural developmental objectives of Government:

- Completion of construction work on a computer centre at Burma Camp to promote computer literacy and education in the Armed Forces.;

- Completion of the first phase of the Kofi Annan International Peace-keeping Training Centre project; and the Centre commenced its first international course on Disarmament, Demobilization and Reintegration (DDR);

- Continuation of construction work on a new military barracks at the Burma Camp comprising 2 blocks of 12 units;

- The second phase of the Barracks Rehabilitation Project comprising 30 projects spread in garrisons throughout the country progressed.

660. As part of its mandate to ensure national security, the GAF in collaboration with the police undertook joint operations in the Northern part of Ghana aimed at bringing peace in Dagbon and its surrounding areas.

Outlook for 2004

661. **Mr. Speaker,** the Ministry will continue to improve upon its combat readiness by motivating, maintaining its human resources and provision of material resources for national defence.

662. **Mr. Speaker,** similarly, efforts to combat crime and promote peace and stability as necessary ingredient for economic development and therefore poverty reduction will be intensified. In this regard, Work on the

construction of a slipway, which will enable Ghana Armed Forces to dock all the naval ships and other ships along the coast will commence this year.

663. **Mr. Speaker,** in line with the objective of expanding essential basic services to the vulnerable and the excluded, the Ministry will commence Phase three of the 37 Military Hospital expansion, which includes the construction of a modern National Accident and Emergency Centre, a new 200-bed capacity Maternity Department and a 150-bed capacity Children's Ward.

664. The Second phase of the Ghana Armed Forces Barracks project will be continued.

665. **Mr. Speaker,** Phase II of the Kofi Annan International Peacekeeping Training Centre project, consisting of a Conference Suite, Hostel Accommodation and Mess will be continued this year.

666. An amount of ¢636,097 million has been provided for the Ministry to implement its programmes and activities in 2004.

Ministry of Justice

667. The objective of the Ministry under the priority area of Governance is to strengthen the capacity of the office of the Attorney-General and the Judiciary in terms of numbers, technology, training and equipment in order to strengthen the rule of law.

Performance in 2003

668. **Mr. Speaker,** the Ministry carried out the following activities towards the achievement of this objective:

- A Business Law Division was established to embark upon a task of reforming all laws, which impede the establishment and growth of business.

- Twenty computers, accessories and a server were provided for the computerization and networking of the Registrar-General's Department and installations has been completed.

- The Statue Law Revision Commissioner completed the revision of a large number of Laws. A draft of the first volume of Laws, revised

Acts, Constitutional Instruments and Index to all Laws and Constitutional Documents since the 19th Century has been completed.

- The Legal Aid Board organized Legal Aid clinics in all the Regions to give legal advice to the poor. It was able to handle about 4,500 cases in court for the poor during the year.

- The Board laid the foundation for the publication and distribution of brochures on legal aid in seven (7) Ghanaian languages.

Outlook for 2004

669. **Mr. Speaker,** activities to be implemented in 2004 in furtherance of its goal of strengthening the rule of law include:

- The entrenchment of the rule of law;
- The provision of safeguards in support of fundamental human rights, particularly in respect of the poor, the vulnerable and the excluded.

670. The Ministry will also undertake the following construction activities towards the achievement of the objective of strengthening the capacity of the Office of the Attorney-General:

- Refurbishment of the Ministry's Library and the establishment of regional offices for the Registrar-General's Department;

- Completion of the front office complex of the Registrar–General's Department

- Completion of about 80 per cent of work on the modernization of records unit of the Registrar-General's Department; and

- Commencement of the Law House project to ease the acute accommodation problem facing the Ministry;

671. Other activities to be undertaken to ensure the appropriate rule of law are:

- Completion of about 60 per cent of all cases before the Legal Aid Board; and
- Setting up of an arbitration secretariat to handle commercial cases against the State and promote Alternative Dispute Resolution.

672. The Ministry of Justice has been allocated an amount of ¢39,191 million for the implementation of its projects in 2004.

National Electoral Commission (NEC)

673. **Mr. Speaker,** one agency whose responsibilities and functions impact on the development and growth of the economy and the people of Ghana as a whole is the Electoral Commission. The existence of peace through democratic principles starting from the election of representatives to this august House cannot be over emphasized.

674. **Mr. Speaker,** the Electoral Commission in 2003 signalled its intention to create 30 additional constituencies in pursuance of its constitutional mandate. **Mr. Speaker,** all of us in this House, I am sure are eagerly awaiting the final outcome of this hotly debated issue.

675. In line with the principles of democratic governance, the NEC carried out the following major activities:

- Four parliamentary by-elections in Wulensi, Navrongo Central, Gomoa East and Amenfi West were successfully conducted;
- Nineteen districts were created in the demarcation exercise.

676. **Mr. Speaker,** as a result of certain problems associated with security, bye election in certain areas of the country could not take place in 2003.

Outlook for 2004

677. **Mr. Speaker,** on behalf of H.E. the President, the Government of the NPP will like to state its full commitment to the free and fair conduct of elections this year. This is a watershed year. We join all peace loving Ghanaians in praying that the elections this year are conducted successfully and peacefully.

678. I will like also to request my colleagues on the other side of the House as well as members of other parties not represented in the House to commit themselves to the same prayer.

679. For the conduct of the Presidential and Parliamentary elections this year, the EC has indicated its commitment to replace the Voter's Register and issue new Voter Identity Cards.

680. To ensure that the EC is able to comprehensively conduct the elections, Government has already released the equivalent of US$10.0 million to the EC and it is fully committed to funding 60 per cent of the total cost estimated at US$24.0 million. The release of the US$10.0 million was made in August 2003.

681. **Mr. Speaker,** I am also pleased to inform you that Government has secured the full commitment of our development partners to fund the balance which is 40 per cent of the estimated total cost.

682. **Mr. Speaker,** I would like to assure this august House on behalf of H.E. the President we will do all that it would take for the elections in 2004 to be conducted in a peaceful environment.

683. For the Electoral Commission to carry out its planned business-as-usual activities for 2004, the Commission has been allocated an amount of ¢206,784 million. This amount excludes the cedi equivalent of an initial disbursement of $5.0 million.

The Ghana Audit Service

684. The activities of the Audit Service are undertaken in such a way as to enable the achievement of the broad objective of ensuring the rule the policing of the allocation and application of natural resources. Specifically the objective of the Service is to ensure the transparency and accountability in resource allocation and use.

Performance in 2003

685. **Mr. Speaker,** in furtherance of its objectives, the Audit Service carried out the following activities in 2003:

- Fifteen new District Offices were established, furnished and equipped bringing the total to 67 offices;
- Twenty-One Ghana Missions were audited in 2003
- Special audit exercises were carried out in some selected districts, including the West Mamprusi District resulting in the discovery of various sums of money which could have been lost to government.

Outlook for 2004

686. **Mr. Speaker,** the role of the Auditor-General with respect to external audit is very crucial in managing the affairs of this country. This is underscored by the fact that the report of the Auditor-General is presented to this august House. In the past, because of the lateness of the report, it has been difficult to take effective, timely corrective measures.

687. To ensure that the Auditor-General is able to provide timely reports to the house, special budgetary allocation will be made to the Auditor-General to enable him clear the backlog of audit arrears for MDAs during the course of the year.

688. Among the activities to be undertaken in 2004 include the following:

- Cover adequately the over 6,600 MDAs, public bodies and institutions being audited at the moment;
- Expand audit coverage of the HIPC, GPRS, GETfund and Road funds;
- Create 15 more district offices during the year, bringing to 82 the number of audit districts to cater for the 129 government administrative districts;
- Train more staff locally in modern audit methodologies;
- Education of subvented organizations on the need to disclose unspent balances on personal emoluments released to them.

689. An amount of ¢81,560 million has been provided for the Audit Service to undertake its programmes and activities in 2004.

Ministry of Parliamentary Affairs

Performance in 2003

690. **Mr. Speaker,** the objective of this Ministry is to bring the business of the legislature to the doorstep of the ordinary Ghanaian. In furtherance of this objective in 2003, the Ministry of Parliamentary Affairs disseminated Government policies and programmes to the unit committee level of decentralised administration. The Ministry also held risk brisk exchanges

and discussions with professional organisations such as the Ghana Institute of Engineers, Ghana Institute of Architecture, Ghana Institute of Survey, Ghana Institute of Planning and the Institute of Chartered Accountants.

691. Through these exchanges, the Ministry made headway in mainstreaming the views and concerns of sizeable and knowledgeable sections of the Ghanaian population.

Outlook for 2004

692. **Mr. Speaker,** the year 2004 being an election year, we would expect the tempo of activities in the Ministry of Parliamentary Affairs to increase significantly both in the House and out of the House.

693. **Mr. Speaker,** to prepare and equip Members of Parliament more adequately for the challenges of an election year, specialized capacity building programmes will commence right from the beginning of the year.

694. The Ministry will step up its programme of dissemination of Government policies to the towns and communities through the organization of seminars for Unit Committees throughout the country.

695. The Ministry's consultations with civil society groups will also proceed in tandem.

696. **Mr. Speaker,** in line with Government's commitment to resource Parliament, it has become necessary to finalise negotiations for funds to complete the Tower Block for use by Members of Parliament. Whilst these negotiations are on-going, an initial amount of ¢25.0 billion has been allocated to commence work immediately on this project.

697. A Special Committee will be established to oversee the speedy implementation of this project.

698. An allocation of ¢4,152 million has been allocated to the Ministry to carry out its plan activities for the year 2004.

Office of the Head of the Civil Service (OHCS)

699. **Mr. Speaker,** the OHCS has the primary responsibility to ensure the delivery of effective, efficient and productive service within the Civil Service.

Performance In 2003

700. In furtherance of its objectives, the OHCS in collaboration with National Institutional Renewal Programme (NIRP), conducted Functional Reviews and Staff Rationalization exercises for the Public Services.

701. The individual MDA results are being analysed and a composite report will be produced to document :

- Excess staffing to be properly deployed;
- Outmoded functions to be abolished; and
- Services to be out-sourced.

702. The administrative and legal framework of the Service was enhanced through the review of the conduct and Administrative Instructions.

703. In support of government's pro-poor agenda, senior managers were given training in mainstreaming social development issues and concepts into MDAs policies, programmes, projects and strategic plans.

704. New Records Management Systems were established at the Ministry of Education, Audit Service and Controller and Accountant General's Department.

Outlook For 2004

705. **Mr. Speaker,** for the year 2004, OHCS will continue to play a lead role in Civil Service reform, introduce improvements in human resource and organizational development systems, facilitate the use of ICT and enhance the administrative and legal framework for a performance oriented and client sensitive Civil Service towards the achievement of the objectives defined in the priority areas of the GPRS.

706. Specifically, the OHCS will undertake the following activities:

- The Physical Environment in Ministries area will also be made more conducive and secure for the transaction of government business'

- A number of specific ICT policy initiatives will be put in place to promote the delivery of government services;

- The programme for the establishment of new records management system which started in 2003 will be continued to cover other MDAs in 2004;

- The Civil Service Reform Programme will be refocused as part of phase II of the Public Sector Reform Management Programme;

- The Central Governance Project which is aimed at improving the policy process, will be extended to ten (10) more Ministries in 2004; and

- Records management in the MDAs will be strengthened by restructuring and installing new systems in three Regional Coordinating Councils and four MDAs.

707. **Mr. Speaker,** in the area of human resource development, emphasis will be placed on functional skills acquisition and the institutionalisation of performance oriented rewards systems. In this regard the following programmes will be undertaken among others:

- Next batch of Chief Directors will be appointed by September 2004 to provide leadership and direction for MDAs.
- Pilot performance related remuneration schemes will be introduced.

708. The following MDAs have been allocated the amounts indicated against them to enable them fulfill their operational or institutional requirements under 2004 budget:

MDA	**In million cedis**
Office of Government Machinery	572,433
Public Services Commission	4,577
Office of Parliament	133,710
National Commission on Civic Education	40,976
National Commission on Culture	22,411
National Media Commission	1,653
Commission on Human Rights & Admin. Justice	25,882

Judicial Service	104,575
Office of the DACF	1,287

PRIVATE SECTOR DEVELOPMENT

709. **Mr. Speaker,** the fifth and final priority area of Government in the context of the medium term priority is Private Sector Development. The objective of this priority area is to strengthen the private sector in a positive way to ensure that it is capable of acting effectively as the engine of growth and poverty reduction. When this priority area is given the necessary attention, it will lead to the creation of wealth at a faster pace and reduce poverty in a sustained manner.

710. **Mr. Speaker,** Government is deeply committed to the enhancement of the role of the private sector; the reason for this budget being considered business friendly budget.

711. The sector ministries whose roles and functions cut across this priority area are: -

- Ministry for Private Sector Development;
- Ministry of Mines; and
- Ministry of Tourism and Modernisation of the Capital City.

Ministry for Private Sector Development (MPSD)

712. **Mr. Speaker,** in accordance with the vision of the "Golden Age of Business" and in conformity with the medium term priorities of the GPRS, the MPSD as a facilitating Ministry has the responsibility to ensure the achievement of the objective of strengthening the private sector to effectively serve as the engine of growth and prosperity. In addition, the Ministry is required to foster the development of a liberalized and more competitive market environment, with appropriate incentives for private sector activities.

Performance in 2003

713. **Mr. Speaker,** in conformity with its objectives, of the Ministry undertook the following activities:

- It established an Institutional and Legal Reform Division to facilitate the drafting of a number of reform bills (including the Companies Code, the Insolvency Bill, Money Laundering Bill and the Insurance Bill) aimed at improving the business environment;

- The Ministry successfully facilitated the development of a National Medium Term Private Sector Development Strategy Document. The strategy document provides the framework for a common approach to private sector development challenges by all the various MDAs in a coherent way.

714. **Mr. Speaker,** to further carry out its mandated functions, the Ministry prepared and disseminated the National Framework to guide the provision of infrastructure and other development services by Government in partnership with the private sector.

715. The Ministry also successfully facilitated the third and fourth meeting of the **Ghana Investors Advisory Council (GIAC)** within the year.

716. It also undertook various activities in support of students in tertiary institutions through the **Students in Free Enterprise** (SIFE) programme and the **"Captains of Industry"** programme at a cost of ¢333 million

717. **Mr. Speaker,** in addition, it also instituted an annual "**Growing the Young Entrepreneur Competition**" for final year students in the tertiary institutions. This aims at shifting the mindset of students leaving the tertiary institutions towards innovation and entrepreneurship

718. Referral advisory services were also provided by the Ministry to small and medium enterprises on available sources of financial and business development services

719. In addition, the Ministry organized workshops, seminars, and hosted business delegations to ensure that SMEs have easier access to long-term funding. The efforts of the Ministry in this regard, yielded the following results: -

- Funds from some major donors have been secured to complement Government's provision to support between 5-8 Small and Medium Enterprises with up to US$500,000 each year for the next 5 years.

- The Italian Credit of Euros 10,000,000 has been finalized and approved by Parliament to assist SMEs, especially in agribusiness to import machinery and equipment from Italy.

- US$17 million was raised from SOFITEL Bank of the USA to support SMEs.

- The ministry facilitated the revival of the business partnership between Eximguaranty Company Limited and some leading commercial banks to enhance SME access to long term credit funds.

Outlook For 2004

720. In consonance with the Ministry's responsibilities as outlined in the GPRS, the following activities will be carried out in 2004.

- Submission of the Medium Term National Private Sector Development Strategy to Cabinet for ratification prior to implementation.

- Facilitation of the removal of institutional, legal and administrative barriers to reduce the cost and risk of doing business in the country.

- Promotion of innovation and entrepreneurship in tertiary institutions through the production of the "**Captains-of-Industry" series** on radio and television and in conjunction with Ghana Broadcasting Corporation promote partnership programmes with business and economics student clubs such as SIFES "GHANA and Entrepreneur" Competition which in its second year of running as well as establish partnerships with business development service providers in support of young business ventures.

- Sourcing credit funds (such as the ADF/GOG Strategic Partnership Fund, the Italian Credit Facility) and the strengthening of existing credit guarantee schemes to support Small and Medium Scale Enterprises.

- Dissemination of the Public-Private Partnership (PPP) guidelines among MDAs, NGOs and District Assemblies for the use of PPPs in the provision of public infrastructure and other services.

721. To undertake its programmes and activities for the year, the Ministry has been allocated an amount of ¢85,100 million.

Ministry of Mines

722. **Mr. Speaker,** the Ministry of Mines in support of the GPRS priority of strengthening private sector activities in growth and poverty reduction has among others, the objective of promoting the development and management of mineral resources within a conducive and favourable environment.

Performance in 2003

723. **Mr. Speaker,** as a result of the increased confidence engendered by the remarkable stable macro environment, the mining sector is witnessing significant activities.

724. **Mr. Speaker,** last year the country experienced among other things two significant activities in the mining sector. The first relates to the partnership between AngloGold and Ashanti and the second relates to the agreement between Newmount and Government. **Mr. Speaker,** there is no doubt in our mind that the returns on these investments would be meaningful.

725. **Mr. Speaker,** with regard to the agreement between Government and Newmount company, I will like to express my gratitude and thanks to my colleagues on both sides of the house for providing the appropriate legislative backing.

726. **Mr. Speaker,** during the year under review BHP Billiton and Rio-Tinto signalled their intention to commence operations in Ghana.

727. There was an increase in the production of the following minerals:

- Manganese increased by 2.99 per cent recording 1,460,796 metric tonnes of production;
- Diamonds increased by 7.5 per cent recording over one million carats of production;
- Bauxite increased by 1.7 per cent recording 695,000 metric tonnes of production;
- Gold production however dropped by 1.65 per cent during the year.

728. In addition, the following activities were also undertaken:

- Processing and interpretation of approximately 130,000 km of air - borne geophysical data have been completed;
- 150 clay and refractory samples were analyzed for other industrial uses;
- Crucibles, wall tiles, floor tiles, electrical porcelain insulators and a number of ornamental beads were produced for demonstration purposes;

- In addition, a report on gold deposits of Ghana was produced to disseminate more information on the gold potential to investors

729. The Ministry created a website of the Minerals Commission alongside the Ghana web, which featured information on mining in Ghana to attract credible investors.

730. **Mr. Speaker,** while aiming to increase the utilisation of the country's mineral resources, attention also should be paid to the laws and regulations on mineral resource utilisation and the environment. The mining industry is improving its handling and use of explosives and registered 30 per cent fewer accidents in the use of explosives over the previous year.

731. The Geological Survey Department (GSD) Amendment Bill has been prepared and circulated for comments by stakeholders.

732. **Mr. Speaker,** studies on mercury abatement and educational campaigns are being embarked on to promote public awareness and the participation of local communities in mineral resources management.

733. **Mr. Speaker,** preparatory work for a pilot alternative livelihood programme in the environs of Prestea are far advanced. This is aimed at developing a sustainable framework for providing jobs.

734. **Mr. Speaker,** Salt production along the coast will be intensified and cooperative societies and companies assisted to go into salt production. Land Banks will also be created.

Outlook for 2004

735. The Ministry will aggressively pursue the promotion of lesser-known minerals like granite, jasper kaolin, limestone for cement production etc on sustainable basis to support the traditional mineral base. Value addition to minerals will be a priority.

670. **Mr. Speaker,** in the area of development of the Salt Industry: Land banks suitable for salt production will be established to ensure efficient, trouble-free allocation of concessions for small to medium scale salt production.

671. For the two strategic areas Ada and Keta with potential for enormous salt production and development of allied industries, comprehensive land use plans will be developed to ensure structured and harmonious use of land to avoid haphazard development and uneconomical use of land that lead to creation of slums in these areas.

672. **Mr. Speaker,** extra effort will be made to control illegal mining through regularization and support, and provision of alternative livelihood training options

673. Linkages will be established between the Minerals Commission's Website and other sites to improve investment promotion.

674. Aggressive monitoring of all mines will be pursued to ensure a reduction in accident rates improve environmental hazards, and compliance with other regulations and terms of agreements.

675. A new draft Minerals Bill and GSD Bill will be put before parliament.

676. The Ministry will foster improved partnership between mines and communities. In this regard, the Ministry plans to work closely with the Ministries of Trade Industry, PSI, Food and Agriculture, lands and Forestry, Environment and Science to prepare a strategic Plan for alternative livelihoods in mining communities.

677. A total of ¢28,790 million has been earmarked for the Ministry of Mines in 2004.

Ministry of Tourism and Modernisation of the Capital City

678. **Mr. Speaker,** tourism is a dynamic industry, which can absorb thousands of unemployed young men and women of Ghana. The government of Ghana has therefore identified the tourism sector as one of the new pillars for economic growth and foreign exchange earnings.

679. The Ministry of Tourism and Modernization of the Capital City has been pursuing aggressive policies, programmes and projects to make the sector the fastest growing industry in Ghana.

Performance in 2003

680. **Mr. Speaker,** tourism is primarily a private sector propelled industry. To emphasise this key role of the private sector in the promotion of tourism, the concept of Public-Private-Partnership has been concretised through weekly meetings with private sector operators and associations.

681. As part of the sensitisation to create awareness of both local and international tourists, over 150 people representing a cross-section of the country were transported to Boabeng-Fiema and Kintampo in the Brong-Ahafo region to sample the immense potential of Ghana's tourism.

682. In furtherance of the need to effectively market Ghana as a preferred and quality tourism destination, the website for the tourism industry was upgraded and re-launched as www.ghanatourism.gov.gh

683. Bumper stickers publicizing and promoting Ghana as a preferred tourist destination were printed and distributed in Ghana and abroad.

684. A brochure "Ghana……A Golden Experience –Africa's Best kept Tourism Secret": was published and distributed both locally and internationally.

685. A Tourism Press Corps comprising media personnel and writers on tourism was established to assist in the promotion of the industry.

686. To accelerate the training of personnel in the hospitality industry, the Ministry has secured Cabinet approval for the release of the EREDEC, Hotel, Koforidua, for use as a teaching hotel.

687. Tourism Receptive Facilities utilizing from the HIPC allocations are under construction at 21 tourisms sites as part of the product development programme, These include the birth places of the late President Dr. Kwame Nkrumah, Prof. K. A. Busia and Dr. Hilla Limann.

Outlook for 2004

688. Major activities and Programmes to be undertaken under the GPRS are highlighted below:

689. **Mr. Speaker,** in 2004, the Ministry will undertake aggressive marketing of Ghana by participating in tourism fairs and exhibitions and the dissemination of tourism promotional materials so as to increase tourist arrival from 550,000 in 2003 to 650,000 in 2004. in so doing, foreign exchange receipts are expected to increase from US$600 million in 2003 to US$800 million in 2004.

690. Twenty-two tourism receptive facilities will be completed in 2004 to improve upon the convenience of tourists using tourist sites.

691. A Tourism Satellite Account Project will be established that will enable the government measure accurately the contribution of tourism to the GDP of the economy.

692. In addition, land banks for tourism development especially along the coast will be created in 2004.

693. To further the objective of providing safe and sanitary shelter to Ghanaians as envisaged under the GPRS, the Ministry in collaboration with the Accra Metropolitan Authority and other MDAs will evacuate 400,000 ton of refuse during the year.

694. **Mr. Speaker,** as part of the Ministry's function to modernize the capital city, street lighting of all the ceremonial roads will be undertaken.

695. To achieve the objectives in 2004, an amount of ¢16,777 million has been allocated to the Ministry.

Other Ministries

696. Other Ministries have functions and roles which cut across some or all of the priority areas and it has been found rather appropriate to consider such Ministries together in a distinct classification. These are:

- Ministry of Information
- Ministry of Regional Co-operation and NEPAD

Ministry of Information

Performance In 2003

697. Mr Speaker, the importance of information dissemination in the GPRS strategic framework cannot be understated. Economic actors and agents rely on the timely availability of information. It is the objective of this Ministry to ensure that Government's policies and programme are disseminated in a transparent manner. This enhances Governance and practice of participatory democracy.

698. **Mr. Speaker,** in pursuit of Government's commitment to transparency and open governance, regular weekly interactions with the media were held as follows:

- The Tuesday Meet the Press by Sector Ministers and
- The Thursday Press Conference by the Minister of Information to throw light on current issues in the public domain.

699. The Ghana Government's website www.ghana.gov.gh was further enhanced with more links to MDAs. Promotion of the website is being pursued through various means including through Ghana's embassies, local newspapers, handouts etc.

700. Various publications and audiovisual documentaries for public education and outreach programmes were produced by the Information Services Department (ISD) in 2003. These included production and distribution of the Ghana News Bulletin, the meet the press series and audio visual documentaries on various developmental issues.

701. In a move to improve public information, various equipment including 4 new cinema vans were procured for ISD

702. Government awarded a contract to modernise the Ghana Broadcasting Corporation (GBC) transmission networks in using satellite technology and to rehabilitate GBC stations nationwide

703. A public sensitisation programme on the Right-to-Information Bill has started following Parliament passing the Bill into an Act.

704. A film Development and Classification Bill to regulate the production, distribution and exhibition of films was gazetted and laid before Parliament.

705. The Ministry also began implementation of a Development Communication Enhancement Programme to increase the flow of information on Government policies and programmes. This is to enhance transparency, consolidate democracy and increase consultative and participatory mechanisms.

Outlook for 2004

706. The following activities will be carried out in 2004.

- Mainstreaming of Development Communication (Devcom) in all programmes and projects of MDAs will be pursued to promote the GPRS.

- Strengthening the ISD operations in the Regions, Districts and Communities under the Devcom Programme which will enhance outreach programmes in 2004.

- In collaboration with NDPC and other MDAs public sensitisation on the GPRS programme and its achievements;

- Weekly Meet-The-Press for Ministers;

- 10 Regional Ministerial Briefing sessions with Media, as well as Photo Exhibitions on Regional Development and PSI Projects at Regional Levels.

- Regional verification Tours for media Executives in conjunction with GJA.

- Establishment of Information Desks at all Ghana Missions without ISD Offices abroad;

- Facilitate the passage of the Right to Information Bill.

707. The Ministry of Information has been allocated an amount of ¢92,073 million to carry out its planned programmes and activities for 2004.

Ministry of Regional Integration and NEPAD

708. In line with the GPRS objective of Enterprise Development and promotion of bilateral trade, businesses and commerce in the ECOWAS sub-regions, the Ministry carried out the following activities in 2003.

Performance in 2003

709. **Mr. Speaker,** the Ministry launched Programme for the dissemination of information on the New Partnership for Africa's Development (NEPAD) in four regions, Northern, Upper East, Upper West and Central Regions.

710. It successfully conducted bilateral talks with Burkina Faso and Cote d' Ivoire to improve cooperation on the implementation of ECOWAS trade-related and other protocols.

711. The Ministry successfully hosted the last ECOWAS summit and other ECOWAS annual meetings.

Outlook for 2004.

712. **Mr. Speaker,** the Ministry will continue to carry out programmes and activities that are consistent with the objectives of the GPRS. They will include the following activities:

713. A National Governing Council and Civil Society Peer Review Team will be established in 2004 to initiate the implementation of the African Peer Review mechanism.

714. Regional launch of NEPAD sensitisation programme in the remaining six regions and selected districts throughout the country will be continued.

715. ECOWAS and NEPAD documentation centre will be set up in 2004 to facilitate public access to matters of governance and related activities in the Region.

716. **Mr. Speaker,** the Ministry will embark on the sensitisation of the Public on the establishment of the West African Central Bank on July 1, 2005 in Accra and the subsequent adoption of a common currency for the Second West African Monetary zone.

717. An amount of ¢21,922 million has been earmarked for the Ministry of Regional Integration and NEPAD to implement their planned activities for 2004.

SECTION SIX: POVERTY REDUCTION AND UTILISATION OF HIPC FUNDS

Government Spending on Poverty Related Expenditures

Performance in 2003

718. **Mr. Speaker,** Government continues to make conscious efforts to reduce the plight of the poor and vulnerable groups by directly targeting them in the provision of basic social and economic services as well as productive assets.

719. By the end of December 2003 total Government expenditure (excluding donor funds but including HIPC resources) for basic services for the poor[2] amounted to ¢4,464.16 billion, representing 29.24 per cent of total Government expenditure. This showed an increase of over ¢400 billion over the planned expenditure of ¢4,059.28 for the year (See Appendix 7).

720. By the end of the year, almost 70 per cent of the total poverty related expenditures was on basic human development services - primary health care, basic education and safe drinking water. The rest of the expenditure was utilised on employment generating activities, including agriculture, skills training, provision of basic infrastructure (feeder roads and rural energy), and on social welfare, human rights and public safety.

Utilisation of HIPC Funds

721. An amount of ¢853 billion of HIPC resources was estimated in the 2003 budget for poverty reduction and growth enhancing projects under the HIPC programme. Disbursements amounted to ¢850.79 billion by the end of the year, out of which ¢144 billion was used for domestic debt payment, a strategy that was designed to ease interest payments and thereby free Government discretionary resources for the social sector.

722. The rest of the HIPC resources amounting to ¢706.79 billion was disbursed to MDAs for utilisation mostly in the medium term priority areas outlined in the Ghana Poverty Reduction Strategy, particularly in the areas that will have greater impact on the poor. They include:

- An amount of ¢205.77 for health facilities and services including: completion of the Sunyani Hospital, construction of several district and community health facilities and sanitation improvement projects,

[2] This represents recurrent and non-recurrent expenditures for poverty-related activities as defined in Appendix 7. These activities may be additional to the Medium Term Priority Programmes and projects of Government which focuses mainly on investment expenditures

particularly toilet facilities in the barracks of the forces and the security agencies that had been neglected for a long time. Notable among the HIPC resources for health is an amount of about ¢54 billion that had been released to facilitate District Health Insurance Schemes in almost all districts in the country. This represents an important step towards the abolition of the "Cash and Carry" system promised by the Government.

- Also worthy of note is the allocation of ¢17.3 billion for exemptions for maternal deliveries. **Mr. Speaker,** our women die from a lack of supervised delivery. Government provided funds to cover exemptions for maternal deliveries in four regions where maternal mortality is highest – Central, Northern, Upper East and Upper West regions. This represents a major attempt to improve maternal health delivery in deprived areas.

- About ¢156 billion was released for various educational activities including: upgrading of 31 senior secondary schools in selected districts throughout the country, food subsidies for second cycle institutions and for improvements in infrastructure and furniture for some basic schools. The impact of HIPC resources in this area is seen in the construction of classroom blocks on which are clearly marked "HIPC Benefit" in communities that previously had no schools.

- Roads and transportation benefited from a total of ¢98.77 billion of which ¢80 billion was disbursed for the feeder roads programme while a down payment of ¢18.77 billion was made for 250 buses from China to ease urban transport problems, under the Government's mass transportation project.

- An amount of ¢15.4 billion was disbursed for water supply systems in the Vakpo traditional area, Akim Ntronang-Birim North District, Apesokubi and Kwamikrom in the Jasikan District and for guinea-worm eradication related activities.

- In support of Government's modernization programme for agriculture, ¢27.75 billion was disbursed for the procurement of agricultural tractors with accessories irrigation systems, household metallic silos, mechanical and solar dryers and for the acquisition of sheabutter and oil palm processing machinery to reduce the drudgery of farmers, add value, reduce post harvest losses and ultimately increase the incomes of farmers especially the food crop farmers.

- A total of 185.29 billion was disbursed through several agencies for implementation of various poverty reducing projects and activities. These include: drainage and coastal protection works; establishment of libraries in some districts; skills training for street children, construction of 16-unit self contained one bedroom houses for the Ghana Police, construction of receptive facilities to promote tourism etc.

723. The allocation to Metropolitan, Municipal and District Assemblies was 27 per cent of the total approval for the MDAs and DAs. In line with the GPRS and the PSI, well selected projects for the districts in the areas of education, health, sanitation and agric, benefited from DAs' allocated HIPC funds. Programmes by the DAs for the utilization of the HIPC funds were vetted by the Ministry of Local Government and Rural Development before releases were made. The Ministry also managed funding for liquid waste management, for various districts with an amount of ¢14.54 billion

Outcome of the Poverty Reduction Expenditures

724. **Mr. Speaker,** poverty headcount is measured periodically through the Ghana Living Standards Survey (GLSS) which is undertaken every five years. The last GLSS was conducted in 1999. We therefore do not have up-to-date numbers on poverty levels, but we have reported on various indices throughout this budget, which provide us with an indication of how we are faring with respect to selected indicators.

725. In the health sector performance recounted above for example, improvements were recorded in various health indicators in terms of health services and quality care. In education, enrolments have increased from 79.5 per cent to 81.1 per cent.

726. The records also show that female enrolments are increasing especially in the deprived regions.

727. There was however a setback in earlier achievements in the guinea worm eradication programme. Guinea worm cases showed an increase from 4,733 cases in 2001 to about 8,000 cases by the end of 2003 even though they were targeted to reduce in 2003.

Outlook for 2004

728. **Mr. Speaker,** I wish to reiterate Government's commitment to the aim of the GPRS, which is "to achieve growth, accelerated poverty reduction and

the protection of the vulnerable and excluded within a decentralized, democratic environment". The actions we are taking in various sectors of the economy are expected to foster growth and increase the pace at which we reduce poverty.

729. We are addressing poverty through direct actions to increase the productive assets of the poor, increasing the shares of Government spending in the social sector and providing support to empower all Ghanaians to participate in the wealth created.

730. Government has allocated a total of ¢5,158.45 billion representing 27.29 per cent of total Government expenditure in the 2004 budget for poverty-related expenditures (see Appendix 7 for Poverty Reduction Expenditure by Sub-sector). The total amount, which excludes donor funds but includes HIPC resources, represents an increase of about 27 per cent over the planned poverty reduction expenditure of 2003.

Utilisation of HIPC Resources in 2004

731. **Mr. Speaker,** about ¢1,507.00 billion of HIPC relief is expected this year, out of which ¢301.4 billion will be used to reduce domestic debt and the rest allocated to MDAs and District Assemblies to implement poverty reduction and growth enhancing programmes and projects.

732. The funds will be channelled to MDAs' projects in the areas of health, sanitation, safe water, increased access to basic services, education and activities leading to employment generation and provision of productive assets. Emphasis will also be placed on programmes leading to equipping the deprived in society with employable skills, alleviating the impact of disasters on victims, the protection of the rights of women and children, without sacrificing growth enhancing projects. A matrix on the allocation and utilisation of HIPC Funds by MDAs is included in the Appendix 7. Examples include the following:

- District Assemblies have been allocated ¢165.7 billion to be used in providing school infrastructure, health facilities, sanitation services, safe drinking water for their communities and in developing the capacity for disaster preparedness. It is expected that the bulk of the allocation to District Assemblies will be utilised to improve sanitation while ¢15 billion out of these will be used for disaster preparedness;

- A total of ¢192 billion has been allocated for education out of which ¢72 billion will be used to provide subsidies to second cycle institutions and ¢20 billion for subsidies for the payment of fees for Basic Education Certificate Examinations (BECE). This will enable many poor school children, whose parents could not have afforded to pay the examination fees, participate in the examinations;

- A total of ¢103.8 billion allocated to the health sector will be used to improve health services delivery in the country. To complement this, ¢20 billion has been allocated for the national ambulance system as part of the nation's disaster preparedness;

- An allocation of ¢65 billion has been made to ease the perennial water supply problem in various areas, including Cape Coast schools, Ankaful Psychiatric Hospital and in Adenta. An amount of ¢15 billion has also been allocated for the eradication of guinea worm in the Brong Ahafo, the Northern Regions and the Volta Region which have shown an increasing trend in the incidence of the disease;

- About ¢91.3 billion (5.6 per cent of the total HIPC relief) will be allocated to Ministry of Energy, for the SHEP 3 and 4 projects and others to extend the electrification programmes to put more towns and villages on the national grid.

- For feeder roads, an amount of ¢80 billion has been allocated this year to increase access to markets

- The sub-metropolitan areas of Accra nd Kumasi have been allocated ¢60 billion to help address sanitation issues

- To support micro-finance/small and medium enterprise initiatives, an amount of ¢50 billion has been earmarked to assist salt producers, women's groups in various productive ventures, small-scale mining activities etc.

- The afforestation programme has been allocated an amount of ¢50 billion

- A sum of ¢11.81 billion will be disbursed by the Ministry of Manpower Development and Employment to provide employable skills for 10,000 unemployed persons. This is in support of the Government's policy of creating jobs for Ghanaians;

- An amount of ¢13.2 billion has also been allocated to provide job training for 50 Community Information Centre personnel and the rehabilitation of 20 postal agencies.

733. **Mr. Speaker,** the tracking system for the use of HIPC funds, which started last two years, will be intensified to not only ensure judicious use of the funds, but also for proper accountability of all the stakeholders of the funds.

Debt Service Savings and the HIPC Account

734. Mr. Speaker, total expected debt service due for 2004 for both government and government guaranteed debt is about US$ 440.8 million, out which total government debt due is US$ 346.25 million, made up of US$255.43 million and US$90.82 million for principal and interest respectively. Of this total, only about US$154 million would be paid to the creditors. Total projected HIPC debt relief/saving for 2004 for both direct government liability and government guaranteed liabilities is therefore about US$286.2million. It is also expected that after cancellation at completion point, debt service for both principal and interest will further reduce.

735. The total projected debt service savings expected in the HIPC Account for the year 2003 was US$113.33 million. As at end December 2003, total transfers into the HIPC Account amounted to US$108.96million. The difference, together with about US$ 145.96 million will be lodged in the HIPC account this year. The remaining debt service for this year, amounting to about US$ 140.24 million is expected to be cancelled.

Approvals for Spending From HIPC Account

736. **Mr. Speaker,** to date Government has disbursed a total of **¢1,117.63 billion** from the HIPC Account to support poverty-related spending by the MDAs. This amount is made up of ¢266.78 billion and ¢850.79 billion for years 2002 and 2003, respectively.

Additional Benefits

737. **Mr. Speaker**, as part of the debt relief process, Government has concluded bilateral negotiations with most of our creditors and agreements have been reached for the provision of more debt relief, especially from bilateral sources. During the year 2003, Government's skillful negotiations and sound economic management practices yielded

positive responses from our development partners resulting in the provision of additional debt relief to Ghana as follows:

- Firstly, in June 2003 our Paris Club creditor countries extended the period of providing interim relief from November 30, 2002 to March 31, 2004.

- Secondly, as an expression of confidence in Government's economic policies, some of our bilateral creditors, especially the G-7 countries extended their debt relief up to 100 per cent cancellation of maturities falling due during the Interim Period.

- Thirdly, the Japanese Government converted a loan of about US$ 2.0million for the Accra – Yamoransa Road into a grant; and

- Finally, the European Investment Bank (EIB), in January 2004 announced their decision to join the multilateral creditors providing interim relief, though they had earlier declined to do so. They therefore are to refund about 2.4 million Euro being debt service payments for 2002 and 2003, and also cancel about 1.2 million Euros, being 100 per cent debt service falling due for 2004 for two loans.

HIPC Completion Point

738. Mr. Speaker, Ghana expects to reach HIPC Completion Point (CP) this year, when we would have attained the triggers for floating CP. Some of the triggers for the CP are the preparation and satisfactory implementation of the GPRS for a least one year and the continued maintenance of macroeconomic stability. These we have met by the satisfactory implementation of the PRGF supported programme. Other benchmarks include an increase in female primary gross enrolment ratios to 74 per cent.

739. By March this year, we would have implemented the GPRS for one full year after it was approved by the Bretton Woods Institutions (BWIs) in April 2003. It is therefore expected that by end of the first quarter our floating CP benchmarks will be assessed.

740. At Completion Point, our bilateral creditors, including the G-7 countries are expected to provide debt stock cancellation amounting to about US$1.5 billion, and other commercial creditors will also be expected to give a comparable treatment. Multilateral creditors which are currently providing interim relief are the International Development Association

(IDA), African Development Bank Group, International Monetary Fund, (IMF) and the European Development Fund (EDF) and recently the European Investment Bank (EIB). They are expected to continue to provide debt service reduction until they fully deliver their various shares of the debt relief.

741. Mr. Speaker, also, our other multilateral creditors including, the International Fund for Agricultural Development (IFAD), BADEA, Nordic Development Fund (NDF) will be expected to begin to provide relief while the Organization of Petroleum Exporting Countries (OPEC) had indicated that they are willing to provide 'back-to- back transaction' (i.e. providing another loan, with terms soft enough to account for their share of relief in net present value (NPV) terms) at completion point.

SECTION SEVEN: POLICY INITIATIVES

742. **Mr. Speaker,** the thrust of this year's policy initiatives has been fashioned to create a more conducive business friendly environment that will accelerate the development of a more vibrant private sector. Government will, therefore, provide specific support to the business community with special emphasis on Small and Medium Scale Enterprises (SMEs).

743. **Mr. Speaker,** following from His Excellency the President's 2004 **State of the Nation** address, the Ministry of Finance and Economic Planning has been tasked to further improve the revenue base by continuing the strengthening and streamlining of the existing revenue mobilization mechanisms through efficient and effective revenue collection strategies. This is aimed at plugging the loopholes in the tax system to ensure optimum revenue mobilisation.

744. The proposed support and reliefs to businesses and individuals are reflected in various tax relief measures, credit and other forms of assistances to SMEs.

TAX RELIEF MEASURES

Individual Income Tax Relief

745. **Mr. Speaker,** Government is aware of the burden that the current tax regime imposes on our loyal citizens who continue to honour their constitutional obligations by paying their income taxes.

746. To reduce the tax burden on these loyal citizens, Government proposes the following tax relief measures to, as it may, put more money back into their pockets:

- The minimum tax threshold be raised from ¢1.2 million to ¢1.5 million. This implies that the first ¢1.5 million of individual incomes will now be tax-free instead of the current ¢1.2 million.

- The next ¢1.2 million is also raised to ¢1.5 million and shall attract a tax rate of 5 per cent.

- The next ¢3.0 million will still be taxed at 10 per cent;

- The next ¢18.6 million being taxed at 15 per cent at the moment be extended to ¢21.0 million but taxed at the same 15 per cent rate;

- The next band of ¢24 million be expanded to ¢33.0 million and taxed at the rate of 20 per cent.

- Incomes exceeding ¢60.0 million per annum instead of ¢48.0 million will be taxed at 30 per cent.

747. **Mr. Speaker,** these tax reliefs are expected to increase the disposable incomes of Ghanaians and thus improve their standards of living.

748. We also believe that this friendlier tax regime would encourage more people to honour their PAYE tax obligations and also reduce the incidence of tax avoidance and evasion.

Corporate Income Tax Relief

General Relief

749. **Mr. Speaker,** in order to ease the tax burden on the corporate sector, and to reflect the business friendly dimension of this year's Budget in this declared Golden Age of Business, Government proposes a reduction in the corporate income tax rate from the current 32.5 per cent to 30.0 per cent effective next financial year.

Relief to Companies Listing on the Ghana Stock Exchange for the First Time

750. **Mr. Speaker,** to encourage more companies to list on the Ghana Stock Exchange, it is proposed that, companies which will be listed for the very first time on the Exchange be granted a tax rebate by having their corporate profits charged at a 25 per cent tax rate instead of the current 32.5 per cent . This provision will be applicable for 3 years. New entrants to the Exchange will, however, have to be **fully** listed to enjoy this special tax rate of 25 per cent .

Special Income Tax Rates for Agro and Waste Processing Firms

751. **Mr. Speaker,** to expand the market for locally produced agricultural

products and also to encourage and promote value addition to these products through agro-processing, Government proposes to grant a tax holiday of 5 years for new industries that will engage in such ventures.

752. Additionally, it is proposed that after the 5 years tax holiday, the corporate income tax of agro-processing industries will be fixed according to their locations as follows: -

- Accra and Tema - 20 per cent
- Other Regional Capitals - 10 per cent
- Outside Regional Capitals - Zero

753. The new rates are substantially lower than existing reliefs granted to such companies on the basis of location.

754. Mr. Speaker, in the case of the three northern regions namely, Northern, Upper East and Upper West, corporate tax for such companies shall be zero irrespective of whether the industry is located in the regional capital or otherwise.

755. This new rates schedule will now be applicable to all existing agro-processing industries that use local raw agricultural products as their main inputs. This tax regime shall, however, not be applicable to companies which process raw cocoa beans which already enjoy some reliefs.

756. **Mr. Speaker,** to encourage companies to invest in activities that will assist in our efforts to introduce efficient waste management systems in our country, it is proposed that companies which establish factories whose principal activity is processing waste including re-cycling of plastic and polythene material will pay no corporate tax for the first 7 years of their operations irrespective of location. Other additional incentives will be considered on a case-by-case basis by the Ghana Investment Promotion Centre (GIPC) for such companies.

Vehicle Income Tax

757. **Mr. Speaker,** in consultation with the Ghana Road Transport Coordinating Council, the Internal Revenue Service started implementing the Vehicle Income Tax through the introduction of stickers in July 2003 to improve tax collection in the transport sector. The contribution to total revenue from this initiative has been quite significant. Vehicle income taxes increased tremendously from ¢9.2 billion in 2002 to ¢30 billion in

2003 despite the implementation of the sticker system for only six months of the year.

758. **Mr. Speaker,** it is proposed that Vehicle Income Tax for articulated trucks be reduced from ¢1.2 million to ¢900,000 per annum. Taxes on all other categories of commercial vehicles shall remain at their current rates.

Use of Tax Clearance Certificate to Clear Goods

759. **Mr. Speaker,** as part of Government's efforts to promote efficiency at the ports and to reduce the cost of doing business in the country as a whole, the regime of special dispensation to taxpayers in good standing to clear goods with a single Tax Clearance Certificate (TCC) within a single calendar year will be enforced.

760. The list of eligible beneficiaries, however, shall be reviewed and expanded to enable more companies benefit from this measure. The reviewed list will also be gazetted by the Ministry of Finance and Economic Planning to ensure transparency in implementation.

REDUCTION OF IMPORT DUTIES AND REMOVAL OF VAT ON SELECTED IMPORTED INPUTS

761. Import duties and import VAT on a number of items have been rationalised as follows: -

Duties on Aluminium Ingots

762. Following consultation with companies which use aluminium ingots as raw materials, it is proposed that the import duty on aluminium ingots be reduced from 10 per cent to 5 per cent .

VAT on Imported Raw Material Inputs

763. Pursuant to Government's vision of a Golden Age of Business, it is proposed that payment of VAT on imported industrial raw materials be deferred and thus zero-rated. It is envisaged that this will mitigate the upfront cash flow problems faced by manufacturers associated with the VAT component of large imports of industrial raw materials.

764. Since some raw materials also double as finished products, the list of imported industrial raw materials qualified to be zero-rated under the Import VAT regime and the companies eligible for this special tax treatment shall be gazetted quarterly by the Ministry of Finance &

Economic Planning in collaboration with the Ministry of Trade, Industry and President's Special Initiative to ensure transparency and to curtail abuse.

Removal of Duties on Imported Lumber

765. Mr. Speaker, in 2001, the Government removed import duties on round logs to facilitate the importation of logs to the country in a bid to save our forests. In an effort to broaden the scope and expand the impact of this initiative, Government proposes to extend this tax relief to include imports of lumber for domestic processing.

Removal of VAT on Irrigation Pumps

766. In order for the country to increase its international market share of non-traditional crops on a sustainable basis, and also to increase local rice production and in line with Government's priority of modernising agriculture, there is the need to accelerate development of irrigation facilities.

767. In the light of the foregoing, it is being proposed to remove VAT on irrigation pumps. It is expected that this will have a positive impact on the operations of irrigation farming in the country.

Removal of Duty and VAT on Imported Inputs for Fishing Nets and Fishing Ropes

768. **Mr. Speaker,** to reduce the cost of operations of our fishermen to make the fishing industry competitive, it is proposed that import duty and import VAT on inputs for the production of fishing nets and fishing ropes be removed.

Removal of Taxes on Musical Instruments

769. To help give a boost to the development of local musicians and the music industry towards the promotion of our culture and tourism as well as social life, it is proposed to remove the import taxes on musical instruments classified under Chapter 92 of the Harmonised Code and recording instruments.

Removal of GCNet Processing Fee on Currency Importation

770. To minimise the charges imposed by banks on their customers, it has been decided to remove the GCNet processing fee on importation of currency notes by the banks.

ENHANCED REVENUE MOBILISATION MEASURES

Automation

771. **Mr. Speaker,** in fulfillment of our commitment to facilitate trade by modernizing operations and clearance procedures at our ports and harbours, all CEPS offices at the airports and harbours have been automated and are currently operating and processing all imports and some exports through the Ghana Customs Management System (GCMS). This system shall be deployed to Elubo and Aflao by end of the first quarter of the year.

772. To stamp out the incidence of illegal clearance of vehicles from the ports and subsequent fraudulent registration of such vehicles, the Driver and Vehicle Licensing Authority (DVLA) would be connected to the GCNET system to facilitate the effective monitoring and registration of imported motor vehicles.

NON-TAX REVENUE (NTR)

773. **Mr. Speaker,** in furtherance of our policy to improve domestic resource mobilization and in line with Section 1 (ai) and 1 (3c) of the Financial Administration Act 2003 (ACT 654), which enjoins the Minister of Finance and Economic Planning "to supervise and monitor the finances of the country and ensure the exercise of regularity and propriety in the handling and expenditure of public funds", the Ministry of Finance and Economic Planning will vigorously pursue its mandate to demand more transparency and accountability in the financial dealings of all MDAs, corporations and statutory bodies, and ensure that all non-tax revenue generated by such organizations are utilised efficiently for the nation's common good.

774. **Mr. Speaker,** Government has invested a sizeable proportion of this nation's resources in commercial entities and other such bodies as the Ghana Ports and Harbours Authority (GHAPOHA), Ghana Civil Aviation

Authority (GCAA), National Communications Authority (NCA), Ghana Cocoa Board (COCOBOD), Minerals Commission, Lands Commission and Geological Survey Department, among others. It is imperative and only fair that the nation derives appropriate returns from these investments. Consequently, the Non-Tax Revenue Unit of the Ministry of Finance and Economic Planning would be further strengthened to effectively monitor the performance of such Government investments to ensure that competitive returns accrue to Government.

775. **Mr. Speaker,** to improve upon the comprehensiveness of the budget, all Ministries, Departments and Agencies who have legislative approval to retain and use non-tax revenue will now be required to programme these resources as part of their budgetary allocations, and submit on a monthly basis, full disclosure of the amount collected and how they have been utilized, as required by Section 6(3), of the Financial Administration Act.

776. **Mr. Speaker,** we will further improve the capacity of Ministries, Departments and Agencies to generate more non-tax revenue. Consequently, a budgetary allocation of **¢23.0 billion** has been made in the 2004 budget to provide additional funding for non-tax revenue enhancement activities.

777. It is envisaged that with increased and adequate budget support for revenue enhancement activities, the granting of approvals to individual Ministries, Departments and Agencies to retain certain per cent ages of their collections would be curtailed so that more of the non-tax revenue receipts will be paid into the Consolidated Fund.

Other Non-Tax Revenue Measures

778. The introduction of the Spot Fine for motor traffic offences will come on stream during the year. A draft bill was approved by Cabinet in 2003 and is currently before this august House.

779. During the year, the new bill on the Department of National Lotteries and the Gaming Bill will be placed before Parliament. It is envisaged that the passage of these bills into law would lead to increases in revenues to the State.

Interest Rates Computation in Government Contracts

780. In order to minimise fraudulent claims due contractors, a special committee comprising the Ministries of Roads and Transport, Finance and Economic Planning and Bank of Ghana will study the current system of

applying and computing interest rates on arrears and the use of "escalation" and "variation" clauses in contracts to rationalise payments to foreign and local contracts in the country.

Sale of Low Cost Houses to Occupiers

781. **Mr. Speaker,** Government has decided that the Ministry of Works and Housing should immediately take inventory of the stock of Low Cost Houses nationwide and have their current values established and discounted at a reasonable rate, so as to sell to, first, the sitting tenants or in the event of their inability to pay, to other prospective buyers.

782. The revenue so generated would be used as seed money, to commence effectively the Rural Housing Programmes of the Government.

Restructuring of Ghana Commercial Bank – Government's Decision on its Shareholdings

783. **Mr. Speaker,** following the decision of Government to suspend the sale of Government shares in Ghana Commercial Bank (GCB) to a strategic investor, a Special Committee was set up to look at other options.

784. After considering the Committee's report along with concerns and suggestions from other stakeholders including the Trades Union Congress (TUC) and the general public, Government has decided not to sell its shares but to adopt the following strategic approach: -

- To raise additional resources through floatation of new shares in GCB on the Ghana Stock Exchange and encourage Ghanaians to acquire these shares; and

- Put out to competitive tender a management contract for the Bank.

785. The objective of this strategic approach is to bring an infusion of new capital and strengthened management of GCB in order to improve the Bank's efficiency and enhance its contribution to Ghana's economy.

786. These initiatives are meant to significantly dilute Government's shareholdings in the Bank, strengthen the Bank's capital base, and improve management performance and efficiency.

787. The Board of GCB is expected to initiate the process of preparing the Bank for the flotation of the new shares on the stock market soon. It is anticipated that this process will be completed by the end of this year.

The process of putting the management contract to a competitive tender is also expected to begin in earnest following the completion of the flotation of new shares.

CONSUMER PROTECTION THROUGH ENFORCEMENT OF HEALTH AND SAFETY STANDARDS

788. **Mr. Speaker,** there is the need to curb the influx of unwholesome and sub-standard goods onto the local market. Without proper and effective monitoring mechanisms in place, these products can pose tremendous hazards to the unsuspecting public. In line with Government's efforts to protect the health and welfare of its citizenry, the laws and regulations governing the established standards of quality and shelve lives of goods need to be rigorously enforced. Consequently, the Foods and Drugs Board shall be adequately resourced to ensure that all food items, drugs, cosmetics, medical devices and household chemicals both of local and foreign origins meet all prescribed, health, quality and safety standards.

789. A budget of ¢10.0 billion has been allocated for this purpose. In this regard, the Food and Drugs Board will ensure, among others, the following: -

- inspection of external manufacturing plants from where drugs, food and other selected items are manufactured and exported to Ghana. This is to assure the quality and wholesomeness for these products;

- inspection of goods arriving at the ports of entry to ensure compliance with standards to assure public health and safety. This would be done in collaboration with Customs, Excise and Preventive Service (CEPS);

- intensified post-market surveillance to rid the market of unregistered products or products imported through unapproved channels; and

- product safety monitoring and risk management.

790. All such imports into Ghana should be accompanied by a prior notice notification (PNN). The relevant agencies shall have foreknowledge of consignment and batch numbers.

791. The Ghana Standards Board shall also ensure that non-food and drug items such as electrical gadgets meet established standards.

792. To ensure effective monitoring and surveillance, certain categories of imports will be directed through the Takoradi Port for clearance after adequate provisions have been made for storage and other facilities at the Port.

50. In the meantime, it is proposed that all timber imports be directed through the Takoradi Port with effect from 1st July, 2004

Value Addition in Cocoa Industry

793. **Mr. Speaker,** to maximize the benefits of the cocoa industry, Government will continue pursuing the policy of encouraging local value addition to raw cocoa beans. This year the portion of cocoa production processed locally is expected to increase from the current 25 per cent to 35 per cent with the coming on stream of additional processing capacity.

794. **Mr. Speaker,** you may recall that in 2003 the Cocoa Research Institute of Ghana (CRIG) outdoored a number of industrial cocoa by-products derived from using sub-standard beans, cocoa husk and other cocoa waste. These industrial products include: -

- animal feed;
- fertilizer;
- soap;
- pomade; and
- alcoholic beverages

795. As part of Government's support for the private sector, it is proposed that companies which invest in producing these products commercially using cocoa waste as their main or principal raw materials will enjoy a 5-year tax holiday, after which period the same tax regime as has been proposed for agro-processing companies in paragraph 752 of this Budget will apply.

796. **Mr. Speaker,** it is also proposed that an amount of ¢25.0 billion be allocated to support such industries on soft financing terms. This initiative is expected to generate employment, reduce poverty and put to commercial use some of the waste products of the cocoa industry.

797. **Mr. Speaker,** the administration of this financial support will be handled by a sub-committee of Cabinet consisting of the Ministers of Finance and Economic Planning, Food and Agriculture, Women and Children's Affairs, Private Sector Development and Trade, Industry and President's Special

Initiatives in partnership with designated financial institutions to ensure professionalism, effectiveness and transparency in implementation.

Introduction of New Varieties of Pineapple

798. Ghana's smooth cayenne pineapple variety has lost out in the international market to the newly developed MD2 variety from South America. Government is worried about this development because of the significant contribution of the pineapple sector to Ghana's non-traditional exports. Accordingly, Government intends to import, as a start, 2 million MD2 suckers for the Horticultural Association of Ghana for distribution to its members through on-lending arrangements. Government has voted an amount of ¢18.0 billion for the purchase of the suckers.

799. In the long term, however, Government would support the propagation of the suckers locally using the tissue culture technology. In this regard, Government intends to support the Biotechnology Nuclear Research Institute (BNARI) to complete its tissue culture laboratory located at the premises of the Ghana Atomic Energy Commission (GAEC).

Warehouse Receipt System for Agricultural Commodities

800. **Mr. Speaker,** to accelerate growth of the economy to enable the country achieve a middle-income status, we need to get increased investment in agriculture. The sector is, however, constrained by lack of finance, inefficient marketing systems and high risks. To turn this situation around, Government has decided to support the development of a regulated warehouse receipt system that will assure price stability and sustainable provision of affordable finance, especially to farmers who under this system can use their commodities as collateral. The system will also help boost exports by our farmer groups and traders, promote investment in agro-processing and strengthen Government's efforts towards ensuring food security.

801. **Mr. Speaker,** to facilitate implementation of this system in fiscal year 2004, the Government will: -

- put in place supportive policy and regulatory framework to enable the Securities and Exchange Commission (SEC) to supervise and regulate the system. The SEC will in this regard be adequately resourced;

- make available the state-owned storage facilities of the Ghana Food Distribution Corporation to credible operators, who will be authorised to issue warehouse receipts against stored agricultural commodities; and

- work closely with private stakeholders to promote private sector investment in agricultural commodity trading, financing and processing. The relevant stakeholders will determine the agricultural products that can improve food security and cash crop exports to begin the scheme with.

Financial Sector Reforms

802. **Mr. Speaker,** as indicated in the 2003 Budget presented to this House, Ghana requires a financial sector that mobilizes and allocates funds efficiently and is also fully integrated into the international financial system.

803. **Mr. Speaker,** the development of such a financial sector is paramount in order to propel Ghana's economy to realise the levels of savings and investments needed to achieve higher rates of growth and employment that will make meaningful impact in the fight against poverty.

804. **Mr. Speaker,** the actions required to realise this envisioned financial sector have been clearly articulated in a newly crafted Financial Sector Strategic Plan. The implementation of this strategic plan began in 2003 and will be continued this year.

Developments In 2003

805. A number of key milestones were achieved following the implementation of the plan in 2003. These include the following: -

- the passage of the Banking Bill and the Payments System Bill by this House. The Banking Bill is intended to provide the framework for effective supervision of the banking system by Bank of Ghana while the Payments System Bill has the objective of modernizing the legal framework and improving the efficiency of the payments system;

- the signing of an agreement with DANIDA to provide funding for the establishment of commercial courts to facilitate resolution of business conflicts. These courts are scheduled to begin work in 2004;

- to promote competition among commercial banks, the Bank of Ghana published comparative data on bank charges and fees in October, 2003 and prohibited specific fees and levies that were unjustifiable;

- both the Bank of Ghana and the Securities Exchange Commission increased their minimum capital requirements as part of measures to:

  - improve the capacity of primary dealers to purchase and hold security instruments for secondary market operations and development; and

  - increase the capital adequacy of banks to support credit risk management.

- the Securities and Exchange Commission signed a Memorandum of Understanding with the Nigeria Stock Exchange, which will be further consolidated this year. This important development will pave the way for regional cooperation and integration in the process of capital attraction and inflow into the country.

Initiatives For 2004

806. To further accelerate the process of financial deepening, a number of bills will be laid before Parliament for consideration and approval this year. These include: -

The Long-Term Savings Bill

807. **Mr. Speaker,** stylized facts from all over the world indicate that long-term financial planning leads to wealth creation and improvement in credit availability to individuals and businesses and enhances financial security at retirement, and during periods of disability. It also makes funds available for education and housing development among others. Unfortunately, such long-term funding sources remain woefully inadequate in Ghana.

808. Mr. Speaker, to enhance social protection of Ghanaians through retirement savings for employees and self-employed persons and also increase the national savings rate, a long-term savings bill which provides the regulatory framework for a long-term savings scheme will be placed before Parliament this year.

Tax Reliefs under the Long-Term Saving Scheme

809. **Mr. Speaker,** the Long-Term Savings Bill also proposes the establishment of a tax-exempt savings plan with the following features to, among others, encourage long-term savings commitments and enhance our efforts to mobilise capital to generate growth: -

- contributions to a Plan not exceeding 17.5 per cent of a contributor's monthly income shall be tax-exempt;

- contributions made by an employer to a Plan on behalf of a contributor, shall not be treated as part of the assessable income of that contributor for any tax year, and will, therefore, be tax-exempt;

- the income, including investment income, accruing to a Plan shall be exempt from tax; and

- incomes of individuals that are invested in venture capital funds will qualify as contributions towards long-term savings and will, therefore, be tax-exempt.

810. Other Bills that will be submitted to Parliament for consideration are as follows: -

- The Foreign Exchange Bill which is intended to replace the current Exchange Control Act is expected to bring foreign exchange regulations in line with transparency and order;

- The Credit Union Bill which aims to improve the regulatory framework for Credit Union activities;

- The Insurance Bill which is intended to improve the regulatory framework for the insurance industry and also provide an even playing field for all insurance companies in Ghana; and

- Bills and Cheques Bill aimed at reforming the Bill of Exchange Act.

Venture Capital Fund

811. The Venture Capital Fund which was approved by Parliament last year will be fully implemented during the course of this year.

812. **Mr. Speaker,** the Insolvency Bill which is intended to review the current Bankruptcy Law has already been presented to Parliament by the Attorney-General's Department.

813. The Companies Code is being reviewed by the Attorney-General's Department and will be submitted to Parliament this year. The revision is intended to improve corporate governance and bring the rules and laws regulating businesses in Ghana in line with international best practices.

Government Support to Eximguaranty Company Limited

814. In order to enable the Eximguaranty Company Limited offer support and improve access of Micro and Small and Medium Scale Enterprises to credit, the Government will provide a subordinated loan of ¢10. 0 billion to the Eximguaranty Company Limited to provide guarantees to these enterprises.

Government Support in the Micro and Small Enterprises Sector

815. **Mr. Speaker,** arising out of a genuine concern to address the financing and capacity needs of Ghanaians engaged in the micro and small-scale enterprises sector, the Government has put in place several policy interventions in three main focus areas: -

- Provision of Micro Credits
- Institutional strengthening; and
- Capacity Building.

Provision of Micro Credits

816. **Mr. Speaker,** the purpose of the Micro Credit schemes is to provide financial support to the economically active poor, especially women, as a form of increasing their access to development resources to generate economic activity and, thereby, reduce poverty.

817. Programmes under this category include:

- Village Infrastructure Project;
- Social Investment Fund;
- Promoting Private Sector Development Partnership;
- Farmers Assistance Strategy;
- Youth Development Fund;
- District Assemblies Common Fund;
- Women's Development Fund;

- Small-Medium Enterprise Credit; and
- Emergency Social Relief Fund.

818. The target beneficiaries include:

- Productive but poor farmers;
- Economically active but poor women;
- Economically active but poor artisans;
- Employable but unemployed youth;
- Small and Medium Enterprise; and
- The poor micro enterprise operators organized into income generating groups.

Main Achievements and Impact for 2003

819. Mr. Speaker, through 80 rural and community banks and 40 other micro finance institutions, beneficiaries of the Micro Grants and Credits scheme in 2003 included: -

- Over 120,000 women involved in economic activities such as farming, fish mongering and general trading;

- Over 45,000 farmers engaged in the cultivation of yam, cocoyam, cassava, plantain, tomatoes, maize, millet vegetables etc.; and

- About 3,000 artisans

Micro Finance Institutional Strengthening

820. **Mr. Speaker,** the purpose of this intervention is to support Micro Finance Institutions (MFIs) in building institutional capacity through training, exposure to relevant best practices and technical assistance, to enable them reach out to a significant number of micro, small and medium enterprises, particularly women in rural Ghana, while ensuring that the MFIs achieve managerial and financial sustainability.

821. Funding for the institutional strengthening support has been provided through the following schemes: -

- Rural Financial Services Project (RFSP);

- Social Investment Fund (SIF);
- Rural Enterprises Project (REP); and
- Promoting Private Sector Development Partnership (PPSDP).

822. The beneficiary institutions include the ARB Apex Bank (the Supervising Bank for Rural and Community Banks), the rural and community banks, the savings & loans companies, Credit Unions Association (CUA), Ghana Cooperative Council, NGOs with micro finance focus and the Ghana Cooperative Susu Collectors' Association.

823. Main achievements in 2003 for the institutional strengthening intervention include:

- The full functioning of the ARB Apex Bank;

- Key personnel of participating MFIs have been trained in micro finance strategic plan preparation, micro finance product development and loan administration system;

- Board of Directors of all 116 rural banks have been given governance training; and

- Apex Bank has taken delivery of four (4) bullion vans to facilitate the distribution of monies to the rural banks.

Capacity Building

824. **Mr. Speaker,** the capacity building intervention under the Micro Finance Sector is to strengthen the informal financial sector's linkages with the formal financial sector. This component provides training for the MFIs as well as beneficiary groups.

825. Funding is provided under the following programmes: -

- Promoting Private Sector Development Partnership (PPSDP);
- Village Infrastructural Project (VIP);
- Social Investment Fund (SIF); and
- Rural Finance Services Project (RFSP).

826. Beneficiaries include:

- Savings & Loans Associations;
- Susu and Susu Clubs;

- Credit Unions;
- Co-operatives;
- NGOs with Micro Finance focus;
- Self-help Groups;
- Community Based Organizations; and
- Women's Groups.

Main Achievements in 2003

827. In 2003, 52 groups of 2,100 individuals were trained in basic bookkeeping, management, micro finance operations and governance.

2004 Programme

Restructuring of Government-Sponsored Micro Finance Programmes

828. **Mr. Speaker,** in spite of the successes achieved under the various Government interventions to supplement the credit needs of Micro and Small-Scale Enterprises (MSEs), there is still the need for improved co-ordination and administration of these interventions with the view to reducing duplication of projects and enhancing synergy in operations. To this end, Government has decided to create a new bureau to be known as the National Micro Finance Administration.

829. This unit which will be professionally run with its own Chief Executive and a Governing Board will be under the supervision of the Office of the President and it shall receive policy support from the Ministry of Finance and Economic Planning and the Ministry of Trade, Industry and President's Special Initiative.

830. The National Micro Finance Administration will also serve as the focal link between the Government and all Micro Finance Institutions and other apex bodies in the Micro and Small-Scale Enterprises Sector.

831. There will be special windows to address the problems of certain target groups such as the physically challenged, women, young entrepreneurs artisans, farmers, youth and trained unemployed.

Public Sector Reform

832. **Mr. Speaker,** whether the nation achieves the pace and quality of national development of which it is capable, and for which its citizens are asked to pay all these taxes, depends upon the efficiency of the machinery of Government itself.

833. A significant amount of effort has been undertaken over the past several years to promote reform in the institutional structure of the public sector. However, we have recognized that a great deal of practical improvements are needed in the way that day-to-day tasks are carried out within the Civil Service and other public institutions.

834. **Mr. Speaker,** improvements are required in the following areas: -

- the way official bodies deal with the public, especially the business community;
- the way we store, retrieve and make use of important information in Government offices; and
- ensuring that we get value-for-money in the purchasing of, and
- contracting for, goods and services.

835. By the same token, **Mr. Speaker,** we need to improve conditions of public service employment in order to ensure that we can:

- hire and retain the highest calibre of people who will render loyal and conscientious service;

- bring to Government much higher standards of efficiency and effectiveness; and

- ensure that the state's support for its citizens is delivered with the highest degree of professionalism.

836. In 2003, we began to develop a revised program of Public Sector Reform that would seek to further strengthen the capacity of the machinery of Government. This process has been given the highest priority and sponsorship within Government.

837. The present Budget provides for the finalization and implementation of the first phase of a new program with emphasis on participation and ownership by public servants themselves and their Ministers in the reform process. This **Mr. Speaker,** will help in building systems that would ensure greater accountability and the effective control of public resources.

Deregulation in the Petroleum Industry

838. **Mr. Speaker,** the country spends about US$450 million of scarce foreign exchange resources to import oil in crude and finished products. Government recognizes that efficiency in the petroleum sector is key to productivity increases and economic competitiveness, and is calling on the private sector to apply its ingenuity, entrepreneurship, management capacity, and access to financing to resolve the longstanding problems that have bedevilled this sector.

839. Against this background, the Government has decided to accelerate the programme for deregulation of the petroleum sector that has been approved by Cabinet. The programme will: -

- Promote competition in petroleum product marketing, by providing scope for new entrants;

- Allow private sector operators to import crude oil and /or refined petroleum products on their own account; TOR will stand ready to refine its own crude oil or that of other registered importers (on a fee basis), for the domestic market or for export; and

- Allow petroleum prices to be market determined, through free competition among the Oil Marketing Companies (OMCs).

840. **Mr. Speaker,** Government has started negotiations with the OMCs on new operating arrangements that will apply under deregulation. A National Petroleum Planning Committee has been established with representation from the OMCs, Ministry of Energy, Ministry of Finance and Economic Planning, National Petroleum Tender Board and Bank of Ghana to advise on the process of deregulation.

841. Meanwhile, the OMCs have agreed to finance the procurement of finished products to be imported as of the first quarter of 2004. This will reduce the cash flow requirements of TOR.

SECTION EIGHT: CONCLUSION

842. In conclusion, **Mr. Speaker,** permit me to say this: Based on the gains resulting from our sound macro-economic performance over the past three years, our Government is proud to have been able to announce today the tax incentives, tax reliefs and other generous supports to our Workers and the Business Community who have been our loyal social and economic partners in the achievement of Ghana's sterling economic performance. In doing this we are only restoring to them some of the immense economic gains which they have supported us to bring to fruition.

843. **Mr. Speaker,** as recognised by H.E. The President in the '**State of the Nation Address'** Ghana's foreign exchange reserves have grown rapidly and now cover about four months of imports, the highest within recent memory. This has reduced the sense of insecurity in external transactions among the business community in particular and Ghanaians in general, thus facilitating forward planning and investment decisions.

844. Within this short period of 3 years, we have been able to turn the fortunes of this country from a rather desperate position to a very hopeful state. GDP growth rates in the last 3 years have been on the ascendancy achieving 4.2 per cent in 2001, 4.5 per cent in 2002, and 5.2 per cent in 2003. And we expect it to grow by at least 5.2 per cent by the end of this year 2004.

845. **Mr. Speaker,** together with the people and our business community, we have achieved stabilisation of the value of the Cedi, reduced inflation, kept Government expenditures under control, exceeded our revenue targets, contained domestic borrowing, improved overall fiscal outturn, and introduced strategic initiatives to improve the general economic environment, thereby giving hope and a brighter future for all Ghanaians.

846. **Mr. Speaker,** reduced borrowing by Government has led to lower interest rates, created more room for private sector borrowing, contributed to the restructuring of domestic debt and achieved gradual recovery in private investment, resulting in improved financial intermediation. We are paying attention to removing administrative barriers in the registration of new businesses; and we are working strenuously to improve the security of land tenure through the strengthening of Land Registration. The new incentives announced and all these efforts are aimed at increasing the availability of credit to the Private Sector, reducing the cost of doing business in Ghana, and creating a truly enabling environment for businesses to thrive.

847. Thus, the budget of 2004 is indeed meant to launch the 'BUSINESS FRIENDLY YEAR'.

848. **Mr. Speaker,** all the above achievements demonstrate the Government's determination to permanently remove the 'umbrella' of economic despair, which hung over Ghana before 2001. The healthy economic climate in which we find ourselves today is reflected in the steady and continued improvement in the quality of life for the average Ghanaian, brought about by the nation's ability to pay for it out of the gains of the bold economic steps we have taken so far.

849. **Mr. Speaker,** in the past, the process of preparing Government Budget Statements has tended to detach the people from the official and technical expectations of economic programmes long before they are delivered, due to the innate fear for the unpredictability of its contents.

850. **Mr. Speaker,** we can now assure Honourable members of this House, that the contributions towards the preparation of this 2004 Budget have been deepened through wide consultations that have been conducted with various stakeholders, including the Private Business Sector.

851. **Mr. Speaker,** we would like to urge a further departure from the traditional conception of budget statements, as annual ritual edicts of Government. I will appeal to all citizens of this country not to view this year's budget as an exclusive vision of the President of the Republic of Ghana or a vision belonging to the NPP Government alone, but as a national enterprise in which all are called to participate and share.

852. If we are going to be able to achieve all the targets set in this Budget, then all of us should have a collective vision of taking steps to reduce the level of poverty, taking advantage of the new environment to improve our health status and committing ourselves to increased productivity in our various fields of endeavour, so that, together with Government, we can achieve our collective goals.

853. **Mr. Speaker,** the time is right for each and every Ghanaian to move away from the passive attitude that we have adopted to budget statements as an exclusive Government business. If everyone recognises the role that he or she plays for us to achieve the goals for 2004, then we would have taken a giant step as an emerging nation to ensure universal participation of citizens in governance.

854. **Mr. Speaker,** the destiny of our beloved country should be the collective responsibility of all of us, with each one of us playing his or her expected role diligently. This is the essence of a truly participatory democracy.

855. We invite our colleagues on the other side of this House, to join us to thank the electorate on whose behalf we serve in this august House. We thank them for the patience which they have exhibited on the numerous occasions that we have had to take difficult decisions to put the economy on a sound footing.

856. **Mr. Speaker,** the stage is set for the emergence of a clear path to Ghana's economic destiny. A strong foundation has been laid for the country to fully take off as other nations have done. The Private Sector, embracing farmers, artisans, craftsmen, micro, medium and large-scale industries and enterprises, should adopt the right attitudes and best business practices in order to lead this country towards the creation of abundant wealth and the reduction of poverty.

857. We wish to use this occasion to express our gratitude first to you, **Mr. Speaker,** and to all our colleagues in Parliament, who have assisted in the healthy debates which have characterised our work in this House, as well as all supporting staff who worked tirelessly with the House to make our endeavours successful. We also use this occasion to wish our colleagues including those who will be retiring honourably as well as those who may not be returning to this House, for other reasons, success in their future endeavours.

858. **Mr. Speaker,** for the first time in the history of this country, it has been decided that the contents of the Budget be immediately and graphically disseminated to the entire public. In this regard an exhibition on the 2004 Budget Statement and the Economic Policy has been mounted in the Foyer of Parliament House and everybody is invited to see it.

859. **Mr. Speaker,** I want to take this opportunity to invite the House and the public to join Hon. J.H. Mensah, the Senior Minister, to open the Exhibition immediately after the adjournment of sitting today.

860. **Mr. Speaker,** I beg to move.

APPENDIX TABLES

Appendix Table 1: Ghana, Selected Economic Indicators, 1998-2004

Appendix Table 2: Ghana, Medium-term Expenditure Framework, Total Payments and Receipts, 2002-2006

Appendix Table 3: Ghana, Medium-term Expenditure Framework, Total Receipts, 2002-2006

Appendix Table 4: Ghana, Medium-term Expenditure Framework, MDAs' Discretionary Expenditure Ceilings, 2004

Appendix Table 5: Ghana, Medium-term Expenditure Framework, Total MDAs' Discretionary Expenditure Ceilings, 2004-2006

Appendix Table 6: Ghana: Balance of Payments, 2002-2004

Appendix Table 7: Poverty Reduction Expenditure by Sub-Sector

Appendix Table 8: Expenditures for GPRS Medm Term Priorities Programmes and Projects, 2003-2004

Appendix Table 2: Ghana : Medium Term Expenditure Framework - 2001-2005

Total Payments & Receipts (in billion cedis)

	2002		2002	2003	2003	2003	2004	2005	2006
	Budget		Prov.	Budget	New Budget Suppl.	Prov. Outturn	Indicative	Indicative	Indicative
Total Payments	**16,359.7**		**15,447.0**	**21,347.6**	**22,256.7**	**21,997.6**	**24,853.0**	**26,544.6**	**28,122.6**
Statutory payments	**6,894.6**		**6,676.0**	**9,303.0**	**9,653.0**	**9,035.8**	**9,870.5**	**10,266.6**	**10,077.0**
External debt	2,888.1		2,915.0	3,426.8	3,411.6	3,405.9	3,658.8	3,740.4	3,657.1
Principal	1,968.9		2,126.0	2,589.1	2,565.0	2,559.3	2,686.8	2,750.0	2,642.0
Interest	919.2		789.0	837.7	846.6	846.6	972.1	990.4	1,015.1
Domestic interest	2,136.1		2,210.0	3,108.1	3,329.3	2,786.9	2,456.5	1,706.0	991.7
District Assemblies Common Fund	367.9		258.2	577.4	588.8	581.6	787.2	959.5	1,046.7
Transfer to households *	713.3		688.1	1,011.1	917.0	971.9	1,475.3	2,154.9	2,470.7
Pensions	292.1		271.2	317.6	344.7	358.7	374.2	396.7	486.4
Gratuities	70.0		114.4	142.3	164.9	201.4	196.2	220.6	270.5
Social Security	351.2		302.6	341.2	407.4	411.8	484.5	544.8	607.3
National Health Fund (NHF)	0.0		0.0	210.0	0.0	0.0	420.4	992.8	1,106.5
Education Trust Fund	329.2		164.6	489.7	756.5	707.9	810.5	938.5	1,055.6
Road Fund	460.0		312.1	623.3	583.2	515.6	607.7	683.4	761.7
Petroleum related Fund	0.0		128.1	66.6	66.6	66.1	74.6	83.9	93.5
Discretionary payments	**9,465.1**		**8,771.0**	**12,044.6**	**12,603.8**	**12,961.8**	**14,982.5**	**16,278.0**	**18,045.6**
Personal emoluments **	3,122.2		4,197.1	5,450.0	5,576.0	5,661.0	6,631.9	7,457.8	8,312.5
Administration & Service	1,115.0		1,452.4	1,871.2	2,046.7	1,762.9	2,734.3	2,737.4	3,051.1
o/w Service	0.0		372.7	804.6	880.1	662.7	1,175.7	1,177.1	1,312.0

VAT refunds	76.5		54.5	91.9	107.8	48.2	126.1	145.1	163.1
Total Investments	3,583.8		1,951.2	3,120.9	2,961.1	3,600.7	3,725.7	4,497.4	5,091.5
Domestic financed (excl. DACF)	296.6		299.6	477.4	509.9	524.9	1,233.5	1,908.0	2,314.6
Other cash expenditure	296.6		301.6	477.4	509.9	489.9	1,147.1	1,805.7	2,314.6
Net lending	0.0		-2.0	0.0	0.0	35.0	86.6	102.2	-
Foreign financed	3,287.2		1,651.5	2,643.5	2,451.2	3,075.7	2,492.2	2,589.4	2,776.9
Arrears clearance (Roads)	288.0		209.6	219.8	240.2	223.3	39.2	0.0	-
Non-road arrears clearance	336.8		675.1	197.0	390.7	395.2	127.0	97.0	97.0
Utility price subsidies	353.6		449.9	50.0	139.5	272.5	392.0	66.9	74.5
HIPC financed expenditure	589.3		175.1	853.0	956.1	866.3	1,206.4	1,276.4	1,255.8
Divestiture liabilities	0.0		5.7	16.5	11.4	0.0	0.0	0.0	-
Descrepancy	0.0		-399.7	174.4	174.3	131.8	0.0	0.0	-
Total receipts	**16,359.7**		**15,447.0**	**21,347.6**	**22,256.7**	**21,997.6**	**24,853.0**	**26,544.6**	**28,122.6**
Revenue and grants	10,767.7		10,323.8	16,411.8	17,080.0	16,861.6	20,425.7	23,021.9	24,941.0
of which:Total Revenue	**8,785.6**		**8,799.9**	**13,533.7**	**13,887.7**	**13,742.8**	**17,371.8**	**20,097.0**	**21,946.8**
Divestiture receipts	386.9		10.9	429.6	440.1	421.4	426.8	0.0	-
Project loans	1,999.4		1,185.1	1,556.8	1,490.0	2,043.4	1,621.5	1,684.7	1,845.6
Programme loans	724.8		159.6	669.4	781.7	1,097.3	980.0	1,018.3	1,048.2
Net domestic financing	139.0		2,331.7	0.0	0.0	-228.9	-1,732.2	-2,269.5	- 2,237.7
o/w reduction due to HIPC-financed debt buy- back	147.0		0.0	266.6	239.0	144.0	301.6	319.1	314.0
Savings due to inflation-indexed bonds	118.0		194.0	245.9	409	0.0	180.4	133.1	117.6
Exceptional financing	2,223.8		1,242.0	2,034.0	2,055.9	1,802.9	2,950.7	2,956.0	2,407.9
External arrears	0.0		-461.0	0.0	0.0	0.0	0.0	0.0	-
Traditional debt rescheduling	1,165.8		1,451.0	1,478.3	0.0	0.0	965.4	1,105.1	935.0
Financing gap	792.4		0.0	132.1	1,593.4	0.0	1,472.4	1,320.2	982.4
HIPC Relief (Cologne terms)	265.6		252.0	423.7	462.4	209.4	512.9	530.7	490.5

Memo items									
Overall cash balance (incl. Div)	**-3,236.2**		**-2,510.4**	**-1,900.6**	**-2,160.2**	**-2,155.3**	**-1,313.8**	**-772.6**	**- 539.7**
percent of GDP	-6.9		-5.3	-3.1	-3.3	-3.4	-1.7	-0.9	- 0.6
Domestic Revenue	**8,785.6**		**9,767.5**	**13,533.7**	**13,887.7**	**13,742.8**	**17,371.8**	**20,097.0**	**21,946.8**
percent of GDP	18.7		20.7	22.3	21.3	21.4	22.4	23.0	22.6
Domestic Expenditure	**7,347.1**		**8,744.3**	**11,736.0**	**12,422.4**	**12,110.7**	**16,079.4**	**18,411.8**	**20,600.0**
percent of GDP	15.7		18.5	19.3	19.0	18.8	20.7	21.1	21.2
Primary balance	**1,438.5**		**1,023.1**	**1,797.7**	**1,465.3**	**1,632.2**	**2,192.5**	**1,685.2**	**1,346.8**
percent of GDP	3.1	1/	2.1	3.0	2.3	2.5	1.7	1.9	1.4
Nominal GDP	46,875.0		47,764.0	60,705.0	65,262.0	65,262.0	77,620.0	87,287.0	97,290.0
Source: Ministry of Finance & Economic Planning.									
Note									

* Transfer to households are made up of pensions and gratuities
except from 2002, where it includes social security contributions and subsidies to utility companies.

** Personal emoluments includes Social Security contributions, except from 2002 onwards.

*** Items in transit/float is the difference between total releases by Ministry of Finance & Economic Planning and charges on government account as reported by the Bank of Ghana.
(negative " - " implies releases are more than actual payments effected by the Bank of Ghana).

1/ The domestic primary surplus of ¢1,438.5 billion (3.1 per cent of GDP) includes HIPC-financed expenditures. In the 2002 budget, the estimated domestic primary surplus of ¢1,951.3 (4.2 percent of GDP) excluded HIPC-financed expenditures.